2001-2003 State of Texas

Consolidated Plan

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Note: The regulatory requirements for the Consolidated Plan are listed in italics at the start of each section. All references are to 24 CFR, unless otherwise noted

Introduction

The Texas Department of Housing and Community Affairs (TDHCA or Department) is Texas' lead agency responsible for affordable housing, community development, and community assistance programs, as well as the regulation of the State's manufactured housing industry. Below is a brief overview of the Department.

History of the Department

In 1991, the 72nd Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from three agencies:

- Texas Housing Agency (THA);
- Community Development Block Grant (CDBG) Program from the Texas Department of Commerce; and
- Texas Department of Community Affairs.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services:

- The Low Income Home Energy Assistance Program (LIHEAP); and

The Emergency Nutrition and Temporary Emergency Relief Program (ENTERP).

Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department.

The Department's Administrative Structure

The merging of the agencies and program functions listed above created a department with a wide range of functions, consumers, and products. Programs administered by the Department provide the services listed below.

Housing

- Housing Finance
- Housing Rehabilitation of Single Family and Multifamily Housing
- Rental Assistance
- New Construction of Single Family and Multifamily Housing
- Below Market Interest Rate Loans
- Homebuyer Assistance – Down Payment and Closing Costs
- Infrastructure in Support of Affordable Housing Development
- Special Needs Housing
- Transitional Housing
- Emergency Shelter

Housing-Related

- Energy Assistance
- Weatherization
- Monitoring, Compliance, Titling, Licensing, and Inspection of Manufactured Housing

Community Development

- Water and Wastewater for Small Cities
- Infrastructure for Small Cities
- City Planning for Small Cities
- Technical Assistance for Local Elected Officials
- Self-help Centers
- Technical Assistance Centers

- Economic Development
- Training of Local Governments

Community Affairs

- Health and Human Services
- Child Care
- Nutrition
- Job Training and Employment Services
- Substance Abuse Counseling
- Utility Assistance
- Energy Assistance
- Medical Services
- Emergency Services

Federal funding sources for the services listed above include the U.S. Department of Housing and Urban Development, The U.S. Treasury Department, the U.S. Department of Health and Human Services, and the U.S. Department of Energy. State funding sources include general revenue dedicated to the Housing Trust Fund and Local Government Services and oil overcharge funds directed to the Emergency Nutrition/Temporary Emergency Relief Program and Housing Trust Fund.

Administration of the services listed is divided among approximately 25 programs, which are grouped into five divisions - housing programs, housing finance, community development, community services, and manufactured housing. In addition to the program divisions, the Department includes the following divisions: monitoring and compliance; financial; legal; research and planning; government and public information; credit underwriting; internal audit; and an office dedicated to colonia initiatives.

The Department's chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community based organizations, private sector organizations, real estate developers, and local lenders. The Department selects local organizations based on local need and administrative capacity and ensures that the programs serve their target population through a fair and non-discriminatory open process. In the administration of its programs the Department defines policy direction, ensures equity, promotes the leverage of state and local resources, prevents discrimination or exploitation, and ensures the stability and continuity of services.

In Fiscal Year 2000, the Department directed over $400,000,000 to affordable housing community development and community affairs activities.

Consultation with Other Entities

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

In FY 2000 TDHCA staff made great headway in marketing its programs regionally at housing workshops that were initiated by Department technical assistance field staff or local organizations. Besides increasing program access, the Department benefited by learning what other housing organizations are doing to meet affordable housing, community development, and community service needs. This has allowed TDHCA to form partnerships to leverage funds and produce more affordable housing. There has been great response, both internal and external, to these workshops and the Department is continuing with this approach. In addition, in an effort to provide the public with an opportunity to more effectively provide comment on the Department's policy and planning documents in 2001, the Department has consolidated the following planning documents required hearings into seven consolidated hearings:

- Consolidated Plan
- State of Texas Low Income Housing Plan and Annual Report
- LIHTC Qualified Action Plan
- The Community Services Block Grant and Community Food and Nutrition Program Intended Use Report for FFY 2002-2003
- The 2001 Regional Allocation Formula
- Proposed new Income Eligibility Guidelines for the Weatherization Assistance Program and the Comprehensive Energy Assistance Program

The majority of input from organizations throughout the year focused on meeting local affordable housing needs. Suggestions were offered on how to provide housing assistance to families earning less than 50 percent of area median family income. Comment was also received regarding the direction of assistance to extremely low income families (those earning less than 30 percent of area median family income) as well those living in rural/non participating jurisdiction areas.

The collaborative efforts between TDHCA and numerous organizations have resulted in a more participatory and efficient approach towards defining strategies and meeting the diverse affordable housing needs of Texans. TDHCA would like to acknowledge the organizations listed below for their dedication of time and effort to assist the Department in working towards reaching its mission, goals, and objectives in FY 2000. Contributions were made in various forms, from direct contact to availability of research materials on the Internet.

- ADAPT of Texas
- AIDS Services of Austin
- AIDS Services of Dallas
- American Association of Retired Persons
- Bay Area Women's Shelter
- Center for Community Change
- Community based organizations
- Community housing development organizations
- Councils of Government
- Fannie Mae
- Freddie Mac
- Housing Assistance Council
- Local nonprofit organizations
- National Low Income Housing Coalition
- National and local private lenders
- National Coalition Against Domestic Violence
- National Community Reinvestment Coalition
- National Fair Housing Advocate
- Prairie View A&M University
- Texas Affiliation of Affordable Housing Providers
- Texas A&M Real Estate Center
- Texas Association of Community Development Corporations
- Texas Association of Homes and Services for the Aging
- Texas Commission for the Blind
- Texas Council on Family Violence
- Texas Department of Health
- Texas Department of Health, Medicaid Early and Periodic Screening, Diagnosis, and Treatment
- Texas Department of Human Services
- Texas Department of Mental Health and Mental Retardation
- Texas Department of Public Safety
- Texas Department on Aging
- Texas Public Housing Authorities
- Texas Rehabilitation Commission
- Texas residents who took the time to testify at public hearings and submit written comment
- Agricultural Extension Service
- American Institute for Learning
- Texas Bond Review Board
- Center for Disease Control National AIDS Hotline
- Central Texas Mutual Housing Association
- Consumer Controlled Housing Enterprise
- Consumer Credit Counseling Service
- Council of State Community Development Agencies
- Enterprise Foundation
- Legislative Budget Board
- National Center for Farmworker Health, Inc.
- National Coalition for Homeless Veterans
- National Council of La Raza

- National Council of State Housing Agencies
- National Domestic Violence Hotline
- National Housing Council
- National Lead Information Clearinghouse
- National Safety Council
- Neighborhood Reinvestment Corporation
- Rural Rental Housing Association of Texas
- Texas Association of Regional Councils
- Texas Commission on Alcohol and Drug Abuse
- Texas Consumer Credit Commission
- Texas Council of Developmental Disabilities
- Texas Council on Family Violence
- Texas Department of Health, Bureau of HIV and STD Prevention
- Texas Department of Health, Environmental and Occupational Epidemiology Program
- Texas Department of Health, Environmental Lead Program
- Texas Development Institute
- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Human Rights Commission
- Texas Legislature
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Rural Development Council
- Texas State Data Centers
- Texas Workforce Commission
- U.S. Department of Housing and Urban Development
- U.S. Department of Energy
- U.S. Department of the Treasury
- United Cerebral Palsy of Texas
- United Cerebral Palsy of the Capitol Area

The meetings, workshops, and hearings attended by organizations such as these have provided the Department with information and policy initiatives resulting in a stronger and clearer agency vision for FY 2000 and beyond. Manuscripts of public comment received for the *Consolidated Plan* and *State of Texas Low Income Housing Plan and Annual Report* in FY 2000 are available in the Housing Resource Center Library.

Department Oversight Reviews

In 2000, the Texas Sunset Advisory Commission reviewed TDHCA. The Texas Sunset concept is based on the idea that legislative oversight of government operations is enhanced by systematic evaluation of state agencies. While legislative oversight is usually concerned with how well governmental agencies have complied with legislative procedures and policies, Sunset asks a more fundamental question: Do the policies carried out by an agency continue to be needed? This comprehensive process reviewed not only the functions of TDHCA, but also the relationships of the Department with its network of service providers. Through interviews and public hearings, citizens were encouraged to discuss the Department and it policies and procedures. The recommendations from the Sunset Advisory Commission and testimony received from public hearings related to the Sunset process were taken into account in the development of this plan. Below is a brief outline of the Sunset issues and the Department's work to date related to those issues:

1) **Make changes to strengthen the role of public participation in the Department's program development.**
   TDHCA has made considerable efforts to open its policy and planning process to interested parties. A list of some examples of public participation that impacted HUD funded programs includes opportunities for comment on the:
   - ***SB 1112 Regional Allocation Formula***: In August 2000, the Department invited advocacy groups and other stakeholders to a question/answer session regarding the proposed regional allocation formulae to be applied to Department housing funds in accordance with SB 1112. These formulae specifically relate to the HOME, LIHTC and Housing Trust Fund Programs. The formulae were also open for review/comment at an Urban Affairs Committee hearing on August 30, 2000 and the Texas Association of Community Development Corporations annual conference on September 18, 2000. Additionally, the TDHCA Board held a hearing on the formulae at its September Board meeting.
   - ***Section 8 Fair Housing Policy:*** The Department formed a task force that included Department staff, advocacy groups, and housing tax credit developers to craft a policy

that would ensure fair access by holders of Section 8 rental vouchers to rental developments financed through the LIHTC Program. The Department received public comment on this policy and has developed associated rules.

- ***Rider 3:*** On October 4, 2000 and November 1, 2000, the Department invited interested parties to a working session to discuss strategies to help the Department meet goals established in Rider 3 on the Department's appropriations. Rider 3 requires that the Department adopt a goal of directing $30 million per year out of its housing finance funds to assist households at or below 30 percent of area median family income. This rider would affect the HUD based funds that relate to rental housing development.
- **Public Comment on Planning Documents, Rules and Reports:** To provide the public with an opportunity to more effectively provide comment on the Department's policy and planning documents in 2001, as recommended by the Sunset Advisory commission, the Department consolidated the required hearings for the following planning documents into seven consolidated hearings held at urban and rural areas:
  - State of Texas Consolidated Plan;
  - State of Texas Low Income Housing Plan and Annual Report;
  - LIHTC Qualified Action Plan;
  - Community Services Block Grant and Community Food and Nutrition Program Intended Use Report for FFY 2002-2003; and the
  - 2001 Regional Allocation Formula.

2) Require the Department to undertake a regionally based needs-assessment and develop regional strategic plans.

The Department has undertaken a significant initiative in conducting a statewide Community Needs Survey to help determine local community development and housing needs for the allocation of Department funds. The survey was originally distributed to approximately 1,450 cities and counties on October 3, 2000. Statistical summaries of the information collected through this survey will be used by the Department to identify housing and community development needs across Texas and to establish statewide and regional priorities. The survey collects data on the community's:

- need prioritization;
- evaluation of the adequacy of existing funding sources for housing, economic development, public services, and facilities;
- supply and condition of the housing stock;
- housing assistance needs;
- availability and need for facilities and services to serve special needs populations; and
- community development needs including water and waste water systems, streets and bridges, drainage and flood control, parks and recreation areas, solid waste management, planning, and economic development.

This survey will help to establish the preliminary structure of the Department's regional planning process. The Department is committed to increasing its efforts in the area of statewide and regional planning and needs assessment. To facilitate this effort, TDHCA has requested funding from the State Legislature to establish regional development coordinator positions in each of the State's eleven uniform service regions identified for planning purposes. The coordinators will provide an ongoing evaluation of the housing and development needs of their respective regions and the communities contained therein. Parallel missions for the coordinators will be to increase awareness of the Department's available funding and assistance programs, to encourage and assist entities within each region to apply for funds appropriate to their needs, and to facilitate local public/private partnerships. The results of this planning process would certainly affect where and how the various HUD based funds will be allocated in the future.

3) Require the Department to allocate funds to meet regional housing and community service priorities.

In 1999, the Texas Legislature passed SB 1112, which mandated TDHCA to allocate housing funds awarded after September 1, 2000 in the HOME Program, Housing Trust Fund, and Low Income Housing Tax Credit Program to each Uniform State Planning Region through the use of a formula. At the direction of the Texas Legislature, this was to be a need based formula and was not to be based on population alone. In response to the direction of the Texas Legislature, with respect to not funding Participating Jurisdictions with HOME funds, two formulas were developed: one for the statewide programs (LIHTC and HTF) and another for the rural program (HOME – with PJ figures removed).

In an effort to serve those populations most in need of TDHCA's services, the following criteria has been determined to be the best measure of housing need for use in the regional allocation formula:

- **Severe housing cost burden on very low income renters:** Unassisted renters with incomes below 50 percent of the area median income, who pay more than half of their income for housing costs.
- **Substandard and dilapidated housing stock occupied by very low income renters and owners:** Households (renter and owner) with incomes below 50 percent of the area median income that live in severely substandard housing.
- **Poverty:** Percent of the State's population in poverty.

The ratios resulting from the combination of these factors serve as a relative indication of each service region's level of need. Because of the comparatively large number of persons associated with the poverty statistic, this criterion received twice as much weight as each of the other factors. It should also be noted that the first two factors are used together by HUD as a benchmark to determine their measurement of "Worst Case Housing Need."

As information from the 2000 Census and other sources becomes available the formula will need to be revised. Similarly, as additional components of housing assistance need may become relevant to this formula, the formula will continue to be open for public comment through the State of Texas Low Income Housing Plan and Annual Report, as well as the Department's various public hearings.

4) Institute an Office of Multifamily Preservation within the Department to address the issue of HUD-financed developments at risk of converting to market rent.

As part of its exceptional item request to the Texas Legislature, TDHCA has requested $95,036,322 for FY 2002 and $102,021,322 for 2003 to fund an Office of Housing Portfolio Preservation. The activities of this division would result in the additional preservation/rehabilitation of existing affordable/subsidized multifamily units. It is estimated that funding would: 1) preserve an additional 12,262 units; 2) provide temporary acquisition financing for 20, 100-unit properties; and 3) provide predevelopment funds for 197 transactions. In the future, this office would have an effect on the policy used to distribute HUD based rental housing development funds administered by the Department. These preservation programs include:

- *Rehabilitation Program:* the rehabilitation funds would provide a financial incentive to current and potential owners to keep properties affordable and maximize the continuance of federal subsidies. In addition to preservation, this program would provide a source of funds to improve living conditions for the tenants through rehabilitation of the properties. The program would operate as a grant program; however, funds could be loaned at below-market rates where feasible.
- *Acquisition Financing Program:* This program would provide interim financing to purchasers and allow them sufficient time to gather the resources needed for permanent financing. This allows purchasers, particularly nonprofit purchasers, the opportunity to compete in the market place for quality at-risk properties.
- *Predevelopment Revolving Loan Fund:* This program would provide up to $10,000 to qualified nonprofit entities for preservation transaction under contract.

5) **Require the Department to prevent housing discrimination in publicly funded housing projects.**

In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. During the work of the Task Force, that directive was narrowed to concentrate on properties that receive assistance through the Low Income Housing Tax Credit (LIHTC) program. The Section 8 Task Force was comprised of representatives covering a diverse cross section of the affordable housing community. The Task Force met on June 2, 2000, July 8, 2000 and July 18, 2000 to consider and discuss options and prepare its report. Two specific actions were proposed for TDHCA by the Task Force. First, it was recommended that TDCHA immediately approve a statement of policy relative to this issue. Secondly, it was recommended that TDHCA develop and propose a rule that incorporates specific restrictions and monitoring actions designed to ensure compliance with that policy. The following has been included in the LIHTC Qualified Action Plan rules. TDHCA's policy on Admittance of Section 8 tenants into LIHTC projects is as follows:

- Managers and owners of LIHTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
- The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
- Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in TDHCA programs in the future.

While the scope of the this Task Force was restricted to LIHTC properties, guidelines of this nature will be useful for all of the TDHCA housing programs with Section 8 occupancy provisions. The Department will continue efforts to address fair housing issues. In its Legislative Appropriations Request for fiscal years 2003-2005, TDHCA requested six additional monitors to help ensure that, among other things, properties are not in violation of fair housing issues.

In January 2001, The Sunset Advisory Commission made the following final recommendations that will affect the Department's organizational structure:

- The Texas Department of Housing and Community Affairs (TDHCA) is to be continued for another two years at which time it will undergo another review by the Commission and TDHCA's staff.
- The Department's governing board should be restructured as a seven-member board (rather than nine) composed of public members appointed by the Governor. It also recommended that the new board appoint a series of advisory committees, as well as have access to proper working space and support staff assistance, as needed.
- The Department is required to develop a process by which board decisions may be appealed.
- The Commission recommended changes to the board's statutory authority to ensure its ability to oversee non-housing related activity.
- A separate policy board is to be established for the Department's Manufactured Housing Division. Under the separate policy board, the division's administrative functions will remain within TDHCA.
- It was recommended that the CDBG Program be relocated away from the Department in a new Office of Rural Community Affairs.
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These recommendations will be rolled into the "Sunset Bill" on TDHCA to be voted upon by the legislature.

Additionally, several issues related to TDHCA were reviewed by various legislative interim committees. Below is a listing of those committees and the charges that directly related to TDHCA.

Please note that both TDHCA and the general public were invited to testify on these issues. The testimony received was taken into account in the development of this plan.

COMMITTEE	**CHARGES DIRECTLY RELATED TO TDHCA**
House Committee on Urban Affairs	• Oversight committee • Review the data used by TDHCA to make decisions affecting affordable housing. Determine the adequacy of the data as it relates to the scope, timeliness and accuracy of information. • Assess the advantages and disadvantages of manufactured housing as one means to alleviate affordable housing deficits.
House Committee on Appropriations	• Review practices of state agencies and institutions in salary administration, contract employees, general contracting practices including monitoring the performance of contractors, year 2000 performance and attainment of performance goals.
House Select Committee on Rural Development	• Conduct a comprehensive study of all issues pertaining to the current and future viability of rural areas and small cities and towns in Texas. Develop plans to maintain and improve the economic, social, and cultural life of rural Texans. • The studies shall include rural industries, transportation, telecommunications, environmental and natural resource issues, health and human needs, housing, and any other matters substantially affecting the quality of life in rural Texas.
Senate Special Committee on Border Affairs	• Assess the Border Region's water and wastewater system infrastructure needs and the impact of the lack of adequate water and wastewater systems on health conditions along the Border. The Committee shall develop both short-term and long-term recommendations to address these infrastructure needs. • Develop economic development strategies for the Border Region to increase economic opportunity and the earning capacity of its residents through higher wage jobs. The strategies should assess the Region's post-NAFTA workforce training needs, as well as identify potential emerging industry clusters in the Border Region and the workforce requirements to support those industry clusters. • Monitor the implementation of the following bills enacted during the 76th Legislature, Regular Session: SB 913 relating to the establishment and maintenance of one-stop border inspection stations by the Texas Department of Transportation in Brownsville, Laredo, and El Paso; and SB 1421 relating to the regulation of the subdivision or development of land in certain economically distressed areas, including colonias, and certain other areas.
Senate State Affairs/Finance (Joint)	• Study the impact of devolution and other federal streamlining and efficiency efforts on major state agencies, including full-time equivalent employee (FTE) increases, major programmatic changes, and administrative costs to the state. The Committee shall also study conflicts and overlaps among agencies resulting from federally devolved functions and responsibilities. The Committee shall coordinate study of this issue with the Committee on Finance. The final preparation of the report will be the responsibility of the State Affairs Committee.

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
Senate Inter-governmental Relations	• Study the funding and expenditures of Councils of Government (COGs) and examine the changing relationship between COGs and the state and federal governments since 1982. The Committee shall monitor compliance by COGs regarding publication of financial statements, as referenced in the General Appropriations Bill, HB 1, 76th Legislature, Regular Session. • Review the statutory authority granted to local governments to regulate the development of residential subdivisions. The Committee shall identify conflicting provisions and make recommendations to clarify existing statutes. • Supplemental Charge: Review the powers, functions, and programs administered by the TDHCA and the Texas State Affordable Housing Corporation (TSAHC). The committee's report shall assess the methodology used in allocating the various housing funds and resources, including the Low-Income Housing Tax Credit program and the Housing Trust Fund, and compliance by the agency with that methodology, and address whether the programs administered by TDHCA and the TSAHC meet the affordable housing demands of targeted population groups throughout the State of Texas.
Senate Committee on Human Services	• Examine the continuum of care and options available to Texans in need of long-term care. The Committee shall evaluate the effectiveness of state regulatory efforts to ensure quality services as well as analyze the long-term care business climate. • Monitor federal developments related to long-term care and welfare issues. In the event that significant developments occur, the Committee shall evaluate their impact on Texas.

Citizen Participation

The 2001-- 2003 State of Texas Consolidated Plan had a 30-day public comment period beginning November 7, 2000 and ending on December 6th, 2000.

To ensure that citizens were given the opportunity to comment on the draft version of the plan, TDHCA held seven hearings across the State. Below is a listing of the public hearing schedule:

Rural Hearings
Tyler
November 27, 2000
10 Attendees

Mercedes
November 28, 2000
24 Attendees

Plainview
November 29, 2000
15 Attendees

Metro Hearings
San Antonio
December 2, 2000
8 Attendees

El Paso
December 4, 2000
39 Attendees

Houston
December 5, 2000
28 Attendees

Dallas
December 6, 2000
37 Attendees

PY 2000 was a landmark year for TDHCA with regard to public input and participation. The unprecedented focus on affordable housing issues from both public and private sector entities produced a draft plan that incorporated many issues in which a consensus had already been reached.

After the draft plan was released and became available for public comment, a member of each program had a representative at all of the public hearings and was supplied with a summary of written and verbal comments. Subsequently, each program was responsible for reviewing the comments and working with the Department's Executive and Deputy Executive Directors, as well as the Planning Department in determining what changes would be made.

Below are changes that were made from the draft version of the plan, to the final version submitted to HUD for review:

- Draft page 172: HOME Action Plan (Final Plan: page 190) -- A $500,000 set aside within the HOME Program for the Texas Home of Your Own Coalition. The following was added: "To ensure the continued success of the Coalition, $500,000 of the special needs set aside will be reserved for HOYO."
- Draft page 96: CDBG Obstacles to Meeting Underserved Needs (Final Plan: page 114: removal of the following: "The city or county may hire a consultant to help with the program, but consultants often have several TDHCA contracts open concurrently and cannot devote the time needed to each individual entity."
- Draft Section 1: Housing & Homeless Need Assessment (Final Plan: pp. 17-34): Expansion of regional needs assessment figures and regional needs comparisons.
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Please note that in an effort to improve the expenditure rates, CDBG held public hearings early in March to take proposed changes for the 2001 program year. Therefore, many changes had already been adopted for the 2001 program year. Those changes are outlined in the CDBG Action Plan. These changes included provisions with the Texas Capitol Fund. (i.e. no longer loans for public infrastructure projects; no more payback for public facilities projects; de-obligated funds from Capital Fund will be eligible for all eligible CDBG activities.)

A summary of public comment received during the public comment period is included at the end of this document. Transcripts of public hearings and complete copies of submitted comments will also be available in Housing Resource Center Library, which is open to the public 8-5, Monday through Friday. Please contact the Library directly at (512) 475-4595 for further information.

Housing and Homeless Needs Assessment

<u>§ 91.305 Housing and homeless needs assessment.</u>

(a) <u>General.</u> The consolidated plan must describe the State's estimated housing needs projected for the ensuing five-year period. Housing data included in this portion of the plan shall be based on U.S. Census data, as provided by HUD, as updated by any properly conducted local study, or any other reliable source that the State clearly identifies and should reflect the consultation with social service agencies and other entities conducted in accordance with § 91.110 and the citizen participation process conducted in accordance with § 91.115. For a State seeking funding under the HOPWA program, the needs described for housing and supportive services must address the needs of persons with HIV/AIDS and their families in areas outside of eligible metropolitan statistical areas.

(b) <u>Categories of persons affected.</u>

(1) The consolidated plan shall estimate the number and type of families in need of housing assistance for extremely low-income, low-income, moderate-income, and middle-income families, for renters and owners, for elderly persons, for single persons, for large families, for persons with HIV/AIDS and their families, and for persons with disabilities. The description of housing needs shall include a discussion of the cost burden and severe cost burden, overcrowding (especially for large families), and substandard housing conditions being experienced by extremely low-income, low-income, moderate-income, and middle-income renters and owners compared to the State as a whole.

(2) For any of the income categories enumerated in paragraph (b)(1) of this section, to the extent that any racial or ethnic group has disproportionately greater need in comparison to the needs of that category as a whole, assessment of that specific need shall be included. For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in the category as a whole.

(c) <u>Homeless needs.</u> The plan must describe the nature and extent of homelessness (including rural homelessness) within the State, addressing separately the need for facilities and services for homeless individuals and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with a table prescribed by HUD. This description must include the characteristics and needs of low-income individuals and families with children (especially extremely low-income) who are currently housed but threatened with homelessness. The plan also must contain a narrative description of the nature and extent of homelessness by racial and ethnic group, to the extent information is available.

(d) <u>Other special needs.</u>

(1) The State shall estimate, to the extent practicable, the number of persons who are not homeless but require supportive housing, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and any other categories the State may specify, and describe their supportive housing needs.

(2) With respect to a State seeking assistance under the HOPWA program, the plan must identify the size and characteristics of the population with HIV/AIDS and their families within the area it will serve.

(e) <u>Lead-based paint hazards.</u> The plan must estimate the number of housing units within the State that are occupied by low-income families or moderate-income families that contain lead-based paint hazards, as defined in this part.

Categories of Persons Affected

Households by Income Group and Household Type

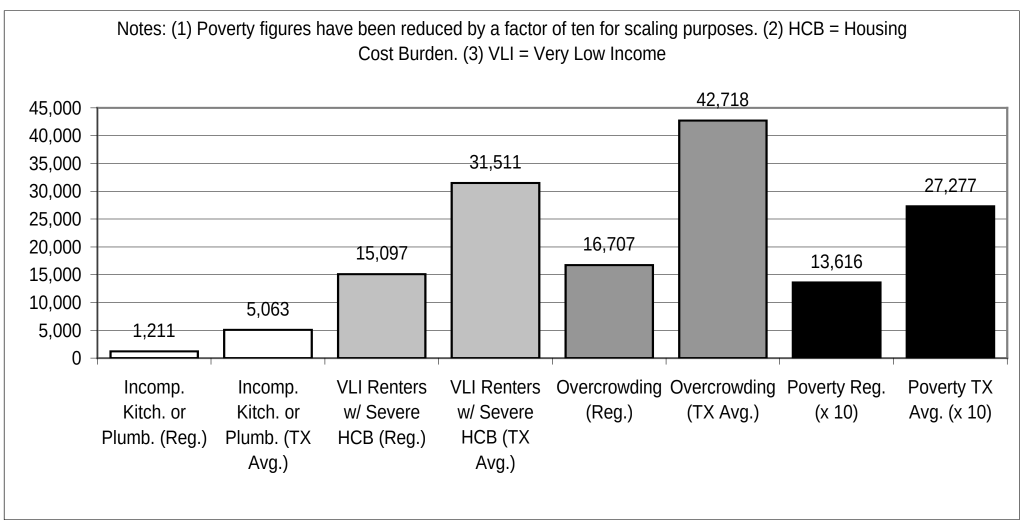
Table 1 shows the estimated households in the State of Texas in need of housing assistance. This table was derived from data in the '1990 CHAS Database', prepared for the U.S. Department of Housing and Urban Development (HUD) by the Bureau of the Census. The summary indicator of housing need for this database is the share of households with 'one or more housing problems' which includes households with any of the following three problems: 1) excessive housing cost burden (greater than 30 percent of income), 2) overcrowding, or 3) living in a housing unit lacking complete kitchen and/or plumbing.

Table 1 shows the number of households with one or more housing problems broken down by income group and HUD-defined household type. The 1990 figures are from the 1990 CHAS database, while the 1995 and 2000 figures are projections. The projections are based on figures from The Texas State Data Center of the total number of households in Texas in the year 2000. The Data Center projection used assumes 1990 age-specific fertility rates and survival rates, and rates of net migration equal to those of 1980-1990. The projection additionally assumes that the rate of household growth will be equal across all income groups and household types as well as across renter and owner households. The 1995 figures are based on the rate of growth from 1990 to 2000.

As shown in Table 1, an estimated 1,910,683 households (total renter + total owner households) in Texas will be in need of housing assistance in the year 2000. This figure is 26.7 percent of the projected total of 7,156,181 households in Texas in the year 2000. Of the households in need of housing assistance, 59 percent, or 1,123,936, will be renter households and 41 percent, or 786,747 will be owner households. Figure 1 provides a breakdown of the number of households that will require housing assistance by household type. It should be noted that unlike the other household types, elderly owner households have a higher need for housing assistance than elderly renter households.

Figure 1. 2000 Estimated Households in Need of Housing Assistance – by Household Type

Table 1. Estimated Households in Need of Housing Assistance



State of Texas	Renter Households			Owner Households		
0-30% of Median Income	**1990***	**1995****	**2000****	**1990***	**1995****	**2000****
Elderly HH	58,596	64,901	71,883	99,397	110,091	121,937
Small Related Family HH	143,577	159,025	176,135	61,661	68,295	75,643
Large Related Family HH	69,350	76,812	85,076	34,538	38,254	42,370
Other	111,733	123,755	137,070	27,127	30,046	33,278
Total	**383,256**	**424,492**	**470,164**	**222,723**	**246,687**	**273,228**
31-50% of Median Income						
Elderly HH	32,049	35,497	39,317	49,330	54,638	60,516
Small Related Family HH	108,825	120,534	133,503	52,047	57,647	63,849
Large Related Family HH	52,704	58,375	64,655	38,713	42,878	47,492
Other	85,386	94,573	104,748	15,529	17,200	19,050
Total	**278,964**	**308,979**	**342,223**	**155,619**	**172,363**	**190,908**
51-80% of Median Income						
Elderly HH	16,891	18,708	20,721	24,482	27,116	30,034
Small Related Family HH	86,403	95,699	105,996	82,052	90,880	100,658
Large Related Family HH	47,986	53,149	58,867	57,518	63,707	70,561
Other	61,560	68,183	75,520	21,979	24,344	26,963
Total	**212,840**	**235,740**	**261,104**	**186,031**	**206,047**	**228,216**
81-95% of Median Income						
Elderly HH	3,142	3,480	3,854	5,622	6,227	6,897
Small Related Family HH	16,922	18,743	20,759	37,046	41,032	45,447
Large Related Family HH	12,094	13,395	14,836	23,743	26,298	29,127
Other	8,962	9,926	10,994	10,535	11,668	12,924
Total	**41,120**	**45,544**	**50,445**	**76,946**	**85,225**	**94,395**
TOTAL						
Elderly HH	*110,678*	122,586	135,776	*178,831*	198,072	219,383
Small Related Family HH	*355,727*	394,001	436,393	*232,806*	257,854	285,598
Large Related Family HH	*182,134*	201,730	223,435	*154,512*	171,136	189,550
Other	*267,641*	296,437	328,332	*75,170*	83,258	92,216
Total	***916,180***	***1,014,755***	***1,123,936***	***641,319***	***710,321***	***786,747***

* estimate from the 1990 Census

** projection (see explanation on previous page)

Table 2 shows the number and percentages of households with one or more housing problems in 1990, by income group and household type. Renter households generally have a higher incidence of housing problems than owner households. Also, lower income groups have much higher rates of incidence of housing problems than higher income groups. Among household types, large related family households have the highest rates of housing problems.

Table 2. Households with One or More Housing Problems, 1990

	Renter Households			Owner Households		
0-30% of Median Income	Total	With 1+ Housing Problems	% With 1+ Housing Problems	Total	With 1+ Housing Problems	% With 1+ Housing Problems
Elderly HH	94,710	58,596	61.9%	163,700	99,397	60.7%
Small Related Family HH	181,055	143,577	79.3%	83,607	61,661	73.8%
Large Related Family HH	75,426	69,350	91.9%	38,960	34,538	88.6%
Other	142,814	111,733	78.2%	40,916	27,127	66.3%
Total	**494,005**	**383,256**	**77.6%**	**327,183**	**222,723**	**68.1%**
31-50% of Median Income						
Elderly HH	52,910	32,049	60.6%	157,164	49,330	31.4%
Small Related Family HH	146,210	108,825	74.4%	93,172	52,047	55.9%
Large Related Family HH	59,928	52,704	87.9%	49,913	38,713	77.6%
Other	104,459	85,386	81.7%	27,061	15,529	57.4%
Total	**363,507**	**278,964**	**76.7%**	**327,310**	**155,619**	**47.5%**
51-80% of Median Income						
Elderly HH	37,871	16,891	44.6%	175,460	24,482	14.0%
Small Related Family HH	220,917	86,403	39.1%	206,294	82,052	39.8%
Large Related Family HH	69,050	47,986	69.5%	93,635	57,518	61.4%
Other	175,027	61,560	35.2%	49,523	21,979	44.4%
Total	**502,865**	**212,840**	**42.3%**	**524,912**	**186,031**	**35.4%**
81-95% of Median Income						
Elderly HH	11,578	3,142	27.1%	69,230	5,622	8.1%
Small Related Family HH	96,418	16,922	17.6%	129,390	37,046	28.6%
Large Related Family HH	24,113	12,094	50.2%	49,615	23,743	47.9%
Other	78,312	8,962	11.4%	27,483	10,535	38.3%
Total	**210,421**	**41,120**	**19.5%**	**275,718**	**76,946**	**27.9%**
Above 95% of Median Income						
Elderly HH	41,411	4,882	11.8%	376,725	14,095	3.7%
Small Related Family HH	371,591	25,914	7.0%	1,432,608	125,503	8.8%
Large Related Family HH	60,734	21,334	35.1%	278,614	67,270	24.1%
Other	281,571	11,232	4.0%	210,166	32,853	15.6%
Total	**755,307**	**63,362**	**8.4%**	**2,298,113**	**239,721**	**10.4%**
TOTAL						
Elderly HH	*238,480*	*115,560*	*48.5%*	*942,279*	*192,926*	*20.5%*
Small Related Family HH	*1,016,191*	*381,641*	*37.6%*	*1,945,071*	*358,309*	*18.4%*
Large Related Family HH	*289,251*	*203,468*	*70.3%*	*510,737*	*221,782*	*43.4%*
Other	*782,183*	*278,873*	*35.7%*	*355,149*	*108,023*	*30.4%*
Total	***2,326,105***	***979,542***	***42.1%***	***3,753,236***	***881,040***	***23.5%***

Table 3 shows the rates of incidence among households, by income group, of the following types of housing problems: cost burden, severe cost burden, and overcrowding. As it is a measure of housing *units* and not households, substandard housing (housing units lacking complete kitchen and/or plumbing) is not included in the 1990 CHAS database for household income groups and types or in Table 3. An indication of the level of substandard housing in Texas is provided by the 1990 U.S. Census data, which shows that 84,824 housing units have incomplete kitchens and 85,075 housing units have incomplete plumbing. The data also indicates that 55,689 households who live in substandard housing have incomes at or below 50 percent AMGI.

Affordability, or housing cost burden, is the most common housing problem. According to the 1990 U.S. Census data, approximately 80 percent of all households that experience housing problems have a housing cost burden. Housing cost burden and overcrowding affects renter households more than owner households and affects lower income households at a much higher rate than higher income households.

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

Table 3. Types of Housing Problems of Households, 1990

	Total House-holds	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	w/ Cost Burden (>30%)	% w/ Cost Burden	w/ Severe Cost Burden (>50%)	% w/ Severe Cost Burden	w/ Over-crowding	% w/ Over-crowding
Renter Household % of Median Income									
0-30%	494,005	383,256	*77.6%*	357,356	72.3%	282,973	57.3%	88,395	17.9%
31-50%	363,507	278,964	*76.7%*	240,011	66.0%	63,644	17.5%	64,760	17.8%
51-80%	502,865	212,840	*42.3%*	151,385	30.1%	12,957	2.6%	64,836	12.9%
81-95%	210,421	41,120	*19.5%*	20,634	9.8%	1,385	0.7%	19,487	9.3%
Above 95%	755,307	63,362	*8.4%*	21,307	2.8%	1,478	0.2%	38,546	5.1%
Total	2,326,105	979,542	*42.1%*	790,693	34.0%	362,437	15.6%	276,024	11.9%
Owner Households % of Median Income									
0-30%	327,183	222,723	*68.1%*	204,975	62.6%	134,844	41.2%	28,414	8.7%
31-50%	327,310	155,619	*47.5%*	130,218	39.8%	50,802	15.5%	31,695	9.7%
51-80%	524,912	186,031	*35.4%*	140,708	26.8%	33,296	6.3%	48,985	9.3%
81-95%	275,718	76,946	*27.9%*	55,753	20.2%	6,871	2.5%	21,291	7.7%
Above 95%	2,298,113	239,721	*10.4%*	170,880	7.4%	14,518	0.6%	63,486	2.8%
Total	3,753,236	881,040	*23.5%*	702,534	18.7%	240,331	6.4%	193,871	5.2%

Table 4 shows the number and percentage of households with housing problems by income group and racial/ethnic group. The shaded cells indicate cases where disproportionately greater need exists for a particular racial/ethnic group in a particular income category. Note that the 1990 CHAS database does not break down the 'Other' category further. 'Other' refers to American Indians and Eskimos as well as Asian and Pacific Islanders. According to the table, Hispanic renter households at 81-95 percent of median income and 'Other' owner households at 31-50 percent, 51-80 percent, and 81-95 percent of median income all experience disproportionate need. The statistics also show that the level of Hispanic Owner households at 51-80 percent is only three tenths of a percent below where it would indicate a level of disproportionate need.

Table 4 also demonstrates that households in a particular income group generally experience housing problems at a roughly equivalent rate regardless of racial/ethnic category. It should be noted that Hispanic Renter Households tend to experience a slightly higher level of housing problems than the other racial/ethnic groups. The exception to this pattern is for the 31-50 percent income level at which all of the various racial/ethnic groups experience a relatively equal level of housing problems. Hispanic Owner Households experience a higher level of housing problems as compared to White and Black Owner Households at all income levels. The level of disproportionate need experienced by the 'Other' Owner households exceeds that of the other racial/ethnic groups across all income levels.

These patterns of housing problems could become more evident as long-term projections indicate that future population characteristics will create even a greater demand for affordable and subsidized housing than there is today. According to a report prepared for the Texas Legislature by The Center for Demographic and Socioeconomic Research and Education Department of Rural Sociology, Texas A&M University:

- The population will become more ethnically diverse from 1990 to 2030, with 88 percent of the total net change coming from growth in minority populations. The Black population will increase 62 percent over the period while Hispanics will grow by 258 percent.
- The above population changes will impact the socioeconomic resources of the population. Ethnic differences in income were substantial in 1990, with Anglos accounting for 92 percent of all households with incomes of $100,000 or more but were only 68 percent of all households. By 2030, although minorities will dominate in more income categories, Anglos will still account for the majority of households with incomes over $50,000 while only accounting for 42 percent of all households. Because of the current differences, households will become poorer unless the relationship between income and ethnicity changes. 47 percent of households had incomes below $25,000 in 1990 while 53.7 percent is projected below that same level in 2030 (in 1990 dollars). Again, because household growth is faster than income growth, average household income will decline from $35,667 in 1990 to 32,299 in 2030 (in 1990 dollars).
- Projected households in poverty will increase from 16.2 percent in 1990 to 19.6 percent in 2030 with the number of households in poverty increasing by 165 percent over the same period.

Table 4. Housing Problems by Racial/Ethnic Group, 1990

	Total			White			Black			Hispanic			Other		
% of Median Income	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems
Renter Households															
0-30%	494,005	383,256	77.60%	206,292	155,332	75.30%	122,509	93,929	76.70%	150,658	122,944	81.60%	14,546	11,051	76.00%
31-50%	363,507	278,964	76.70%	179,723	138,667	77.20%	64,056	47,914	74.80%	110,127	84,678	76.90%	9,601	7,705	80.30%
51-80%	502,865	212,840	42.30%	289,747	118,186	40.80%	79,766	27,956	35.00%	120,918	60,977	50.40%	12,434	5,721	46.00%
81-95%	210,421	41,120	19.50%	136,543	21,895	16.00%	28,738	4,651	16.20%	40,171	13,163	**32.80%**	4,969	1,411	28.40%
Above 95%	755,307	63,362	8.40%	567,825	33,420	5.90%	69,283	6,958	10.00%	100,485	19,700	19.60%	17,714	3,284	18.50%
Total	2,326,105	979,542	42.10%	1,380,130	467,500	33.90%	364,352	181,408	49.80%	522,359	301,462	57.70%	59,264	29,172	49.20%
Owner Households															
0-30%	327,183	222,723	68.10%	176,580	116,362	65.90%	61,657	42,976	69.70%	85,135	60,607	71.20%	3,811	2,778	72.90%
31-50%	327,310	155,619	47.50%	195,555	85,034	43.50%	42,291	19,546	46.20%	85,680	48,301	56.40%	3,784	2,738	**72.40%**
51-80%	524,912	186,031	35.40%	336,788	104,606	31.10%	53,449	19,291	36.10%	127,270	57,341	45.10%	7,405	4,793	**64.70%**
81-95%	275,718	76,946	27.90%	189,921	47,246	24.90%	24,893	7,214	29.00%	56,383	20,246	35.90%	4,521	2,240	**49.50%**
Above 95%	2,298,113	239,721	10.40%	1,865,129	165,887	8.90%	130,469	16,044	12.30%	264,638	48,480	18.30%	37,877	9,310	24.60%
Total	3,753,236	881,040	23.50%	2,763,973	519,135	18.80%	312,759	105,071	33.60%	619,106	234,975	38.00%	57,398	21,859	38.10%

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

Table 5 shows the percentage of households in a particular income group, by racial/ethnic group. These numbers demonstrate that minority households are much more likely to have lower incomes than white households. Minority households are therefore much more likely to have housing problems than white households, since housing problems affect the lowest income households to a much greater degree than higher income households.

Table 5. Households by Race/Ethnicity and Income Category, 1990

Renter Households	Total	White	Black	Hispanic	Other
0-30%	21.2%	14.9%	33.6%	28.8%	24.5%
31-50%	15.6%	13.0%	17.6%	21.1%	16.2%
51-80%	21.6%	21.0%	21.9%	23.1%	21.0%
81-95%	9.0%	9.9%	7.9%	7.7%	8.4%
Above 95%	32.5%	41.1%	19.0%	19.2%	29.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Owner Households					
0-30%	8.7%	6.4%	19.7%	13.8%	6.6%
31-50%	8.7%	7.1%	13.5%	13.8%	6.6%
51-80%	14.0%	12.2%	17.1%	20.6%	12.9%
81-95%	7.3%	6.9%	8.0%	9.1%	7.9%
Above 95%	61.2%	67.5%	41.7%	42.7%	66.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

General Regional Housing Need Characteristics

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

Need Based Regional Allocation Formula

The 76th Legislature enacted Senate Bill 1112, which requires TDHCA to allocate funds provided to the state under the HOME Investment Partnerships Program, Low Income Housing Tax Credit Program, and the Housing Trust Fund to each uniform state service region based on a formula developed by the Department that is based on the need for housing assistance. The Department developed the required formula that will be discussed in this section. Senate Bill 1112 took effect September 1, 2000.

The formula used for the HOME program, which serves rural areas, will include only non-participating jurisdictions. It was determined that the following criteria, which are thought to correlate directly with the goals and objectives of the Department, will be used in the regional allocation formula:

- **Poverty.** The percentage of the State's population in poverty as provided by the most recent Census data.
- **Substandard and dilapidated housing stock occupied by very low-income renters and owners.** The percentage of the State's households (renter and owner) with incomes below 50 percent of the area median income that live in severely substandard housing.
- **Severe housing cost burden on very low-income renters.** The percentage of the State's unassisted renters with incomes below 50 percent of the area median income, who pay more than half of their income for housing costs.

When the factors for each region are combined, the resulting ratio serves as a relative indication of each service region's level of need. Because of the comparatively large number of persons associated with the poverty statistic, these criteria received twice as much weight as each of the other factors. It should also be noted that the first two factors are used together by HUD as a benchmark to determine their measurement of "Worst Case Housing Need."

This section shall discuss how the regions compare to each other with regard to each of the three factors and other related characteristics of regional need. By doing so, it is hoped that the impact of the allocation formula and the Department's work to effectively serve the entire State will be better understood.

The allocation formula was developed to serve as a dynamic measure of need. As such, the formula will be updated annually to reflect the availability of more accurate demographic information and the need to assess and modify the formula based on its actual performance. As information from the 2000 Census and other sources becomes available, the formula will be revised to reflect this more recent data. As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings. To assist persons interested in commenting on the actual funding distribution under the formula, such information will be provided annually in the *State of Texas Low Income Housing Plan and Annual Report.*

As was discussed in the Introduction to the Statewide Needs Analysis, the Department is conducting a statewide Community Needs Survey and is working to expand the level of staffing it can dedicate to the evaluation of regional needs. The survey's data will eventually supplement the measure of need provided by the three factors in the regional allocation formula. The work of the Department's planning staff and proposed regional coordinators will provide an ongoing evaluation of the housing and development needs of the various regions and the communities contained therein.

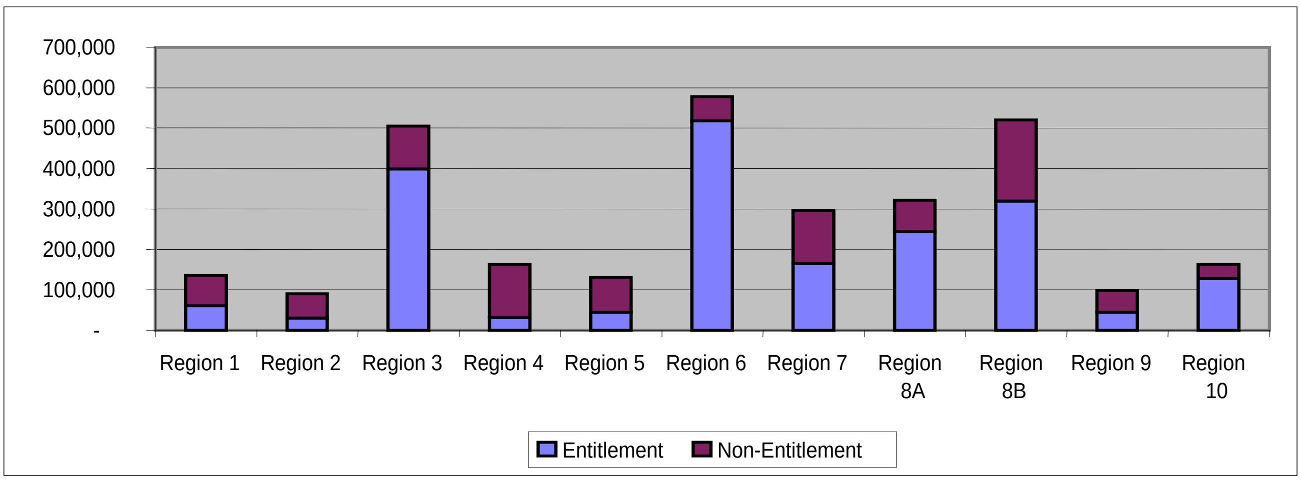
Poverty

Based on 1990 Census Data, Table 6 and Figure 6 describe the level of poverty present in each service regions. When considering entitlement areas, the number of persons in poverty varies widely between the service regions. Non-entitlement areas show a much smaller variance between regions with an average of 92,311 persons living in poverty in each region. As might be expected, the regions with the highest number of persons living in poverty are those in which the major metropolitan areas are located. Service region 8A provides a notable exception to this trend as it accounts for only nine percent of the state's population[1] and yet had 18 percent of the State's households in poverty. Figures 6.1 and 6.2 illustrate that the regional percentage of the population in poverty varies significantly when comparing entitlement and non-entitlement areas.

Table 6. Number of Persons in Poverty by Service Region - 1990

	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8A	Region 8B	Region 9	Region 10	Total
Entitlement	60,651	30,140	399,241	31,579	44,177	517,797	164,891	243,955	319,064	44,716	128,886	1,985,097
Non-Entitle.	75,510	59,744	105,822	131,707	85,747	59,998	130,844	77,623	200,719	53,392	34,312	1,015,418
Total	136,161	89,884	505,063	163,286	129,924	577,795	295,735	321,578	519,783	98,108	163,198	3,000,515

Figure 6. Number of Persons in Poverty by Service Region – 1990



[1] Based on a 2000 county population estimate by the Texas Data Center.

Figure 6.1. Percent of Population in Non-Entitlement Areas Living in Poverty by Service Region – 1990

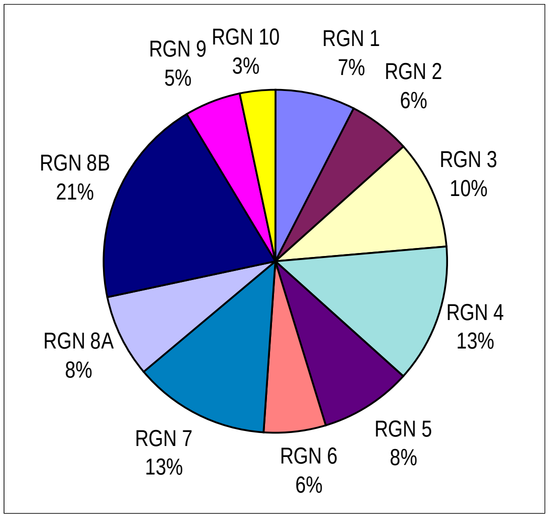


Figure 6.2. Percent of Population in Entitlement Areas Living in Poverty by Service Region – 1990

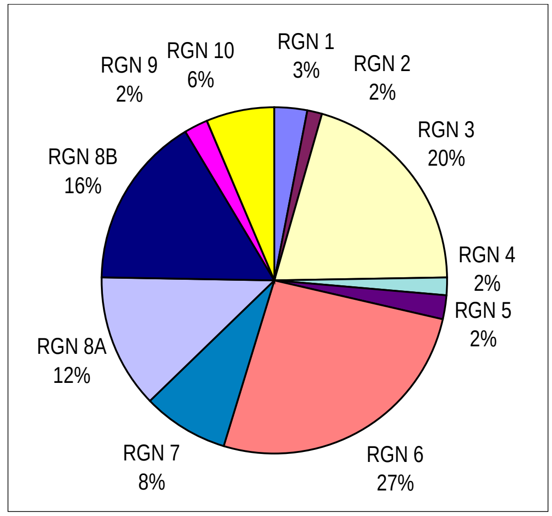
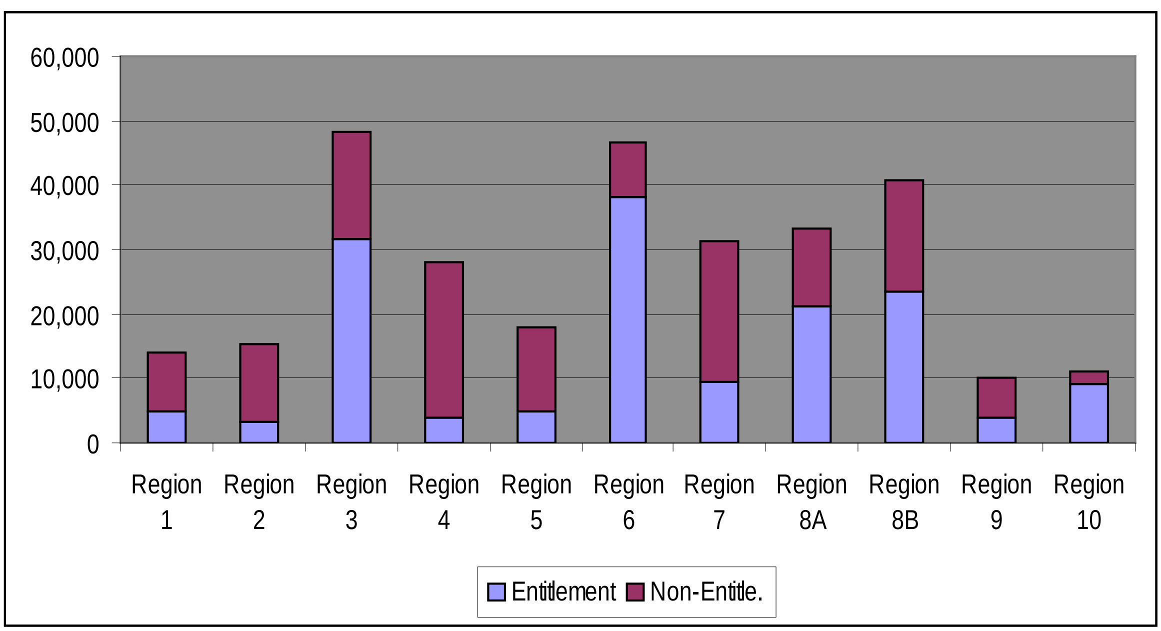


Table 7 and Figure 7 describe the regional distribution of elderly persons living in poverty. The number of elderly persons in poverty tends to reflect the total number of persons in poverty as can be seen by comparing Figure 6 with Figure 7. Region Four provides an exception to that trend as it has the highest number of elderly persons in poverty in non-entitlement areas of all of the regions.

Table 7. Number of Elderly Persons in Poverty by Region - 1990

	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8A	Region 8B	Region 9	Region 10	Total
Entitlement	5,033	3,410	31,616	3,935	4,939	38,285	9,324	21,043	23,343	3,928	9,012	153,868
Non-Entitle.	8,914	11,973	16,521	24,019	13,143	8,405	22,012	12,218	17,574	6,024	2,019	142,822
Total	13,947	15,383	48,137	27,954	18,082	46,690	31,336	33,261	40,917	9,952	11,031	296,690

Figure 7: Number of Elderly Persons in Poverty by Region - 1990



Substandard Housing and Age of Housing Stock

Based on 1990 Census data, Table 8 and Figure 8 indicate that almost a third of the state's population that lived in substandard housing was concentrated in service region 8B. Region 6, which contains the Houston MSA, also experienced a significant level of substandard housing (18%). The other regions with larger metropolitan areas, 3, 7, and 8A each accounted for approximately 10 percent of the State's substandard housing. Region 4 (NE Texas) also showed a fairly high level of substandard housing (8%) relative to its population. When compared to Figure 8.1, Figure 8.2 shows that the relative percentage of substandard housing can vary significantly when comparing all such households to households in non-entitlement areas. An estimate of each region's 2000 population is provided in Table 8 for comparison purposes.

Tables 9 and 10 and Figure 10.1 provide a more detailed analysis of the two issues that comprise substandard housing, incomplete kitchens and plumbing (without regard to income level as is included in the definition of substandard housing). The highest concentrations of housing units with incomplete facilities are in region 8B and the regions with the largest metropolitan areas. Once again, the level of need varies widely between the entitlement and non-entitlement areas.

Table 8. Number and Percentage of Households (HH) with Substandard Housing by Service Region - 1990

	All Areas		Non-Entitlement Areas		
Region	# of HH	% of HH	# of HH	% of HH	% of State Pop.
1	1,211	2.2%	766	2.6%	3.8%
2	988	1.8%	835	2.8%	2.7%
3	5,791	10.4%	2,003	6.8%	25.8%
4	4,454	8.0%	4,166	14.1%	4.9%
5	2,898	5.2%	2,524	8.6%	3.6%
6	9,629	17.3%	2,450	8.3%	23.4%
7	5,124	9.2%	3,928	13.3%	10.8%
8A	5,712	10.3%	2,984	10.1%	9.7%
8B	15,847	28.5%	7,448	25.2%	9.2%
9	1,250	2.2%	863	2.9%	2.6%
10	2,785	5.0%	1,543	5.2%	3.6%
	55,689	100.0%	29,510	100%	100.0%

Figure 8.1 Percentage of All Housing Units w/ Substandard Housing by Region – 1990

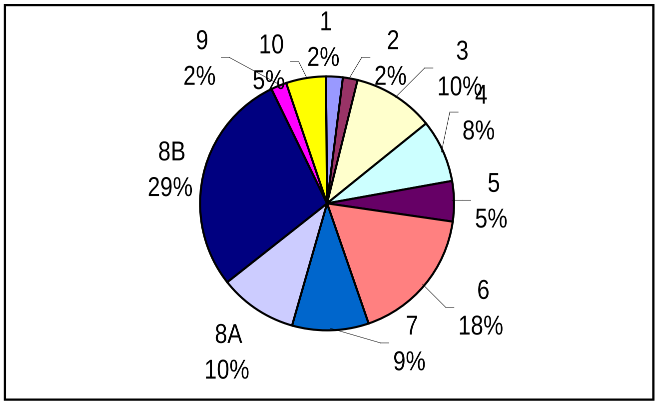


Figure 8.2 Percentage of Non-Entitlement Area Housing Units w/ Substandard Housing by Region – 1990

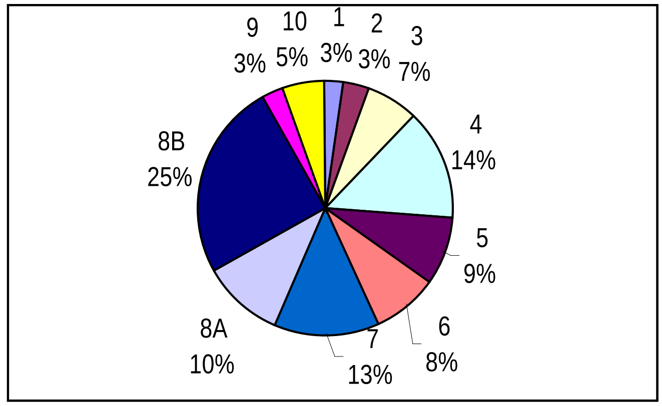


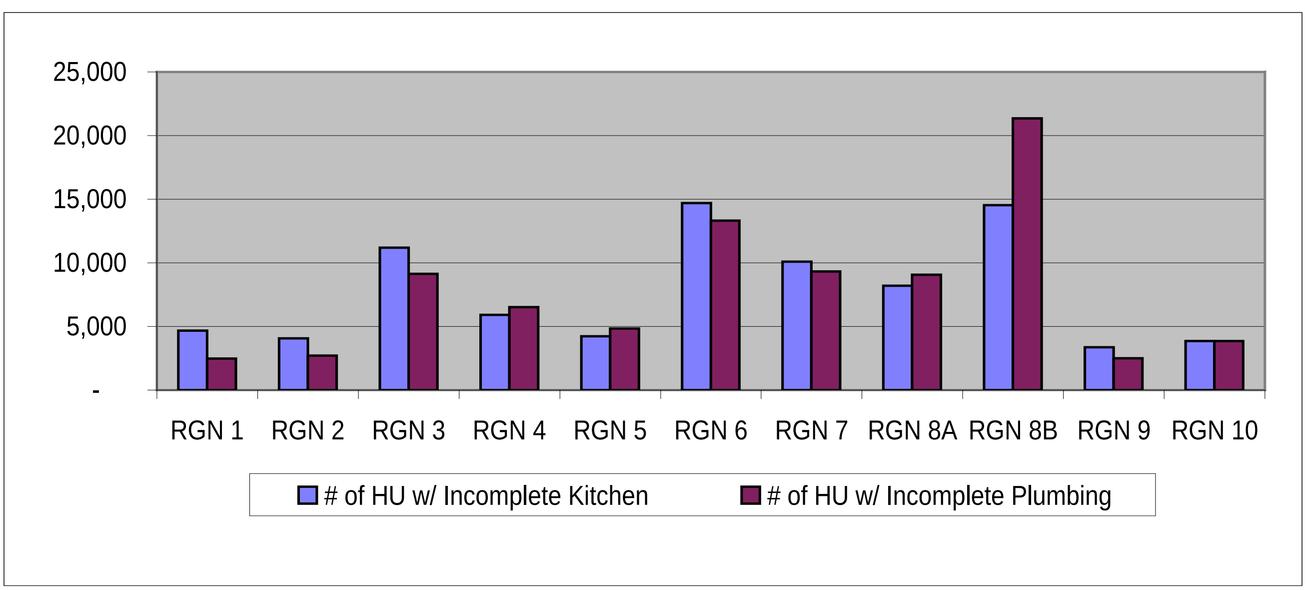
Table 9. Number of Housing Units with Incomplete Kitchens by Service Region – 1990

	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8A	Region 8B	Region 9	Region 10	Total
Entitlement	1,779	439	7,735	516	483	11,910	2,839	3,900	6,965	921	1,890	39,377
Non-Entitlement	2,894	3,636	3,466	5,396	3,752	2,781	7,249	4,299	7,575	2,433	1,966	45,447
Total	4,673	4,075	11,201	5,912	4,235	14,691	10,088	8,199	14,540	3,354	3,856	84,824

Table 10. Number of Housing Unit with Incomplete Plumbing by Service Region - 1990

	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Reg. 8A	Reg. 8B	Reg. 9	Reg. 10	Total
Entitlement	677	338	5,906	365	539	10,352	1,622	3,798	10,701	617	1,552	36,467
Non-Entitlement	1,791	2,374	3,220	6,143	4,308	2,972	7,705	5,257	10,653	1,881	2,304	48,608
Total	2,468	2,712	5,906	6,508	4,847	13,324	9,327	9,055	21,354	2,498	3,856	85,075

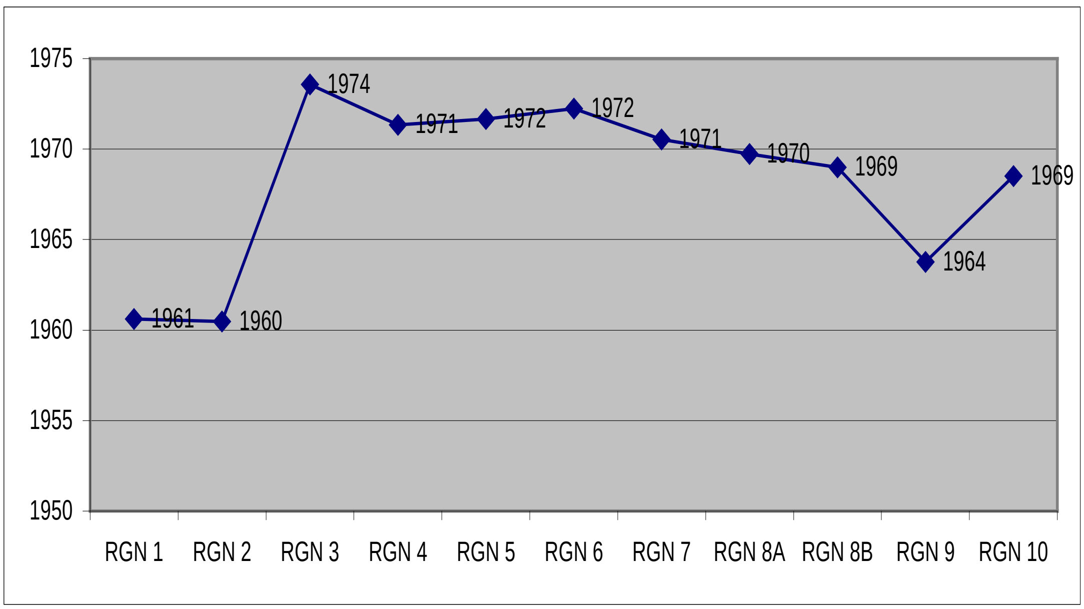
Figure 10.1. Number of Housing Units w/ Incomplete Kitchens or Plumbing by Region - 1990



Age of the Existing Housing Stock

The age of the housing stock provides an indication of its relative condition. Older units are more likely to require repairs, are more costly to repair and renovate, may not contain desired amenities, and are more likely to contain lead paint hazards than more recently constructed units. Lead paint hazards vary for each individual unit, but units built before 1950 present a significant risk for occupants with young children. The allowable lead content of paint declined after 1950 and was completely eliminated by 1978. Based on 1990 Census Data, Figure 2.6 indicates that except for the northwestern regions of the state, the median age of the housing stock by region is fairly consistent with a maximum range of five years between the high and low median age. The median age of the housing stock in regions 1, 2, and 9 is on average nine years older than that of the other regions.

Figure 11: Median Age of Housing Stock by Service Region



Severe Cost Burden

Table 12 and Figure 12.1 indicate that the regions of the state with the largest metropolitan areas tended to have the highest percentage of persons with severe cost burdens. When compared to Figure 12.1, Figure 12.2 shows that the relative percentage of households experiencing severe cost burden can vary significantly when comparing all such households to households in non-entitlement areas. An estimate of each region's 2000 population is provided in Table 12 for comparison purposes. Figures 12.1 and 12.2 show that the regional percentage of the households experiencing cost burden varies significantly when comparing entitlement and non-entitlement areas.

Table 12 Number and Percentage of Households (HH) with a Severe Cost Burden by Service Region - 1990

	All Areas		Non-Entitlement Areas		
Region	# of HH	% of HH	# of HH	% of HH	% of State Pop.
1	15,097	4.4%	4,547	5.5%	3.8%
2	7,703	2.2%	3,455	4.1%	2.7%
3	86,426	24.9%	14,610	17.5%	25.8%
4	14,037	4.0%	9,596	11.5%	4.9%
5	12,679	3.7%	7,819	9.4%	3.6%
6	83,798	24.2%	8,894	10.7%	23.4%
7	52,287	15.1%	15,198	18.2%	10.8%
8A	31,533	9.1%	6,547	7.9%	9.7%
8B	24,527	7.1%	7,883	9.5%	9.2%
9	7,719	2.2%	3,968	4.8%	2.6%
10	10,811	3.1%	880	1.1%	3.6%
Total	346,617	100.0%	83,397	100.0%	100.0%

Figure 12.1. Percent of All Housing Units with Cost Burden by Region – 1990

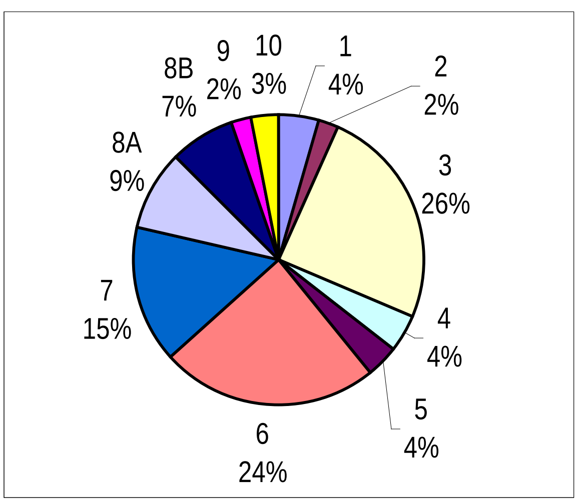
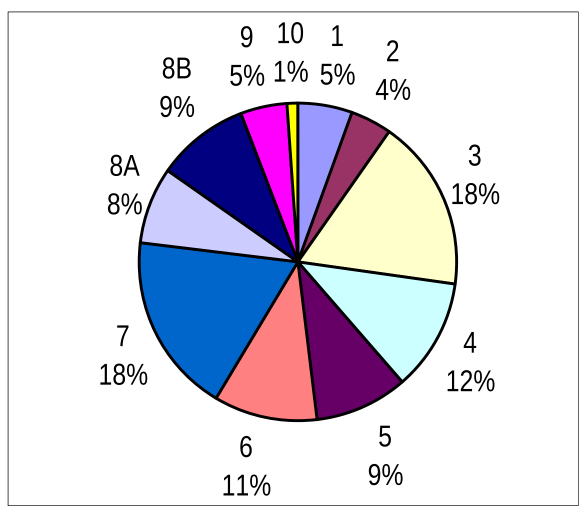


Figure 12.2. Percent of All Housing Units with Cost Burden by Region – 1990



Specific Regional Housing Need Characteristics

While the previous section provided a comparative analysis of the service regions, this section provides a more detailed assessment of specific regional characteristics. Motivating this region-specific profile is a desire to more appropriately match specific programs to geographically defined needs. Each regional description that follows will contain a chart that summarizes the following indicators of housing need:

- **Substandard and dilapidated housing stock occupied by very low-income renters and owners.** The portion the State's households (renter and owner) with incomes below 50 percent of the area median income that live in severely substandard housing.
- **Severe housing cost burden on very low-income renters.** The portion of the State's unassisted renters with incomes below 50 percent of the area median income, who pay more than half of their income for housing costs.
- **Overcrowding.** The portion of the State's households with more than one person per room per dwelling unit.
- **Poverty.** The portion of the State's population in poverty.

Figure 1.A. is a reference map of the eleven Uniform State Service Regions.

REGION 1

Region 1, with an estimated 2000 population[2] of 764,319, has experienced a four percent increase from 1990. This rate of regional growth is among the lowest in the State. The region has higher concentrations of population in the under 35 age groups. The population is mostly White (81.3 percent) but also contains a significant Hispanic population estimated at 23 percent of the total in 1990.

The 1990 Census data for Region 1 indicate high concentrations of low-income households in the counties containing urban areas. Lubbock contained 35,512 such households while the Potter-Randall counties area contained 29,760. No other county in the region exceeded 5,000 low-income households. The region had 136,161 persons living in poverty or 19 percent of the region's population, which is approximately one percent higher than the statewide per capita average.

It was estimated in 1990 that 2,343 housing units had incomplete kitchens or plumbing. 1,211 of these units were occupied by very low-income renters. Within Region 1, very few of the counties had a percentage of low-income households with excess housing cost burden (greater than 30 percent of income) that exceeded the statewide total of 48 percent. Only three counties, Randall, Lubbock, and Childress exceeded the 50 percent mark.

[2] Texas Data Center County Population Estimate

Figure 1.A. Texas Uniform State Service Region Map

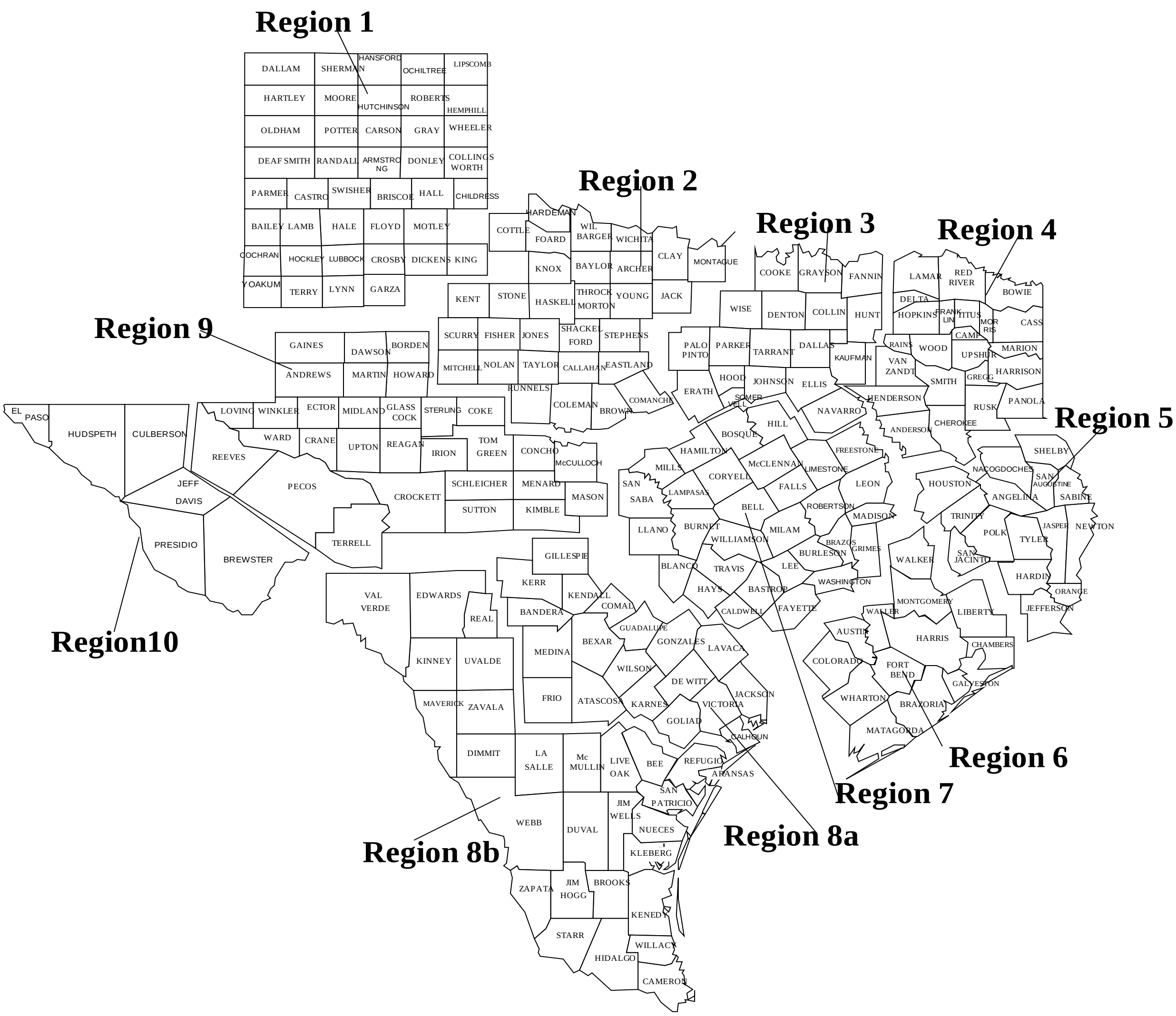
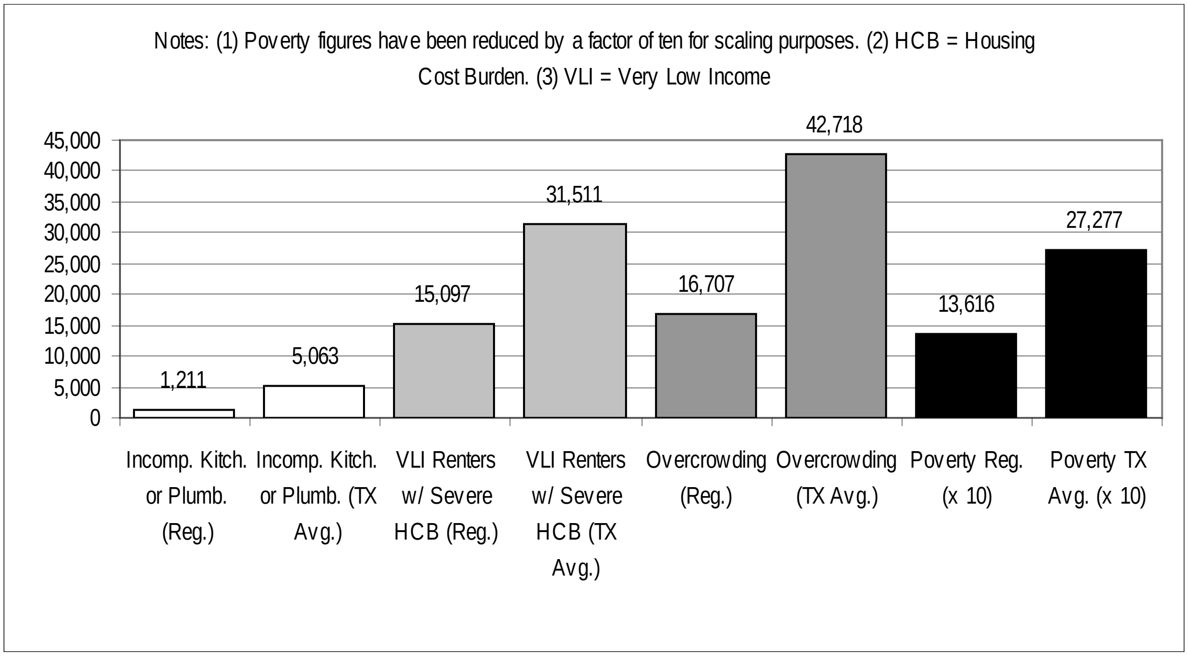


Figure 1B. Indicators of Need for Region 1

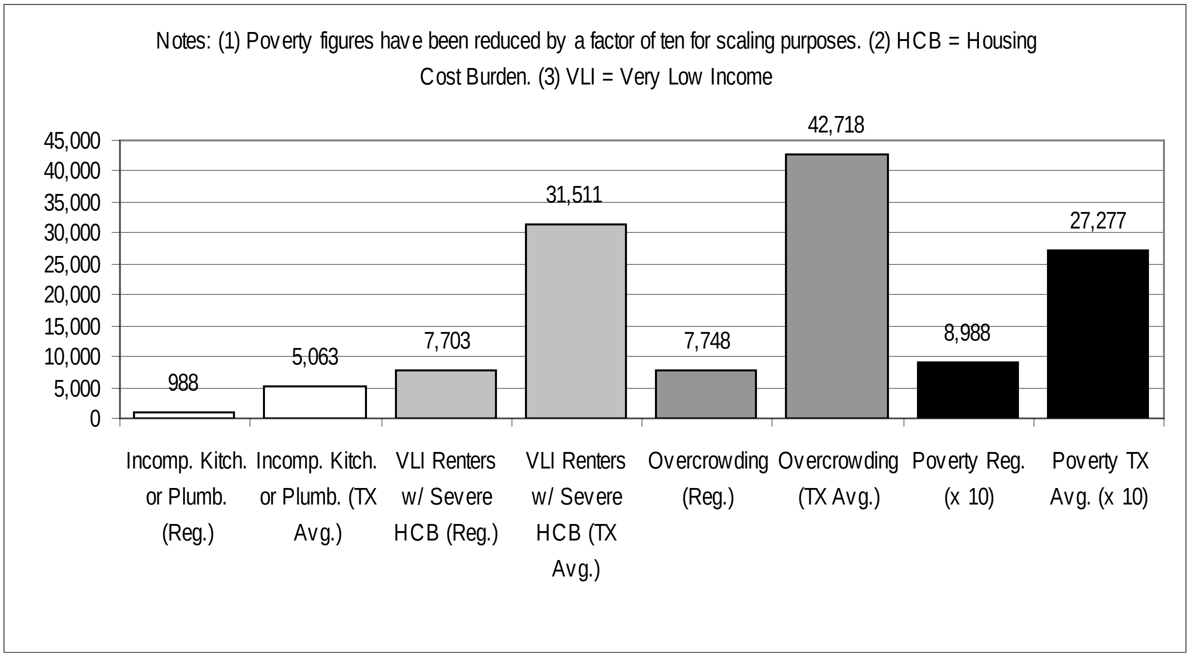


REGION 2

Region 2 has experienced a four percent population increase since 1990 based on its estimated 2000 population of 544,152. This rate of regional growth is among the lowest in the State. In 1990, the population was estimated to be 87 percent White and 12 percent Hispanic.

In 1990, the only two counties with urban areas, Wichita (18,594) and Taylor (17,468), contained approximately half of all low income households in the region. Brown County, containing 5,645, had the third largest concentration at the county level. In 1990, there were 1,484 housing units with incomplete kitchens or plumbing. 988 of those units were occupied by very low income households. No county within this region had more than five percent of its housing units lacking complete plumbing. Only five counties had more than three percent of its housing units lacking complete plumbing and all were located at the extreme western end of the region, bordering Region 1. No county within this region exceeded the statewide total of 48 percent as a percentage of its low income households with excess housing cost burden in 1990. The region had 89,884 persons living in poverty or 17 percent of the region's population, which is almost identical to the statewide per capita average.

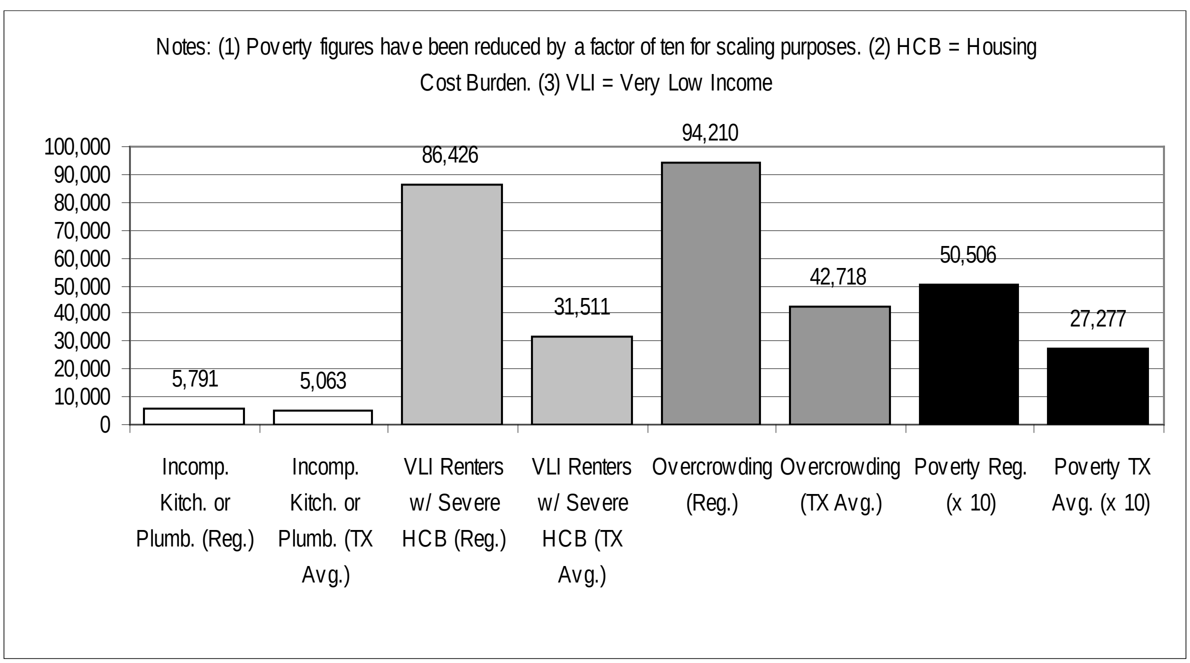
Figure 2. Indicators of Need for Region 2



REGION 3

Region 3 has a 2000 estimated population of 5,213,729, a 22 percent increase over 1990. In 1990, the region's population was 77 percent White, 14 percent Black, 2.3 percent Asian, and 12 percent Hispanic. The highest concentrations of population in this region are found in the 25 to 40 year old age groups.

Figure 3. Indicators of Need for Region 3

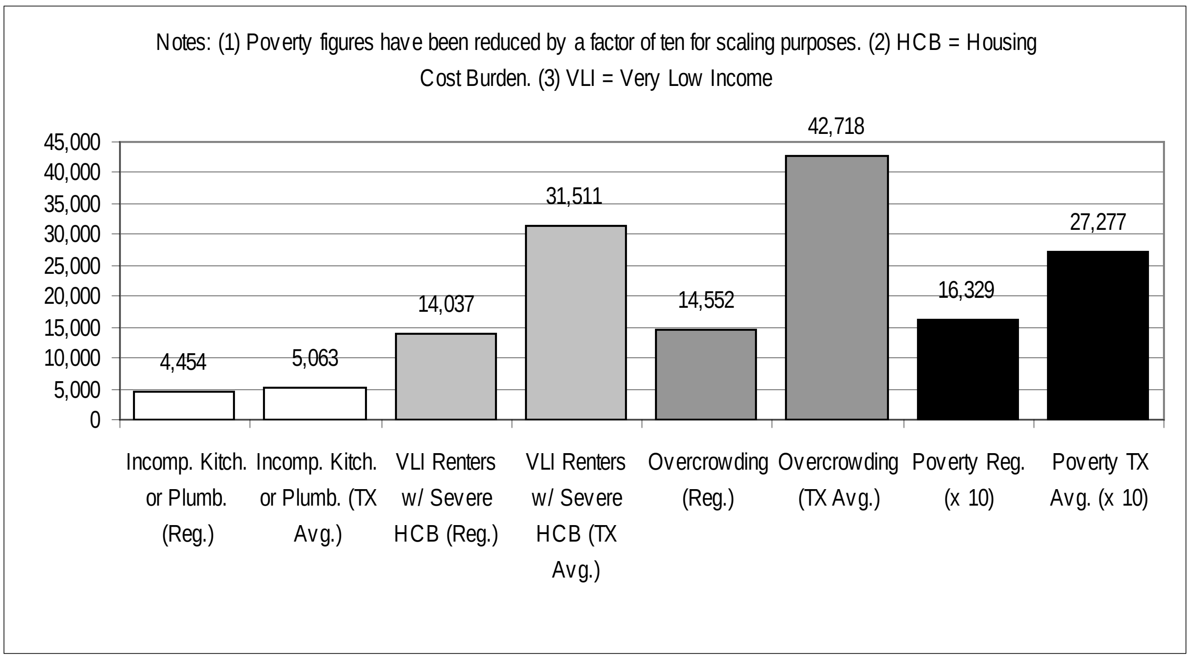


The region contains an extremely high concentration of low-income households, particularly in the four county (Dallas, Tarrant, Denton, Collin), greater urbanized Metroplex area. These four counties contain approximately one-fifth of the state's total number of low income households. In 1990, there were 10,417 housing units with incomplete kitchens and plumbing. 5,791 of those units were occupied by very low income households. Only three counties had more than two percent of all their low income units lacking complete plumbing, and all three border Region 4. This region also contains a large concentration of low income households with an excess housing cost burden. All four counties in the greater Metroplex area had more than 50 percent of their low income households in the excess housing cost burden range (greater than 30 percent of income), and Denton more than 60 percent of its low income households. All four of these counties also exceeded the statewide percentage (35 percent) for very low income households with severe housing cost burden (greater than 50 percent of income), with Denton, at 48 percent and Collin, at 40 percent being the highest. The region had 505,063 persons living in poverty or 12 percent of the region's population, which is significantly lower than the statewide per capita average.

REGION 4

The estimated 2000 population of Region 4 was 982,619, an increase of nine percent over 1990. The region's population was 79.2 percent White, 17.7 percent Black, and 3.9 percent Hispanic according to the 1990 Census. The most populous age groups in this region are the 5 to 15, and 30 to 35 year old groups.

Figure 4. Indicators of Need for Region 4



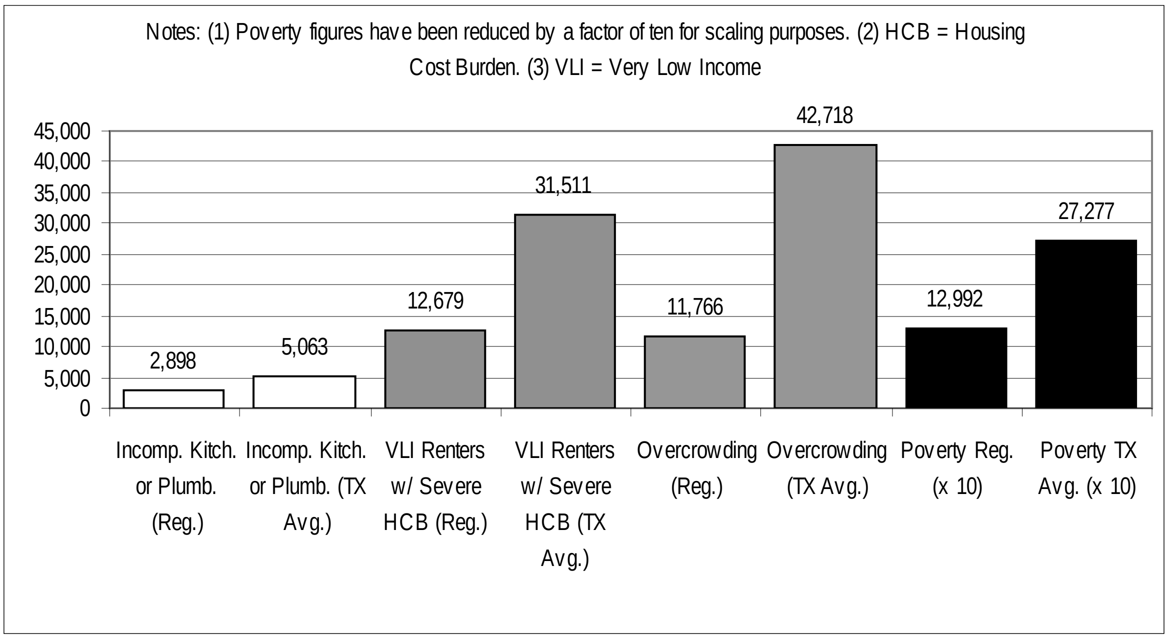
The distribution of low income households by county is relatively even in this region. The counties of Smith and Gregg have slightly higher counts due to higher populations. In 1990, there were 5,747 housing units with incomplete kitchens or plumbing, a per capita rate which is nearly three and half times that of Region 3. 4,454 of those units were occupied by very low income households. Five counties in this region have "high" percentages of low income housing units lacking complete plumbing: Red River, Morris, Cass, Rusk, and Panola. Marion County ranks "very high" at 14 percent, having the highest percentage of units lacking plumbing outside of the Texas/Mexico border region. The statewide percentage of low housing income households with excess housing cost burden is exceeded only in one county - Camp, at 53 percent, all other others showing similar figures of about 40 percent. The region had 163,286 persons living in poverty or 18 percent of the region's population, which is slightly above the statewide per capita average.

REGION 5

The estimated 2000 population of Region 5 is estimated to be 726,178, a nine percent increase over 1990. In 1990, the ethnic distribution of the population was: 75 percent White, 20 percent Black, four percent Hispanic.

Approximately half of the region's low income households are located in the Golden Triangle area (Jefferson and Orange Counties). In 1990, there were 3,827 housing units lacking complete kitchens or plumbing, a per capita rate nearly as high as that of Region 4. 2,898 of those units were occupied by very low income households. The figures for the percentage of low income households with excess housing cost burden were generally low though most of the region's counties; only Nacogdoches, Trinity, and San Jacinto exceeded the state average. Among figures for percentage of very low income households with a severe housing cost burden in 1990, all counties rated average, except Trinity, which ranked high, at 41 percent, and Nacogdoches, which rated very high, at 45 percent. The region had 129,924 persons living in poverty or 20 percent of the region's population, which is almost two percent above the statewide per capita average.

Figure 5. Indicators of Need for Region 5

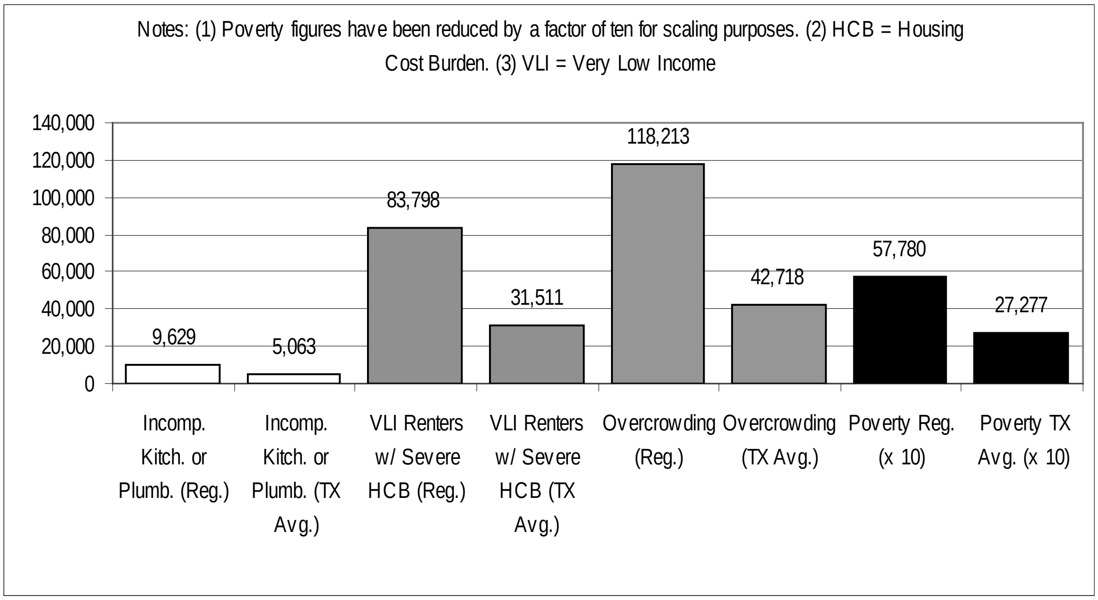


REGION 6

Region 6 is one of the fastest growing regions in the state, with a 21 percent population increase since 1990. The 2000 population estimate was 4,717,299. In 1990, the population of Region 6 was 68 percent White, 18 percent Black, 20 percent Hispanic, and three percent Asian.

The five-county greater Houston urbanized area (Harris, Fort Bend, Montgomery, Brazoria, and Galveston Counties) contains over a half million low income households - approximately one fifth of the state's total. In 1990, there were 13,674 housing units lacking complete kitchens or plumbing. 9,629 of these units were occupied by very low income persons. Four of the "non-urban" counties within this region have a high percentage of low income housing units lacking complete plumbing, these being Chambers, at 5.2 percent; Austin, at 5.2 percent; Colorado, at 6.8 percent; and Wharton, at 6.2 percent. All other counties in the region have average rates of less than five percent. Regarding percentage of low income households with an excess housing cost burden, all Region VI counties fall into the "Average 35-52 percent" rate except Walker County, at 58.2 percent; and Fort Bend County, at 52.8 percent. Two counties also fall into the high range for severe housing cost burden: Harris, at 38.6 percent; and Fort Bend, at 39.5 percent and one county falls into the very high range - Walker, at 48 percent. The region had 577,795 persons living in poverty or 14.83 percent of the region's population, which is approximately three percent below the statewide per capita average.

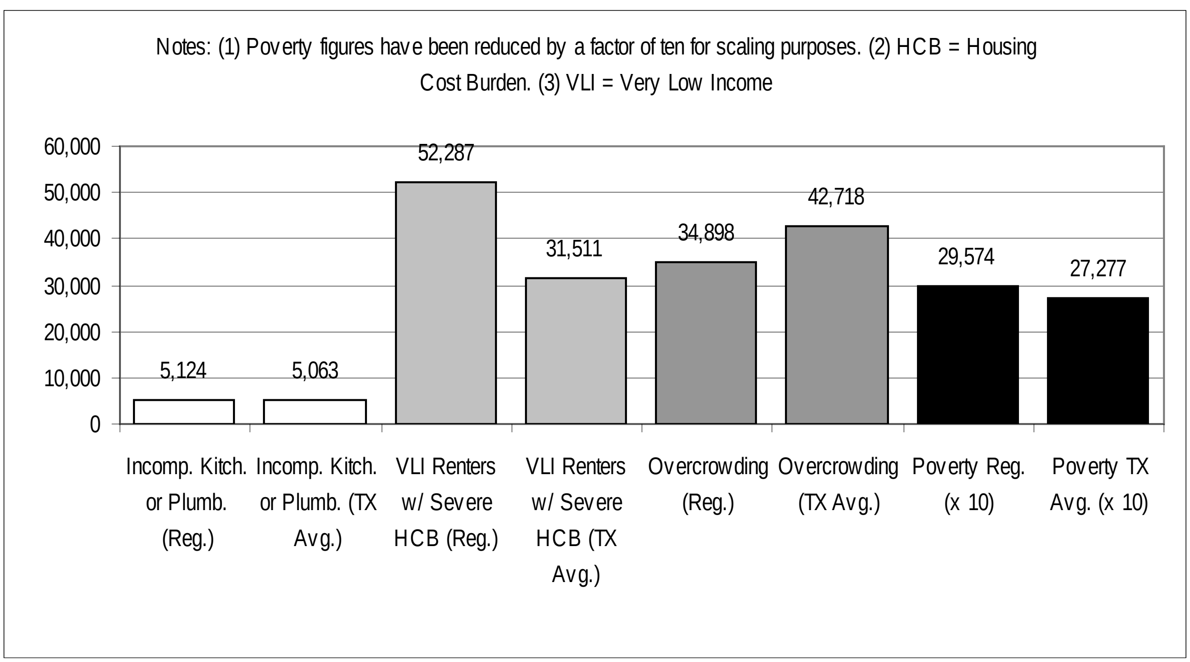
Figure 6. Indicators of Need for Region 6



REGION 7

The total estimated population of Region 7 in 2000 was 2,171,415. This represents a 25 percent increase over 1990. Along with Region 8B, this the largest increase of any region in the state. In 1990, the population of this region was 76.9 percent White, 12.4 percent Black, and 15.8 percent Hispanic. This population showed very high concentrations of population in the 20-34 year old age groups.

Figure 7. Indicators of Need for Region 7



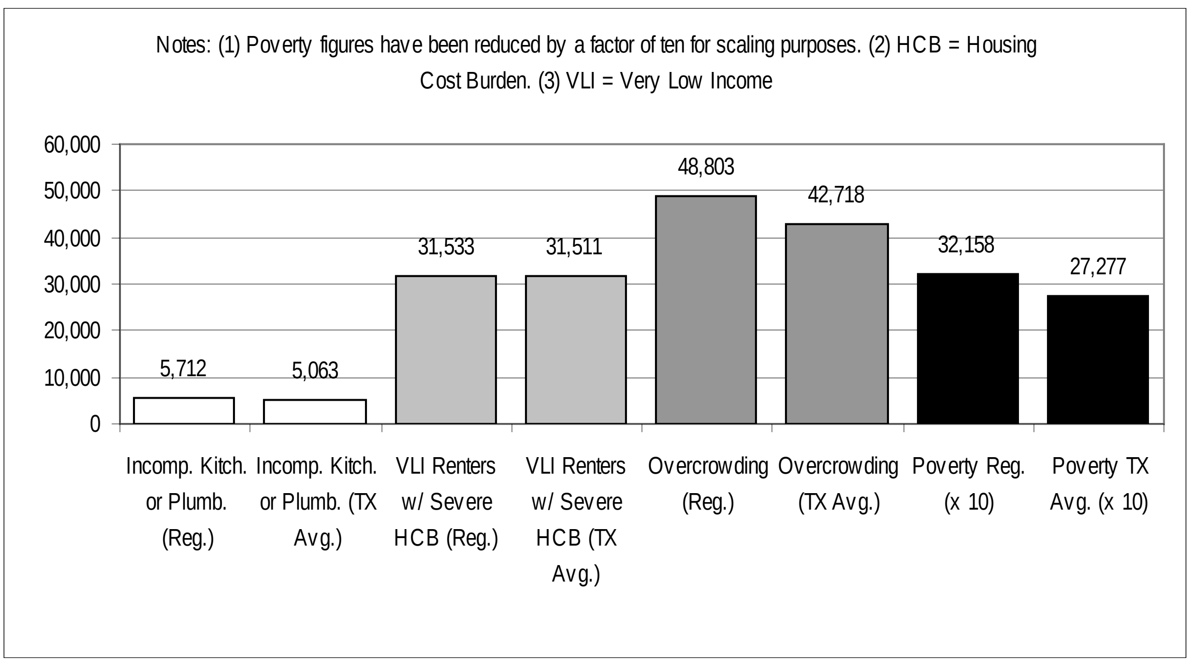
This region's low income households are primarily concentrated in the urban areas, namely the counties of the I-35 corridor and Brazos County. The two counties with the largest number of low income households are Travis (102,327) and McClennan (31,434). In 1990, there were 7,721 housing units lacking complete kitchens or plumbing. 5,124 of these units were occupied by very low income persons. The rural counties east of the I-35 corridor all have high percentages of low income housing units lacking complete plumbing (5-10 percent). Grimes is the only county with more than 10 percent of its low income housing lacking complete plumbing. Again, the counties of the I-35 corridor, namely Hays, Travis, Bell, and McClennan, all rated high in terms of the percentage of low income households with an excess housing cost burden in 1990. Brazos was the only county that rated very high, at 66.9 percent. Travis, Hays, and Brazos were three of the only six counties in the entire state to have 45 percent or more of its very low income households experiencing a severe housing cost burden. The region had 295,735 persons living in poverty or 14.83 percent of the region's population, which is just slightly below the statewide per capita average.

REGION 8A

In 2000, the estimated population of Region 8A was 1,958,912, which represented an 18 percent increase over 1990. In 1990, the region was 56.5 percent White, 6.3 percent Black and 36 percent Hispanic.

The low income households of Region 8A are primarily concentrated in the urban areas of Bexar County (164,307 households). In 1990, there were 7,969 housing units lacking complete kitchens or plumbing. 5,712 of these units were occupied by very low income persons. Most counties within this region show very low percentages of low income households with an excess housing cost burden. Only Bexar and Kerr counties exceeded 50 percent. The region had 321,578 persons living in poverty or 19.44 percent of the region's population, which is approximately 1.75 percent above the statewide per capita average.

Figure 8A. Indicators of Need for Region 8A

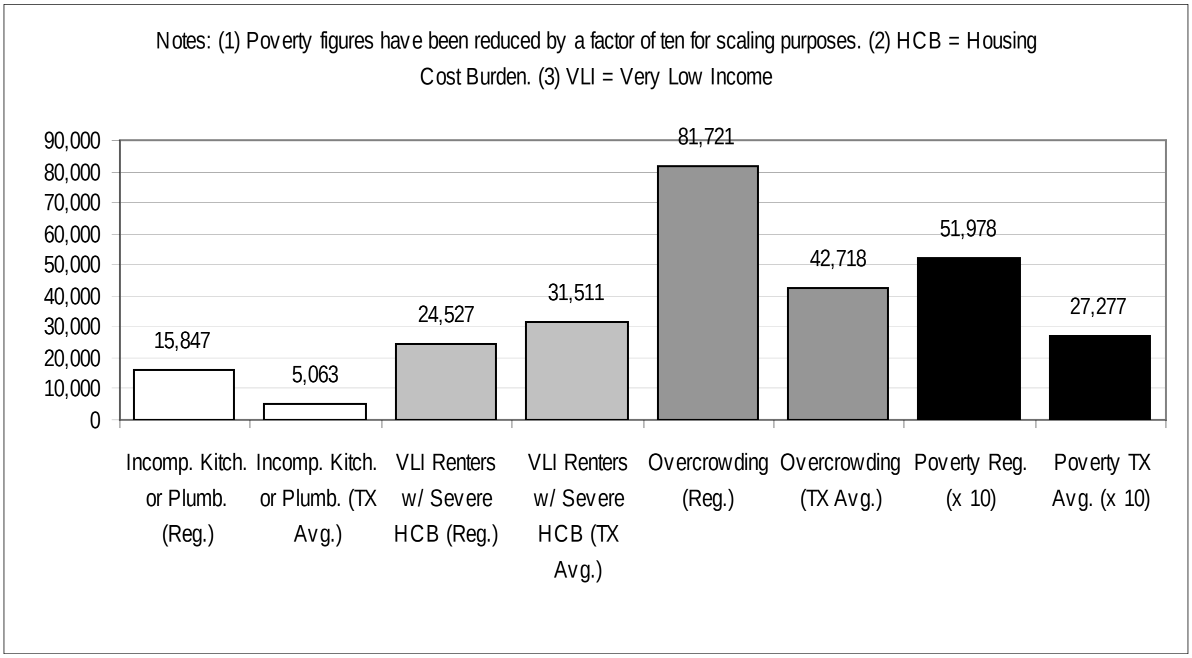


REGION 8B

In 2000, the total estimated population of Region 8B was 1,853,287, which represented a 25 percent increase over 1990. This, along with Region 7, is the fastest growing region in the State. In 1990, the region was 33.5 percent White, 1.5 percent Black and 64.2 percent Hispanic.

The low income households of Region 8B are primarily concentrated in the urban areas of Nueces County (40,454) and in the border counties of the Lower Rio Grande Valley: Cameron (39,006), Hidalgo (57,763), and Webb (18,314). In 1990, there were 19,108 housing units lacking complete kitchens or plumbing. 15,847 of these units were occupied by very low income persons. This level of incomplete facilities is the highest in the state – over three times higher than the state regional average. Most counties within this region show very low percentages of low income households with an excess housing cost burden. Only Kleberg and Nueces counties exceeded 50 percent. The region had 519,783 persons living in poverty which the second highest in the state. This level of poverty was 35 percent of the region's population, which is 17 percent above the statewide per capita average.

Figure 8B. Indicators of Need for Region 8B

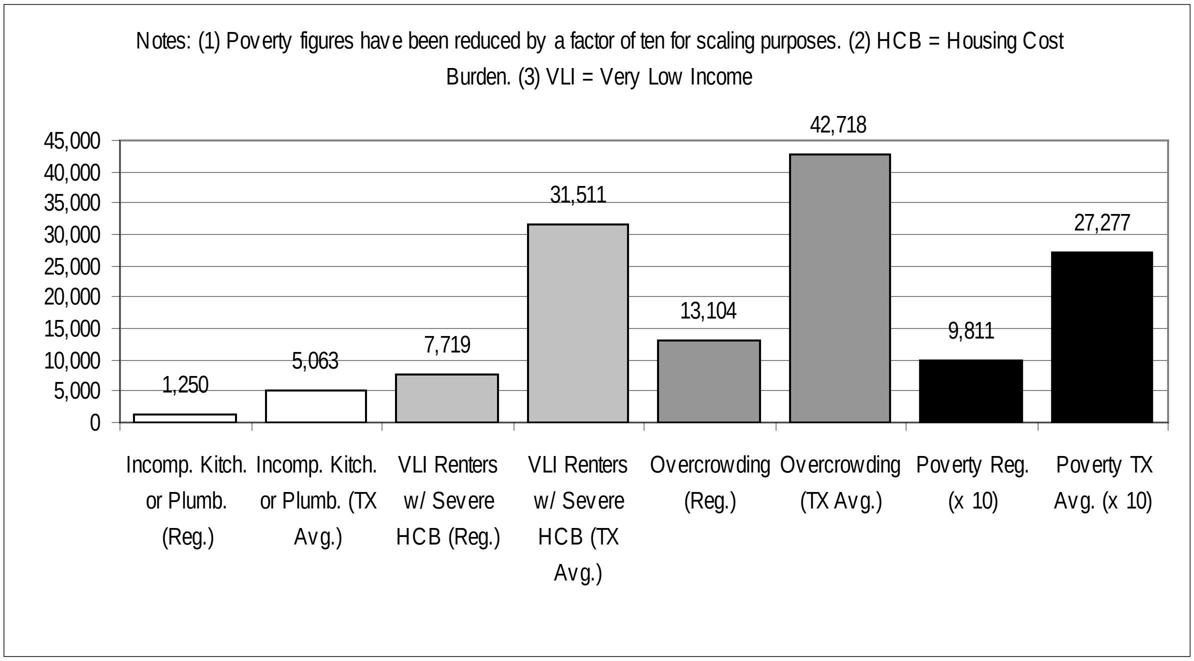


REGION 9

The total estimated population of Region 9 in 2000 was 533,892. The growth rate for this area was among the lowest in the State, at four percent. The population in 1990 was 30.5 percent Hispanic and 4.3 percent Black.

More than two-thirds of all the region's low income households were located in the urban areas contained by Ector, Midland, and Tom Green counties. In 1990, there were 1,669 housing units lacking complete kitchens or plumbing. 1,250 of these units were occupied by very low income persons. Very few counties within this region showed any significant percentages of low income housing units lacking complete plumbing. Only Pecos, Terrell, and Starling counties exceeded four percent. All counties except Tom Green, at 48.3 percent, ranked well below the statewide average percentage of 48.2 for low income households with an excess housing cost burden. The region had 98,108 persons living in poverty or 19.12 percent of the region's population, which is approximately 1.5 percent above the statewide per capita average.

Figure 9. Indicators of Need for Region 9

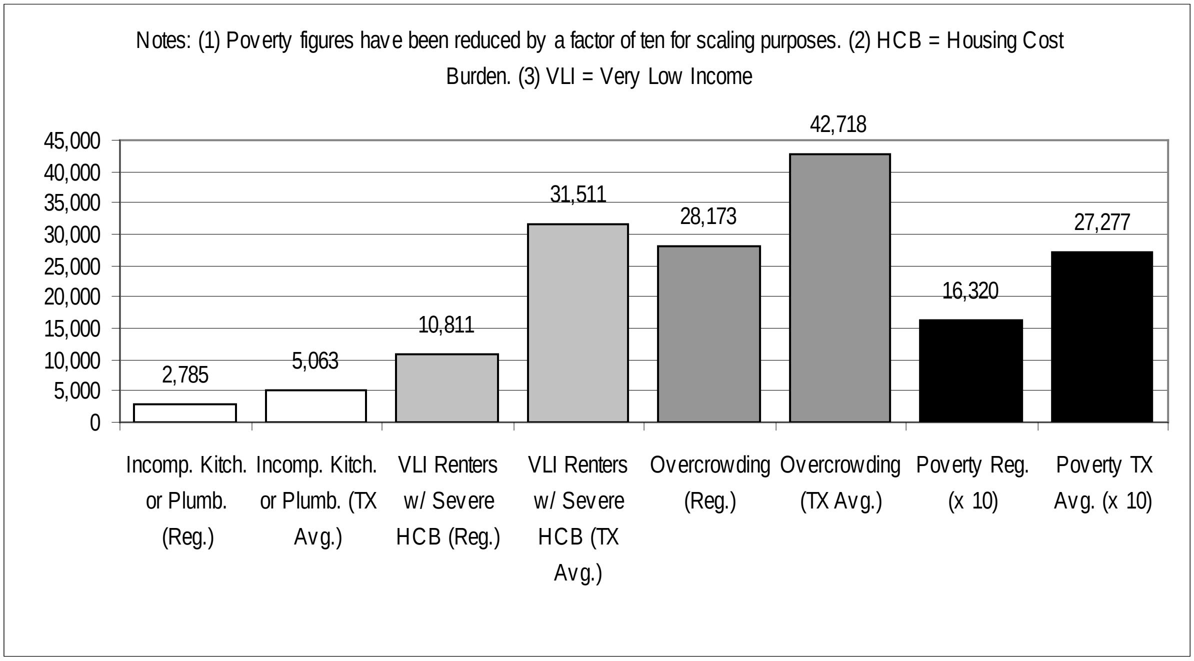


REGION 10

The 2000 population of Region 10 was 724,717. This represented an 18 percent increase over 1990. The population in 1990 was 69.2 percent Hispanic, 3.6 percent Black. The population was most concentrated in the under 35 year old age group.

Over 90 percent of all low income households in this region are found in El Paso County, which contains the El Paso greater urban area. In 1990, there were 4,170 housing units lacking complete kitchens or plumbing. 2,785 of these units were occupied by very low income persons. Presidio and Brewster counties both had high (8.8 percent and 6.4 percent respectively) percentages of low income housing units lacking complete plumbing. Hudspeth County showed a very high count, at 12.5 percent. El Paso and Brewster both showed percentages of low income households with excess housing cost burden that slightly exceeded the statewide percentage of 48.2. All other counties in the region were well below this figure. Brewster and El Paso counties were also the only counties that exceeded the statewide percentage (35.2 percent) of very low income households with severe housing cost burden in 1990. El Paso came in at 36 percent, and Brewster at 40 percent. The region had 163,198 persons living in poverty or 26.53 percent of the region's population, which is approximately nine percent above the statewide per capita average.

Figure 10. Indicators of Need for Region 10



Please refer to the Strategic plan section for additional information regarding the Regional Allocation formula.

Community Needs Survey

The Department has undertaken a significant initiative in conducting a statewide Community Needs Survey to help determine local community development and housing needs for the allocation of not only HOME, CDBG, ESG, and HOPWA, but all of the Department's funds. The survey was originally distributed to approximately 1,450 cities and counties on October 3, 2000. Statistical summaries of the information collected through this survey will be used by the Department to identify housing and community development needs across the state and to establish statewide and regional priorities. The survey collects data on the community's:

- need prioritization,
- evaluation of the adequacy of existing funding sources for housing, economic development, public services and facilities,
- supply and condition of the housing stock,
- housing assistance needs,
- availability and need for facilities and services to serve special needs populations, and
- community development needs including water and waste water systems, streets and bridges, drainage and flood control, parks and recreation areas, solid waste management, planning, and economic development.

This survey will also help to establish the preliminary structure of the Department's regional planning process. The Department is committed to increasing its efforts in the area of statewide and regional planning and needs assessment. To facilitate this effort, the Department's Housing Resource Center has increased the number of persons on staff dedicated specifically to planning and research activities. Additionally, it has requested funding from the state legislature to establish regional development coordinator positions in each of the state's eleven uniform service regions identified for planning purposes. The coordinators will provide an ongoing evaluation of the housing and development needs of their respective regions and the communities contained therein. Parallel missions for the coordinators will be to increase awareness of the Department's available funding and assistance programs and to encourage and assist entities within each region to apply for funds appropriate to their needs.

Persons with Disabilities

Introduction

While, for the purposes of the Consolidated Plan, HUD, provides a definition for the term "disability", it is generally acknowledged that a precise and reliable definition of the term is nonexistent. This inability to develop a uniform definition is primarily because of the variety and uniqueness of individual conditions.[3] Different definitions are used depending on: the purpose of different studies, survey methodologies utilized, and use of divergent sources of data.[4] Within the context of housing, this plan will use the definition based on the relationship between a person and his or her environment, developed by the World Health Organization (WHO). The WHO developed the following conceptual framework for the term as part of the International Classification of Impairments, Disabilities, and Handicaps (ICIDH):

- *impairments* are concerned with abnormalities of body structure, organ or system function, and appearance;
- *disabilities* reflect the consequences of the impairment in terms of functional performance; and
- *handicaps* are concerned with the disadvantages experienced by an individual as a result of impairments and disabilities and the interaction of the individual with his or her surroundings.[5]

This definition of disabilities emphasizes the functional aspect of a condition, an approach that is supported by advocacy groups for persons with disabilities. The consensus among such groups is that a disability should be perceived as a function of the relationship between an individual and his or her environment, rather than as a problem of the individual. It should be viewed as a functional limitation within the individual caused by physical, mental, or sensory impairments. In contrast, a handicap should be viewed as the loss or limitation of opportunities to take part in the normal life of the community on an equal level with others, due to physical and social barriers.[6]

Counting Persons with Disabilities in Texas

The U.S. Census Bureau, HUD, and TDHCA agree that the number of persons with disabilities in Texas has been severely underestimated. The Texas Department of Health and Human Services estimates that in 1999, there were 3,790,533 persons in Texas with some kind of disability, but it does not differentiate between types of disabilities.

The 1990 U.S. Census only measured the disability status of civilian non-institutionalized persons above the age of fifteen, effectively eliminating a significant number of persons. In addition, the disability definitions it used were not sufficiently comprehensive and precise to effectively determine disability categories or housing needs. For example, the 1990 Census estimated that 812,848 persons in Texas between the ages of 16 and 84 had a "work disability," which was defined as a physical or mental condition that had existed for more than six months and which limited the kind or amount of work that an individual could do at a job or business. The problem with this definition was that it implied that the only factor that affects the ability of the individual to work is his or her condition. The reality is that under one set of environmental factors a given condition may prevent or hinder work, but if physical or social barriers are removed, the same condition may have no effect on the person's ability to work.

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[3] HUD uses the following definition for the Consolidated Plan:

Person with a disability. A person who is determined to:

(1) Have a physical, mental or emotional impairment that:
(i) Is expected to be of long-continued and indefinite duration;
(ii) Substantially impedes his or her ability to live independently; and
(iii) Is of such a nature that the ability could be improved by more suitable housing conditions; or
(2) Have a developmental disability, as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001-6007); or
(3) be the surviving member or members of any family that had been living in an assisted unit with the deceased member of the family who had a disability at the time of his or her death.

[4] *Toward Independence*, p. 3.

[5] *Americans with Disabilities, 1991-1992*, p. 1.

[6] *Ibid.*, p. 3.

Assessing the numbers of persons with disabilities and the types of disabilities they have at the local level is even more difficult. Most data indicate prevalence of disability at only the national level because the sample sizes from the various disability-related surveys are too small to allow state-level estimates. In spite of these drawbacks, however, the 1990 Census provides some limited disability data, and several non-governmental surveys also contain state-level data from which estimates can be made.

The 1990 U.S. Census estimated that there were 831,145 total non-institutionalized persons sixteen years or older in Texas in 1990 with mobility or self-care limitations, or both. This figure represents 5 percent of the State population. The 1990 Census estimated that there were 812,848 persons in Texas from 16 to 64 years old with a work disability. Of this population, 407,819, or approximately 50 percent, were "prevented from working" due to their work disability.

Because specific housing programs and services at the State level target persons with severe mental illness and persons with developmental disabilities, mention must be made about these two subgroups of the population. "Persons with severe mental illness" have a long-term mental or emotional impairment that makes it difficult for them to compete effectively for limited housing and social service resources. "Persons with developmental disabilities" are defined as individuals who have a severe, chronic disability that is attributable to a mental or physical impairment or a combination of mental and physical impairments, is manifested before the individual reaches age 22 and is likely to continue indefinitely. The condition results in substantial functional limitations in three or more of seven areas of major life activity. Such individuals need a combination and sequence of special interdisciplinary, or generic services, supports, or other assistance that is of lifelong or extended duration and is individually planned and coordinated.[7]

In 1991, there were 474,299 Texans with a mild, moderate, or severe form of mental retardation, making up three percent of the Texas population. The mental retardation priority population, which includes those persons with mental retardation with the greatest need (approximately 15 percent of persons with mental retardation), consisted of 70,840 persons in 1991. The Texas Mental Health and Mental Retardation Agency (TMHMR) projected an increase to 75,986 by 1998.

Legislative and Judicial Response to Persons with Disabilities

Fair Housing Action, Section 504, and ADA

The Fair Housing Act, Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act (ADA) provide a broad mandate for accessible residential housing for persons with disabilities. While the accessible housing standards promoted by these laws apply to all housing projects in which federal funds are being used, accessible housing requirements are stricter for multi-family projects than for single family homes.

SB 623

Senate Bill 623 (Texas Government Code Annotated, Section 2306.514) took effect September 1, 1999. The bill adopted by the Texas Legislature, addresses the needs of people with disabilities in construction of single family homes if federal or state money administered by the Texas Department of Housing and Community Affairs is utilized. It promotes basic access in housing design and construction by incorporating four universal design features into new construction:

1. At least one no-step entrance (may be at the front, side, back or garage entrance) with at least a standard 36-inch door;
2. Doorways throughout the home which are at least 32 inches wide; hallways at least 36 inches wide;
3. Reinforced walls near the toilet and bathtub so that grab bars may be added if needed at a later date;
4. Light switches and electrical controls no higher than 48 inches, electrical plugs at least 15 inches above the floor, and indoor breaker boxes.

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[7] The definition for persons with severe mental illness comes *Americans with Disabilities*; the definition for persons with developmental disabilities comes from the *Developmental Disabilities Assistance and Bill of Rights Act.*

Olmstead
The U.S. Supreme Court in Olmstead v. L. C. held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA. "Under Title II of the Americans with Disabilities Act," the Court stated, "States are required to provide community-based treatment for persons with mental disabilities when the State's treatment professionals determine that such placement is appropriate, the affected persons do not oppose such treatment, and the placement can be reasonably accommodated, taking into account the resources available to the State and the needs of others with disabilities."

On September 28, 1999, Governor George W. Bush affirmed the value of community-based supports for persons with disabilities through Executive Order GWB 99-2. Pursuant to his order, the Texas Health and Human Services Commission was directed to enlist the participation of families, consumers, advocates, providers, and relevant agency representatives in a comprehensive review of all services and support systems available to persons with disabilities. A report is due to be presented to the Governor, the Lieutenant Governor, and the Speaker of the House no later than January 9, 2001. As Texas heads into 77th Legislative Session it is anticipated that there will be several bills introduced to respond to the needs of the persons affected by the landmark case.

The Search for Housing
The search for housing for persons with disabilities is complicated by poverty. The Texas Department of Health and Human Services estimates that in 1999 there were 816,485 disabled Texans living below poverty level. In Texas, the fair market rent for a one-bedroom apartment unit is $451. If a unit is considered affordable if it costs no more than 30 percent of the renter's income, then a household on SSI can afford a monthly rent of no more than $145.[8]

A recent survey conducted by American Disabled for Attendant Programs Today (ADAPT), a grassroots disability rights organization, found that the majority of people who require accessible housing would prefer to live in housing which integrates people with and without disabilities. This has been a criticism of HUD's Supportive Housing for the Elderly Program (Section 202 Program), which was designed to create accessible multi-family housing for elderly persons with disabilities. It was found to isolate people with disabilities from the rest of the general population. Likewise, HUD's Supportive Housing for the Disabled (Section 808 Program) is only available to individuals who fit a specific profile and therefore excludes persons who wish to live with friends or family.

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

According to *Toward Independence*, providing appropriate housing options for persons with disabilities is highly cost effective because of the significant savings that result from enabling such persons to live in the community, get jobs, and pay taxes. The ADA noted that "the continuing existence of unfair and unnecessary discrimination and prejudice … costs the United States billions of dollars in unnecessary expenses resulting from dependency and unproductivity."[9]

Some Options
The Texas Department of Mental Health and Mental Retardation has developed some innovative initiatives for providing housing for persons with disabilities. The supported housing model, for example, has proven to be a successful, community based, normalizing strategy. Tenant based

[8] "Out of Reach," National Low Income Housing Coalition/LIHIS, September 1999 at www.nlihc.org/cgi-bin/data.pl?getstate=on&state=TX
[9] *Toward Independence*, p. 37.

rental assistance programs, too, are proven methods of promoting the integration of persons with disabilities into the community. Such successful strategies can be described as “consumer controlled” in that individuals end up in integrated housing of their own choice, in housing that they can afford.

Another option is to equip homes with special features designed for persons with disabilities. These features include ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets and special levers on doors. In 1996—1997 TDHCA initiated the Statewide Architectural Barrier Removal (SABR) Pilot Program aimed at increasing the affordable and accessible housing stock in the State of Texas by funding such renovations to make existing homes accessible. The SABR program and similar programs allow persons with disabilities to remain in their homes.

The State of Texas is also one of seventeen states nationwide participating in the Fannie Mae Homechoice™ single family mortgage product. Fannie Mae has dedicated $50 million nationwide for this program. These funds, combined with flexible lending standards for persons with disabilities, make homeownership achievable for many persons who would otherwise be unable to secure a mortgage. The flexible income standards allow persons with disabilities to count all sources of income support, something that traditional underwriting criteria do not allow.

TDHCA has participated for four years in the Texas Home of Your Own (HOYO) Coalition. In this time, TDHCA has supported HOYO with contracts for $375,000 in down-payment assistance and $500,000 in architectural barrier removal funding. These funds assisted 26 households: three at less than 30 percent area median income (AMI), 17 at less than 50 percent of AMI, and six at greater than 50 percent AMI.

Housing for persons with disabilities is most often considered within a housing delivery system that provides accessible and non-accessible housing units.[10] By maintaining this distinction between accessible and non-accessible units, this system requires that efforts be made by owners and managers to assure that people with accessibility requirements are located in the corresponding units. This housing ‘set-aside’ approach adds additional costs to housing, and also insures that a smaller amount of accessible units will be available.

A more cost-effective and integrative approach is to promote “adaptive design” or “universal access” housing. This type of housing is described in the Universal Federal Accessibility Standards (UFAS) and the Americans with Disabilities Act Accessibility Guidelines (ADAAG). Universal access design provides basic elements that allow easy modification to any unit in a project to make it accessible. According to a recent study by HUD entitled *Cost of Accessible Housing*, building adaptive design into housing units adds less than one percent to the total cost of the project. While an “adaptable” unit is not fully accessible when an occupant moves in, it can be easily and inexpensively modified to meet the needs of any occupant.

[10] This Information was provided through written correspondence with ADAPT, January 1999.

The Homeless

Homelessness Defined

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

The definition of “homeless” or “homeless individual” includes:

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

To facilitate an understanding of and attempt to further define the homeless population, below are categories provided by the Texas Interagency Council for the Homeless:

- *Literally Homeless:* Those who have no place to live and stay in shelters, public places, and abandoned buildings.
- *Marginally Homeless Persons:* Less visible than the literally homeless populations, this population is much larger. It includes persons who live doubled-up in a residence that they do not own or rent and report a high level of uncertainty as to the future of their housing situation. They believe that the arrangement is temporary, and they have no prospects for a similar or better arrangement.
- *Persons at Risk of Homelessness:* Those at risk of homelessness live in a residence they own or rent, but their income is often below the poverty level. Many rely on rental and utility assistance to preserve their housing status. This group is poised on the brink of homelessness, unable to absorb unexpected events such as the loss of a job or serious illness. The risk is well documented by current research that indicates that 70 percent of those homeless today cite job loss or illness as a major contributing factor to their current situation. Recent profiles of the homeless population indicate the fastest growing segment is made up of women with children.

The Extent of Homelessness in Texas

Currently, Texas does not have a statistically sound statewide count of the homeless. For the purposes of the *2001 State of Texas Consolidated Plan* statewide information on the homeless population was collected from the Emergency Shelter Grants Program (ESGP) applications. Each ESGP applicant was required to describe the nature and the extent of the unmet need for adequate services of homeless persons in the area to be served.

The following general observations, trends, and issues are derived from the State’s ESGP applications and from interviews with homeless providers from around the state.

- The gap between existing need of and the existing resources for the homeless is wide. Service providers for the homeless population in each community that have applied for ESGP assistance claim that the number of homeless consistently and substantially outnumbers the emergency beds available;
- There are significant waiting lists for assisted housing throughout the State;
- For the past few years, the largest single group within the homeless population has consisted primarily of minority males;
- There is a severe shortage of transitional housing available to facilitate a permanent exit from homelessness and future self-sufficiency for homeless individuals and families;

- There is a shortage of shelter beds and facilities available to address the needs of the growing number of homeless families and the increasing diversity of the homeless population. Because there is also a severe shortage of transitional housing, emergency shelter often serves as transitional housing. Because homeless families often need approximately a year to be stabilized in transitional housing, families are forced to stay longer in emergency shelters designed for short-term housing needs;
- Substance abuse problems and mental illness, together or independently, plague a significant percentage of the homeless population;
- Access to child care is a vital need for homeless parents seeking employment opportunities and self-sufficiency;
- Some homeless providers have had difficulties placing clients in housing that is not classified as substandard;
- Job training and job placement programs, when well staffed and well funded, have been effective at placing homeless individuals with employers for long-term employment;
- In order to facilitate the move into permanent housing, employed homeless persons living in shelters often are encouraged to arrange a savings plan in order to designate a portion of their paycheck towards a deposit for permanent housing; and
- Most homeless providers encourage clients to look for work outside of day labor opportunities.

Counting the Homeless

The U.S. Census Bureau, HUD, and TDHCA support the fact that the number of homeless persons in Texas has been severely underestimated. Any count of the homeless population represents an elastic number subject to the definition of the researcher and the methodological approach used. Estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless persons lack basic documentation all contribute to the difficulty of making an accurate count. Additionally, most homeless counts are “point in time” estimates, which do not capture the revolving door phenomenon of persons moving in and out of shelters over time.

A 1997 review of research conducted over the previous decade (1987-1997) in 11 communities and 4 states found that shelter capacity more than doubled in nine communities and three states during that time period (National Coalition for the Homeless, 1997). In two communities and two states, shelter capacity tripled over the decade.

These numbers are useful for measuring the growth in demand for shelter beds (and the resources made available to respond to that growth) over time. They indicate a dramatic increase in homelessness in the United States over the past two decades.

By its very nature, homelessness is impossible to measure with 100% accuracy, but recent studies suggest that throughout the United States homelessness is at a much higher rate than previously thought.

Homeless Subpopulations

The following homeless subpopulations were identified for the *2001 State of Texas Consolidated Plan:* youth, persons with alcohol and/or drug addiction, homeless families with children, victims of domestic violence, persons with mental illness, persons with HIV/AIDS, rural households, unemployed persons, migrant farmworkers, elderly, ex-offenders, and veterans. Due to the lack of available data pertaining to the homeless, the following analysis was based on information extrapolated from the 1998 ESGP applications and several Texas State Agencies.

Homeless Youth: The Texas Education Agency estimates that approximately 125,000 school age children in Texas experience homelessness during the course of a year. The survey identified 6,638 homeless infants and 8,726 homeless pre-kindergarten children.

It is estimated that 25 percent of all runaways go unreported each year. The median age of runaway youth in Texas is between 14 to 16. Fifteen percent of runaway youth in Texas come from families that have been on TANF lists at least once during the previous year. Twenty-five percent of runaway youth in Texas come from families that are below the poverty level (< 50 percent of AMFI). TDHS reports that Texas ranks ninth among the 50 states in the number of children living in poverty.

The Office for the Education of Homeless Children and Youth (OEHCY), University of Texas at Austin, provides assistance to any student experiencing homelessness who is having difficulty enrolling in, attending, or succeeding in school. Some school districts still may attempt to deny enrollment to a pregnant or parenting teen because of their condition; the OEHCY provides assistance to the student so that she or he can receive all of the educational benefits to which she or he is entitled.

Homeless Families with Children: The number of homeless families with children has increased significantly over the past decade; families with children are currently the fastest growing group of the homeless population. Female-headed households accounted for 39 percent of the officially poor populations in 1991. Nearly half of all Black children and over two-fifths of Hispanic-American children lived in such households. Single mothers typically spend as much as 50 to 80 percent of their income on housing. Such a severe cost burden combined with the need for childcare leaves single women with children very much at risk of becoming homeless.[11]

According to the 1997 Conference of Mayors, families with children comprise about 36 percent of the homeless population, and childcare is needed by 95 percent of homeless families. Many women with preschool children cannot work because they cannot afford childcare, and there is a lack of such care with extended weekend hours. Homeless families often cite lack of childcare as a significant barrier to becoming employed.

Domestic Violence: Battered women who live in poverty are often forced to choose between abusive relationships and homelessness. In a study of 777 homeless parents (the majority of whom were mothers) in ten U.S. cities, 22 percent said they had left their last place of residence because of domestic violence (Homes for the Homeless, 1998). In addition, 46 percent of cities surveyed by the U.S. Conference of Mayors identified domestic violence as a primary cause of homelessness (U.S. Conference of Mayors, 1998).

Homeless Persons with Mental Illnesses: Approximately 20 to 25 percent of the single adult homeless population suffers from some form of severe and persistent mental illness. According to the Federal Task Force on Homelessness and Severe Mental Illness, only five to seven percent of homeless persons with mental illness require institutionalization; most can live in the community with the appropriate supportive housing options. It is difficult for homeless persons with mental illness to compete for access to the limited social service programs available. The general lack of affordable housing and the poverty of this population leaves them highly susceptible to homelessness.

Persons with HIV/AIDS and Other Diseases**:** Health problems such as diabetes, HIV/AIDS, and tuberculosis are prevalent among the homeless population. Census data indicates that 15 percent of the homeless population is HIV positive. Homelessness is considered to be a risk factor for HIV infection because of the increased rates of substance abuse, prostitution, and mental illness among the homeless population.

Rural Households**:** The Texas Department on Aging estimates that 23 percent of rural households are impoverished, compared to only 17 percent of urban households. Rural areas typically have high unemployment rates in addition to few sustainable work opportunities for the poor.

Unemployed Persons**:** According to the Texas Employment Commission, approximately two-thirds of the Texas homeless population is unemployed. Over half of those unemployed cite job loss as a contributing factor to their lack of a home.

[11] http://nhc.ari.net/families.html

***Migrant Farmworkers*:** Their mobile lifestyle, an average annual household income of less than $7,500, and lack of affordable housing put migrant farmworker families at high risk for homelessness.[12]

***Ex-Offenders*:** The social service system in Texas does not have the resources to provide follow-up and continued supervision of ex-offenders. The Texas Department of Criminal Justice records 8,353 parolees released by the State between September 1994 and August 1995, and confirms that as a subgroup, ex-offenders are often prone to homelessness, unemployment, substance abuse, and poverty. These unstable conditions may increase recidivism.

***Elderly Persons*:** According to the Texas Department on Aging, the percentage of elderly Texans living below the poverty level is on the rise. Proportionately, this makes the elderly the poorest of all Texans and leaves them with a high risk of becoming homeless.

***Veterans*:** Research indicates 40 percent of the male homeless population has served in the armed forces, as compared to 34 percent of the general adult male population. Of the veterans that are homeless, approximately 40 percent are Black or Hispanic, and about 10 percent of homeless veterans suffer from post-traumatic stress disorder.[13]

The Need for a Continuum of Care

The continuum of care approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet (physical, economic, and social) needs. A comprehensive system of services as well as permanent housing is needed to meet these needs and help homeless individuals and families reach independence. This approach strives to meet these requirements through a combination of emergency shelters, transitional housing, social services, and permanent housing.

The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter, and/or transitional housing that provides a variety of services including substance abuse services, mental health services, educational services, job training, and family support. Ultimately, the final goal is permanent housing. The continuum of care approach further recognizes the importance of giving each community the flexibility to design a strategy that works within its service delivery system.

The ESGP application requirements asked homeless service providers to describe their involvement in providing services to the homeless and at-risk populations. Based on the applications that were received, it can be concluded that local care providers have made great strides in coordinating their efforts and adopting a more comprehensive “continuum of care” approach to treatment. A majority of the applicants include case management, information, and referral in their range of services, while a significant number of communities have formed local homeless coalitions and social services coordinating councils.

[2] The Housing Assistance Council, “Taking Stock of Rural Poverty and Housing for the 1990s,” Washington, D.C., 1994, p.20

[3] http://nch.ari.net/who.html

Persons with HIV/AIDS

"New treatments for HIV have dramatically reduced AIDS deaths, now down more than 50 percent from their peak of almost 50,000 in 1993, but they have not stopped a single infection. The result is a constantly swelling pool of HIV positive people needing services, but funding has become essentially static."[14]

The Texas Department of Health (TDH) addresses the issue of housing assistance for AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), a federal program funded by HUD. The TDH HOPWA program provides two activities: emergency housing assistance and rental assistance. The Emergency Assistance Program provides short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. This program enables low-income individuals at risk of becoming homeless to remain in their current residences for a period not to exceed 21 weeks in any 52-week period. The Rental Assistance Program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low-income clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other housing

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

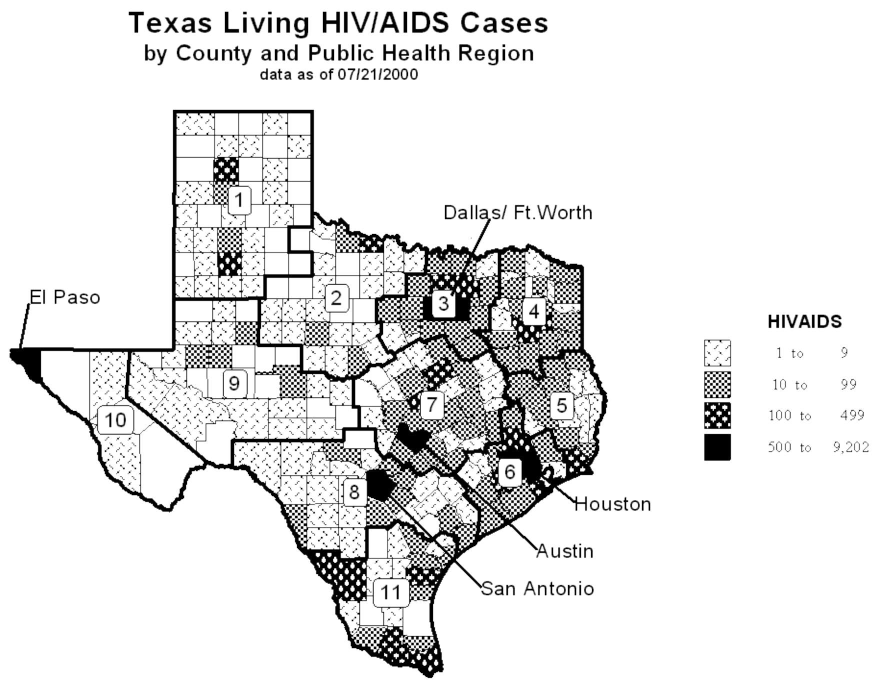
- From 1980 through June 2000, 53,258 AIDS cases have been reported. A total of 5,176 HIV infections have been reported since 1994 with adult infections only having been reported for one and a half years. The combined total of HIV/AIDS cases was 58,524.
- As of June 2000 there were 29,059 living HIV/AIDS cases reported in Texas. The age at diagnosis most frequently occurred among those age 30 through 39 (46 percent).
- Women represent a greater proportion of living HIV/AIDS cases –18 percent compared with 13 percent of cumulative cases.
- Cases of women living with HIV/AIDS are comprised of 57 percent African Americans, 17 percent Hispanics and 25 percent Whites.
- About 77 percent of all living HIV/AIDS cases were resident in the five major metropolitan areas in Texas.

City	Counties in the area of the city	Cumulative HIV/AIDS Cases	Living HIV/AIDS Cases
Austin	Travis	3,769	1,796
	Williamson	152	72
Dallas	Dallas	12,450	6,139
	Denton	405	210
	Collin	265	165
El Paso	El Paso	1,137	628
Fort Worth	Tarrant	3,325	1,667
Houston	Fort Bend	409	203
	Harris	19,858	9,202
	Montgomery	270	121
San Antonio	Bexar	4,117	2,075
Five area total		46,157	22,278

[14] http://www.asaustin.org/newlsetters/99_4winter/index.shtml

Distribution of Living HIV/AIDS Cases by Public Health Region

Region	Living HIV/ AIDS Cases	Percent of Total
1	369	1.3%
2	302	1.0%
3	8,569	29.5%
4	643	2.2%
5	571	2.0%
6	10,066	34.6%
7	2,547	8.8%
8	2,294	7.9%
9	219	0.8%
10	630	2.2%
11	1,011	3.5%
TDCJ*	1,874	6.4%
*Texas Department of Criminal Justice		



Elderly Populations

Overview

According to the Texas Department on Aging (TDoA), 2.7 million or 13 percent of the 20.3 million people in Texas are 60 years old and older. Paralleling national trends, this age group is growing quickly in Texas. Between 1980 and 1990, the 60 years old and above population increased by 23 percent, compared to a 19 percent population increase overall.[15] Additional statistics on elderly Texans include:[16]

- Texans aged 60+ are projected to total 7,498,859 in 2030, an increase of 176 percent from the year 2000. By 2030, the 60+ population is projected to comprise 22 percent of the total Texas population.
- Projections indicate the average age of the 60+ population group will increase. In 2000, the 75+ age group totals almost one million; by 2030, the total is projected to reach about 2.4 million, a 160 percent increase.
- The older female population outnumbers the older male population – approximately 74 males for every 100 females.
- Over half (53 percent) of the older population lives in the most urban regions of Texas (HHS Regions – Metroplex, Gulf Coast, and Upper South)

Housing Needs

As they age, many elderly residents become frail and require supportive services. Seventy percent of Texans 60 and older have no serious disabilities that impede their mobility or ability to care for themselves. However, 30 percent, or 700,000 persons, do have impaired mobility and abilities. Among those who are physically impaired, 68 percent are also categorized as low income.[17]

Federal Supplemental Security Income assistance is the only source of income for many elderly Texas, but provides only 77 percent of the poverty level income. According to the 1990 Census, 14 percent of seniors in Texas are below the poverty level and approximately 25 percent are "near poor" with incomes no higher than 25 percent above poverty. Among those 75 years and older, the poverty rate is 15.5 percent.[18] Because Medicaid covers nursing home care, but not assisted living services, many low income seniors in Texas are in danger of being prematurely placed in nursing home facilities.

Only about 5 percent of Texans over the age of 60 live in nursing homes, group homes, or other institutional-type settings.[19] The average cost for private pay care in a Texas nursing home during 1997 was more than $2,498 per month.[20] With the expense of nursing home care after six months, the average nursing home resident exhausts personal funds and become Medicaid eligible.[21]

It should be noted, that elderly persons have a high homeownership rate. Nationwide, 78 percent of elderly householders (65+) own their own homes.[22] However, elderly homeowners generally live in older homes than younger owners do. The average home owned by elderly households was constructed prior to 1960.[23] Due to the age of these homes they are often in need of weatherization

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[15] Texas Department on Aging, "Statistics and Demographics," <http://www.tdoa.state.tx.us/stats.htm>, (accessed 9/00).
[16] Texas Department on Aging, "Statistics and Demographics," <http://www.tdoa.state.tx.us/stats.htm>, (accessed 9/00).
[17] Texas Department on Aging, "Statistics and Demographics," <http://www.tdoa.state.tx.us/stats.htm>, (accessed on 9/00).
[18] TDoA, Statistics and Demographics.
[19] Texas Department on Aging, "Statistics and Demographics," <http://www.tdoa.state.tx.us/stats.htm>, (accessed 9/00).
[20] www.tdoa.state.tx.us/elderite.htm (accessed 9/00)
[21] www.tdoa.state.tx.us/elderite.htm (Accessed 9/00)

[22] www.aoa.dhhs.gov/aoa/stats/profile/default.htm (Accessed 9/00)
[23] www.aoa.dhhs.gov/aoa/stats/profile/default.htm (Accessed 01/03/2000)

and energy assistance. Despite the high rate of homeownership, elderly households still spend a larger proportion of their income on housing than their younger counterparts. The percentage of homeowners spending more than one-fourth of their income on housing costs in 1997 was higher for older households than for younger households among homeowners (37 percent vs. 30 percent)[24].

Some elderly households may need service providers to come to their homes and provide nursing, meal preparation, or house cleaning. Community Care services, a program administered by the Texas Department of Humans Services to meet the needs of elderly and disabled Texas who seek to avoid premature nursing home placement, proves to be much more cost effective than nursing home care. The Department of Human Services reports that in the fiscal year ending February 1998, 64,030 nursing facility clients were assisted at an average monthly cost of $1,739.73 per client. Community Care services assisted, during the same period, 104,596 clients at an average cost of $504.51 per client per month.[5]

The most cost effective means of assisting elderly persons is to emphasize community care alternatives to keep people in their homes as long as possible. In addition to the dramatic difference in per client cost between nursing home care and community care, there is also an immeasurable quality of life benefit. A 1992 survey conducted by the American Association of Retired Persons found that 85 percent of elderly persons expressed a desire to stay in their own homes. If they were unable to remain in their own homes, they would prefer to live in an environment that retains the qualities of their own home, rather than enter institutionalized housing.[6]

Frail Elderly Persons

Frail elderly persons are defined as persons over age 85 that are unable to perform one or more Activities of Daily Living without help. These activities include eating, dressing, and bathing. The frail elderly also need medical and social services. Varying degrees of assistance are needed to maintain maximum self-sufficiency and delay the need for nursing home care. Estimates by the TDoA show that 54 percent of elderly persons with disabilities, or 329,000 persons, are frail elderly. TDoA revealed that according to elderly housing administrators, frail elderly minority persons in rural areas experience some of the most severe housing problems in the State. As the State becomes increasingly urbanized, the elderly remain in declining rural communities. These communities have a shrinking tax base and few community care options to address health and social service needs.

[24] www.aoa.dhhs.gov/aoa/stats/profile/default.htm (Accessed 01/03/2000)
[5] Amercian Association of Retired Persons, "Understanding Senior Housing for the 1990's," 1992, p. 3.
[6] Older Americans Report, August 7, 1998, p. 264.

Colonias

Overview
A *"Colonia",* Spanish for neighborhood or community, is geographic area located within 150 miles of the Texas-Mexico border and has a majority population composed of individuals and families of low and very low income, who lack safe, sanitary and sound housing, together with basic services such as potable water, adequate sewage systems, drainage, streets and utilities. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the State. Housing in the colonias is primarily constructed with scarce materials. Professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard or other materials, and as finances allow, continue to improve their homes.

Resident Profile
Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low paying employment sectors. According to the 1990 Census, 36.6 percent of colonia residents nationwide are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, more than 75 percent of colonia residents were born in the U.S. and 85 percent are U.S. citizens.

The workforce tends to be young and unskilled; consequently, wages are low. Family incomes in the counties along the border tend to be much lower than the state average of $16,717: Starr County $5,559; Maverick County $7,631; and Hidalgo County $8,899.[25] Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.[26] A 1993 study by the Texas A&M Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, compared with the overall state unemployment rate of only seven percent.

According to a February 1999 Status Report of the Center for Housing and Urban Development College of Architecture – Texas A&M University, there are approximately 1,450 colonias in the State of Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.[27]

Living Conditions
As previously noted, the lack of even the most basic infrastructure (potable water and adequate sewage systems) has contributed to the proliferation of disease. Compounded with a lack of adequate medical insurance and a shortage of healthcare facilities, reported cases of viral disease in the colonias far exceed statewide levels.

According to a 1991 study by the University of Texas System Texas-Mexico Border Health Coordination Office, diseases such as Hepatitis A, Salmonellosis, Shigellosis, and Tuberculosis occurred at a much higher rate in the colonias than the rest of the state.[28] The rate of reported Hepatitis A, for example, was more than double the statewide rate. Other health problems included high rates of gastroenteritis and other water-quality related problems.[29]

In addition to a lack of adequate wastewater infrastructure, most roadways located in colonias are unpaved or are of very poor quality. A survey of residents of the El Cenizo colonia conducted by

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[25] Texas Colonias: *A Thumbnail Sketch of Conditions, Issues, Challenges, and Opportunities,* Federal Reserve Bank of Dallas, 1996.
[26] *Baseline Conditions in the lower Rio Grande Valley,* Texas A&M Center for Housing and Urban Development, 1993.
[27] LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.
[28] University of Texas System Texas-Mexico Border Health Coordination Office, University of Texas-Pan American
[29] *Third World Colonias: Lower Rio Grande Valley,"* Holz and Davies, UT School of Public Affairs, 1993.

TDHCA in late 1996 indicated that 50 percent of the roads within the colonia were classified as "deteriorated" or "poor."[30] Many times, water from heavy rains tends to collect, and when combined with inadequate waste removal systems it forms into pools of raw sewage.

The inability to access potable water is another hardship confronting colonia residents daily. According to the 1990 Census, the use of untreated water for drinking, washing, bathing and cooking ranged from four percent to 13 percent of colonia households.[31] Many residents rely on large plastic drums for the storage of water. More often, water is transferred to the house by bucket or plastic container. Reports of water used for bathing, washing and even cooking drawn from ditches where sewage and agricultural chemicals gather is not uncommon.

Plumbing facilities are also a problem in the colonias. Approximately 50 percent of houses in rural colonias and 20 percent in urban colonias have incomplete plumbing facilities, while 40 percent in rural colonias and 15 percent in urban colonias lack a complete kitchen.

While each colonia is different and may have needs unique to that area, most share the same general characteristics. Unfortunately, these and other concerns are all part of the day-to-day life for most colonia residents. A bad situation is made even worse due to a profound lack of the most basic of necessities: safe, sanitary and decent housing.

Colonia Needs

Without the introduction of effective affordable housing programs, colonias will continue to grow, regardless of the passage of new laws intended to prevent them. While the colonias are increasingly receiving more attention, it appears that most efforts are focused on eliminating their presence rather than eliminating the reason for their presence: lack of affordable housing. While it is important to eradicate the conditions that lack infrastructure; it is equally as important to address the circumstances, which enable such an environment to develop in the first place. Federal, State, local, nonprofit, and for-profit entities must work together to increase the availability of affordable housing programs.

- While colonia residents have been resourceful and creative in providing for themselves, they continue to have several needs, including:
- Increased affordable housing opportunities (i.e. down payment assistance, low interest rate loans, etc.);
- Conversion of contracts for deed to conventional mortgages with transfer of title and homeowner education;
- Construction education and assistance; and
- Access to adequate infrastructure.

Developing and implementing solutions to these extensive needs requires the coordination of State and Federal agencies, local governments, residents, nonprofit organizations, private enterprises, and other interested parties.

[30] *"A Study of the People of El Cenizo, Texas"* Texas Department of Housing and Community Affairs, Office of Colonia Initiatives, April 1997.
[31] U.S. Census, Texas Department of Human Services, 1990

Alcohol and Drug Addiction

Chemical addiction takes an enormous toll on lives, families, and society. The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally ill or homeless populations. In 1997, the Texas Commission on Alcohol and Drug Abuse (TCADA) estimated that there were approximately 2,700,000 persons (approximately 14 percent of the State's population) with drug or alcohol-related problems in Texas.[1] Of this number, approximately 204,000 individuals are willing to enter treatment, but are indigent and unable to pay the cost of treatment.[2] According to 1998 statistics, 35,079 persons were helped through TCADA funded treatment.[3] The average adult client was a 34 year old male. Fifty-two percent of the clients were White, 24 percent were Black, and 23 percent were Hispanic. Forty-five percent of the clients were entering treatment for the first time. The average income of those admitted was $7,153, and only 26 percent were employed. Seventy-one percent of the clients lived with family, and nine percent were homeless.[4]

There has been some research into the influence of socio-demographic factors on drug use patterns. Statistics show that urban and suburban residents are more likely to have substance abuse problems than rural residents.[5] Also, adults who are unemployed or in school are more likely to experience drug or alcohol problems than working persons.[6] It is acknowledged by TCADA that a rehabilitated user may need to change his or her living environment in order to better face the challenge of a drug-free lifestyle.

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services, to long-term, drug-free residential housing environments for recovering addicts. Often, better recovery results are obtained by taking clients off the streets and putting them into more stable living environments. In a summary of discharge/follow-up reports, which were performed sixty days after a client's release from treatment, TCADA found that rates of program completion were highest for clients discharged from a residential treatment program. One of TCADA's goals is to emphasize the concept of a "continuum of care" which provides an array of minimum level of substance abuse services that can meet the needs of the most vulnerable groups in Texas, and those that have been targeted by state and federal law to receive special attention. Another goal is to increase cooperation with other government agencies as well as community-based organizations.[7]

Recent figures suggest that demand for services for chemically dependent persons far exceeds supply, especially in the critical area of long term residential treatment.[8] One strategy to enhance client service involves the integration of alcohol and drug abuse programs into housing projects, which traditionally does not provide these services.

Victims of Domestic Violence

Persons attempting to leave an abusive situation often face not only a serious shortage of financial resources, but also a shortage of safe and secure housing opportunities outside of temporary shelters. Women who leave their batterers are at a 75 percent greater risk of being killed by the batterer than those who stay[32], so the need for additional safe housing is real and great.

Some statistics about domestic violence:

- An estimated 824,790 women were physically abused in Texas in 1998.
- Of all the women killed in 1997 in Texas, 35 percent were murdered by their intimate male partners. This is higher than the national average of 28 percent reported by the FBI.
- Texas is second in the nation in the number of calls for help to the Domestic Violence Hotline.
- 55,000 American fighting men lost their lives in the Vietnam War. During that same period twice that many U.S. women were killed by domestic violence.
- Nearly one-third of American women (31 percent) report being physically or sexually abused by a husband or boyfriend at some point in their lives, according to a 1998 Commonwealth Fund survey.

Family Violence Statistics in Texas

	1997	1998	1999
Reported Incidents[1]	181,773	175,725	177,176
Adults Sheltered[2]	11,178	11,872	11,423
Children Sheltered[2]	14,618	15,188	15,066
Hotline Calls Answered[2]	129,918	136,008	157,248
Adults Denied Shelter[2]	4,608	3,796	3,474

[1]Source: Texas Department of Public Safety
[2]Source: Texas Department of Human Services

In Texas, there are approximately 70 shelters for domestic violence victims, with the number of beds in each shelter ranging between 30 and 60[33], 67 of these shelters are funded by state programs. The average stay for women is sixteen days[34], with a usual limit of 30 days. Extensions are sometimes granted given a victim's situation.

Victims entering shelters are often unemployed. Thus within their time limit they must find employment and housing. This task is often complicated by a lack of resources for start-up costs, transportation, and affordable childcare opportunities. These victims may be eligible for public housing and Temporary Assistance to Needy Families (TANF) assistance. However, the waiting lists are often long and the payments limited. If women are unable to secure housing within their 30-day stay, domestic violence shelters may help them find space in homeless shelters. Unfortunately, space and time is also limited in these shelters. Nationally, 50 percent of all homeless women and children are on the streets because of violence in the home.[35] The numerous obstacles faced by domestic violence victims often make it difficult for them to believe that they can ever get out of their abusive situations.

[32] Barbara Hart, National Coalition Against Domestic Violence, 1988
[33] Interview with Raquel Zeller of the Bay Area Women's Shelter, Houston, TX, October 30, 1996.
[34] Interview with Christina Walsh of the Texas Counsel on Family Violence, Austin, TX January 8,1998
[35] Senator Joseph Biden, U.S. Senate Committee on the Judiciary, Violence Against Women: Victims of the System, 1991

Some shelters also have transitional living centers, which allow victims to stay for an extended period (often between nine months and a year) and offer additional services. These programs offer employment training, continual support, and educational counseling, and most importantly, more time for victims to make the transition to self-sufficiency. Although transitional living centers offer victims of domestic violence tremendous assistance in restarting their lives, few such centers exist.

Migrant Farmworkers

Agricultural regions all over the country rely on migrant farmworkers for the planting, cultivating, and harvesting of crops. Over 85 percent of the fruits and vegetables produced in this country in the last decade were hand harvested and/or cultivated.[36] Migrant farm labor supports a multibillion dollar agricultural industry.[37] Physical labor is strenuous, and the workers' earnings are low. Child labor is common, contributing to an average sixth grade education level. Farmworkers also suffer from a higher rate of infectious diseases than the general population.[38]

A 1990 study by the U.S. Department of Health and Human Services estimated that there are 500,138 migrant and seasonal farm workers residing in Texas.[39] A large portion of this population lives in the border region.[40] According to the Texas Employment Commission (TEC), 60 percent of the migrant and seasonal farmworkers who register to work through TEC offices live in the Rio Grande Valley counties of Hidalgo, Cameron, and Starr. All three counties already experience high levels of poverty and unemployment, particularly in the colonia areas. Accordingly, many of the housing problems encountered by the farmworker population overlap significantly with those experienced by residents of the colonias.

The population of migrant farmworkers in Texas is growing steadily while their average family income is dropping. The average migrant farmworker family in Texas consists of four to five people living on an average annual income of less than $7,500. The National Agricultural Workers Survey conducted between 1994 and 1995 found that nearly 61 percent of all farmworkers lived below the poverty level. In addition, most did not receive benefits from their employers, and virtually none received benefits from the U.S. government, despite the fact that the vast majority was working legally in this country.[41]

Farmworkers have a particularly difficult time finding available, affordable housing because their incomes are extremely low and sporadic and because of their mobility. Many of the small rural communities that migrant workers travel to do not have enough rental units to handle the seasonal influx. In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases. Traditionally, the need for temporary housing has been met by the growers through the establishment of labor camps. However, construction and maintenance of housing is expensive, especially if housing will only be occupied for the planting and harvesting seasons. As a result, growers may provide rooms for several people to share, or workers may be forced to sleep in tents, cars, ditches or open fields.[42] Moreover, living arrangements also tend to lack safe drinking water, bathing or laundry facilities, and adequate sanitation.

Unsanitary working and housing conditions make farmworkers vulnerable to health conditions no longer considered to be threats to the general public.[43] Crop diseases, severe weather, and illness can suddenly cut the workers off from any source of employment and create unexpected hardship. Although migrant workers meet eligibility requirements for assistance programs such as Medicaid, Temporary Assistance to Needy Families (TANF), and Federal Supplemental Security Insurance (SSI), few actually receive benefits (20 percent used Medicaid and foodstamps, 11 percent used

[36] Oliveira, V.; Effland, J. Runyan; and Hamm, S. Hired Farm Labor Use on Fruit, Vegetable, and Horticultural Specialty Farms. Washington, D.C.: U.S. Department of Agriculture, 1993.
[37] Strickland, Roger P.; Johnson, Cheryl; and Williams, Robert P. Ranking of States and Commodities by Cash Receipts, 1991. Washington, D.C.: U.S. Department of Agriculture, Economic Research Service, November 1992..
[38] National Center for Farmworker Health, Inc. Staff
[39] U.S. Department of Health and Human Services, *An Atlas of State Profiles Which Estimate Number of Migrant and Seasonal Farm Workers and Members of Their Families*, 1990.
[40] Housing Subcommittee, Housing Needs, p. 8; Border Low Income Housing Coalition, Border Housing, p. 28.
[41] The Housing Assistance Council, Taking Stock of Rural Poverty and Housing for the 1990s, Washington, D.C., 1994, p. 20
[42] National Center for Farmworker Health, "Who Are America's Farmworkers," http://www.ncfh.org/pg3.htm, October 17, 1996.
[43] National Advisory Council on Migrant Health. Rockville, MD: U.S. Department of Health and Human Services, Bureau of Primary Health Care, May 1993.

WIC, and 5 percent used a cash assistance payment from 1994 to 1995).[44] Unfortunately, the mobile lifestyle and fluctuating income of migrant farmworkers often makes access to social services difficult.

Building farmworker housing has been shown to increase a region's economic output and to create jobs for local residents. [45] It also ensures farmers a steady and reliable workforce.

[44] National Center for Farmworker Health, Inc. Staff.
[45] Sills, Erin O.; Alwang, Jeffrrey; and Driscoll, Paul (Department of Agricultural Economics, College of Agriculture and Life Sciences, Virginia Tech University). The Economic Impact of Migrant Farmworkers on Virginia's Eastern Shore. Blacksburg, VA: Virginia Cooperative Extension Service, 1993.

Lead Based Paint

Lead poisoning is the number one environmental health hazard for young children in the United States, affecting more than 1.7 million children nationwide. One out of every eleven children in the U.S. has dangerous levels of lead in their bloodstream. Lead-based paint is the most common high-dose source of lead exposure for these children.[46]

In Texas, there are an estimated 3,460,146 housing units containing lead-based paint.[47] Approximately 220,000 of those housing units are occupied by children under the age of seven, which is the population considered most at-risk. A staggering 52 percent of low income housing units are contaminated with lead-based paint.[48]

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. While any house built before 1978 may contain lead-based paint, the housing units built before 1960 are of particular concern: first, because the lead-based paint produced before 1960 contains higher concentrations of lead than that manufactured in later years,[49] and second, with age and deterioration the hazards of lead-based paint increase.

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

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

The most common way to become contaminated with lead is through hand-to-mouth activity. This can occur by eating paint chips or soil that contains lead or by putting hands or other objects covered with lead dust in the mouth. Children are especially susceptible to this form of contamination. Another way to become contaminated is breathing in lead dust. There is new evidence that lead dust is a more serious hazard than ingestion of paint chips since it is often more pervasive and is poisonous when ingested or inhaled. Ironically, because the lead dust is very fine, it is not as obvious a threat as paint chips and tends to be overlooked.

Lead accumulates in three principal areas of the human body: blood, soft tissue, and bone. The effects of lead can be devastating, especially for young children. Children absorb approximately 50 percent of the lead they ingest, whereas adults only absorb about 10 percent. In addition, their brains and nervous systems are more sensitive to the damaging effects of lead. Lead contamination can lead to damage of the brain, nervous system, kidneys, hearing, and coordination. Children can also experience behavior and learning problems (e.g., hyperactivity), slowed growth, impaired memory, reduced IQ levels, headaches, blindness, and even death. Adults are not immune to the effects of lead either. Both men and women can develop reproductive problems; high blood pressure, digestive problems, nerve disorders, memory and concentration problems, and muscle and joint pain. Lead can also cause abnormal fetal development in pregnant women.[50]

In response to the growing problems attributed to lead-based paint hazards, the US Congress passed the Title X Residential Lead-Based Paint Hazard Reduction Act of 1992. Title X mandated

[46][46] Texas Department of Health
[47] 1990 Census Summary Tape File 3A
[48]CHAS database- Table T35- Year Structure Built of Affordable Units by Tenure and Bedroom Size
[49] National Lead Information Center (National Safety Council web site: http://www.nsc.org/ehc/nlic/ledrep.htm)
[50] National Lead Information Center (National Safety Council web site: http://www.nsc.org/ehc/nlic/ledsaml.htm)

that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (1995) to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.[51]

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance", on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.[52] Please note that the Texas Department of Housing and Community Affairs has requested a six- month extension to this effective date.

While TDHCA does monitor compliance with these regulations for its properties, at the state level, the Texas Department of Health (TDH) has been charged with oversight of the Texas Environmental Lead Reduction Rules (TELRR). Instituted on February 19, 1996 and amended on May 10, 1998, these rules cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design. The rules require that all lead-based paint activities in target housing and child occupied facilities be performed by certified individuals.[53] The TDH sets standards for certification in the various lead disciplines.

The Texas Department of Health also performs a statewide Medicaid Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) for blood levels of Medicaid recipients between the ages of 0 to 42 months. The program is intended to identify geographic reporting areas with a high incidence of clients with elevated lead levels. In addition the Texas Department of Health has the Environmental and Occupational Epidemiology Program (EOEP) within the Noncommunicable Disease Epidemiology and Toxicology Division. According the TDHCA, approximately 15,000 Texas children, have lead levels high enough to damage their ability to learn, mainly because of exposure to deteriorating lead-based paint in their homes.

[51] Texas Department of Health
[52] *Ibid*.
[53] *Ibid.*

Housing Market Analysis

<u>§ 91.310 Housing market analysis.</u>

(a) <u>General characteristics.</u> Based on data available to the State, the plan must describe the significant characteristics of the State's housing markets (including such aspects as the supply, demand, and condition and cost of housing).

(b) <u>Homeless facilities.</u> The plan must include a brief inventory of facilities and services that meet the needs for emergency shelter and transitional housing needs of homeless persons within the State.

(c) <u>Special need facilities and services.</u> The plan must describe, to the extent information is available, the facilities and services that assist persons who are not homeless but who require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.

(d) <u>Barriers to affordable housing.</u> The plan must explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the State are affected by its policies, including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

Commentary by the State of Texas asserting that some of the definitions used by HUD do not adequately reflect critical housing need:

HUD encourages Consolidated Plan applicants to use the number of households with <u>one or more</u> of the following housing problems as the summary indicator of housing need:

1) excessive housing cost burden (greater than 30 percent of gross income spent on gross housing costs);

2) overcrowding (more than one person per room per dwelling unit); and

3) living in a housing unit lacking complete kitchen and/or plumbing.

<u>Excessive housing cost burden</u> is defined by HUD as any household paying more than 30 percent of their gross income on gross housing costs, including utility costs. As a prime indicator of housing need, the Department feels that gross housing costs exceeding 50 percent of a household's gross income would be a better indicator of critical housing need. It is suggested that there are a substantial number of households who currently pay in excess of 30 percent of gross earnings for housing. If the 30 percent figure is used, it diminishes a true indication of critical need. Furthermore, lenders throughout the State have indicated extreme difficulty in qualifying potential homeowners at the 30 percent cost level. Even the Section 8 voucher program recognizes the need to support families who contribute up to 50 percent of their income to housing costs.

<u>Overcrowding</u> as defined by the U.S. Census occurs when there is more than one person per room per dwelling unit. The Department feels that overcrowding by itself provides a weak indication of critical housing need. Furthermore, it is unrealistic in and of itself to label a ratio of greater than 1:1 as a housing problem.

<u>Recommended Changes</u>
To better indicate those households with a critical housing need, the Department suggests that:

(1) excessive cost burden be defined as those households spending in excess of 50 percent of their income on gross housing costs, and

(2) a better indicator of need would be to require two of the three housing problems to be present before the household could be designated as having a critical housing need.

General Characteristics

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

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

Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to account for unit size, based on the number of people that can occupy a unit without overcrowding. This adjustment is made by multiplying the threshold as described above by 75 percent for a 0-1 bedroom unit, 90 percent for a 2 bedroom unit and 104 percent for a 3+ bedroom unit. Since one or two people can occupy a unit with 0 or 1 bedrooms, the income threshold used for calculating unit affordability is based on a 1.5 person household, which is 75 percent of the threshold for a 4 person household. The income threshold for computing affordability for a 2 bedroom unit is based on occupancy by three people and is set at 90 percent of the threshold for a 4 person household. The income threshold for determining the affordability category for a 3 or more bedroom unit is 104 percent of a 4 person household and is based on a 4.5 person household.[54]

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

1. Age of Housing Stock

The age of the housing stock provides an indication of its relative condition. Older units are more likely to require repairs, are more costly to repair and renovate, may not contain desired amenities, and are more likely to contain lead paint hazards than more recently constructed units. Lead paint hazards vary for each individual unit, but units built before 1950 present a significant risk for occupants with young children. The allowable lead content of paint declined after 1950 and was completely eliminated by 1978.

As shown in figure 2.1, 14 percent of all units in the state were built before 1950, with a slightly higher percentage of owner-occupied units than renter-occupied units in this category. Fifty-six percent of all housing units in Texas were built between 1950 and 1979, while 30 percent were built between 1980 and 1990.

Figure 2.1 Distribution of Occupied Units by Year Built, 1990 – Texas

# of Units	Before 1950	1950-1979	1980-1990	Total
Renter-occupied	285,070	1,296,268	794,415	2,375,753
Owner-occupied	569,552	2,122,565	1,003,067	3,695,184
Total-occupied	854,622	3,418,833	1,797,482	6,070,937

% of Units	Before 1950	1950-1979	1980-1990
Renter-occupied	12.0%	54.6%	33.4%
Owner-occupied	15.4%	57.4%	27.1%
Total-occupied	14.1%	56.3%	29.6%

[54] Bogdon, *et. al.*, p. 49.

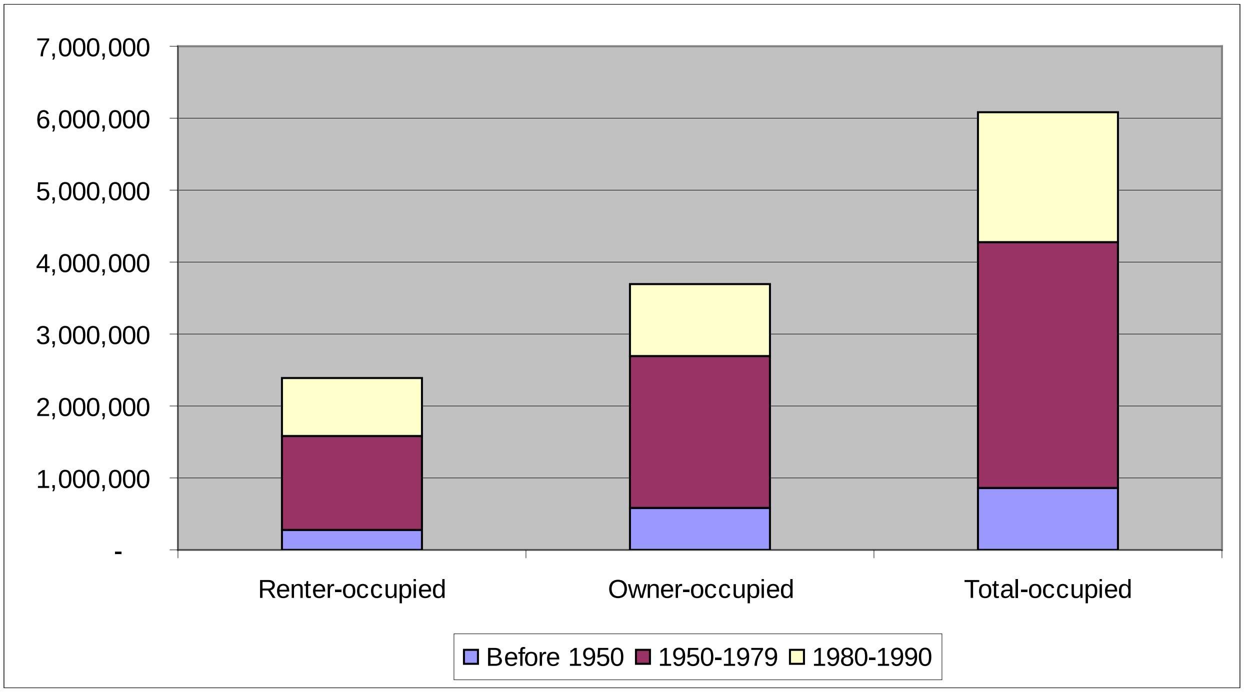


Figure 2.1 Distribution of Occupied Units by Year Built, 1990 – Texas

Figure 2.2 Building Permits Issued in Texas 1990 - 1999

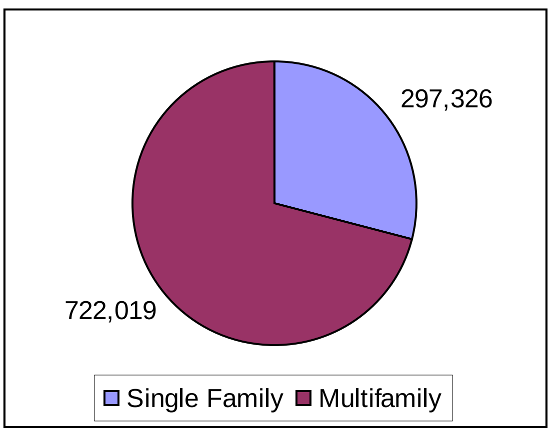


Figure 2.2 provides the number of single and multifamily building permits issued between 1990-1999.[55] At least a million new units were added to Texas' housing stock during this time period. Of the total, 29 percent of the permits were multifamily occupied and 71 percent were single family dwellings.

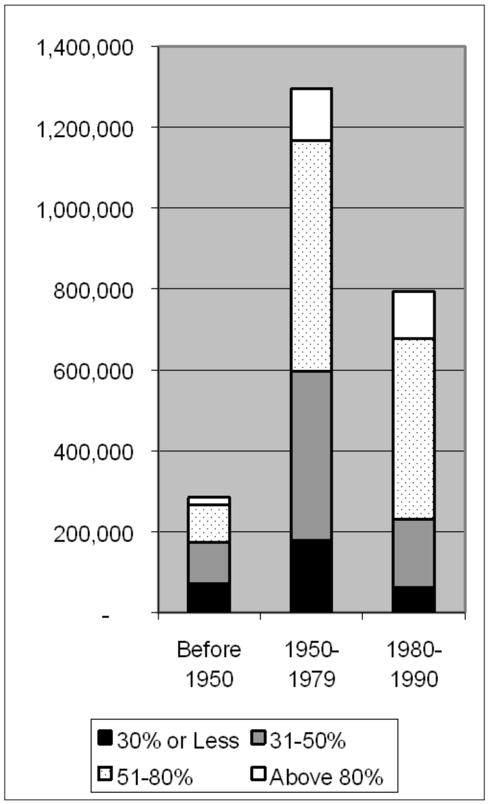
Figure 2.3 shows the distribution of units by year built and affordability category. These figures demonstrate that most affordable housing units are older units and therefore have the potential for more housing problems. While 14 percent of all housing units were built before 1950, the percentages are greater for low-income units: 24 percent of all units affordable to households at 30 percent of HAMFI, and 19 percent of all units affordable to households at 50 percent of HAMFI were built before 1950. The numbers also show that, of the units constructed in the last decade, only a small portion is affordable to low-income households. *Only 10 percent of all housing units built between 1980 and 1990 are affordable to households at 30 percent of HAMFI, and only 8 percent of rental units built in this decade are affordable to this income group*. Such a small percentage of new rental housing construction affordable to extremely low income households was built despite the fact that these households make up 13.5 percent of all Texas households. Other prime contributors to the shortage of low-income affordable housing are the real estate depression in Texas between 1986 and 1990, and the Tax Reform Act of 1986. Since lower income households are more likely to be renters than homeowners, this recent lack of production of affordable rental units strikes that group particularly hard.

[55] Real Estate Center at Texas A&M University

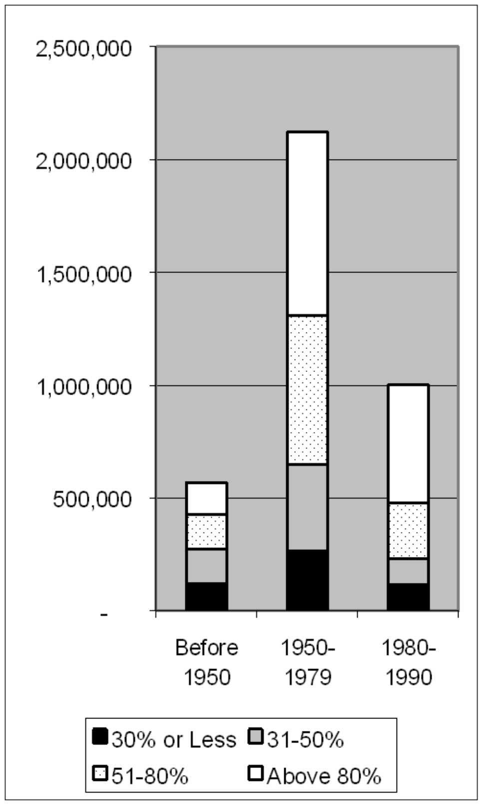
Figure 2.3 Distribution of Units by Year Built and Affordability Category, 1990 – Texas (By Percentage of HAMFI)

	Before 1950				1950-1979				1980-1999				Total Occupied Units			
# of Units	30% or less	31-50%	51-80%	Above 80%	30% or less	31-50%	51-80%	Above 80%	30% or less	31-50%	51-80%	Above 80%	30% or less	31-50%	51-80%	Above 80%
Renter Occupied	71,213	101,505	93,750	18,602	178,761	418,574	571,192	127,741	62,144	168,364	447,335	116,572	312,118	688,443	1,112,277	262,915
Owner Occupied	121,644	154,993	150,129	142,786	265,934	383,079	659,089	814,463	118,144	113,442	246,302	525,179	505,722	651,514	1,055,520	1,482,428
Total Occupied	192,857	256,498	243,879	161,388	444,695	801,653	1,230,281	942,204	180,288	281,806	93,637	41,751	817,840	1,339,957	2,167,797	1,745,343

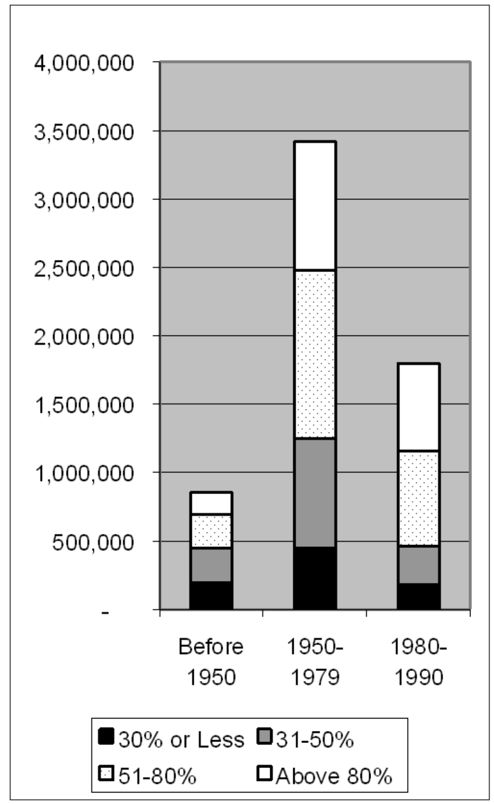
Renter Occupied Units



Owner Occupied Units



Total Occupied Units



2. Size Distribution of Housing Units

Despite the fact that the number of small households (consisting of one or two people) has increased and the share of large households (consisting of five or more people) has decreased nationally in the last two decades, the housing stock still has a disproportionately large share of units with three or more bedrooms.[56] Figure 2.4 demonstrates that there is a disproportionate amount of three or more bedroom units, especially owner units, in Texas. Comparing the numbers in Figure 2.4a to the distribution of household sizes found in Figure 2.4b, we see that while large related family households (5+ Persons) account for only 13 percent of all households in the state, 23 percent of rental units and 72 percent of owner units have three or more bedrooms. Figure 2.4 shows that owner units have a much higher number of 3+ bedroom units than renter units, so despite the fact that large units outnumber large families, there is still an unmet demand for *affordable* three bedroom multi-family units. Because larger units tend to be more expensive than smaller units, the disproportionate number of large units leaves the existing housing stock even more inaccessible to low-income families.

Figure 2.4a Distribution of Units by Size, 1990

# of Units	0-1 Bedroom	2 Bedroom	3+ Bedroom	Total
Renter	1,034,351	1,076,614	624,261	2,735,226
Owner	162,101	888,915	2,761,629	3,812,645
Total	1,196,452	1,965,529	3,385,890	6,547,871

Figure 2.4a Distribution of Units by Size, 1990 **Figure 2.4a Distribution of Units by Size, 1990**

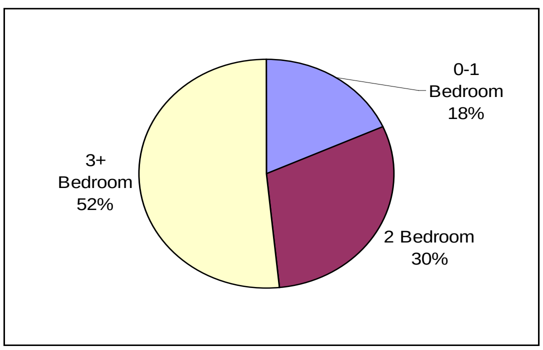
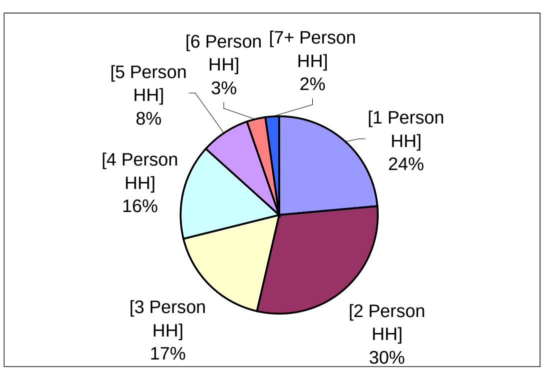
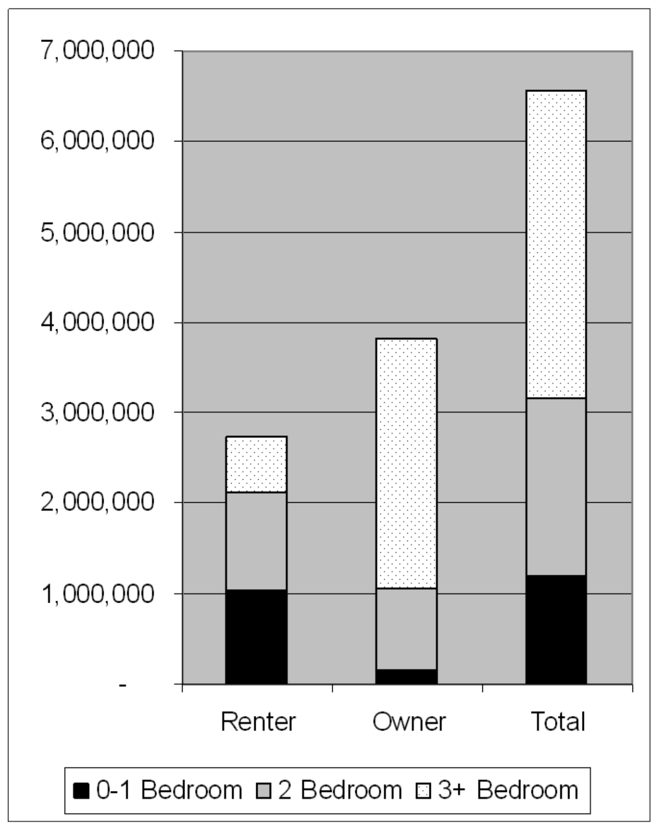


Figure 2.4b Household Size, 1990





3. Housing Affordability

Figure 2.5 shows the distribution of housing units throughout Texas by affordability category. As previously mentioned, it should be noted that estimates of affordable housing supply by income

[56] Bogdon, *et. al.*, p. 37.

category are actually somewhat inflated. This is because affordability is computed for households at the top of each income range, meaning that households in the lower part of the income range would have to pay more than 30 percent of their income for some of the units which are considered affordable to them. On the other hand, as previously noted, if affordability is redefined to 45 percent of income, then the supply is greatly increased.

Recent studies indicate that housing affordability remains a significant problem for many low income families. A study by the National Low Income Housing Coalition indicates that 38 percent of renters in Texas are unable to afford Fair Market Rent for a two bedroom unit.[57] The same study indicates that an individual working at minimum wage ($5.15/hr) would have to work 68 hours a week to afford a one bedroom apartment at Fair Market Rent. The Texas Low Income Housing Information Service in a related study reported that 17 percent of the 2.3 million renter households in Texas pay more then half their total income for rent. Of those Texas families who earn less than half of the local median family income, 42 percent pay more than one-half of their income for rent.[58] Based on the affordability measure of 2.5 times a household's annual income, it becomes apparent that buying a home is made difficult, if not impossible, for families at 30 percent, 50 percent, and 80 percent AMFI (with incomes of $14,280, $23,800, $28,560 and $38,080 respectively) when the 2000 YTD median Texas home sales price is $110,600[59].

As illustrated in Figure 2.5, only a small percentage of units are affordable to the lowest income households. About 14 percent of the total housing stock is affordable to extremely low-income households. Both rental and owner units have approximately the same rate of affordability in this category. An additional 24 percent of housing units are affordable to households with incomes at 31-50 percent of HAMFI. There are more rental housing units than owner housing units affordable to this income group in both an absolute and relative sense.

An additional 35 percent of the housing stock is affordable to households with incomes at 80 percent of HAMFI. This means that 73 percent of the total housing stock in Texas, or 90 percent of the rental stock and 60 percent of the owner stock, is affordable at 80 percent of HAMFI.

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

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

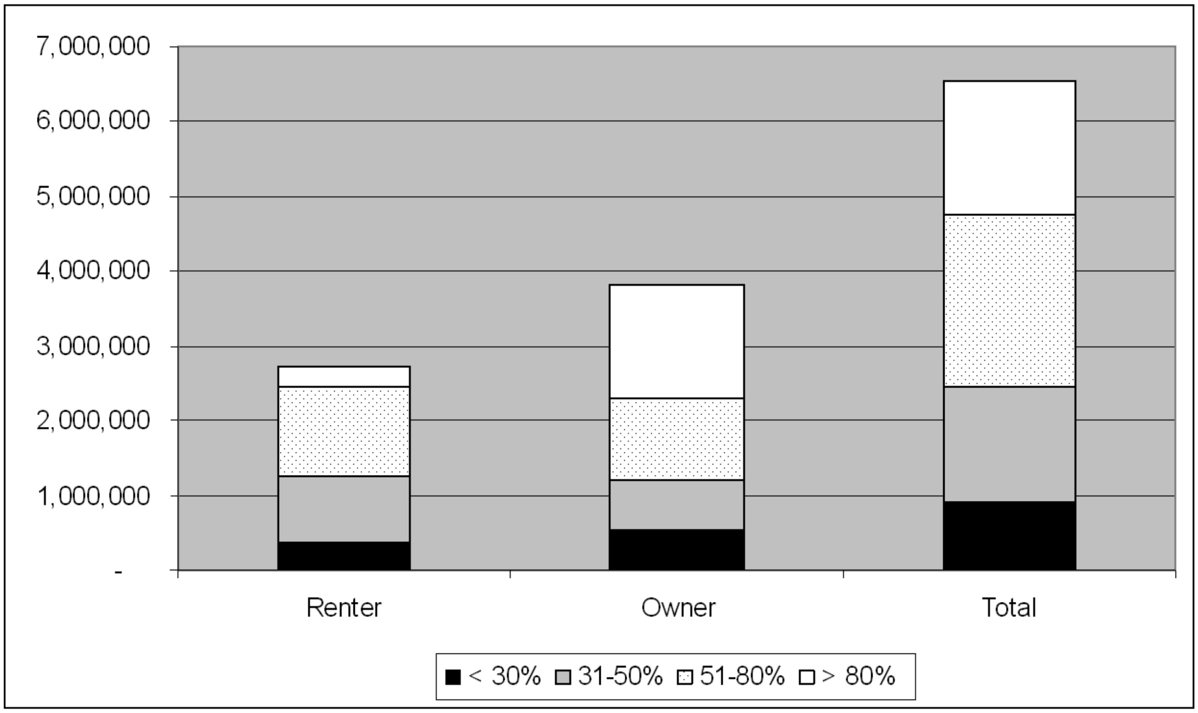
Figure 2.5 Distribution of Housing Units by Affordability Category, 1990 - Texas

# of Units	**< 30%**	**31-50%**	**51-80%**	**> 80%**	**Total**
Renter	375,281	879,805	1,201,530	278,610	2,735,226
Owner	528,106	678,377	1,087,910	1,518,252	3,812,645
Total	903,387	1,558,182	2,289,440	1,796,862	6,547,871

% of Units	< 30%	31-50%	51-80%	> 80%
Renter	13.7%	32.2%	43.9%	10.2%
Owner	13.9%	17.8%	28.5%	39.8%
Total	13.8%	23.8%	35.0%	27.4%

[57] National Low Income Housing Coalition, Out of Reach, 9/00
[58] Texas Low Income Housing Information Service, Out of Reach: Rents in Texas Cities
[59] Real Estate Center at Texas A&M University, Texas Residential MLS Activity Median Price

Figure 2.5 Distribution of Housing Units by Affordability Category, 1990 - Texas



4. Housing Mismatch

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. For each income category, it has been assumed that households are matched to units in their affordability range. In actuality, however, "*higher income households often reside in units that could be affordable to the lowest income households.*"[60] For example, households that have incomes greater than 80 percent of the median income greatly outnumber the housing units in this specific affordability category. Households in this category can afford units in any of the defined affordability categories. Non-low-income households often limit the supply of affordable housing units available to low-income households. Therefore, estimates of housing shortfalls should be treated as lower-bound estimates, and estimates of housing 'surplus' are undoubtedly overstated.

Extremely low-income renter households outnumbered the rental housing units affordable to them by almost 120,000 statewide. This means that there were rental units available to only three-quarters of the extremely low-income population.

Figures 2.6a and 2.6b describe the housing market interaction of various income groups and housing costs. These figures show the income classifications of the occupants of low-income housing units. These figures also illustrate the housing market mismatch between housing units and income groups. For example, extremely low income households account for only about one-third of all the occupants of housing which is affordable to them. All very-low income households (income at 0 to 50 percent of HAMFI) account for just 44 percent of the households residing in units affordable to that income group. Finally, all low income households (0-80 percent of HAMFI) make up only 53 percent of all households occupying housing affordable to them. These figures illustrate housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category. Statistics for housing cost burden will be presented in Section III of this needs analysis.

[60] Bogdon, *et. al.*, p. 53.

Figure 2.6a
Occupied Affordable Housing Units by Income Group of Occupant, 1990
by percentage of HAMFI

Texas

# of Renter units	Total	30% or less	31-50%	51-80%	Above 80%
Affordable to 0-30% HAMFI	312,118	155,270	56,009	44,329	56,510
Affordable to 31-50% HAMFI	688,443	185,626	159,605	178,532	164,680
Affordable to 51-80% HAMFI	1,112,277	143,086	142,791	260,950	565,450
Affordable to >80% HAMFI	262,915	20,656	15,344	31,955	194,960

% of Renter units	Total	30% or less	31-50%	51-80%	Above 80%
Affordable to 0-30% HAMFI	100.0%	49.7%	17.9%	14.2%	18.1%
Affordable to 31-50% HAMFI	100.0%	27.0%	23.2%	25.9%	23.9%
Affordable to 51-80% HAMFI	100.0%	12.9%	12.8%	23.5%	50.8%
Affordable to >80% HAMFI	100.0%	7.9%	5.8%	12.2%	74.2%

# of Owner units	Total	30% or less	31-50%	51-80%	Above 80%
Affordable to 0-30% HAMFI	505,722	120,210	98,325	113,036	174,151
Affordable to 31-50% HAMFI	651,514	87,695	91,800	141,666	330,353
Affordable to 51-80% HAMFI	1,055,520	71,776	86,137	161,961	735,646
Affordable to >80% HAMFI	1,482,428	52,390	53,880	106,822	1,269,336

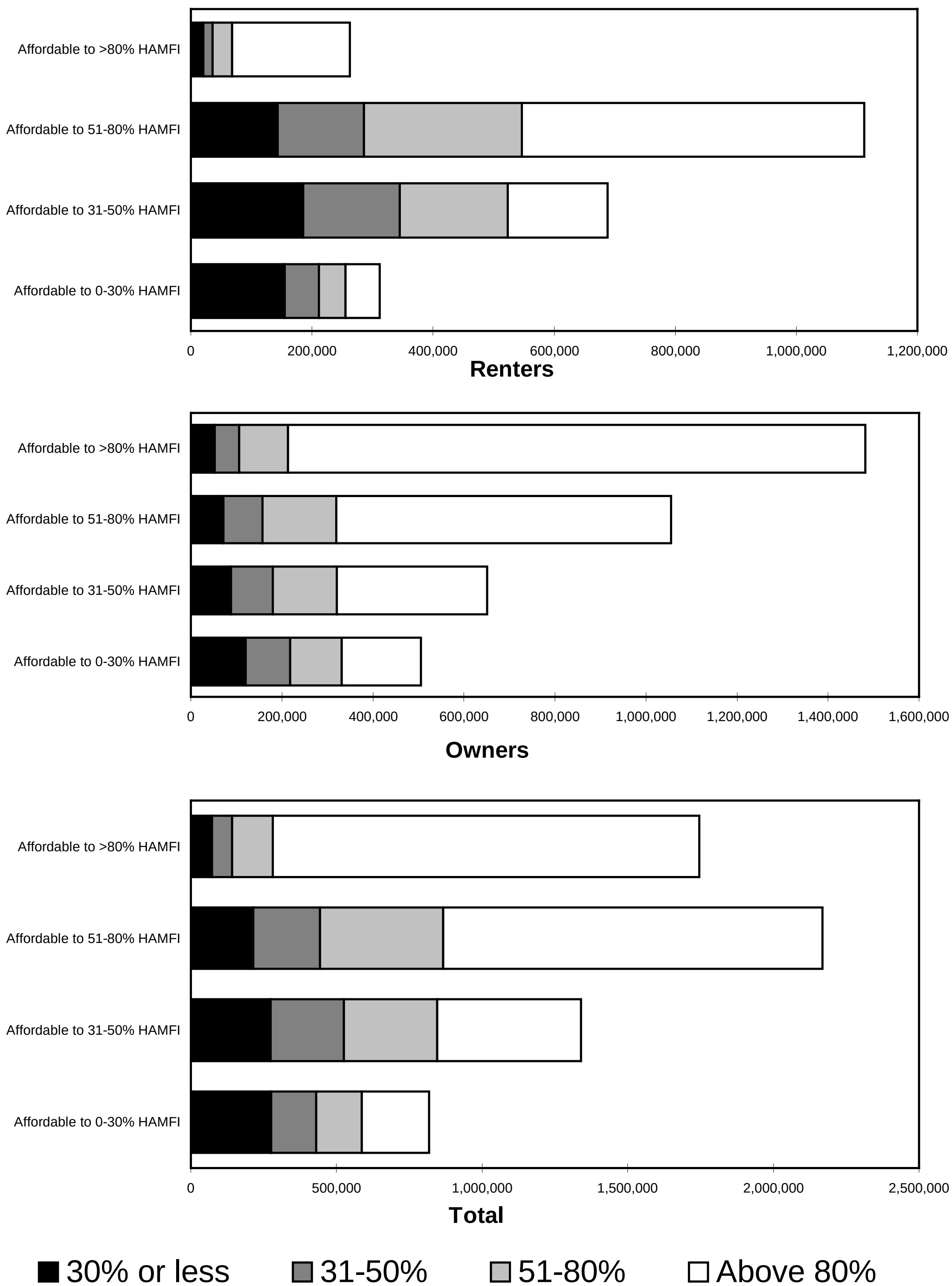
% of Owner units	Total	30% or less	31-50%	51-80%	Above 80%
Affordable to 0-30% HAMFI	100.0%	23.8%	19.4%	22.4%	34.4%
Affordable to 31-50% HAMFI	100.0%	13.5%	14.1%	21.7%	50.7%
Affordable to 51-80% HAMFI	100.0%	6.8%	8.2%	15.3%	69.7%
Affordable to >80% HAMFI	100.0%	3.5%	3.6%	7.2%	85.6%

# of Total units	Total	30% or less	31-50%	51-80%	Above 80%
Affordable to 0-30% HAMFI	817,840	275,480	154,334	157,365	230,661
Affordable to 31-50% HAMFI	1,339,957	273,321	251,405	320,198	495,033
Affordable to 51-80% HAMFI	2,167,797	214,862	228,928	422,911	1,301,096
Affordable to >80% HAMFI	1,745,343	73,046	69,224	138,777	1,464,296

% of Total units	Total	30% or less	31-50%	51-80%	Above 80%
Affordable to 0-30% HAMFI	100.0%	33.7%	18.9%	19.2%	28.2%
Affordable to 31-50% HAMFI	100.0%	20.4%	18.8%	23.9%	36.9%
Affordable to 51-80% HAMFI	100.0%	9.9%	10.6%	19.5%	60.0%
Affordable to >80% HAMFI	100.0%	4.2%	4.0%	8.0%	83.9%

Source: CHAS database

Figure 2.6b
Occupied Affordable Housing Units by Income Group of Occupant, 1990
by percentage of HAMFI



Source: CHAS database

Homeless Facilities

The Health and Human Services Commission TESS system determined that homeless persons in Texas are eligible for the following services from state agencies:

PROGRAM	ELIGIBLE POPULATION
Client Self Support Services	Anyone
Expedited Food Stamps	Anyone
County Indigent Health Care Program	Anyone
Woman and Children	Women and children 0-17
WIC	Children under 5, expectant mothers
Medicaid	Families
Medicaid (TP48)	Children under 5
Medicaid (TP44)	Children over 5
TANF	Adults with dependents

TXMHMR's PATH Program

TXMHMR administers a Program to Assist the Transition from Homelessness (PATH). The Path program provides services to persons who are literally homeless and who have a serious mental illness. Services include outreach, screening and diagnostic treatment services, habilitation and rehabilitation services, community mental health services, alcohol or drug treatment services, staff training, case management, supportive services in residential settings, referrals, and housing services.

Community Action Agencies

Texas' 51 Community Action Agencies (CAAs) provide assistance to homeless persons and persons at-risk of homelessness.

Homeless Shelter Providers From The 2000 ESGP Application Pool

For the purposes of the Consolidated Plan, statewide information on homeless service providers has been collected from the ESGP applications that were submitted for funding in 2000. For each applicant the following table shows the agency name, the counties served, the services provided, and, when available, the number of shelter beds. **This is by no means a comprehensive listing of service providers.**

REGION 1

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Amarillo, City of	Potter, Randall	All homeless/ At Risk individuals	N/A	Vocational assessment, ALERT packet, ID expenses, GED expenses, bus tickets, child care expenses
Tralee Crisis Center	Gray, Hutchinson, Roberts, Wheeler, Collingsworth, Hemphill, Donley and Carson	Homeless victims of domestic violence and/or sexual assault	30	Prevention of homelessness, transitional housing, information and referral,
Caprock Community Action Association	Potter, Randall	All homeless individuals	N/A	Provide funding to local nonprofit homeless shelters
Women's Protective Services	Potter, Randall	Unaccompanied Homeless Women	35	Emergency shelter, transitional housing, self-sufficiency skills, counseling, job placement, transportation and mental health care
South Plains Community Action Association	Bailey, Cochran, Garza, Lamb, Lynn, Terry, Yoakum, Hockley	All homeless and at risk of homelessness	N/A	Homelessness prevention and housing assistance

REGION 2

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Abilene Hope Haven, Inc.	Taylor	Homeless families	32	Transitional Housing, job placement assistance, self improvement training, drug and alcohol counseling, education, support groups, day care, transportation, medical care, legal referral
People for Progress, Inc.	Fisher, Nolan, Scurry, Mitchell	Homeless/At Risk individuals	21	Emergency shelter, transitional housing, child-care, transportation, weatherization, housing, nutrition, and crisis energy assistance.
First Step		Homeless Victims of domestic violence and/or sexual assault	35	Emergency Shelter, crisis intervention, counseling, advocacy, transportation, food, clothing, referrals
Central Texas Opportunities, Inc.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	All Homeless and At-Risk of Homelessness	NA	Referral services, rent/utility assistance

REGION 3				
SERVICE PROVIDER	**COUNTIES IN SERVICE AREA**	**TARGET POPULATION**	**BEDS**	**SERVICES**
AIDS Resources of Rural Texas	Rural areas around Tarrant County	Individuals with AIDS	N/a	Case management, and support services
Brighter Tomorrows	Dallas, Tarrant	Domestic Violence Victims	23 (8 cribs)	Shelter, food. transportation, clothes, transitional housing
City of Arlington	Tarrant	All homeless individuals	79	Shelter, casework, counseling, support groups, life skills training, financial and budgeting assistance, job preparation.
Collin County Care Center/Samaritan Inn	Collin	All homeless individuals	85	24 hour shelter, meals and clothing and a self-sufficiency program.
Dallas Jewish Coalition, Inc. (Vogel Alcove)	Tarrant	Homeless children ages six weeks to 5 years	N/A	Licensed child care for homeless children
Family Gateway	Dallas	Homeless families with children	150	Shelter, health care, child care, job placement assistance, life skills classes, children's programs, legal clinic, referrals, transitional housing
Grayson County Juvenile Alternatives, Inc.	Grayson, Cooke, Fannin, Wise, Denton, Hunt, Montague, Lamar	Homeless youth ages of 10 - 17	12	Shelter, food, clothing, counseling, life skills, parenting, support groups
Grayson County Shelter, Inc.	Grayson	All homeless individuals	40	Shelter, meals, personal care, employment, transitional services, referrals.
Hope Inc. (Mineral Wells)	Palo Pinto, Parker, Hood, Erath	Homeless Women with children	25	Shelter, rental assistance, utility payments, utility deposits, job referrals, referrals for social services, counseling, medical care
Housing Crisis Center	Dallas	Homeless/At-Risk Individuals	237	Legal advocacy, utility assistance, information and referral, shelter, counseling, job placement, support groups, transitional housing, education, nutrition
Legal Services of North Texas	Collin, Ellis, Grayson, Kaufman	Homeless and At-Risk of Homelessness	N/A	Legal advocacy
LifeNet Community Behavioral Healthcare	Dallas, Tarrant	Homeless Mentally Ill	N/A	Supportive housing, employment and vocational services, case management, substance abuse counseling, transportation
Mission Granbury, Inc.	Hood	Homeless and At-Risk of Homelessness	N/A	Emergency assistance and community referral
New Beginning Center	Dallas, Rockwall, Collin	Homeless Women with children		24 hour crisis intervention, utility and rental assistance, shelter, therapy for women and children, casework & supportive services, community education, child care
Palo Pinto Community Service Corporation	Erath, Hood, Johnson	Homeless and At-Risk	N/A	Case management, referral, and homelessness prevention services
Promise House	North Central Texas	Domestic Violence Victims	20	Shelter, food, clothes, transportation, therapy services
Tarrant County ACCESS	Tarrant	All Homeless	N/A	Centralized information and

REGION 3				
for the Homeless				referral to all services in county
Tarrant County Hospital District	Tarrant	All Homeless	N/A	Clinic services
Tarrant County Samaritan Housing, Inc.	Tarrant	Individuals with AIDS	N/A	32 Single Room Occupancy transitional shelter units, case management services
The Family Place	Dallas	Homeless Victims of domestic violence and/or sexual assault	63	Shelter, counseling, emergency relief, housing, education, child care, follow-up counseling, supportive living, transitional housing, hotline,
The Salvation Army (Denton)	Surrounding Areas	Homeless/At-Risk Individuals	460	Shelter, rent/mortgage assistance, utility assistance, personal care
Women in Need	Hunt, Rockwall	Homeless Victims of domestic violence and/or sexual assault	18	Shelter, 24 hour crisis line, information and referral, counseling, legal advocacy, child care, personal care, homelessness prevention
YMCA Casa Shelter	Dallas	Homeless youth ages 16 to 21	20	Emergency residential services, outreach family counseling, crisis counseling, education
YWCA of Fort Worth and Tarrant County	Tarrant	Homeless women with children	46	Transitional housing, supportive services, counseling, life skills, child-care and education

REGION 4				
SERVICE PROVIDER	**COUNTIES IN SERVICE AREA**	**TARGET POPULATION**	**BEDS**	**SERVICES**
The Salvation Army	Tyler, Smith	Homeless/At-Risk Individuals	74	Integrated system providing a continuum of care, rent, mortgage, utilities assistance, security deposits/ first month's rents, emergency lodging, support services, and counseling
Kilgore Community Crisis Center	Gregg, Rusk, Panola	Domestic Violence Victims	23	Operation, maintenance, enhancement of existing shelter, emergency medical funds, cleaning jobs, survivor skills training, transportation, rent/utility deposits, first month's rent
East Texas Crisis Center	Smith, Wood, Rains, Van Zandt, Henderson	All homeless individuals/ Homeless Victims of domestic violence and/or sexual assault	48	Transitional housing, deposits/first month's rent, day care, transportation, maintenance/ improvements on shelter;
Cherokee County Crisis Center	Cherokee and surrounding counties	Domestic Violence Victims	42	24-hour crisis hotline, counseling, shelter, food, children's programs
Domestic Violence Prevention, Inc.	Bowie, Cass	Domestic Violence Victims	18	
Sabine Valley Center	Gregg, Harrison, Panola, Marion, Rusk, Upshur	Homeless Mentally Ill	N/A	Crisis intervention, psychological rehabilitation services

REGION 5

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Family Services of Southeast Texas	Hardin, Jasper, Jefferson, Newton, Orange, Tyler	Homeless Victims of domestic violence and/or sexual assault	30	Counseling, casework, legal advocacy, hotline, and community education.
Women's Shelter of East Texas	Nacogdoches, Angelina, Shelby, Houston	Homeless Single Parent Families	40	Hotline, Counseling, Support Groups, Advocacy, Shelter, Children's program, Outreach, Victim's Assistance
Port Cities Rescue Mission	Jefferson	Homeless individuals with substance abuse issues	35	Shelter, work program, drug and alcohol recovery program
The HOW Center	Hardin, Jasper, Jefferson, Orange, Tyler	Homeless At Risk Homeless,	30	Shelter and support services

REGION 6

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Antioch Project Reach, Inc.	Harris	All Homeless		Information and referral, case management and support services
Bay Area Homeless Services	Chambers, Liberty, Harris	All Homeless	30	Shelter, food, transportation, clothes
Bay Area Turning Point, Inc.		Domestic Violence Victims		Shelter, food, transportation, clothes, emergency accompaniment services
Bay Area Women's Center	Harris	Homeless Victims of domestic violence and/or sexual assault	26	28 day safe shelter, community education, counseling, crisis intervention, 24-hour hotline, legal advocacy, transportation, information and referral, personal care.
Bridge Over Troubled Waters, Inc. The				Shelter, food, transportation, clothes, employment services
Children' Center Youth Services Shelter	Galveston	Homeless Abused or neglected children	35	Emergency shelter and family support services
Covenant House Texas			74	Shelter, food, transportation, clothes, employment services
Harris County Hospital District		All Homeless		Case Management, information and referrals. housing placement, job counseling, follow-up
Houston Area Women's Shelter	Harris	Homeless Victims of domestic violence and/or sexual assault	41	Emergency shelter, transitional housing, counseling, legal advocacy, information and referral, vocational counseling, medical assistance, group counseling, parenting education, Childcare, rape crisis program, women's center hotline, community education, transportation, personal care
Matagorda County Women's Crisis Center, Inc.				
Montgomery County Women's Center	Montgomery, Harris, Liberty	Homeless Victims of domestic violence and/or sexual	34	Crisis intervention, counseling, hotline, alcohol and drug abuse intervention, advocacy; food, medication, community education

REGION 6				
		assault		
Service of the Emergency Aid Resource Center for the Homeless (S.E.A.R.C.H)	Harris	All homeless individuals in the Houston area	N/A	Transitional housing, child care, job training, job placement, counseling, transportation, basic services, minor medical care, Information and referral
Star of Hope Mission			296	
Wesley Community Center	Harris	All minority homeless individuals	N/A	Counseling, day care, information and referral, personal care, rent/mortgage assistance, senior center, youth programs, school
Westside Homeless Partnership				
Women's Resource and Crisis Center of Galveston County Inc.	Galveston	Homeless Victims of Domestic Violence, sexual assault and/or child abuse		24 hour hotline, shelter, legal advocacy, food, referrals, transportation, counseling, group therapy, outreach

REGION 7				
SERVICE PROVIDER	**COUNTIES IN SERVICE AREA**	**TARGET POPULATION**	**BEDS**	**SERVICES**
Advocacy Outreach	Bastrop	Homeless/At-Risk Individuals	N/A	Adult education, information and referrals, medications,
Bastrop County Women's Shelter, d.b.a. Family Crisis Center	Bastrop, Fayette, Lee	Homeless Victims of Domestic Violence and/or Sexual Assault	19	Emergency shelter, 24 hour hot-line, crisis intervention, support services, personal advocacy, crisis and group counseling, substance abuse programs
City of Bryan - Twin Cities Mission	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Washington	All homeless individuals		Shelter, food, clothing, emergency medical care, counseling, clothing, transportation, education
Faith Mission & Help Center		Homeless and At-Risk	N/A	Emergency assistance such as food, clothes, medical assistance, and employment assistance
Hays County Women's Center d.b.a. Hays-Caldwell Women's Center	Hays, Caldwell	Homeless victims of domestic violence and/or sexual assault	34	Shelter, peer counseling, legal advocacy, information and referral, employment, child care, medical care, 24-hour hotline
Highland Lakes Family Crisis Center		Domestic Violence Victims	37 3 cribs	Shelter, food, transportation, clothes, employment services; advocacy services
Williamson-Burnet County Opportunities, Inc.	Williamson	Homeless At risk families in poverty	25	Head start, emergency assistance, nutrition, affordable housing, weatherization, transportation, child care, shelter for battered women and their children
Youth & Family Alliance, d.b.a. Lifeworks	Travis	Homeless youth from 10 - 21 years	26	Crisis intervention, information and referral, counseling, outreach, shelter, transitional living, activities, independent living skills, education, job placement, case management, HIV education

REGION 8a

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Children's Shelter of San Antonio	Bexar	Homeless families with children, 0-18 years of age		Emergency shelter, self-sufficiency assistance for parents (information, counseling, transportation), child care
Comal County Emergency Children's Shelter			36	
Comal County Family Violence Shelter	Comal	Homeless, especially children and disabled	72	Shelter, client assistance, therapy, psychological services;
Comal County Juvenile Residential Supervision and Treatment Center	Comal, Kendall, Guadalupe, Hays	Homeless persons, especially youths 10-17 years old	52	Two youth shelters (13 beds each), food, healthcare (dental), rent, utilities subsidies, deposit, first month rent assistance, home repairs/ maintenance
Respite Care of San Antonio	Bexar	Low-income/ homeless/ families with disabled children	913	In-home care, host-family care, family day/night out, shelter for disabled children
San Antonio Metropolitan Ministry	Bexar	All homeless individuals, priority given to families with children		Emergency and transitional shelter and support services, facilities maintenance, child development services, possible employment of homeless
Seton Home		Homeless Parenting Teens	24 beds and cribs	Emergency and transitional housing, support services including health and nutrition, educational support, life skills, WIC
The Salvation Army	Bexar	All homeless individuals	819	Shelter, food, transportation, clothes, employment services, support services

REGION 8b

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Advocacy Resources Center for Housing		At-Risk of Homelessness	N/A	Housing advocacy
Amistad Family Violence & Rape Crisis Center		Domestic Violence Victims	12	Shelter, food, transportation, clothes, support services
Casa de Misericordia	Webb, Zapata	Domestic Violence Victims	27	Shelter, food, transportation, clothes, employment services, counseling, case management
Coastal Bend Alcohol & Drug Rehabilitation, d.b.a. Charlie's Place	Nueces	Homeless and At-Risk of Homelessness	20	Counseling, case management in halfway house setting for those recovering from substance abuse
Corpus Christi Metro Ministries	Nueces	Homeless Mentally or physically disabled, accompanied or unaccompanied	450	Food, clothing, sanitary facilities, shelter, counseling and access to other services
Dos Mundos Day School, Inc.	Nueces	All Homeless	18	Transitional housing, day care, adult education for families working toward self-sufficiency
Family Violence & Sexual Assault Prevention Center	Aransas, Brooks, Duval, San	Homeless victims of	483	Shelter, food, medical assistance, utilities, rental

REGION 8b

of South Texas	Patricio, Bee, Kenedy, Kleberg, Jim Wells, Live Oak, McMullen, Nueces, Refugio	domestic violence and/or sexual assault		housing deposits, first month's rent assistance
Valley Community Ministries	Cameron, Hidalgo	Homeless/At-Risk Individuals		Job counseling, resume preparation, networking training, employment placement, referral, transportation, job interview tips including clothes, grooming
Wintergarden Women's Shelter, Inc.	Dimmitt, LaSalle, Maverick	Domestic Violence Victims	20	
Women Together Foundation	Hidalgo	Domestic Violence Victims	60	Shelter, food, transportation, clothes, counseling and support services

REGION 9

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Institute of Cognitive Development	Coke, Concho, Crockett, Irion, Kimble, Mason, McCulloch, Tom Green, Menard, Reagan, Sterling, Sutton, Schleicher	Homeless crime victims	78	Safe, secure housing for homeless, renovation/upgrade of facilities, possible employment as House Managers/Advocates
Safe Place of the Permian Basin	Andrews, Crane, Dawson, Ector, Gaines, Glasscock, Howard, Loving, Martin, Midland, Reeves, Upton, Ward, Winkler	Homeless victims of domestic violence and/or sexual assault		Overnight accommodation, transportation assistance, counseling, advocacy, food, first month's rent, utility deposits

REGION 10

SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS	SERVICES
Child Crisis Center of El Paso	El Paso	Homeless children ages newborn through 12 years who have been abused, neglected or abandoned	23	Shelter, food, clothing, activities, medical attention, schooling, counseling, referral, parenting education & support groups
El Paso Coalition for Homeless	El Paso area	Homeless Agricultural Workers	120	Daytime resource center and transitional housing for 39 individuals
El Paso Community Action Program, Project BRAVO, Inc.	El Paso	All Homeless and At-Risk	N/A	Homelessness prevention services
El Paso Shelter for Battered Women	El Paso, Hudspeth, Culberson	Homeless victims of domestic violence and/or sexual assault	84	Living skills, legal advocacy, counseling, transitional living, education, employment referral, ESL classes and rent and utility deposits
Project Vida	El Paso	All Homeless	6 units	Transitional housing, clinic, WIC,

REGION 10				
				advocacy, other support services
Sin Fronteras Organizing Project	El Paso	All Homeless	120	Temporary shelter, medical and mental health services, work referral, education assistance, other social services

Special Needs Facilities and Services

The following is a list of facilities and services for persons with special needs in Texas.

TDHS
Texas Department of Human Services
PO Box 149030
Austin, TX 78714-9030
(512) 438-0311
www.dhs.state.tx.us

Community Living Assistance and Support Services

The Community Living Assistance and Support Services (CLASS) program provides home and community-based services to people with related conditions as a cost-effective alternative to placement in an intermediate care facility for people with mental retardation and related conditions (ICF-MR/RC). People with related conditions have a disability, other than mental retardation, that originated before age 22 and affects their ability to function in daily life.

There are two service providers: the first provides independent case management while the second provides all other services. The CLASS service model focuses on client independence and integration into everyday community life. Services include:

- Case management
- Habilitation
- Respite care
- Nursing services
- Psychological services
- Physical therapy
- Occupational therapy
- Speech pathology
- Adaptive aids/supplies
- Minor home modifications

Eligibility
Age: There are no age requirements; however, the individual must have had an onset of the disability before age 22.
Financial Eligibility: Financial eligibility criteria allows for special exclusions for children with disabilities.
Other criteria: The applicant must:

- meet ICF-MR/RC Level of Care criteria,
- have a demonstrated need for habilitation,
- have a DHS-approved Individual Service Care Plan for waiver services, and
- reside in the geographic area.

Adult Foster Care

Adult Foster Care (AFC) provides a 24-hour living arrangement with supervision in an adult foster home for persons who are unable to continue independent functioning in their own homes because of physical, mental, or emotional limitations.

AFC providers must live in the household and share a common living area with the clients. With the exception of family members, no more than three adults may live in the foster home unless it is licensed by DHS. Services may include minimal help with personal care, help with activities of daily living, and provision of, or arrangement for, transportation. The client pays the provider for room and board.

Eligibility
Age: The individual must be age 18 or older.
Financial Eligibility: The individual must be a Medicaid recipient or be determined financially eligible for Title XX services. The caseworker applies allowable exclusions to income and resources. The countable income must not exceed:

- $1,536 per month for an individual
- $3,072 per month for a couple

The countable resources must not exceed:
- $5,000 or less for an individual
- $6,000 or less for a couple

Functional Assessment: The individual must meet a functional needs criteria. Level of impairment is measured during a client needs assessment interview with a DHS caseworker.

Client Managed Attendant Services (CMAS)

These attendant services are provided through agencies that have a Personal Assistance Services license. Clients interview, select, train, supervise, and release their attendants. The contract agencies determine client eligibility and the amount of attendant care needed, develop a pool of potential attendants, and provide emergency back-up attendant capability.

These services are available to clients who are willing and able to supervise their attendant or who have someone who can do it for them. CMAS is not available in all geographic areas.

Eligibility
Age: The individual must be age 18 or older.
Financial Eligibility: The individual must be a Medicaid recipient or be determined financially eligible for this program. If the individual's countable income is greater than $1,536 per month, a sliding fee is applied. If a couple, countable income cannot exceed $3,072 per month.
Personal skill: The individual must be mentally and emotionally capable of self-directing the care.
Physical disability: The individual must have a disability that is expected to last at least six months from the date eligibility is determined.

Community Based Alternatives

The Community Based Alternatives program provides home and community-based services to people who are elderly and adults with disabilities as cost-effective alternatives to institutional care in nursing facilities. Case management is provided by DHS staff. Services include:

- Adaptive aids and medical supplies
- Adult foster care
- Assisted living/residential care services
- Emergency response services
- Minor home modifications
- Occupational therapy
- Personal assistance services
- Physical therapy
- Respite care
- Speech pathology services

Eligibility
Age: The individual must be age 21 or older.
Financial Eligibility: The individual must be a Medicaid recipient or be determined eligible for this program. This determination is based on the income and resource requirements for Medicaid benefits in nursing facilities. The caseworker applies exclusions to income and resources. The countable income must not exceed $1,536 per month with resources of $2,000 for an individual. Spousal impoverishment provisions apply.
Medical necessity: The individual must meet the same medical necessity determination requirements as applicants for nursing facility care.

Deaf Blind/Multiple Disability Program
The Deaf Blind/Multiple Disability (DB/MD) program helps meet the specific needs of people who are deaf, blind, and with multiple disabilities by providing an opportunity to increase independence and communication.

Residential Support
Consumers, with help from their families and program providers, choose from three options for residential support:

- reside in apartments or homes with support,
- reside with one's parent/guardians with support, or
- reside in group homes with support.

Residential Services Provided

- Habilitation — assistance with skills of daily living throughout the day and evening.
- Intervenor — a bridge between the individual and the community.
- Chore provider — assistance with home maintenance.
- Assisted living — all services listed above provided as a bundle in a group home.
- Case management — eligibility determination, plan of care development and service monitoring.
- Specialist consultations — consultations for physical and occupational therapy, orientation and mobility, dietary, skilled nursing and behavior/communication.
- Respite care — support to individuals who live with their families.
- Medical equipment — equipment used to increase interaction with the environment.
- Environmental accessibility — modifications to the home or apartment.
- Prescription medications — those allowable in excess of Medicaid card purchases.

Other services
DB/MD offers family training and a summer camping experience to individuals with these disabilities.

Eligibility
Age: Individuals must be age 18 or older.
Financial Eligibility: The individual must be a Medicaid recipient or be determined eligible for this program. This determination is based on the income and resource requirements for Medicaid benefits in nursing facilities. The caseworker applies exclusions to income and resources. The countable income must not exceed $1,536 per month with resources of $2,000 for an individual. Spousal impoverishment provisions apply.
Deaf: The individual cannot understand speech, even with amplification.
Blind: Less than 20/200 vision in better eye with correction, or a severe visual field defect.
Multiple disabilities: One other disability, such as mental retardation or autism, that results in impairment to independent functioning and requires 24-hour support.

Medical necessity: The individual must meet the same medical necessity determination requirements as applicants for nursing facility care.
To Apply: Request a DB/MD referral form. When openings become available, you will be sent a list of providers in your area. Contact the provider of your choice and arrange for an interview. After eligibility is established, you and the provider will develop a plan of care and, once approved, services may begin. Contact the DB/MD program specialist at (512) 438-2622.

Residential Care

The Residential Care program provides services to eligible adults who require 24-hour access to care, but do not require daily nursing intervention. Services include, but are not limited to, personal care, home management, escort, 24-hour supervision, social and recreational activities, transportation, food, and room. Services provided under this program are delivered through one of two arrangements: supervised living or emergency care.

Supervised living is a state-funded 24-hour living arrangement in which the clients are expected, if able, to contribute to the total cost of their care. Clients keep a monthly allowance for personal and medical expenses, and the remainder of their income is contributed to the total cost of care.

Emergency care is a state-funded living arrangement that provides services to eligible clients while caseworkers seek a permanent care arrangement. Emergency care clients do not contribute toward the cost of their care.

Eligibility
Age: The individual must be age 18 or older.
Financial Eligibility: The individual must be a Medicaid recipient or be determined financially eligible for Title XX services. The caseworker applies allowable exclusions to income and resources. The countable income must not exceed:

- $1,536 per month for an individual
- $3,072 per month for a couple.

The countable resources must not exceed:

- $5,000 or less for an individual
- $6,000 or less for a couple.

Functional Assessment: The individual must meet a functional need criteria. Level of impairment is measured in a client needs assessment interview by a DHS caseworker.
Other criterion: The individual must not have needs that exceed the facility's capability under its licensed capacity.

Special Services to Persons with Disabilities 24-Hour Attendant Care

Special Services to Persons with Disabilities 24-Hour Attendant Care makes attendant care available to clients on a 24-hour basis. Clients live independently in clustered living arrangements and use this service to achieve habilitative or rehabilitative goals.

Age: The individual must be age 18 or older.
Financial Eligibility: The individual must be a Medicaid recipient or be determined financially eligible for Title XX services. The caseworker applies allowable exclusions to income and resources. The countable income must not exceed:

- $1,536 per month for an individual
- $3,072 per month for a couple.

The countable resources must not exceed:

- $5,000 or less for an individual
- $6,000 or less for a couple.

Functional Assessment: The individual must meet a functional needs criteria. Level of impairment is measured during a client needs assessment interview with a DHS caseworker.

Other criterion: Functionally limited in activities of daily living.

HHSC
Health and Human Services Commission
PO Box 13247
Austin, TX 78711-3247
(512) 424-6500
(512) 424-6587 (fax)
www.hhsc.state.tx.us

Project CHOICE

Project CHOICE targets individuals who are elderly and persons with disabilities who either reside in nursing facilities or who are at immediate risk of doing so. Three major project components will initially be implemented in one urban and one adjacent rural county. Additional counties could be added if funding permits.

1. **The Texas Department of Human Services (DHS) will implement "Transition to Living in the Community (TLC)" to assist individuals who desire to transition from a nursing facility into community based services.**

   Project CHOICE grant funds will be used to provide direct cash grants to nursing facility residents who seek to return to a community setting. The purpose of the transition grants is to cover the costs associated with moving and reestablishing a community residence. Ongoing services will be provided through existing DHS services in coordination with services available through other state and local agencies. HHSC and DHS will work with community housing providers, independent living centers, and the Enterprise Foundation to assist in identification of affordable, accessible housing. The TLC component is expected to provide assistance to approximately 20-30 individuals in moving to a community setting from a nursing facility.

2. **DHS will implement presumptive eligibility processes to accelerate entry into community based services by individuals who desire to avoid or delay nursing facility residence.**

   Service initiation for community based services is a time consuming process compared to entry into nursing facility services. The time take to enter community services may be a primary factor leading consumers to drop out of the process to initiate community services and seek nursing facility services instead. This project will use presumptive eligibility processes to initiate community services while eligibility is formally being determined. A community services applicant will undergo a high level screening for financial eligibility; physician signoffs will be deferred; contracted service providers will be required to begin service delivery in a much shorter time than required in current policy.

   Grant funding will be used to cover the costs of the services provided if the applicant is ultimately determine to be ineligible for Medicaid services. If the applicant is not eligible, grant funds will be used to continue services for one additional month while the client, family and case manager develop an alternative service plan. Approximately 500 community clients will benefit from the presumptive eligibility component, with approximately 50 receiving services through Project CHOICE grant funds because of an eventual determination that they are not eligible for Medicaid services.

3. **HHSC will initiate a public participation process to identify additional strategies to address other barriers to consumer use of community based services.**

TDOA
Texas Department on Aging
Contact: Program Specialist for Information and Referral
PO Box 12786
Austin, TX 78751-2316

(512) 424-6840
(512) 424-6890 (fax)
http://www.tdoa.state.tx.us

Aging Services

Description

TDOA advocates and provides services for older Texans (60+) through a statewide network of 28 area agencies on aging (AAA) and hundreds of their contracted service-providers. For their service area, the AAAs determine which services best meet the needs of older Texans so that they may live dignified lives. Access and assistance services (Information and referral; benefits counseling; long-term care ombudsman; and case management) often are provided as direct services by AAAs. Senior centers serve as focal points for many services including meals, nutrition and health education, transportation, social activities, and volunteer opportunities. AAAs provide meals in other group settings and by home delivery. In-home support services help frail elderly with medical, social and support services. Options for Independent Living Projects provide case management for in-home assistance to help functionally impaired older people recuperate and regain independence following a health-care crisis. In SFY98, TDOA initiated "Aging Texas Well" to help Texans age successfully by influencing individual attitudes (especially the baby-boom generation) and future public and private decisions and policies that address challenges of an older generation.

Services

Purchase of Services, Adult Day Care, Escort, Caregiver Training, Case Management, Transitional Case Management, Homemaker Assistance, Congregate Meals, Home Delivered Meals, Emergency Alert, Senior Community Service Employment programs, Information and Referral, Benefits Advocacy, Individual Advocacy, Nutrition Assessment and Prescription Services, Outreach Programs, Personal Care Aides, Physical Fitness, Recreational Activities, Home Rehabilitation/Repair Grants, Adult In-Home Respite Care, Adult Out-of-Home Respite Care, Senior Centers, Errand Running/Shopping Assistance, Telephone Reassurance, Friendly Visiting, Senior Ride Programs, Medical Transportation, Volunteer Recruitment/Placement

Target Populations
Older Adults

MHMR
Mental Health Mental Retardation
Contact: Utilization Review Program Specialist
P .O. Box 12668
Austin, TX 787112668
(512) 206-5843
(512) 206-5673 (fax)
http://www.mhmr.state.tx.us

Home and Community-Based Services - OBRAS (HCS-O)

Description

Provides individualized services to people with mental retardation or related conditions who are eligible for Medicaid and SSI and inappropriately residing in nursing facilities as determined by the Annual Resident Review Assessment. Services support their return to their family's home or other settings in the community.

Services
Assistive Technology Equipment, Case Management, Speech and Hearing, Speech/Language Pathology, Occupational Therapy, Physical Therapy, Nutrition Assessment and Prescription Services, Counseling Modalities, Home Rehabilitation/Repair Services, Long-Term Home Health Care, Respite Care, Supported Employment, Independent Living Skills Instruction.

Target Populations
Mental Retardation, Adults, Youth, Children, Adolescents

Home and Community-Based Services (HCS) Program

Description
Assists individuals with mental retardation in returning to or remaining in their family's home or their own home by providing individualized services.

Services

Assistive Technology Equipment, Case Management, Speech and Hearing, Speech/Language Pathology, Occupational Therapy, Physical Therapy, Nutrition Assessment and Prescription Services, Counseling Modalities, Home Rehabilitation/Repair Services, Long-Term Home Health Care, Respite Care, Supported Employment, Independent Living Skills Instruction.

Target Populations
Mental Retardation, Adults, Youth, Children, Adolescents

TCB
Texas Commission for the Blind
Contact: Deputy Director of Programs
4800 North Lamar
Austin, TX 78756
(512) 377-2602
(512) 377-2685 (fax)
http://www.tcb.state.tx.us

Independent Living Program (IL Program)

Description
The Independent Living Rehabilitation program provides independent living skills training and related services to persons with visual impairments/blindness.

Services
Independent Living Skills Instruction, Activities of Daily Living Assessment, Low Vision Aids, Housing Search and Information, Specialized Information and Referral, Visual/Reading Aids, Vision Screening.

Target Populations
Adults Older, Adults, Visual Impairments

Barriers to Affordable Housing

Please refer to "Barriers to Affordable Housing" portion of the Strategic Plan Section.

Strategic Plan

§ 91.315 Strategic plan.

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

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

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

(3) Identify any obstacles to meeting underserved needs;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Priority Housing Needs

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

- assist local governments in providing essential public services for their residents and overcoming financial, social, and environmental problems;
- provide for the housing needs of individuals and families of low and very low income and the families of moderate income; and
- contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income.

While the Department's charge is to serve the State's populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services – low, very low, and extremely low income individuals and households. Additionally, the Texas Legislature, through Rider 3, specifically calls upon TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the area median family income. Specifically, the Rider states the following:

> *The housing finance division shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income. No less than 20 percent of the division's total housing funds shall be spent for individuals and families earning between 31 percent and 60 percent of median family income.*

The Housing Finance Division includes the following:

- HOME Program
- Housing Trust Fund
- Low Income Housing Tax Credit Program
- Section 8 Program
- Single Family Bond Finance
- Multifamily Bond Finance

Overall Priority

- The Department's overall priority is to serve households at 80 percent or less of median income, particularly those with a severe cost burden (greater than 50 percent of income spent on housing) or living in substandard housing conditions.
- In an effort to assess the priority need level for the population of the State of Texas, the following definitions were applied:

<u>High priority (H)</u>: Activities to address this need will be funded by the State during the five-year period.
<u>Medium Priority (M)</u>: If funds are available, activities to address this need may be funded by the State during the five-year period.
<u>Low Priority (L):</u> The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
<u>No Such Need (N):</u> The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[61]

[61] U.S. Department of Housing and Urban Development, <u>Guidelines for Preparing a State Consolidated Strategy and Plan Submission for Housing and Community Development Programs</u>,

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

Housing Priority Needs Summary Table

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

Prioritization Explanation

Seventy-eight percent of renter households with incomes at 0-30 percent of the median and 77 percent of renter households with incomes at 31-50 percent of the median, have one or more housing problems (cost burden, overcrowding, or substandard housing).

Sixty-eight percent of owner households with incomes at 0-30 percent of the median and 48 percent of owner households with incomes at 31-50 percent of the median have one or more housing problems. Combining these two income groups, owner households with incomes at 0-50 percent of the median account for 43 percent of all owner households with a housing problem and for *77 percent* of owner households with a *severe* cost burden. Thirty-five percent of owner households with incomes at 51-80 percent of the median have one or more housing problems. The 0-80 percent of the median income category is given the highest priority of funding in the Priority Needs Summary Table.

The data presented in the Housing and Homeless Needs Assessment Section of this report shows that households with lower incomes have higher incidences of housing problems. There are minimal differences between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). The incidences of housing problems for these two groups is significantly higher than that of the other low-income group, households with incomes at 51-80 percent of median income, although significant need exists within this group. Households at 0 - 80 percent of median income have therefore been given higher priority than households above 80 percent of median income. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

Agency Focus

Rural/Non Participating Jurisdictions

Overall, TDHCA's main focus is to serve lower income rural or non participating jurisdiction individuals and households. This focus is considered in the development and of all its programs and in the distribution of the associated funds. In the event that funding cannot be limited to rural/non PJ areas because of rule or financial feasibility reasons, scoring criteria or set asides are added to the applications or program rules to encourage the participation of these areas.

Populations Most in Need

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

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

Geographic Priorities

HOME Program

In 1999, the Texas Legislature passed SB 1112, which mandated TDHCA to allocate housing funds awarded after September 1, 2000 in the HOME Program (as well as the Housing Trust Fund and Low Income Housing Tax Credit Program) to each Uniform State Planning Region using a formula (developed by TDHCA) based on need for housing assistance.

In an effort to serve those populations most in need of TDHCA's services, the following criteria has been determined to be the best measure of housing need for use in the regional allocation formula (Note: Worst Case Housing Need is the standard used by HUD as a benchmark to determine housing need -- factors 1 and 2 added together):

1. Unassisted renters with incomes below 50 percent of the area median income, who pay more than half of their income for housing costs
2. Households (renter and owner) with incomes below 50 percent of the area median income that live in severely substandard housing.
3. Percent of the State's population in poverty.

The Department believes that these factors correlate directly to the Department's goals and objectives and subsequent activities that have been developed to address these goals and objectives. Specifically the following is addressed:

- **Severe housing cost burden on very low income renters:** rental assistance, affordable multifamily development, and in some cases homeownership initiatives with down payment assistance.

- **Substandard and dilapidated housing stock occupied by very low income renters and owners:** owner occupied rehabilitation and preservation issues with regards to multifamily properties.
- **Poverty:** focusing on those most in need of TDHCA services, as well as an attempt to account for any undercounted populations by the 1990 Census.

The ratios resulting from the combination of these factors serve as a relative indication of each service region's level of need. Because of the comparatively large number of persons associated with the poverty statistic, this criteria received twice as much weight as each of the other factors. It should also be noted that the first two factors are used together by HUD as a benchmark to determine their measurement of "Worst Case Housing Need."

Other Considerations in Developing the Formula

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

- As information from the 2000 Census and other sources becomes available, the formula should be revised to reflect this more recent data. The poverty statistics will be updated on an ongoing basis as they become available.
- As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings.
- The affected programs have specific federal and state legislative requirements that govern how the funding may be distributed. In some instances, these rules may require that specific portions of funding shall be excluded from the allocation formula. It was also determined that dividing relatively small amounts of funding which are dedicated for specific uses on a regional basis would result in allocation amounts so small as to preclude their effective use by an applicant. Such issues will be carefully documented in each program's operating rules.

Below are the percentages of funding that will be allocated to each Uniform State Service Region. Please note that in response to direction of the Texas Legislature, with respect to not funding Participating Jurisdictions with HOME funds, two formulas were developed: one for the statewide programs (LIHTC and HTF) and another for the HOME Program, with PJ figures pulled out.

HOME		HTF & LIHTC	
Region		**Region**	
1	4.01%	**1**	3.61%
2	4.03%	**2**	2.33%
3	13.22%	**3**	17.45%
4	12.10%	**4**	5.42%
5	8.52%	**5**	4.11%
6	9.71%	**6**	21.30%
7	14.34%	**7**	10.26%
8A	8.55%	**8A**	9.83%
8B	17.92%	**8B**	17.95%
9	4.63%	**9**	2.58%
10	2.98%	**10**	5.17%

Obstacles to Meeting Underserved Needs

The most readily apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock and a shortage of funding sources to assist in the development of the housing stock. Every housing program administered by TDHCA in 2000 received far more applications than could be funded from available resources. The over-subscription rate, which ranges from three to one, to a staggering 15 to one, is evidence that there is interest on the part of both the nonprofit and for profit sector to produce the housing that is needed.

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

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

Aside from the obvious shortages of funding and housing stock, another barrier to the implementation of multifamily development in particular can come in the form of local objection to low income housing. Resistance by existing residents to new development in their neighborhoods is prevalent throughout the State of Texas. "Not In My Backyard" or "NIMBY," is encountered by many of the affordable housing developments proposed by TDHCA. Although most people agree that housing lower income individuals and families is an admirable endeavor, few want multi-family housing in their neighborhoods. The common misperception that affordable housing equates to crime-ridden neighborhoods that will lower the surrounding property values is difficult to dispel. While relatively few public housing authorities are actually considered troubled, both public and affordable housing as a whole continues to be viewed with distrust. Even properties that are developed as mixed income, such as those funded by Low Income Housing Tax Credits, can experience significant opposition. To help overcome this obstacle, the Department, in its applications and training seminars, encourages the development community to meet with local neighborhood groups to explain the housing that will be built and the type of households the development will serve.

Goals & Objectives

In the previous 5-Year Consolidated Plan, TDHCA submitted over 100 goals and objectives – most of which could not be quantified. In the revised regulations for the Consolidated Plan, HUD has asked that the State identify its proposed accomplishments in quantitative terms over a specific time period, or in other measurable terms as identified and defined by the State.

The following section takes into account the performance of programs based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals and accomplishments are outlined in the Department's Legislative Appropriations Request, which was submitted in August of 2000. They are also based upon Riders that were attached to the Department's Appropriations as approved by the 76th Texas Legislature. The Department feels that the goals and objectives for the various TDHCA programs should be consistent with all of its required reporting documents.

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

Affordable Housing Goals & Objectives

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

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

Specific Objective:

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

1.1 Proposed Accomplishment

Provide state housing loans and grants through the Housing Trust Fund for extremely low, very low, and low income households and individuals.

Specific Accomplishment

Projected number of extremely low, very low, and low income households and individuals benefiting from Housing Trust Fund loans and grants.

Specific Output	2001	2002	2003
	1,390	1,300	1,300

1.2 Proposed Accomplishment

Provide federal housing loans and grants through the HOME Program for extremely low, very low, and low income households individuals, focusing on the construction of single family and multifamily housing units in rural areas of the state.

Specific Accomplishment

Projected number of extremely low, very low, and low income households and individuals benefiting from HOME Investment Program loans and grants.

Specific Output	2001	2002	2003
	2,160	2,106	2,106

Below is an activity breakdown for the 2,160 units:

- Contract for Deed Conversions: $2,000,000 – 136 households
- Owner Occupied Housing Assistance: $9,413,417 – 189 households
- Homebuyer Assistance: $7,060,063 – 515 households
- Demonstration Fund: $2,353,354 – 235 rental units.
- CHDO: 15% less admin dollars -- $6,227,550
- Special Needs: 10% -- $3,528,945

1.3 Proposed Accomplishment

Provide federal rental assistance through Section 8 certificates and vouchers for extremely low and very low income households and individuals.

Specific Accomplishment

Number of extremely low and very low income households and individuals that receive Section 8 certificates and vouchers.

Specific Output	2001	2002	2003
	2,200	2,069	2,069

1.4 Proposed Accomplishments

Provide federal tax incentives to develop rental housing for extremely low, very low, and low income households and individuals.

Specific Accomplishment

Number of rental units projected to be set aside for extremely low, very low, and low income households and individuals as a result of Federal Tax Credits provided through TDHCA.

Specific Output	2001	2002	2003
	6,005	6,050	6,100

1.5 Proposed Accomplishments

Provide below-market interest rate mortgage loans to extremely low, very low, low and moderate income first time home buyers through the Department's Mortgage Revenue Bond Program.

(A) Specific Accomplishment

Number of extremely low, very low, and low income households and individuals that received loans through the MRB program.

Specific Output	2001	2002	2003
	1,260	934	914

(B) Specific Accomplishment

Number of moderate income households and individuals that received loans through the MRB program.

Specific Output	2001	2002	2003
	600	389	381

1.7 Proposed Accomplishments

Provide federal mortgage loans through the Department's Mortgage Revenue Bond Program for the acquisition, rehabilitation, construction, and preservation of multifamily rental units for very low, low, and moderate income families.

Specific Accomplishment

Number of multifamily rental units acquired, rehabilitated, constructed, or preserved through the MRB Program.

Specific Output	2001	2002	2003
	1,000	1,000	1,000

Goal 2: TDHCA will target its housing finance programs resources for assistance to extremely low income households.

2.1 Proposed Accomplishments

The housing finance division shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Specific Accomplishment

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

Specific Output	2001	2002	2003
	$30,000,000	$30,000,000	$30,000,000

Goal 3: TDHCA will target its housing finance resources for assistance to very low income households.

3.1 Proposed Accomplishments

The housing finance division shall adopt an annual goal to apply no less than 30 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

Specific Accomplishment

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

Specific Output	2001	2002	2003
	20%	20%	20%

Goal 4: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income.

4.1 Proposed Accomplishments

The Department shall spend not less than $4,000,000 for the 2000-2001 biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable median family income.

Specific Accomplishment

Amount of funds spent for the 2000-2001 biennium for the sole purpose of contact for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable median family income.

Specific Output	2001	2002	2003
	2,000,000	To be determined in the 77th legislative session.	To be determined in the 77th legislative session.

Goal 5: Assist extremely low and very low income households or individuals with costs associated with energy related improvements, expenses, or emergencies.

5.1 Proposed Accomplishments

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

(A) Specific Accomplishment

Number of households assisted through the Comprehensive Energy Assistance Program.

Specific Output	2001	2002	2003
	38,532	44,681	44,681

(B) Specific Accomplishment

Number of dwelling units weatherized by the Department.

Specific Output	2001	2002	2003
	2,732	2,891	2,891

Goal 6: TDHCA will ensure that affordable housing programs are in compliance with federal and state program mandates.

6.1 Proposed Accomplishments

The Compliance Division will review housing property documents to ensure long-term affordability standards.

Specific Accomplishment

Number of onsite reviews conducted.

Specific Output	2001	2002	2003
	628	509*	546*

6.2 Proposed Accomplishments

The Compliance Division will review the financial documents of sub-recipients of federal and state grants/loans for financial accountability and fiscal responsibility.

(A) Specific Accomplishment

Number of onsite financial reviews conducted.

Specific Output	2001	2002	2003
	851	445*	445*

(B) Specific Accomplishment

Number of single audit reviews conducted.

Specific Output	2001	2002	2003
	180	180	180

***** Please note that the Department of the Treasury, through the Internal Revenue Service, modified the monitoring requirements for the LIHTC program. Beginning in January 2001, TDHCA is required to expand the scope and frequency of onsite visits, modify annual certifications, and report annual monitoring activity to the IRS. These additional duties will more than double time spent onsite, which will impact the number of monitoring visits that can be made with existing staff.

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

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Homelessness Strategic Plan

Priority Needs

Homeless persons are considered a priority group for housing-related funding (see 'priority housing needs' above). The priorities also target households at 80 percent or less of median income, particularly those with a severe cost burden or living in substandard housing conditions. Much of this population group can be considered 'at-risk' of homelessness.

Homeless

Priority Needs Summary Table

Priority Homeless Needs	**Priority Need Level** H=High, M=Medium, L=Low, N=No Such Need Families	Individuals	Persons w/ Special Needs
Assessment/Outreach	H	H	H
Emergency Shelter	H	H	H
Transitional Housing	H	H	H
Permanent Supportive Housing	H	H	H
Permanent Housing	H	H	H

The Priority Needs Summary Table uses the following definitions:
High priority (H): Activities to address this need will be funded by the State during the five-year period.
Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.
Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[62]

Geographic Priorities

ESGP funds are reserved according to the percentage of poverty population identified in each of 11 TDHCA service regions (i.e. Region 1, with 4.54 percent of the State's poverty population, was awarded 4.54 percent of the available funds). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that Region. Any application that receives a score below 70 percent of the highest raw score from the Region is not considered for funding.

[62] U.S. Department of Housing and Urban Development, Guidelines for Preparing a State Consolidated Strategy and Plan Submission for Housing and Community Development Programs,

Homelessness Goals & Objectives

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

Goal 1: Improve the living conditions for the poor and homeless.

1.1 Proposed Accomplishments

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

(A) Specific Accomplishment

Number of persons assisted through homeless and poverty-related funds

Specific Output	2001	2002	2003
	341,000	00,000	400,000

(B) Specific Accomplishment

Number of persons assisted that achieve incomes above poverty level.

Specific Output	2001	2002	2003
	412	650	650

(C) Specific Accomplishment

Number of shelter assisted.

Specific Output	2001	2002	2003
	40	50	50

(D) Specific Accomplishment

Number of Statewide Technical Assistance And Training Workshops provided on the SuperNOFA Continuum of Care Homeless application.

Specific Output	2001	2002	2003
	5 2-day trainings	5 2-day trainings	5 2-day trainings

(E) Specific Accomplishment

Number of on-site monitoring visits.*

Specific Output	2001	2002	2003
	52	52	52

*The Community Affairs Division uses a risk assessment-based monitoring process that takes into account such factors as the contract amount, time since the last monitoring visit, status of previous monitoring, program expenditure ratio, number of Department-funded contracts, timely submission of reports, and performance level.

Goal 2: Assist extremely low and very low income households or individuals with costs associated with energy related improvements, expenses, or emergencies that may lead to homelessness.

Please refer to Affordable Housing Goal Number 5 for Proposed and Specific Accomplishments, and the Specific Output Measures related to this goal.

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

Other Special Needs Groups Strategic Plan

Priority Needs

Low-income persons with special needs - including elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addictions, persons with HIV/AIDS, victims of domestic violence, residents of colonias, and public housing residents - are considered a priority group for housing-related funding.

Please refer to the Housing and Homeless Needs Assessment Section of this document for more detailed descriptions of the need associated with these special needs groups. As the afore mentioned groups are subpopulations of groups covered in the previous topics, please refer to the Affordable Housing and Homeless prioritization list.

Geographic Priorities

Please review Housing Needs Section for geographic priorities.

Other Special Needs Goals & Objectives

Goal 1: Commit funding resources to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

1.1 Proposed Accomplishments

Dedicate no less than 10 percent of the HOME project allocation for applicants that target persons with special needs.

Specific Accomplishment

Percent of the HOME project allocation awarded to applicants that target persons with special needs.

Specific Output	2001	2002	2003
	≥10% (approximately 3,528,945)*	≥10% (approximately 3,528,945)*	≥10% (approximately 3,528,945)*

*Please note that these amounts will are estimates and will vary according to funding amounts from HUD and applications received by the TDHCA.

1.2 Proposed Accomplishments

Dedicate no less than 10 percent of the Housing Trust Fund project allocation for applicants that target persons with special needs.

Specific Accomplishment

Percent of the Housing Trust Fund project allocation awarded to applicants that target persons with special needs.

Specific Output	2001	2002	2003
	≥10%	≥10%	≥10%

1.3 Proposed Accomplishments

Dedicate no less than five percent of the Multifamily Bond Program units for persons with special needs.

Specific Accomplishment

Percent of the Multifamily Bond Program units dedicated to persons with special needs.

Specific Output	2001	2002	2003
	≥5%	≥5%	≥5%

1.4 Proposed Accomplishments

Estimate that no less than 50 percent of the CDBG Housing Rehabilitation Fund project allocation will be used to rehabilitate housing units occupied by persons with special needs.

Specific Accomplishment

Percent of the CDBG Housing Rehabilitation Fund project allocation estimated for rehabilitation of housing units occupied by persons with special needs.

Specific Output	2001	2002	2003
	≥50%	≥50%	≥50%

1.5 Proposed Accomplishments

Provide provided with short-term rent, mortgage, utility payments, or tenant based rental assistance to persons with AIDS.

Specific Accomplishment

Number of persons with AIDS assisted with short-term rent, mortgage, utility payments, or tenant based rental assistance.

Specific Output	2001	2002	2003
	2,400*	2,450**	2,500***

* 1,210 persons will be provided with short-term rent, mortgage, and utility payments and 1,190 persons will be provided project or tenant-based rental assistance.
** 1,240 persons will be provided with short-term rent, mortgage, and utility payments and 1,210 persons will be provided project or tenant-based rental assistance.
*** 1,270 persons will be provided with short-term rent, mortgage, and utility payments and 1,230 persons will be provided project or tenant-based rental assistance.

NOTE:

Additional Goals

TDHCA recognizes that there is still much to be done to address the needs of those populations that are most vulnerable and in need of the Department's services – particularly those persons with specials needs as outlined above. While HUD has requested that goals and objectives be listed in a format that allows for yearly quantifiable results, the Department feels that it would be negligent not to list its continued policy initiatives with regards to special needs populations. TDHCA recognizes that overarching agency policies will lead to the creation of additional programs specific goals, objectives, and outcome. Below are general policies regarding special needs populations:

Goal 2: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs and

2.1 Proposed Accomplishments

(A) Assist counties and local governments in assessing local needs for persons with special needs
(B) Work with State and local providers to compile a statewide database of available affordable and accessible housing.
(C) Set up a referral service to provide this information at no cost to the consumer.
(D) Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other providers web sites, TDHCA newsletter, and local informational workshops.

Goal 3: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

3.1 Proposed Accomplishments

(A) Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.

(B) Continue working with HHSC, MHMR, TDOA, other HHS agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs (e.g. Olmstead, Supported Housing Services to Individuals with Mental Illness (SB 358), and Rental Housing Pilot Program to Extend Log Term Care Options for the Elderly (HB 3340)).

(C) Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

Goal 4: Discourage the segregation of persons with special needs from the general public.

4.1 Proposed Accomplishments

(A) Increase the awareness of the availability of conventional housing programs for persons with special needs.

(B) Support the development of housing options and programs, which enable persons with special needs to reside in non-institutional settings.

Housing Opportunities For Persons With AIDS (HOPWA) Strategic Plan

This grant application for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2001 State of Texas Consolidated Plan for program year 2001 (February 1, 2001 through January 31, 2002). Although this application is part of the Consolidated 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.

Provided below is the Texas Department of Health (TDH) part of the 2001 Consolidated Plan as it relates to persons with HIV/AIDS and their families:

Priority Needs

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

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons with AIDS are either homeless or at risk of homelessness, there may be from 9,686 to 14,530 people living with AIDS in Texas who are homeless or at risk of homelessness. It is unknown how many symptomatic people with HIV are at risk. Housing continues to rank high on the needs assessments of people with HIV/AIDS.

While the Texas Department of Health (TDH) distributes approximately $20.6 million in Ryan White and State Services grants to provide a wide array of health and social services for persons with HIV/AIDS, housing traditionally has received less resource allocation at the local level than the more pressing medical problems of the affected persons. An additional $40 million is spent on HIV medications. Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.

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

Basis for Assigning Priority

Individuals eligible to receive assistance or services under the HOPWA program are persons with Acquired Immunodeficiency syndrome (AIDS) or related diseases and their families who are low-income as defined by HUD. Eligible persons for participation in the program are determined routinely at intake for all HIV/AIDS services clients. They are assessed for changes in housing eligibility status during regular assessment visits with their case manager. Any client needing housing assistance may request determination of eligibility as needed.

Geographic Priorities

Housing needs among persons with HIV/AIDS and their families varies throughout the state. To provide equity among all geographic regions, HOPWA funds within Texas are disbursed to State contractors using a formula allocation based on the same one used for distributing the Ryan

White Title II Comprehensive AIDS Resources Emergency (CARE) Act funds from the U. S. Department of Health and Human Services.

The general locations for the proposed activities cover the entire state through established HIV Service Delivery Areas (HSDAs). An administrative agency is located in each of 26 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, 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.

Obstacles to Meeting Underserved Needs

The most often received comment to meeting underserved needs relate to the shortage of available low-income housing for the increased demand for persons living in poverty; not only for HIV/AIDS infected clients, but for low-income persons in general. Other concerns include the inability to use the HOPWA funds to pay deposits, confidentiality, securing permanent and affordable housing to move persons off HOPWA assistance, and a shortage of funds in some regions.

Summary of Priorities

The priorities of the program are to keep persons with HIV/AIDS from becoming homeless and to provide a better quality of life for them and their families during all stages of the disease. Persons with HIV/AIDS have a full set of needs including medical care, drugs, food, transportation, counseling, case management, and housing. The need for housing continues to increase as AIDS becomes more a disease of the poor.

Specific Objectives

The primary or specific objective for the HOPWA program in Texas is to provide housing assistance through two programs: Emergency Housing Assistance and Rental Assistance.

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

Rental Assistance Program: This program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low-income clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other housing. Clients must contribute the greater of 10 percent of gross income or 30 percent of adjusted gross income towards their rent or they must contribute the amount of welfare or other assistance received for that purpose. The project sponsor pays the balance of the rent up to the Fair Market Rent value. Deposits for rent or utilities are not allowed.

The TDH is in the process of developing guidance for sponsors to implement the following additional HOPWA activities:

Project-based Rental Assistance
Project-based rental assistance will provide the same services as tenant-based rental assistance, except that the project sponsor will contract with the landlord of a particular rental property instead of the tenant choosing their own rental property.

Resource Identification
This activity will provide technical assistance to local service organizations to establish, coordinate, and develop housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).

Operating Costs
This activity will allow HOPWA sponsors to use grant funds for operating costs for housing including maintenance, security, operation, insurance, utilities, furnishings, equipment, supplies, and other incidental costs.

Proposed Accomplishments
TDH estimates that 1,210 persons can be provided with short-term rent, mortgage, and utility payments, and 1190 persons can be provided project or tenant-based rental assistance during the project year. Individuals eligible to receive assistance or services under the HOPWA program are persons with AIDS or related diseases and their families who are low income as defined by HUD.

The adding of project activities will not increase the number of persons to be served but will allow project sponsors more flexibility in offering services. Each project sponsor will be allowed to utilize up to seven percent of its allocation for administration of the program. Project sponsors are required to provide case management. Case management and other support services are provided through Ryan White CARE Act funds and State Services funds.

Year 2001 Goal: 1,210 persons will be provided with short-term rent, mortgage, and utility payments and 1,190 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,400)

Year 2002 Goal: 1,240 persons will be provided with short-term rent, mortgage, and utility payments and 1,210 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,450)

Year 2003 Goal: 1,270 persons will be provided with short-term rent, mortgage, and utility payments and 1,230 persons will be provided project or tenant-based rental assistance. (Total estimated to be served: 2,500)

Nonhousing Community Development Strategic Plan

The Nonhousing Community Development Plan will primarily cover activities funded under the Texas Community Development Program (TCDP), administered by TDHCA. The Texas Community Development Program administers federal Community Development Block Grant (CDBG) funds authorized by the federal Housing and Community Development Act of 1974, as amended.

Priority Non-Housing Community Development Needs

Priority needs groups proposed for the 2001 Consolidated Plan:

The primary beneficiaries of the Texas Community Development Program are low- and moderate-income persons. Very low, low and moderate income families are defined as those earning less than 80 percent of the area median family income, as defined under the U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section 102(c)).

Geographic Priorities

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

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 will be based on the eligible nonentitlement applicants within each region. Changes in actual regional allocations shall only reflect overall changes in the Texas Community Development Program funding level and changes in eligible population and unemployment characteristics.

Non-Housing Community Development Priority Needs Summary Table

Priority Community Development Needs	Priority Need Level H=High, M=Medium, L=Low, N=No Such Need
PUBLIC FACILITY NEEDS	M
INFRASTRUCTURE IMPROVEMENT	H
Solid Waste Disposal Improvements	M
Drainage and Flood Control Improvements	H
Water System Improvements	H
Street and Bridge Improvements	H
Sewer System Improvements	H
PUBLIC SERVICE NEEDS	M
ECONOMIC DEVELOPMENT NEEDS	H
OTHER COMMUNITY DEVELOPMENT NEEDS	M
PLANNING	H

The Priority Needs Summary Table uses the following definitions:
High priority (H): Activities to address this need will be funded by the State during the five-year period.
Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.
Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[63]

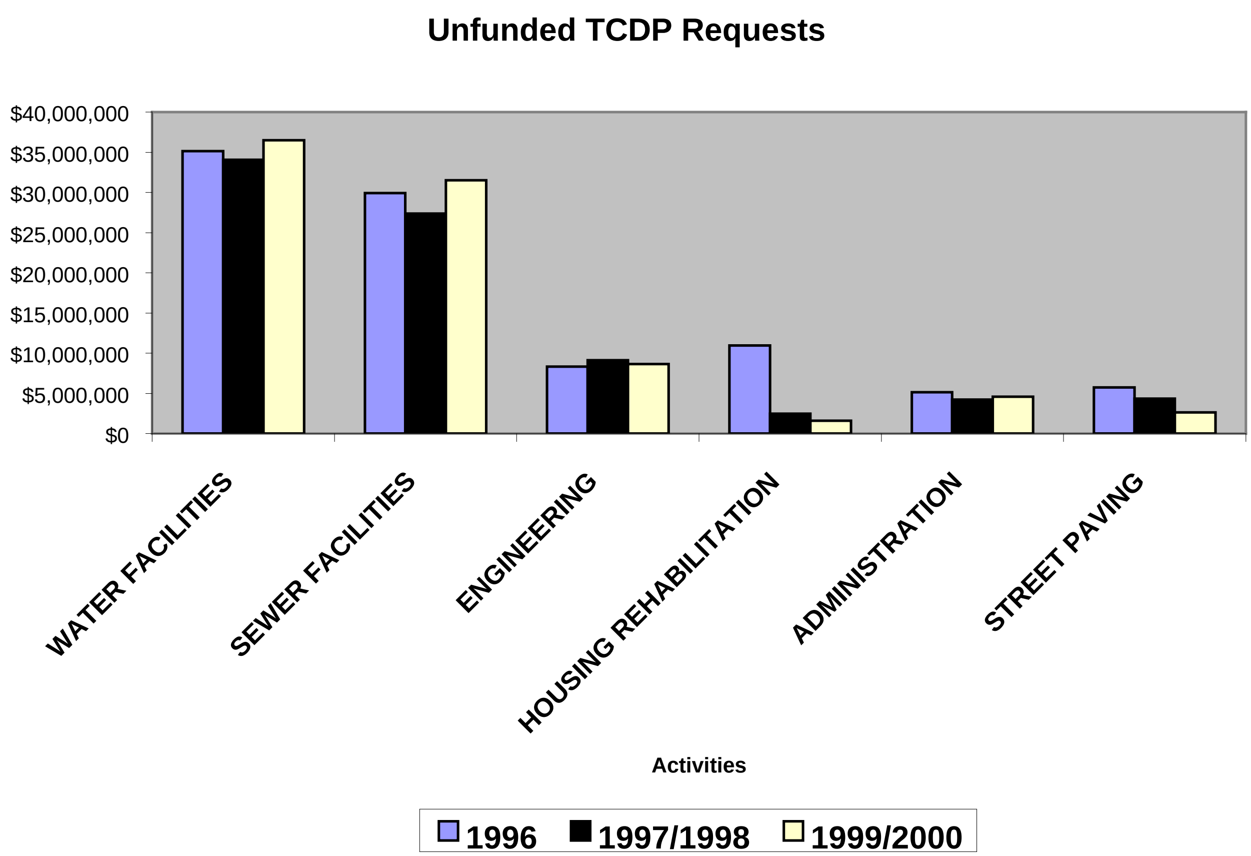
The HUD Guidelines for preparing a State consolidated strategy suggest that the state use the last 2 or 3 years of local government applications to assess the demand for community development funds. The tables below illustrate the amount of *unfunded* community development fund application requests for the 1996, 1997/1998 and 1999/2000 CDBG program years. Unfunded request amounts are included for water, sewer, engineering, street paving, administration, housing rehabilitation, drainage, removal of architectural barriers, acquisition demolition, community center, senior centers and fire protection. In some cases, the local governments knew before submitting their application which activities would be given the highest score by the regional review committees. The possibility of such a significant bias must be considered when using the figures below to gauge the need for a particular activity.

Please note: *The funding amounts requested (shown on the Y-axis of the tables) vary significantly in each table.*

[63] U.S. Department of Housing and Urban Development, Guidelines for Preparing a State Consolidated Strategy and Plan Submission for Housing and Community Development Programs.

UNFUNDED REQUESTS FOR COMMUNITY DEVELOPMENT PROGRAM FUNDS FOR 1996-2000

	1996	1997/1998	1999/2000	TOTAL
WATER FACILITIES	$35,133,058	$34,056,972	$36,504,985	$105,695,015
SEWER FACILITIES	$29,904,062	$27,353,110	$31,511,994	$ 88,769,166
ENGINEERING	$8,327,992	$9,143,099	$8,637,253	$ 26,108,344
HOUSING REHABILITATION	$10,956,809	$2,468,630	$1,595,725	$ 15,021,164
ADMINISTRATION	$5,137,397	$4,234,381	$4,593,779	$ 13,965,557
STREET PAVING	$5,739,599	$4,334,275	$2,635,361	$ 12,709,235



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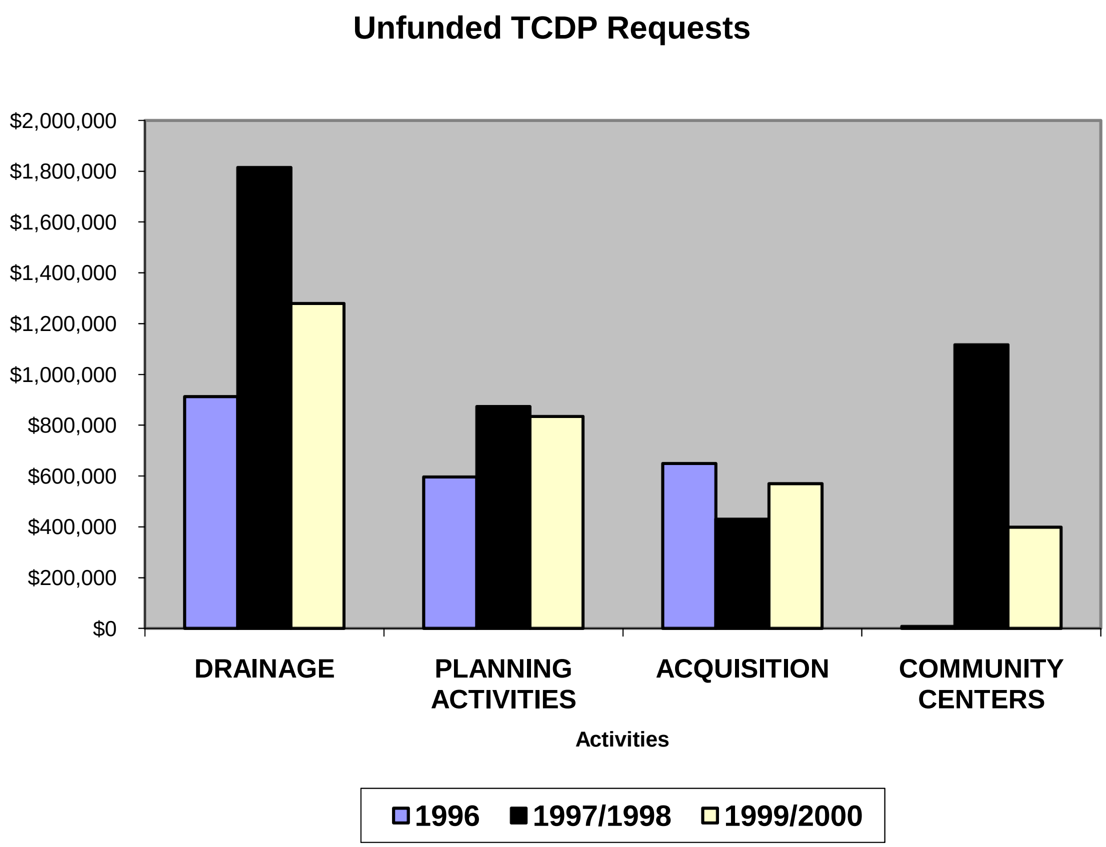
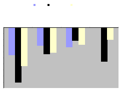
UNFUNDED REQUESTS FOR COMMUNITY DEVELOPMENT PROGRAM FUNDS FOR 1996-2000

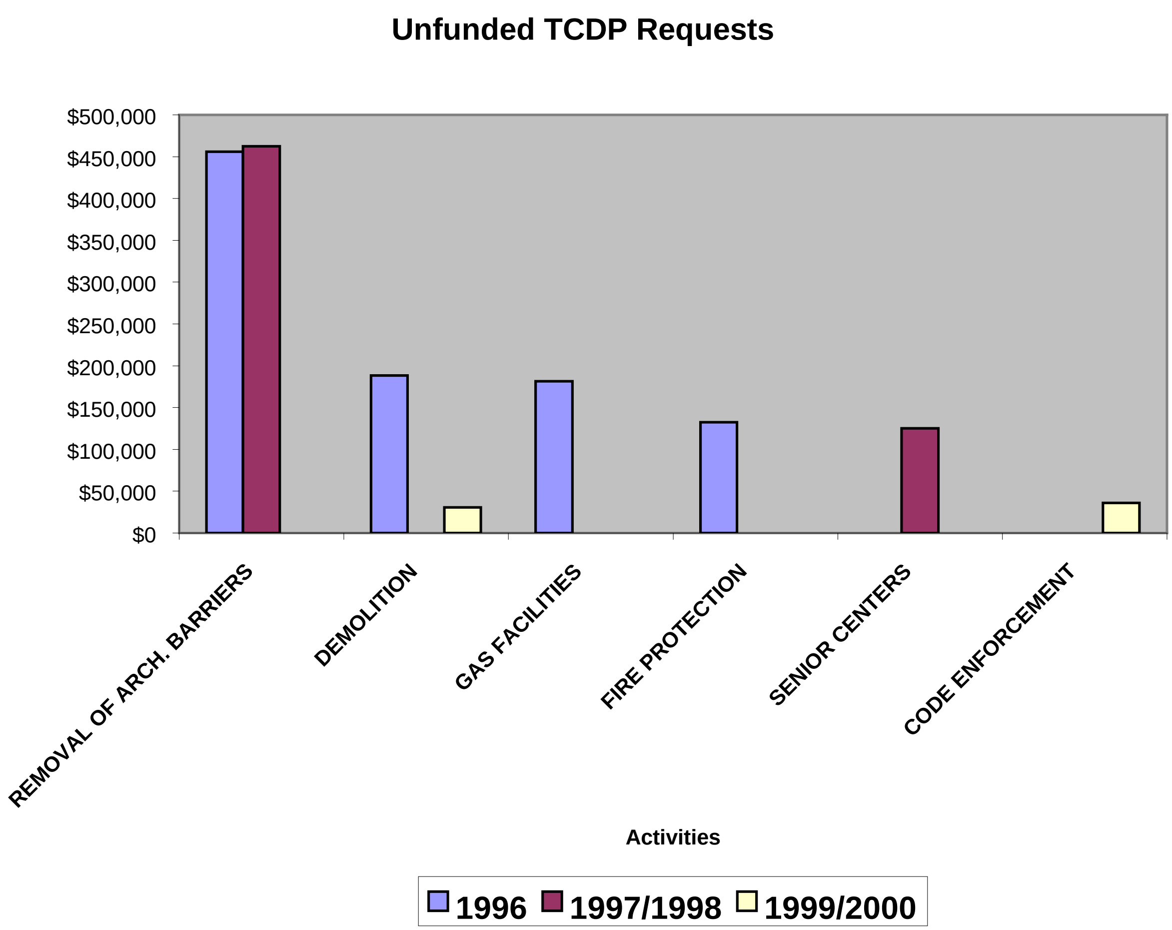
	1996	1997/1998	1999/2000	TOTAL
DRAINAGE	$912,904	$1,814,318	$1,279,345	$ 4,006,567
PLANNING ACTIVITIES	$595,645	$873,114	$834,789	$ 2,303,548
ACQUISITION	$648,559	$430,457	$569,305	$ 1,648,321
COMMUNITY CENTERS	$8,200	$1,116,000	$398,000	$ 1,522,200





UNFUNDED REQUESTS FOR COMMUNITY DEVELOPMENT PROGRAM FUNDS FOR 1996-2000

	1996	1997/1998	1999/2000	TOTAL
REMOVAL OF ARCH. BARRIERS	$456,000	$462,499	$0.00	$ 918,499
DEMOLITION	$188,200	$0.00	$30,500	$ 218,700
GAS FACILITIES	$181,644	$0.00	$0.00	$ 181,644
FIRE PROTECTION	$132,532	$0.00	$0.00	$ 132,532
SENIOR CENTERS	$0.00	$125,042	$0.00	$ 125,042
CODE ENFORCEMENT	$0.00	$0.00	$35,881	$ 35,881



Summary

There has been $105,695,015 in unfunded requests for water facilities since 1995 making this the most highly requested activity from the Community Development Fund Program. Requests for sewer facilities are second with a total of $88,769,166 in unfunded requests since 1995. After water and sewer facilities, there is a significant drop in the amount of unfunded requests for other activities ranging from $26,108,344 for engineering costs to $35,881 for code enforcement. The program has shown an overall decline in unfunded requests since 1995. This decline can be attributed to increasing allocations at the federal level as well as the success of the 1997/1998 and 1999/2000 double funding cycles.

Obstacles to Meeting Underserved Needs

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the often non-existent administrative capacity of the small rural towns and counties the CDBG program serves. Of the 1,032 cities in Texas that are eligible to receive CDBG funds, 929 have a population of less than 7,000, and 454 have a population less than 1,000. Of the 246 eligible counties the program serves, 130 have a population of less than 7,000. Limited by a dwindling tax base and a city staff of one or two persons, small rural areas (who often have the most urgent need for public improvements and the most limited resources) cannot compete effectively against larger cities. The CDBG Program regulatory requirements are staff and time intensive. Rural areas may also have difficulty finding interested contractors who have the financial stability to wait a minimum of two weeks for payment after the work is complete and the invoice is submitted. Contractors can earn more working in metropolitan areas because of the larger projects.

Despite the fact that they comprise a high percentage of eligible applicants, some regions produce a very small number of county applicants. Of the 246 county applicants eligible for 1999/2000 funds only 92 applied. For the 1997/1998 biennial funding years, 89 counties applied, and in 1996, 87 counties applied. Some of the lowest rates of county applications were from the following: West Central Texas (of 19 eligible 1999 applicants only 2 applied), South Plains area (of 15 eligible counties only one applied in 1999) and the Panhandle area (only 2 of 26 eligible counties applied) have.

The sheer physical size and diversity of the State of Texas can present an obstacle to meeting underserved needs. Providing technical assistance and monitoring in the West Texas region, for example, requires long hours of travel between towns and airports making it difficult and time intensive to provide ongoing support. The regional diversity and range of problems encountered throughout the state make it difficult to develop a comprehensive understanding of statewide need.

Public comment in the past has cited a lack of grassroots local citizen participation as another obstacle to meeting underserved community development needs. Lack of citizen participation is not limited to rural areas, but may be more evident due to smaller populations. Local residents do not participate in public hearings for a variety of reasons. They may fear becoming involved with “the government” or may see the funds as a “handout”. Lack of transportation is another significant barrier for many low-income individuals who may want to participate in the public hearing process. It has also been mentioned that some of their citizens do not feel comfortable speaking in a public hearing format and find the bureaucratic jargon that surrounds federal programs alienating and difficult to understand.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory, (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which, can then delay projects for months.

Community Development Goals & Objectives

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

Goal 1: To better Texas Communities by supporting community and economic development.

1.1 Proposed Accomplishments

Maintain a competitive application process to distribute HUD federal funds that gives priority to basic human need projects (water, sewer, and housing), fund economic development projects that create or retain jobs, and provides ongoing technical assistance, monitoring and contract management to ensure that needs of persons to be served are met.

(A) Specific Accomplishment

Number of new community and economic development contracts awarded annually

Specific Output	2001	2002	2003
	280	300	300

(B) Specific Accomplishment

Number of projected beneficiaries from community and economic development projects – new contracts awarded annually.

Specific Output	2001	2002	2003
	350,000	350,000	350,000

(C) Specific Accomplishment

Number of jobs created/retained through economic development contracts awarded.

Specific Output	2001	2002	2003
	1,300	1,300	1,300

(D) Specific Accomplishment

Number of on-site technical assistance visits conducted annually.

Specific Output	2001	2002	2003
	350	50	450

(E) Specific Accomplishment

Number of programmatic monitoring visits conducted annually.

Specific Output	2001	2002	2003
	250	275	275

Goal 2: To provide technical assistance to colonias through field offices.

2.1 Specific Accomplishment

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

Specific Output	2001	2002	2003
	400	400	400

2.2 Specific Accomplishment

Number of colonia residents receiving assistance.

Specific Output	2001	2002	2003
	1,700	1,700	1,700

2.3 Specific Accomplishment

Number of entities and/or individuals receiving informational resources.

Specific Output	2001	2002	2003
	1,200	1,200	1,200

2.4 Proposed Accomplishments

Estimate that no less than 50 percent of the CDBG Housing Rehabilitation Fund project allocation will be used to rehabilitate housing units occupied by persons with special needs.

Specific Accomplishment

Percent of the CDBG Housing Rehabilitation Fund project allocation estimated for rehabilitation of housing units occupied by persons with special needs.

Specific Output	2001	2002	2003
	≥50%	≥50%	≥50%

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

Barriers to Affordable Housing[64]

In 1997, the 75th Texas Legislature enacted Senate Bill 1852, which created the Texas affordable housing Task Force. The Task Force was comprised of eleven gubernatorial appointees representing the private sector industry, municipalities, code officials, public and community-based housing organizations, and the general public.

The Affordable Housing Task Force's purpose was to evaluate and identify federal, State, and local government regulations and policies that unnecessarily increase the cost of constructing or rehabilitating housing, create barriers to affordable housing for low income Texans, and limit the availability of affordable housing. Specifically, the Task Force was asked to evaluate the following:

1. zoning provisions
2. deed restrictions
3. impact fees and other development fees
4. permitting processes
5. restrictions on the use of affordable housing options
6. building codes
7. overlapping government authority over housing construction
8. environmental regulations
9. practices which impede access to affordable housing and finance opportunities

It was noted by the Task Force that while governments usually pass ordinances, regulations, and laws that are intended to have a positive effect on the community at large, at times the new regulations have an adverse effect on the future of housing in their own community. While a single law or ordinance may only add $100 to the price of a home, layering or regulations may create a sharp increase in the final cost of a home or an actual shortage of housing for those low and moderate income consumers. Studies show that even small price increases can effect the affordability in some cases. For example, the Real Estate Center at Texas A&M University estimates that a $1,000 increase in the cost of a median priced home will prevent approximately 27,000 Texas households from qualifying to buy the home. Below is a brief synopsis of observations of the Task Force.

Zoning provisions

Because municipalities do have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be built. Unfortunately, often times the attitudes of municipalities can be influenced by attitudes of fear and distrust with regards to affordable housing. Testimony to the Task Force indicated that neighborhood groups often oppose affordable housing projects because of concerns that they will drive down property values, increase crime, and put a strain on local resources such as schools and roads.

Deed Restrictions

A variety of deed restrictions may be placed on the development of property by property owners. Common deed restrictions include minimum home square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met.

[64] Excerpts from the *Report of the Texas Affordable housing Task Force*, December 1998

Deed restrictions may be placed on property through various means such as through a neighborhood association or by a property owner before selling, subdividing, or developing his or her own property.

Impact Fees and Development Fees

In the mid 1980s, many Texas cities experienced rapid growth. As a consequence of this growth was that growth cities were having trouble meeting the demands for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. The legislation authorized fees to be assessed to pay for infrastructure as a condition of permit approval. There were four basic components of the impact fee bill:

1. it validated municipal impact fees;
2. it specified the type of projects for which the fees could be charged;
3. it required municipalities to account for impact fees that were collected; and
4. it allowed for public input into the process.

Affordable Housing Options

Construction options have increased over the last 10 years with the advent of new materials and housing options such as manufactured housing. Many of these alternatives could increase the availability of affordable housing. Currently though, many of these options are viewed with distrust or are not well known by the general public.

It has been reported that about 30 percent of the new homes built in Texas were manufactured homes. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and fear of declining property values from their local governments.

Likewise with regards to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but currently many municipalities view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less expensive materials to be used.

Building Codes

Currently, cities have the authority to adopt building codes to set minimum construction standards. Generally, cities adopt one of several nationally recognized codes. Cities may also adopt amendments to their code to address specific local problems and conditions. These varying codes can lead to confusion and additional costs in development.

In major metropolitan areas of the state, there are adjacent cities that have adopted different codes and amendments. As a result, a house on one side of the street may have to be built to a different standard than a house on the other side of the street. This can be confusing, time-consuming, and costly to those builders in areas with multiple codes.

Varying code interpretations can also cause problems. Different inspectors often interpret the same code differently. Therefore, houses that are built to the same specifications could be passed by one inspector and failed by another. Again, this can lead to delays and add unnecessary costs.

The adoption of a single code, such as the Uniform Building Code (UBC), would have several advantages, such as reducing costs for manufacturing, architectural plans, engineering, personnel, materials, and inspections. Cities across the state need to be encouraged to adopt the new single code.

Overlapping Government Authority over Housing Construction

In many cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping authority could cause delays and add costs to construction.

Environmental Regulations

There are several state and federal regulations that have been passed for the purpose of protecting the environment. At the federal level, such regulations include: the Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetland regulations. In Texas, rules to protect the environment are promulgated by the Texas natural Resource Conservation Commission (TNRCC). These include rules for the installation of septic systems and for development of the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

Rural Median Incomes

The median incomes in the rural areas of Texas fall far below those in urban. Currently the median income for all metropolitan statistical areas is $50,4000 compared to $34,700 for non-metro households. This discrepancy poses a large problem when trying to use state or federal funds to serve rural populations that are dealing with dilapidated existing housing and exorbitant new construction costs. Specifically, problems occur because of the calculations of median income for these areas, which are to calculate maximum rental rates, home ownership maximum purchase prices, and general programmatic eligibility.

Often times a developer will choose to locate new projects in larger metro areas where it is easier and more profitable to build – allowing them to charge more for either the sale of a single family home or rents on multifamily properties. For an agency whose focus is on serving rural areas, this presents enormous challenges.

NIMBY

A barrier to the implementation of multifamily development in particular can come in the form of local objection to low income housing. The problem of resistance by people to new development in their neighborhoods is prevalent throughout the State of Texas. “Not In My Backyard” or “NIMBY,” is encountered by many of the affordable housing developments proposed by TDHCA.

Although most people agree that housing lower income individuals and families is an admirable endeavor, few want multi-family housing in their neighborhoods. The common misperception that affordable housing equates to crime-ridden neighborhoods that will lower the surrounding property values is difficult to dispel. Even properties that are developed as mixed income, such as those funded by Low Income Housing Tax Credits, are viewed with distrust and fear.

Strategy to Overcome Barriers

The Cranston Gonzales Affordable Housing Act, which guides Federal and State housing policy, recognizes that the best awareness and understanding of housing needs is to be found at the local level. While TDHCA concurs that localities should implement specific regulatory reforms related to affordable housing because of a greater awareness of their individual economic, demographic, and housing conditions, the State also believes that it should provide some form of guidance. As the "trustee" of funding for these local entities, it will be incumbent upon the State to continue to explore avenues for promoting affordable housing that will aid those at the local level. Accordingly, TDHCA will evaluate the appropriate role for the State in influencing factors that favor affordable housing.

Please note that TDHCA does not have regulatory authority over the housing/building industry, save projects funded with TDHCA funds and certain aspects of the manufactured housing industry. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. The State of Texas *can* act as an information resource and will continue to engage in the following actions to assist localities in overcoming unnecessary regulatory barriers, which may increase the cost of housing:

- Encourage localities to identify and address those building codes and zoning regulations that lead to increased housing costs and 'exclusionary zoning.' For example:
    - To set aside undeveloped or underdeveloped land for affordable housing developments.
    - To adopt zoning ordinances that do not discriminate against affordable housing.
    - To review local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Open a dialogue with HUD regarding the use of the statewide median income in the calculation of program eligibility in those counties where the median income is lower than the state average.
- Provide below-market-rate loans to first time homebuyers under the MRB Program.
- Continue to leverage funds from both public and private sources for maximum results.
- Create a disability taskforce to work with TDHCA in developing policy with regards to issues related to persons with disabilities.
- Continue education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information on serving traditionally underserved populations (e.g. persons with disabilities, lower income populations).
- Continue research on defining and eliminating or reducing both state and local policy barriers.

Fair Housing Issues

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent State activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.
- Coordinate fair housing efforts with the Texas Commission on Human Rights, which was created under the Fair Housing Act to directly address public grievances related to fair housing.
- Section 8 Admittance Policy: In June, 2000, the Texas Department of Housing and Community Affairs (TDHCA) appointed a Section 8 Task Force and charged it to develop a policy for

expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is a follows:

- Managers and owners of LIHTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
- The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
- Any violation of program requirements relative to this policy will also impact the Owner's ability to participated in future TDHCA programs.

Lead Based Paint Hazards

The health risks posed by lead-based paint to young children are the most significant health issue facing the housing industry today. According to the EPA's Report on the National Survey of Lead Based Paint in Housing (April 1995), 64 million homes have conditions that are likely to expose families to unsafe levels of lead. These homes are disproportionately older housing stock typical to low-income neighborhoods, and the potential for exposure increases as homeowners and landlords defer maintenance. This older housing stock is the target of rehabilitation efforts and is often the desired "starter home" of a family buying their first home.

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead based paint regulations. However, HUD's final regulations for Title X (24. CFR.105) were not published until September 15, 1999 and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: 1) Notification of occupants about the existence of hazards so they can take proper precautions, 2) Identifications of lead-based paint hazards before a child can be poisoned and, 3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (1995) to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.[65]

Pursuant to Section 1012 and 1013, HUD promulgated new regulations, "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance", on September 15, 1999. The new regulation puts all of HUD's lead-based paint regulations in one part of the Code of Federal Regulations. The new requirements took effect on September 15, 2000.[66] Please note that the Texas Department of Housing and Community Affairs has requested a six-month extension to this effective date.

In accordance with Community Development Block Grant (CDBG) state regulations and the Lead-Based Paint Poisoning Prevention Act, TDHCA has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the Texas Community Development Program (TCDP). In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance.

The HOME Program also requires lead screening in housing built before 1978 for its Owner Occupied Rehabilitation Assistance Program. Rehabilitation activities fall into three categories: 1) Requirements for federal assistance up to and including $5,000 per unit; 2) Requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit; and 3) Requirements for federal assistance over $25,000 per unit.

Requirements for federal assistance up to and including $5,000 per unit are: distribution of the pamphlet "Protect Your Family from Lead in Your Home" is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead based paint exist; administrators must repair all painted surfaces that will be disturbed during rehabilitation; if lead based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

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[65] Texas Department of Health
[66] Ibid

Requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit include all the requirements for federal assistance up to and including $5,000 per unit and the following: a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units and exterior surfaces or administrators can assume lead based paint exist and; clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

Requirements for federal assistance over $25,000 per unit included all the requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit and the following: if during the required evaluations lead-based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards; and if lead based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation then interim controls may be completed instead of abatement.

Anti-Poverty Strategy

A U.S. Census population estimate based on 2000, 1999 and 1998 population surveys showed that Texas has the ninth highest poverty rate among the states, 15.6 percent compared to the national rate of 12.6 percent. The federal government defined the poverty threshold for 1999 as $17,029 in income for a family of four and many poor families make substantially less than this. The National Center for Children in Poverty, which focuses on programs and policies for poor children under six, found that nationwide 19 percent of children live in poverty and 8 percent of children live in extreme poverty in which the family income is 50 percent below the poverty line. Poverty of this degree can be self-perpetuating, creating barriers to education, health and the financial stability provided by homeownership.

Those groups showing the largest growth in proportion of population, the young and minority populations, continue to be over-represented in the Texas poverty population. According to the 1989 Special Texas Census, 40 percent of the poverty population is between the ages of 0-17. Hispanics make up 33 percent of Texas children under the age of 18, but 55 percent of all poor children. African American children account for 13.5 percent of Texas children, but 22 percent of all poor children. Female-headed households are also over-represented among the poor, making up 19 percent of all households with children, yet account for 43.5 percent of poor households with children. Minorities again are particularly affected here. Fifty-three percent of African American female-headed households and 58 percent of Hispanic female-headed households live in poverty (Figures generated with 1989 and 1990 Census Data).

Unemployment

The one economic variable that impacts all programs of TDHCA is unemployment. High unemployment contributes to the growing number of persons living in poverty and places added demands on the Department's programs as well as upon many of the human service programs managed by other state agencies. In addition to the serious consequences for families and individuals, unemployment can severely impact a community. The ability to generate taxes and utility revenues and to incur debt is directly related to the resources that a community's citizens have. High numbers of unemployed persons form populations that hinder a community's ability to be self-sufficient. Cities located along the Texas-Mexico border typically experience unemployment rates that run almost double the unemployment rate for the state. Also, throughout the state, the minority population suffers double the unemployment rate of the non-minority population. Community service agencies see large increases in the demand for emergency assistance when their service area is affected by increased unemployment.

Energy

The cost of energy represents a burden to the majority of low-income households, particularly those on a fixed income. The price of energy used for home usage, particularly electricity and LP gas, has increased. Increases in cost of energy, coupled with high unemployment and poverty rates and a dilapidated housing stock has increased the demand for energy-related service. Inability to pay not only leads to shut-offs, but for many creates health concerns and forces families to abandon their homes. The Department has a variety of programs to respond to these energy-related problems. Some programs address air infiltration in the homes to reduce energy consumption and energy utility costs, while others provide direct assistance to help with payment of utility bills. The Department’s Energy programs support a case management approach to address the underlying causes of energy-induced hardship and to promote self-sufficiency.

Down-payment Costs and Interest Rates

Most families' chief financial asset is their home. However, various factors make homeownership difficult for very-low and low-income families. National reports indicate that the barrier to homeownership for most families is saving for the up-front cost of financing. According to a report by the U.S. Census Bureau, "Who Can Afford to Buy a House in 1995," 44 percent of all families nationwide could not afford a median-priced home in the areas where they lived. The report asserted that for 70 percent of renters who could not qualify to purchase a modestly priced house it was a combination excessive debt, insufficient income and/or lack of funds for the down payment and closing costs, as opposed to a single factor, that kept them from qualifying. The report suggested that significant reductions in interest rates or down payment subsidies would do more to improve affordability than lower down payments (which would increase the monthly mortgage payments).

Mortgage interest rates can be another barrier to homeownership. For instance, on a $50,000 mortgage, a two percent interest rate hike adds about $72.00 to the monthly mortgage payment, a significant amount for low-income families. Through programs providing down payment assistance and encouraging low-interest home mortgage loans, the Department helps very-low and low-income Texans overcome obstacles to homeownership.

Education

There is a very close relationship between education and the cycle of poverty. Factors such as poor nutrition, lack of parental involvement and teen pregnancy make it difficult for those in poverty to obtain a quality education. Many also drop out of school. Without a good education, there is virtually no hope of escaping poverty in today's competitive job market. In previous years, many undereducated Texans found employment as seasonal and migrant farmworkers. This avenue of employment is increasingly closed, leaving families without an income and communities with a diminished tax-base. The Department does not administer conventional educational support, but does provide assistance to community organizations, which manage Headstart, Job Training, GED, Basic English and other programs designed to improve the educational levels of disadvantaged persons. In its provision of funding for the construction or renovation of affordable housing, the Department will also require or provide a scoring preferences to applications that include supportive services that would not otherwise be available to the tenants.

TDHCA's Role

TDHCA has an important role in addressing Texas poverty. The Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means: 1) trying to provide long-term solutions to the problems facing people in poverty and 2) targeting resources to those with the greatest need. Presently, over 55 percent of the persons served by the Community Services Block Grant Program, the Department's primary poverty program, are Hispanic and 24 percent are African American. The Department provides low-income persons with energy-related, emergency and housing assistance to meet the basic necessities.

Public assistance and social service programs have shifted their focus over the last decade. The new emphasis centers on reducing dependency and increasing self-sufficiency. Assisted housing can no longer have a pure income maintenance orientation. In light of this new emphasis, housing and community development resources that address poverty need to emphasize self-sufficiency. The self-sufficiency approach provides incentives for assisted housing residents that are willing to undertake a set of activities intended to lessen dependency. These activities should be tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers. For example, the HOME program can be used to reward people who have successfully moved through a FSS program or who have earned their way out of public housing.

Experience has shown that segregating low-income persons in an insulated community perpetuates the cycle of poverty and often creates slums. A second anti-poverty theme centers on mobility -- insuring that residents of assisted housing have access to jobs, schooling, public safety and role models. Rental assistance combined with counseling and support services can be used to increase mobility. Scattered site production can also be used to encourage mixed income housing. TDHCA provides tenant based rental assistance options through several of its program, namely, HOME, Section 8, and the Housing Trust Fund.

An asset development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. In housing, this can mean gaining equity through homeownership. Several of TDHCA programs introduce the option of homeownership to lower income populations: the HOME program offers down payment assistance and closing cost assistance; the Single Family Bond program offers below market interest rate loans; and the Section 8 program is piloting a homeownership initiative using vouchers for homeownership in conjunction with funds from USDA/Rural Development.

Finally, comprehensive community development can be used to address the complex and interrelated problems of distressed neighborhoods. Comprehensive community development, as opposed to program specific community development, focuses on the needs of the community rather than the narrow functional needs that can be satisfied with specific projects. It involves recognizing the many levels of need in a community and addressing these needs with a toolbox of housing resources, community development resources, economic development resources and social service resources. Working together rather than separately, these resources can improve the quality of life in a community and engender long-term changes. These "changes of condition" may deal with alcohol and substance dependency, mental and physical health, nutrition, child care and parenting, life skills, general education and work skills, and criminal behavior. "Changes of condition" may also mean providing an influx of non-poor households to serve as role models and shift the nature of the environment. For those in housing and community development, the principal change may simply be a change in perspective and a recognition that collaboration between and among private sector developers, builders and lenders on the one hand, and non-development resources (such as local governments and social services providers) on the other hand is absolutely essential. For those in human services, the change may involve a subtle shift in focus away from crisis intervention and towards preventive measures, working with the family on a case basis rather than the individual members of the family and, most importantly, providing services within the context of community development.

The CDBG program can be instrumental because of its ability to create jobs and infrastructure. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, CDBG can be a very effective anti-poverty tool. This potential can be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion and services such as child care. By the same token, improved infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new moderate, low, and very low income housing where none could exist before.

Overview of the Texas Department of Housing and Community Affairs Scope and Function

Key Organizational Events

The Texas Department of Housing and Community Affairs (the "Department" or "TDHCA") was created on September 1, 1991, from the consolidation of the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant (CDBG) program of the Texas Department of Commerce pursuant to *Texas Government Code, Chapter 2306*. In addition, on September 1, 1992, the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP) were transferred to the Department from the Texas Department of Human Services *(Texas Government Code, Chapter 2305 and Texas Human Resources Code, Chapter 34).*

Effective September 1, 1993, the Public-Private Partnership Program and the Native American Restitutionary Program, funded with oil overcharge settlement funds, were transferred from the Office of the Governor to the Department *(Texas Government Code, Chapter 2305).* Effective September 1, 1995, the regulation of Manufactured Housing was transferred to the Department from the Texas Department of Licensing and Regulation *(Texas Government Code Chapter 2306, Subchapter Y).*

Main Functions

The main functions of the Department are to**:**

A. Issue bonds to provide below market rate mortgages and rental housing to extremely low, very low, and low income individuals and families, and to families of moderate income.

Single Family Bond Program

The Single Family Bond Program promotes home ownership for very low to moderate income families in Texas. These programs provide low interest rate loans and promote the development of affordable housing stock. All single family bond programs are marketed to the public through presentations conducted throughout the state, a toll free customer service telephone line, staff participation in trade show exhibits and a media campaign. The media campaign may include printed information in newsletters or newspapers, or public service announcements released to newspapers and/or radio and television stations.

First Time Homebuyer Program

The First Time Homebuyer Program channels low interest mortgage money through participating Texas lenders to eligible families who are purchasing their first home or who have not owned a home within the past three years. Eligibility is determined by a variety of factors - most importantly income and first time homebuyer status. Although income limits may vary with each bond issue, the program is designed primarily to serve very low to moderate income Texas families (31-115 percent of applicable Area Median Family Income [AMFI]). Through the sale of tax-exempt mortgage revenue bonds, the program is able to offer interest rates generally 1 to 1.5 percent below market rate. The First Time Homebuyer Program is available throughout the State via participating lenders operating under FNMA, FHA, VA, and Rural Development guidelines.

Down-Payment Assistance Program (DPAP)

This program assists low and very low income families (80 percent or less of AMFI) to purchase a home by providing an interest-free loan toward down payment and allowable closing costs.

All DPAP loans are made in conjunction with the First Time Homebuyer Program or other Department programs. The loan does not require monthly payments but must be paid when the home is sold or the original first lien mortgage is paid. Families must not have owned a home in the previous three years and must occupy the home to be purchased as their principal residence.

Contract for Deed Conversion Program (CDCP)

This program channels low interest mortgage money through participating Texas lenders and non-profits to very low income families who are purchasing their first home by contract for deed. Families earning 60 percent or below of AMFI may be assisted through this program with a lower interest rate. The CDCP will enable the buyer to achieve homeownership by paying off the contract for deed and obtaining a mortgage loan. The main intent of this program is to facilitate the conversion of contracts for deed into conventional mortgage loans so colonia residents could acquire actual title to their property and obtain reasonable financing for the amount still owed in each contract.

Contract for Deed Conversion Initiative (CDCI)

Many colonia residents have acquired unimproved property under contracts for deed. Often the homes they construct are severely substandard. Because most were not fluent in English, and did not understand State laws, they did not realize that the contract they signed allowed the developer to retain title to the property until the debt was fully paid. The key purpose of this initiative is to provide a means for colonia residents to convert their contracts for deed into conventional mortgages. This initiative will also provide colonia residents the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

Multifamily Bond Program

The Multifamily Bond Program provides funds for below market interest rate loans made to non-profit and for-profit owners/developers of apartment projects to generate or preserve affordable rental housing. The Department finances properties under the program through the sale of tax-exempt mortgage revenue bonds.

The State of Texas reserves 16.5 percent of its tax-exempt, private activity volume cap for multifamily housing projects. The authority to issue the bonds is determined annually through a lottery process administered by the Texas Bond Review Board (TBRB). As an issuer, TDHCA participates in the lottery in order to receive authority to issue bonds on behalf of developers for specific projects. Projects financed with tax-exempt bonds subject to the private activity volume cap may also be used with low income housing tax credits, which can be distributed to investors who provide equity contributions for the project.

Projects that are financed with tax exempt bond proceeds and are wholly owned by a 501(c)(3) non-profit entity are not subject to the private activity volume cap. Under the Memorandum of Understanding between TDHCA and the TBRB, the Department may issue up to $250,000,000 in 501(c)(3) bonds annually. Of this amount, a minimum of 15 percent or $37,500,000 per annum is reserved for projects in rural areas; 50 percent or $125,000,000 per annum is reserved for the purposes of new construction or acquisition with substantial rehabilitation; and no more than 25 percent per annum may be issued in any one metropolitan area.

Borrowers of new bond financed loans (after August 15, 1986) are required to set aside either 20 percent of the units for persons and families earning 50 percent or less of AMFI or set aside 40 percent of the units for persons and families earning 60 percent or less of AMFI. Additionally, Internal Revenue Code Regulations require that 75 percent of the units in properties financed from 501(c)(3) bonds be set aside for families earning 80 percent or less of AMFI (inclusive of the 20 percent or 40 percent requirement). Any new bond financed properties must also have five percent of the units set aside on a priority basis for special needs tenants.

Under both bond programs, the borrower must offer a variety of tenant programs according to a Tenant Services Agreement, which becomes part of the Regulatory Agreement. Specific programs must be designed to meet the needs of the current tenant profile and must be approved annually by the Department on a case by case basis.

B. Administer loans, grants, services, and incentives for extremely low, very low, low, and moderate income Texans, those with special needs and those at risk of being homeless.

Statewide Housing Assistance Payments Program

The Statewide Housing Assistance Payments Program (Section 8) is a federal program, which provides rental assistance to low income families, the elderly, and individuals with disabilities who could not otherwise afford decent, safe, and sanitary housing. Tenants pay up to 30 percent of their adjusted income as rent and the federal government pays the difference between that amount and the lesser of the actual rent and the fair market rent. The total rent paid never exceeds the fair market rent.

Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit Program (LIHTC) provides financial incentives to nonprofit and for-profit developers of multi-family housing for low income, senior citizens, persons with disabilities, and homeless persons. A developer must set aside at least 20 percent of a project's units for low income tenants. Owners and investors in qualifying low income rental units use the credit as a dollar-for-dollar reduction of federal income tax liability. Since the program's inception in 1987, approximately 89,000 units have been produced to provide affordable housing for low income Texans.

Home Investment Partnerships Program (HOME)

The purpose of the Home Investment Partnerships Program (HOME) is to expand the supply of decent and affordable housing for very low and low income households. A minimum of 15 percent of the annual allocation must be reserved for Community Housing Development Organizations (CHDOs) for investment only in housing to be developed, sponsored, or owned by the CHDO.

The flexibility of the regulations governing the HOME Program allows a variety of activities such as owner-occupied housing rehabilitation and reconstruction, homebuyer down payment and closing costs assistance, rental project assistance, and tenant-based rental assistance.

Owner-Occupied Rehabilitation or Reconstruction

Funds are available to units of local government, CHDOs, and non-profits to assist low and very low income owners in repairing or rebuilding their homes.

Home Buyer Assistance

Funds are available to units of local government, Public Housing Authorities (PHAs), CHDOs, and non-profit organizations to expand the supply of affordable housing. Recipients offer assistance to eligible first-time homebuyers for down payment assistance and closing cost assistance not to exceed $10,000 per household depending on the location of the property. The loans are to be repaid at the time of resale of the property, refinancing of the first lien, or repayment of the first lien. Recapture provisions ensure the long term use of funds to assist future first-time homebuyers. Funds will be available on a first-come-first-serve basis statewide with a limitation of $500,000 per organization or lending institution.

Rental Project Assistance

Funds are available to CHDOs for the acquisition, rehabilitation, reconstruction, or new construction of affordable rental housing units. Owners are required to make the units available to low and very low income families and must meet long-term rent restrictions.

Tenant Based Rental Assistance

Tenant Based Rental Assistance (TBRA) is provided to qualified low and very low income families in accordance with written tenant selection policies and criteria for a period not to exceed two years. Assisted families must participate in a Self-Sufficiency Program. Funds are available to CHDOs, nonprofit organizations, PHAs, and units of local government.

Contract for Deed Conversion Program

As required by the 76th 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 percent or less of the applicable area median family income.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program is a new program established by Senate Bill 1287 "Owner/Builder Loan Program" passed during the 76th 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 percent 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.

Housing Trust Fund (HTF)

The Housing Trust Fund, the only state funded program for affordable housing, was created by the Legislature in 1991. The fund is used to finance, acquire, rehabilitate, and develop decent, safe and sanitary housing for persons and families of low, very low, and extremely low income and for persons with special needs. The fund is available to nonprofit and community housing development organizations, local governments, public housing authorities, for-profit entities, and income eligible individuals and families.

Funding sources for the Housing Trust Fund may include State appropriations, unencumbered fund balances, and public or private gifts or grants. Up to 10 percent of housing trust funds are set aside for capacity building and technical assistance for nonprofit and community housing development organizations. An additional 10 percent of housing trust funds are set aside for predevelopment activities for nonprofit and community housing development organizations.

Texas YouthWorks

YouthWorks is a comprehensive program designed to educate and train youth and young adults, and to increase the supply of affordable housing. YouthWorks seeks to intervene in the cycle of poverty, joblessness, and lack of education by giving participants skills they might otherwise lack. YouthWorks also has the potential to play an important role as a welfare-to-work policy. Every YouthWorks project is an alternative school, a job training and apprenticeship program, an affordable housing program, a community development program, and a community service program.

Texas Statewide Homebuyer Education Program (TSHEP)

In 1997, the 75th Texas Legislature passed HB 2577, which charged TDHCA with the development and implementation of a statewide homebuyer education program designed to provide information and counseling to prospective homebuyers about the home buying process. The Texas Statewide Homebuyer Education Program (TSHEP) was created to fulfill this mandate.

The initial phases of TSHEP will focus on the underserved areas of the State—those places that do not already have existing homebuyer education providers, and will concentrate on the underserved populations (e.g. low-, very low-, and moderate income individuals, minority populations, and persons with disabilities).

To ensure uniform quality of homebuyer education is provided throughout the state, TDHCA contracted with the Neighborhood Reinvestment Corporation to teach local organizations the principles and applications of comprehensive pre- and post purchase homebuyer education, and to certify participants as providers. To date, 84 individuals/organizations have been certified as TSHEP providers.

Texas Home of Your Own (HOYO) Coalition

The Department is participating in the HOYO Coalition for persons with disabilities. 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 New and Rehabilitation Construction Standards. Partners in this project include Fannie Mae, BancOne Mortgage, Advocacy Inc., United Cerebral Palsy, TX MHMR, Texas University Affiliated Programs, Sunset Properties, Central Texas Mutual Housing Association, Houston Center for Independent Living, Texas Planning Council for Developmental Disabilities, Austin Center for Independent Living, ADAPT of Texas, and the Consumer Controlled Housing Enterprise.

Texas Community Development Program (TCDP)

The Texas Community Development Program (TCDP) assists local governments in the development of viable communities. The program provides federal grants to non-entitlement cities and counties to be used for various types of eligible public facilities, economic development, housing assistance, and planning activities. Each year Texas receives an allocation of federal Community Development Block Grant (CDBG) funds to be used primarily to assist persons of low and moderate income. These funds are distributed by TDHCA to eligible cities and counties through the following funding categories to meet the diverse needs of Texas citizens.

Program monitoring visits are conducted at least once per contract period. The visits include financial reviews aimed at ascertaining the financial accountability of the sub-grantee.

Assistance is available in 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**

8. **Young v. Cuomo Fund**

Community Development Fund

This fund is available (primarily for public facilities and housing assistance) through either an annual or biennial competition. A competition is held in each of the 24 state planning regions and scoring of applications is shared between TDHCA and Regional Review Committees. Funds for projects under the Community Development Fund are allocated among the 24 state planning regions according to a formula based on population, poverty, and unemployment.

Texas Capital Fund

This fund is available three times annually for economic development 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 for eligible activities as cited in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended.

Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas that meet the definition of a "colonia" under this fund. The term "colonia" means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

Colonia Construction Fund

The allocation is distributed through an annual competition. Funding priority is given to applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (EDAP) for TCDP projects which provide assistance to colonia residents who cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the Texas Water Development Board EDAP-funded water or sewer system. The funds may also be used for any TCDP eligible activity.

Colonia Economically Distressed Areas Program (EDAP) Fund

The allocation will be distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

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

Eligible program costs include 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.

Colonia Planning Fund

The allocation is distributed through two separate annual competitions for Colonia Area Planning Fund applications that include planning activities targeted to selected colonia areas and for Colonia Comprehensive Planning Fund applications that include countywide comprehensive planning activities. A county can only receive one-time assistance from the Colonia Comprehensive Planning Fund.

An eligible county may submit a Colonia Area Planning Fund application for the following eligible activities: payment of the cost of planning community development and housing activities; costs for providing information and technical assistance to colonia residents and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and costs for preliminary surveys, analyses of market needs, preliminary site engineering, architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

An eligible county may submit a Colonia Comprehensive Planning Fund application for the completion of a countywide comprehensive plan that provides a general assessment of the colonias in the county and includes enough detail for accurate profiles of the county's colonia areas.

Colonia Self-Help Centers Fund

In accordance with Subchapter Z, Chapter 2306, Government Code, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

Planning and Capacity Building Fund

This fund is available through either an annual or biennial competition. Eligible cities and counties can use the funding to conduct planning activities that: assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements.

Disaster Relief/Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or has requested a federal disaster declaration.

Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of TCDP funds is the restoration of basic human needs such as water and sewer facilities and housing.

Urgent Need assistance is 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, as certified by the appropriate state agency.

Housing Fund

Two fund categories are available under the Housing Fund: the Housing Infrastructure Fund and the Housing Rehabilitation Fund.

Housing Infrastructure Fund

Funds are available to provide grants through a statewide competition 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; and
- administrative costs associated with the site clearance, site improvements and public facilities improvements.

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.

Housing Rehabilitation Fund

Funds are available annually through a statewide competition for grants to cities and counties 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. Application selection and scoring criteria for this fund places 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:

- the rehabilitation of owner-occupied housing units that are not inhabited by persons with disabilities;
- 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;
- the construction of new housing units that include accessibility amenities for persons with disabilities when the need for such housing exists and existing housing is not available to meet the need;
- soft costs associated with the delivery of the housing program assistance; and
- administrative costs associated with the housing assistance program.

TCDP STEP Fund

Funds are 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.

The self-help approach to solving water and sewer needs starts with a community's recognition that affordable water or sewer service can only be realized if the community brings its own human, material, and financial resources to the self-help table. By utilizing the community's own resources, water or sewer service can be obtained at a significantly reduced cost when compared to costs for conventional construction methods and the usual grant management costs.

The Texas Community Development Program's STEP Fund offers small communities an affordable alternative to solve their water and wastewater needs through a self-help approach requiring greater local initiative and fewer dollars. STEP challenges the traditional role of government as the mere provider of funds; it is innovative in that it sees the role of government as that of an investor.

Young v. Cuomo Fund

Funds will be available for grants to eligible cities to complete the Court-ordered activities under the Final Order and Decree in the Young v. Cuomo litigation. The only eligible activities are the activities described in revised Memorandums of Understanding (MOU) and any 1990 Desegregation Plan activities cited in the revised MOUs.

HUD will designate the cities eligible for assistance from this fund. Since the cities selected by HUD will be the only eligible applicants for these funds, formal application selection procedures and selection criteria will not be used to select the grantees. However, any application submitted by an eligible city must only include activities cited in the revised MOU and each activity in a Young v. Cuomo application must meet a national program objective.

Community Services Block Grant Program

The Community Services Block Grant (CSBG) provides administrative support to a network of local community action agencies (CAAs) that provide services to very low income persons throughout the State. The funding assists CAAs in providing essential services such as access to child care; health and human services for children, families and the elderly; nutrition; transportation; job training and employment services; housing; substance abuse prevention; migrant assistance; and other poverty-related programs. Local agencies use CSBG funds to implement such programs with minimal funding and leverage the delivery of services to a greater number of people. Some direct services supported with CSBG funds include information and referral services and the support of local community centers. CSBG funds also aid organizations serving Native Americans, migrant and seasonal farm workers, and other projects designed to improve opportunities for the poor.

Community Food and Nutrition Program (CFNP)

The federally funded CFNP supports statewide efforts to share information concerning hunger related issues; stimulate the expansion of child feeding programs; distribute surplus commodities and wild game taken by hunters; and create farmers' markets designed to serve low income neighborhoods.

Emergency Shelter Grants Program (ESGP)

ESGP, a federally funded program, distributes funds by statewide competition to cities, counties and non-profit organizations for activities relating to shelter and services for homeless persons and prevention of homelessness.

Emergency Nutrition/Temporary Emergency Relief Program (ENTERP)

This is a state program that provides emergency assistance and energy-related assistance to low income persons. ENTERP assistance is provided by formula to county governments or non-profit organizations serving each Texas county from state general revenue and oil overcharge funds allocated to the state of Texas by the federal courts through the U.S. Department of Energy (DOE).

Comprehensive Energy Assistance Program (CEAP)

CEAP is a federal program designed to assist low income households experiencing difficulties paying their energy expenses, and utilizes a case management approach, energy conservation education and budget counseling to promote self-sufficiency, especially for paying energy expenses. The CEAP also assists in resolving household energy related crises and provides, based on a professionally administered energy audit, replacement, retrofit and/or repair of heating and cooling elements that result in energy savings for the household.

Weatherization Assistance Program (WAP)

The activity provides assistance to low income households to make homes more energy efficient. Grant funds are channeled to local subrecipient organizations to install DOE approved energy conservation measures such as caulking, insulation, weather stripping, and heating and cooling system retrofits. All measures are based on the results of the computerized EASY for Texas Energy Audit. WAP focuses on reducing energy consumption and providing a safe and healthy environment for its recipients.

Compliance Division

The Compliance Division monitors housing program compliance and financial compliance with federal and state regulatory mandates. The on-site monitoring visit and the desk review are the mechanisms used for in-depth investigation and overall assessment, respectively.

Multi-family and single family rental properties: Multi-family and single family rental properties are monitored for long-term compliance with all program requirements, including rent caps, income limits, and prohibition of spatial separation by race and income. Training programs, owner consultation, and written guidelines are among the strategies used to promote compliance.

Sub-recipients of federal funds: Sub-recipients of federal funds are monitored for compliance with Single Audit, OMB Circulars, and contractual financial requirements. In-depth financial monitoring and technical assistance are provided to improve financial accountability and fiscal responsibility. In addition, financial reviews are conducted upon the request of and in concert with program area staff through team monitoring visits.

C. Provide training and technical assistance to local governments and community-based organizations.

Local Government Services

Local Government Services (LGS) targets rural areas and cities and counties with populations under 10,000 to assist local officials in providing essential public services and with resolving financial, social and environmental problems in their communities. Additionally, LGS provides technical assistance to constituents with general information requests.

Information, tools, resources, and the training provided assist local officials in the performance of their duties and the effective and efficient management of their scarce resources. The training is provided primarily through workshops conducted in conjunction with regional councils of government; however, assistance is also provided to individual communities as needed. Principle areas covered in the workshops are the orientation of newly elected officials, management of local governments, annexation, resource allocation, incorporation of new cities, budgeting, personnel management, operation of rural fire prevention districts, and operation of boards for community action agencies. Additional information is furnished in response to telephone and written requests and through the preparation and distribution of publications such as guides to local government operations, officials, boards and laws.

Office of Strategic Planning (OSP) and The Housing Resource Center (HRC)

The Office of Strategic Planning/Housing Resource Center (OSP/HRC) was established to provide educational materials and technical assistance to the public, community-based housing development organizations, nonprofit housing developers, and other state and federal agencies. Primarily, the assistance given helps housing providers determine local housing needs, access appropriate housing programs, and identify available funding sources needed to increase the stock of affordable housing. The OSP/HRC assistance emphasizes increasing the state’s capacity to develop and deliver housing for extremely low, very low, low, and moderate income individuals and families. This division also acts as the central clearinghouse to consumers for housing, housing related, and community development information.

The OSP/HRC is also responsible for the publications that TDHCA is required to submit to receive funding from both the state and federal government. These documents, including the *State Low Income Housing Plan and Annual Report*, *State of Texas Consolidated Plan*, and the *TDHCA Strategic Plan.* These reports are integral components of the strategic planning process that determines the direction of housing policy for the State of Texas.

Government and Communications Division

The Government and Communications Division is responsible for disseminating Department information to the public, members of the Legislature and Texas Congressional delegation, state and federal agencies, the media, and organizations throughout the state involved in housing and community assistance and community development programs. The Division is also responsible for all external and internal communications and assists the Executive Director and other agency directors in the development and implementation of policy related to the agency's mandates. The division also employs a representative in the Office of State and Federal Relations (OSFR) in Washington, DC.

D. Administer the manufactured housing program to protect individuals and enterprises from unsafe practices, illegal operations, and fraud.

The Manufactured Housing Division

The Manufactured Housing Division administers and enforces the Texas Manufactured Housing Standards Act (Article 5221f, Vernon's Texas Civil Statutes). This act imposes certain standards on the construction and installation of manufactured housing; requires licensing of manufactured home manufacturers, retailers, installers, brokers, rebuilders, and salespersons; and provides fair and effective consumer remedies. The U.S. Department of Housing and Urban Development (HUD) approved the Manufactured Housing Division to act as a State Administrative Agency (SAA) in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974. As an SAA, the Manufactured Housing Division monitors home manufacturers for compliance with HUD regulations for notifications and corrections concerning nonconformance and defects in manufactured homes. Division personnel conduct the following inspections and investigations: installation inspections at homeowner sites to verify that the anchoring and support systems meet standards and that the sections of the home have been joined properly; record reviews of consumer complaints at manufacturing plants; consumer complaint inspections at home sites; and inspections of homes at retailer locations to check for transit damage, label tampering, and general retailer performance.

The division also issues documents of title and maintains the State master database for all manufactured home titles, including all records related to liens and release of liens, and responds to requests for information from license holders and the general public. The division resolves consumer complaints through informal and formal means and provides for the administration of the homeowners'.

Assessment of Strengths and Gaps in Service (Texas Sunset Process)

The Texas Sunset concept is based on the idea that legislative oversight of government operations is enhanced by systematic evaluation of state agencies. While legislative oversight is usually concerned with how well governmental agencies have complied with legislative procedures and policies, Sunset asks a more fundamental question: do the policies carried out by an agency continue to be needed? The Sunset process provides a range of choices from improving the policies under which the agency operates to abolishing the agency. This intense review process allows an outside entity to view policies and procedures in an objective manner – thereby giving a fresh perspective on areas that might need improvements. Likewise, the process causes agencies to examine themselves, frequently resulting in operational or management improvements. Thus the process provides a tool for assuring the efficiency and effectiveness of government operations while it strengthens the accountability between the Legislature and State agencies.[67]

There were a number of Sunset recommendations that would affect the programs covered under the Consolidated Plan. These recommendations include the following initiatives, which the Department has moved towards implementing.

1) Make changes to strengthen the role of public participation in the Department's program development.

TDHCA has made considerable efforts to open its policy and planning process to interested parties. A list of some examples of public participation that impacted HUD funded programs includes opportunities for comment on the:

- ***SB 1112 Regional Allocation Formula***: In August 2000, the Department invited advocacy groups and other stakeholders to a question/answer session regarding the proposed regional allocation formulae to be applied to Department housing funds in accordance with SB 1112. These formulae specifically relate to the HOME, LIHTC and Housing Trust Fund Programs. The formulae were also open for review/comment at an Urban Affairs Committee hearing on August 30, 2000 and the Texas Association of Community Development Corporations annual conference on September 18, 2000. Additionally, the TDHCA Board held a hearing on the formulae at its September Board meeting.

- ***Section 8 Fair Housing Policy:*** The Department formed a task force which included Department staff, advocacy groups, and housing tax credit developers to craft a policy that would ensure fair access by holders of Section 8 rental vouchers to rental developments financed through the LIHTC Program. The Department received public comment on this policy and has developed associated rules.

- ***Rider 3:*** On October 4, 2000 and November 1, 2000, the Department invited interested parties to a working session to discuss strategies to help the Department meet goals established in Rider 3 on the Department's appropriations. Rider 3 requires that the Department adopt a goal of directing $30 million per year out of its housing finance funds to assist households at or below thirty percent of area median family income. This rider would affect the HUD based funds that relate to rental housing development.

- **Public Comment on Planning Documents, Rules, and Reports:** To provide the public with an opportunity to more effectively provide comment on the Department's policy and planning documents in 2001, as recommended by the Sunset Advisory commission, the Department consolidated the required hearings for the following planning documents into seven consolidated hearings held at urban and rural areas:
    - State of Texas Consolidated Plan;
    - State of Texas Low Income Housing Plan and Annual Report;
    - LIHTC Qualified Action Plan;
    - Community Services Block Grant and Community Food and Nutrition Program Intended Use Report for FFY 2002-2003; and the
    - 2001 Regional Allocation Formula.

2) Require the Department to undertake a regionally based needs-assessment and develop regional strategic plans.

The Department has undertaken a significant initiative in conducting a statewide Community Needs Survey to help determine local community development and housing needs for the allocation of Department funds. The survey was originally distributed to approximately 1,450 cities and counties on October 3, 2000. Statistical summaries of the information collected

[67] Sunset Advisory Commission, _Guide to the Texas Sunset Process_

through this survey will be used by the Department to identify housing and community development needs across Texas and to establish statewide and regional priorities. The survey collects data on the community's:

- need prioritization;
- evaluation of the adequacy of existing funding sources for housing, economic development, public services and facilities;
- supply and condition of the housing stock;
- housing assistance needs;
- availability and need for facilities and services to serve special needs populations; and
- community development needs including water and waste water systems, streets and bridges, drainage and flood control, parks and recreation areas, solid waste management, planning, and economic development.

This survey will help to establish the preliminary structure of the Department's regional planning process. The Department is committed to increasing its efforts in the area of statewide and regional planning and needs assessment. To facilitate this effort, the Department's Housing Resource Center has increased the number of persons on staff dedicated specifically to planning and research activities. Additionally, TDHCA has requested funding from the State Legislature to establish regional development coordinator positions in each of the State's eleven uniform service regions identified for planning purposes. The coordinators will provide an ongoing evaluation of the housing and development needs of their respective regions and the communities contained therein. Parallel missions for the coordinators will be to increase awareness of the Department's available funding and assistance programs, to encourage and assist entities within each region to apply for funds appropriate to their needs, and to facilitate local public/private partnerships. The results of this planning process would certainly affect where and how the various HUD based funds will be allocated in the future.

3) Require the Department to allocate funds to meet regional housing and community service priorities.

In 1999, the Texas Legislature passed SB 1112, which mandated TDHCA to allocate housing funds awarded after September 1, 2000 in the HOME Program, Housing Trust Fund and Low Income Housing Tax Credit Program to each Uniform State Planning Region through the use of a formula. At the direction of the Texas Legislature, this was to be a need based formula and was not to be based on population alone. In response to the direction of the Texas Legislature, with respect to not funding Participating Jurisdictions with HOME funds, two formulas were developed: one for the statewide programs (LIHTC and HTF) and another for the rural program (HOME – with PJ figures removed).

In an effort to serve those populations most in need of TDHCA's services, the following criteria has been determined to be the best measure of housing need for use in the regional allocation formula:

- **Severe housing cost burden on very low income renters:** Unassisted renters with incomes below 50 percent of the area median income, who pay more than half of their income for housing costs.
- **Substandard and dilapidated housing stock occupied by very low income renters and owners:** Households (renter and owner) with incomes below 50 percent of the area median income that live in severely substandard housing.
- **Poverty:** Percent of the State's population in poverty.

The ratios resulting from the combination of these factors serve as a relative indication of each service region's level of need. Because of the comparatively large number of persons associated with the poverty statistic, this criterion received twice as much weight as each of the other factors. It should also be noted that the first two factors are used together by HUD as a benchmark to determine their measurement of "Worst Case Housing Need."

As information from the 2000 Census and other sources becomes available the formula will need to be revised. Similarly, as additional components of housing assistance need may become relevant to this formula, the formula will continue to be open for public comment through the State of Texas Low Income Housing Plan and Annual Report, as well as the Department's various public hearings.

4) Institute an Office of Multifamily Preservation within the Department to address the issue of HUD-financed developments at risk of converting to market rent.

As part of its exceptional item request to the Texas Legislature, TDHCA has requested $95,036,322 for FY 2002 and $102,021,322 for 2003 to fund an Office of Housing Portfolio Preservation. The activities of this division would result in the additional preservation/rehabilitation of existing affordable/subsidized multifamily units. It is estimated that funding would: 1) preserve an additional 12,262 units; 2) provide temporary acquisition financing for 20, 100-unit properties; and 3) provide predevelopment funds for 197 transactions. In the future, this office would have an effect on the policy used to distribute HUD based rental housing development funds administered by the Department.

Preservation Programs:

- *Rehabilitation Program:* the rehabilitation funds would provide a financial incentive to current and potential owners to keep properties affordable and maximize the continuance of federal subsidies. In addition to preservation, this program would provide a source of funds to improve living conditions for the tenants through rehabilitation of the properties. The program would operate as a grant program; however, funds could be loaned at below-market rates where feasible.
- *Acquisition Financing Program:* This program would provide interim financing to purchasers and allow them sufficient time to gather the resources needed for permanent financing. This allows purchasers, particularly nonprofit purchasers, the opportunity to compete in the market place for quality at-risk properties.
- *Predevelopment Revolving Loan Fund:* This program would provide up to $10,000 to qualified nonprofit entities for preservation transaction under contract.

5) Require the Department to prevent housing discrimination in publicly funded housing projects.

In June 2000, TDHCA appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. During the work of the Task Force, that directive was narrowed to concentrate on properties that receive assistance through the Low Income Housing Tax Credit (LIHTC) program. The Section 8 Task Force was comprised of representatives covering a diverse cross section of the affordable housing community. The Task Force met on June 2, 2000, July 8, 2000 and July 18, 2000 to consider and discuss options and prepare its report. Two specific actions were proposed for TDHCA by the Task Force. First, it was recommended that TDCHA immediately approve a statement of policy relative to this issue. Secondly, it was recommended that TDHCA develop and propose a rule that incorporates specific restrictions and monitoring actions designed to ensure compliance with that policy. The following has been included in the LIHTC Qualified Action Plan rules:

Statement of Policy

TDHCA's policy on Admittance of Section 8 tenants into LIHTC projects is as follows:

- Managers and owners of LIHTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.

- The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
- Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in TDHCA programs in the future.

While the scope of the this Task Force was restricted to LIHTC properties, guidelines of this nature will be useful for all of the TDHCA housing programs with Section 8 occupancy provisions. The Department will continue efforts to address fair housing issues. In its Legislative Appropriations Request for fiscal years 2003-2003, TDHCA requested six additional monitors to help ensure that, among other things, properties are not in violation of fair housing issues.

In January 2001, The Sunset Advisory Commission made the following final recommendations that will affect the Department's organizational structure:

- The Texas Department of Housing and Community Affairs (TDHCA) is to be continued for another two years at which time it will undergo another review by the Commission and TDHCA's staff.
- The Department's governing board should be restructured as a seven-member board (rather than nine) composed of public members appointed by the Governor. It also recommended that the new board appoint a series of advisory committees, as well as have access to proper working space and support staff assistance, as needed.
- The Department is required to develop a process by which board decisions may be appealed.
- The Commission recommended changes to the board's statutory authority to ensure its ability to oversee non-housing related activity.
- A separate policy board is to be established for the Department's Manufactured Housing Division. Under the separate policy board, the division's administrative functions will remain within TDHCA.
- It was recommended that the CDBG Program be relocated away from the Department in a new Office of Rural Community Affairs.

These recommendations will be rolled into the "Sunset Bill" on TDHCA to be voted upon by the legislature. No major policy changes regarding CDBG, ESG, HOME, or HOPWA are expected.

Overview of Coordination of Resources

Understanding that no single entity will be able to address the enormous needs of the State of Texas, TDHCA supports the formation of partnerships in the provision of housing, housing related, and community development endeavors. The Department works with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, Community Development Corporations, Community Housing Development Organizations, Community Action Agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

Coordination with Federal Agencies

Because TDHCA receives the majority of its funding from federal sources, many programs within TDHCA require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

U.S. Department of Housing and Urban Development

TDHCA administers the HOME, CDBG, ESG, and Section 8 programs, as well as the regulation of manufactured housing industry for HUD. Additionally, TDHCA has received funds from HUD for housing counseling activities.

TDHCA has established a cooperative effort with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the State, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Over the last two years HUD Community Builders have even used TDHCA documents as their text on available housing resources and distributed these materials to the local governments/ organizations they are serving.

Currently TDHCA and the local HUD offices are working on issues such as Young v. Cuomo and addressing the critical housing along the Texas/Mexico border.

U.S. Treasury Department

TDHCA administers the Low Income Housing Tax Credit Program, which was created by the Tax Reform act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the LIHTC program). The LIHTC Program produces over 5,000 units of affordable housing each year.

Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.

U.S. Department of Health and Human Services

The Department administers several programs funded by HHS that are aimed at serving persons at or below federal poverty guidelines. Specifically, the Community Services Block Grant Program, the Community Food and Nutrition Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.

U.S. Department of Energy

TDHCA administers the Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.

USDA/ Rural Development

As a provider of services to rural Texas Communities, TDHCA has an ongoing relationship with Rural Development. Collaborations have been achieved through several of TDHCA programs (LIHTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

Coordination with State Agencies, Local Governments, and Other Parties

The Department is primarily a funding agency, whose chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community based organizations, private sector organizations, real estate developers, and local lenders. Because the Department does not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

CDBG

Texas Department of Economic Development (TDED)

The Texas Capital Fund, which is funded through the CDBG program provides federal CDBG funds for economic development in non entitlement areas. The fund is administered by the Texas Department of Economic Development through an interagency agreement.

Texas Water Development Board (TWDB)

Eligible applicants for the CDBG Colonia Economically Distressed Areas Program Fund may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins. Additionally, in the CDBG Colonia Construction Fund, priority is given to applications that have been funded through the TWDB Economically Distressed Areas Program.

Texas Step Program

The STEP program makes funds available for grants on a direct award basis to cities and counties that recognize the need for, and demonstrate the willingness to solve water and sewer problems through Small Towns Environment Program (STEP) self-help techniques. TDHCA, the Texas Natural Resource Conservation Commission, the Texas Water Development Board, the Texas Department of Health, and the General Land Office have joined to form this program.

Colonia Self-Help Center

TDHCA coordinates services with each of the five centers selected by the legislature (Cameron, El Paso, Hidalgo, Starr, and Webb) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county that the center is in.

HOME

Texas YouthWorks

YouthWorks aims to add to the affordable housing stock by building sustainable, energy efficient homes, while providing participants with traditional schooling in preparation for the high school equivalency exam (GED) and work site training at construction sites.

The program was developed with the help of the following: Texas Education Agency, Texas Youth Commission, Texas Workforce Commission, Texas Juvenile Probation, Texas Department of Criminal Justice, American Institute for Learning, and several legislative offices.

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.

HB 3340

HB 3340 requires TDHCA, in coordination with DHS, nonprofit organizations, public housing authorities, and others, to provide subsidized multifamily rental housing for elderly residents with low, very low, or extremely low income on a pilot basis.

In the development stage of the pilot program TDHCA worked with the Texas Department on Aging, Texas Department of Human Services (DHS), and the Texas Health and Human Services Commission (HHSC), Texas Association of Homes and Services for the Aging, as well as elderly development consultants.

SB 358

Among other things, SB 358 requires TDHCA and Texas Department of Mental Health and Mental Retardation (TXMHMR) to implement a demonstration program "to demonstrate the effectiveness of interagency cooperation for providing supported housing services to individuals who reside in personal care facilities."

In the development of the pilot program, TDHCA worked with TXMHMR, HHSC, as well as several advocate groups.

ESGP

The Department collaborated with the Texas Homeless network (THN) and the Texas Department of Mental Health and Mental Retardation (MHMR) to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve.

The Department also provided funds through the Texas Homeless Network (THN) to support five technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population.

Additionally, TDHCA serves on, as well as provides administrative support to the Texas Interagency Council for the Homeless – a council made up of 6 member state agencies.

Other Initiatives

Olmstead v. L.C.

The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L.C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings.

TDHCA has been working with the following agencies: Texas Department of Human Services, Texas Department of Mental Health and Mental Retardation, Texas Council on Developmental Disabilities, Texas Department of Health, Texas Education Agency, Texas Department of Transportation, and Texas Department of Protective and Regulatory Services.

Texas Stateside Homebuyer Education Program

TDHCA has collaborated with several partners (Fannie Mae Freddie Mac, the Neighborhood Reinvestment Corporation, the Texas Workforce Commission, Texas A & M Real Estate Research Center, the Texas Department of Human Services, the Texas Agricultural Extension Service, the Consumer Credit Counseling Service, experienced homebuyer education providers, nonprofit housing providers, low income housing advocates, for-profit housing providers, lenders, and Realtors) to implement the Texas Statewide Homebuyer Education Program.

Weatherization

Partnerships with over $4.4 million in commitments between the Weatherization Assistance Program and Texas Utilities, Central Power & Light, West Texas utilities, Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, Reliant Energy – Houston Power and Light, Texas-New Mexico power Company, El Paso Electric, and Brazos Electric Cooperative, provide energy conservation measures to very low and extremely low income utility customers.

Low-Income Housing Tax Credit Use

Low Income Housing Tax Credit (LIHTC) Program

The Low Income Housing Tax Credit Program was created by the Tax Reform Act of 1986, and was first utilized by the real estate development community during calendar year 1987. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the LIHTC program. It authorizes tax credits in the amount of $1.25 per capita for each state. In Texas, this amount currently equates to an annual award of approximately $25.5 million in tax credits. The Department is the only entity in the state of Texas with the authority to allocate tax credits under this program. Since 1987, the LIHTC Program has provided for the construction or renovation of over 89,000 units of affordable multifamily housing throughout Texas.

Each qualified tax credit development must include a minimum percentage of units to be set aside for eligible low income tenants. The rent charged for these set-aside units must be restricted. Pursuant to Code, a qualified low income housing project means any project for residential rental occupancy if the project meets either of the following requirements:

- Twenty percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income is 50 percent or less AMFI; or
- Forty percent or more of the residential units in such project are both rent restricted and occupied by individuals whose income is 60 percent or less of AMFI.

Tax credits may only be claimed on the units that have been set-aside for participation under this program. It is possible for project owners to set aside 100 percent of any project for consideration under the tax credit program and in doing so claim the maximum amount of tax credits eligible for the development. Because of financial feasibility issues and scoring preferences for developments that have both program and market rate units, the typical percentage of units set aside is between 60 and 100 percent of the units for persons at 60 percent or less of AMFI. The average set aside for the 2000 funding cycle was 84 percent.

Pursuant to Section 42 of the Code, the Department must develop a plan for the selection of eligible projects based on broad guidelines designed to provide housing for the low income tenants. This plan is known as the Qualified Allocation Plan and Rules (QAP). Applications are received by the Department and evaluated under this plan at least once a year. It is the goal of TDHCA to encourage diversity through broad geographic allocation of tax credits within the state, and to promote maximum utilization of the available tax credit amount. The criteria utilized to realize this goal includes a point based scoring system referred to as the “Selection Criteria” and an evaluation of each application’s:

- cost and financial feasibility;
- geographic location within the state as compared to other developments applying for tax credits;
- impact on the concentration of existing tax credit developments and other affordable housing developments within specific markets and sub-markets;
- site conditions;
- development team experience;
- consistency with the goal of awarding credits to as many different applicants as possible;
- ability to serve a broad segment of the population; and
- impact on the LIHTC Program's goals and objectives including, but not limited to, the project’s inconsistency with local needs or its impact as part of a revitalization or preservation plan.

Applications deemed to have a high priority based on the review criteria, are subject to an underwriting review that evaluates the development’s projected construction costs and financial feasibility. Applications that pass the underwriting process and are determined to have the highest priority will be presented to TDHCA’s Board of Directors for consideration.

The Department's Qualified Allocation Plan also sets forth a minimum set of threshold requirements which document a project owner's readiness to proceed with the development as evidenced by: site control; the availability of permanent financing; appropriate zoning for the site; and a market and environmental study.

The QAP defines a series of point based selection criteria items to ensure that the housing proposed in the applications is consistent with the program's goals. Through this selection criteria, the Department provides preferences to applications that:

- are located in an area where the federal, state or local government is trying to encourage development;
- are consistent with the local jurisdiction's affordable housing development plans;
- use design elements including energy efficient construction, low density development, fourplex and townhome style buildings, and renovation of historic structures;
- supply housing in counties with high poverty and cost burden levels;
- provide units for tenants at lower income levels;
- offer a unit mix of tax credit and market rate units;
- supply housing for persons with special needs such as: the elderly, persons with physical or mental disabilities, and the homeless; and
- offer supportive services that would otherwise not be available to the residents.

The Department requires recipients of tax credits to document the participation of Historically Underutilized Businesses (HUBs) in the development and management of tax credit projects. A HUB is defined as a business entity that is at least 51 percent owned by an African-American, Hispanic-American, Asian-Pacific American, Native-American, or a woman of any ethnicity. The Department also provides a scoring preference for HUB applicants that demonstrate that they will materially participate in the project's development and ongoing operation.

Pursuant to federal statute, the Department is required to allocate at least 10 percent of the housing credit ceiling to qualified non-profit organizations. The QAP also establishes a target of allocating at least 15 percent of the housing credit ceiling to rural areas of the state.

Public Housing Resident Initiatives

The Texas Department of Housing and Community Affairs believes that the future success of Public housing Authorities will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is still important to maintain a relationship with these service providers.

Over the past few years TDHCA has developed a strong relationship with the Texas Housing Association (THA), which represents the Public Housing Authorities of Texas. The two organizations have worked to promote programs that will repair substandard housing and develop additional affordable housing units. The U.S. Department of Housing and Urban Development also has an increased interest in seeing state housing agencies work closer with PHAs to plan and implement initiatives to improve public housing.

In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the Annual Plans of Public Housing Authorities in an area without a Consolidated Plan are consistent with the State's Consolidated Plan. After all of the PHAs have submitted their plans the Department will collect all the information regarding local PHA goals and summarize them. This should be a good source of information regarding what more than 300 PHAs intend to do to improve public housing.

TDHCA is also working with THA to survey PHAs on their tenant profiles. This is to determine how many extremely low income and very low income households are currently being served by local PHAs. The survey will also include a question relating to the PHAs current awareness of TDHCA programs.

In an effort to keep public housing residents aware of State programs that might affect them, TDHCA sends notice of public comment periods and hearings regarding the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan* to all Texas PHAs.

Additionally, in 1999 and 2000 PHA staff were specifically targeted by the Texas Statewide Homebuyer Education Program (TSHEP) for training and funding to provide self-sufficiency tools for tenants.

While the Texas Department of Housing and Community Affairs supports the empowerment and participation of its property residents, the Section 8 program operates as a tenant based rent voucher program and does not have properties with which tenants can become more involved in the management. Currently, TDHCA is exploring the use of Section 8 vouchers for homeownership through a cooperative program with USDA/Rural Development.

Additionally, in conformance with the requirements of 24CFR Section 964.415, the Department is requesting that the Governor's Office recommend the addition of a Section 8 resident to the TDHCA Board of Directors. The Governor would then send his nomination to the Texas Senate for confirmation. The Texas Legislature convenes in January of 2001.

Action Plans

§ 91.320 Action plan.

The action plan must include the following:

(a) Form application. Standard Form 424;

(b) Resources.

(1) Federal resources. The consolidated plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with § 91.315. These resources include grant funds and program income.

(2) Other resources. The consolidated plan must indicate resources from private and non-Federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how Federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. Where the State deems it appropriate, it may indicate publicly owned land or property located within the State that may be used to carry out the purposes stated in § 91.1;

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

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

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

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

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

(1) CDBG. (i) An "urgent needs" activity (one that is expected to qualify under § 570.208(c)) may be included only if the State identifies the activity in the action plan and certifies that the activity is 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.

(ii) 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).

(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 chapter.

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

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

Form application – Standard Form 424

COMMUNITY DEVELOPMENT BLOCK GRANT

TEXAS COMMUNITY DEVELOPMENT PROGRAM

2001 ACTION PLAN

I. PROGRAM YEAR 2001 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.

With the enactment of §43.905 of the Texas Local Government Code, a colonia that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

B. ELIGIBLE ACTIVITIES

Eligible activities under the Texas Community Development Program are listed in Section l05(a) of the federal Housing and Community Development Act of l974, as amended [42 U.S.C. Sec. 5305 (a)]. The Texas Department of Housing and Community Affairs (TDHCA) reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Economic Development (TDED) determines the eligibility of activities included in Texas Capital Fund applications.

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

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

C. INELIGIBLE ACTIVITIES

In general, any type of activity not described or referred to in Section l05(a) of the federal Housing and Community Development Act of l974, 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 l02(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income.

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.

F. PRIOR PUBLIC HEARINGS FOR THE 2001 PROGRAM YEAR

During November of 1999, the Texas Department of Housing and Community Affairs (TDHCA) held five public hearings around the state for public comment on the proposed 2000 State of Texas Consolidated Plan One-Year Action Plan. At these five public hearings, staff of the Texas Community Development Program (TCDP) also presented proposed changes for the allocation and distribution of Federal Fiscal Year 2001 Community Development Block Grant (CDBG) Program funds.

The changes for the 2001 program year were proposed to improve the TCDP performance on the timely expenditure of CDBG funds and to address activities identified under the Final Order and Decree in the Young v. Cuomo litigation. The TCDP also proposed changes to the application threshold requirements, application selection criteria, and minimum requirements for complete applications.

After review of the comments received on the proposed 2001 program year changes, the TCDP held another public hearing on March 7, 2000, to discuss the comments received on the proposed changes and to present revisions to the previously proposed 2001 program year changes based on the public comments. After consideration of the comments expressed at the March 7, 2000, public hearing and written comments received after that hearing, the TCDP again revised and then finalized the changes for the 2001 program year.

The changes already adopted for the 2001 program year include the following:

- The application deadline for the 2001/2002 biennial competitions for the Community Development Fund, Housing Rehabilitation Fund, Planning and Capacity Building Fund and the annual competitions for the Colonia Construction Fund and Colonia Planning Fund was scheduled for August of 2000 instead of April of 2001. The applications for 2001 TCDP funding from these fund categories have already been submitted and the TCDP will not accept additional applications for these fund categories during 2001.

- After receiving public comments, changes to the selection criteria for the 2001/2002 Community Development Fund have already been adopted. The selection criteria described in this 2001 Action Plan for the Community Development Fund, Housing Rehabilitation Fund, Planning and Capacity Building Fund, Colonia Construction Fund, and Colonia Planning Fund cannot be revised or changed because 2001 applications for these fund categories have already been submitted to the TCDP.

The creation of a Young v. Cuomo Fund, with a 2001 TCDP allocation that shall not exceed $2,300,000, to address the Court-ordered activities under the Final Order and Decree in the Young v. Cuomo litigation.

The 2001 program year changes described here were proposed (published in the Texas Register with a thirty-day comment period) and adopted under Title 10, Chapter 9, of the Texas Administrative Code. Applicable changes were also included in the 2001 TCDP Applications Guides for the Community Development Fund, Housing Rehabilitation Fund, Planning and Capacity Building Fund, Colonia Construction Fund, and Colonia Planning Fund

II. ALLOCATION OF CDBG FUNDS

A. AVAILABLE FUND CATEGORIES

Assistance is available in eight 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
8. Young v. Cuomo Fund

B. DESCRIPTION OF FUNDS

1. Community Development Fund

This fund is available on a biennial basis (primarily for public facilities and housing assistance) for funding from program years 2001 and 2002 through a 2001 annual competition in each of the 24 state planning regions. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards from the 2001 and 2002 program year allocations. The scoring of the applications is shared between TDHCA and the 24 Regional Review Committees.

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

a.	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 will be based on the eligible nonentitlement applicants within each region. Changes in actual regional allocations shall only reflect overall changes in the Texas Community Development Program funding level and changes in eligible population and unemployment characteristics.

Significant increases or decreases to the State's 2001 and 2002 CDBG allocations may result in a corresponding increase or decrease to the 2001 and 2002 Community Development Fund allocations.

An eligible city or county cannot submit an application to the Community Development Fund and the Housing Rehabilitation Fund.

2. Texas Capital Fund

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

- Infrastructure improvements to assist a for-profit entity or a non-profit entity.
- Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit or a non-profit entity.
- 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 75 percent 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 a 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.

- Infrastructure improvements to assist Texas Main Street Program designated municipalities.

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

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

- Real Estate Development projects require full repayment with no interest accruing;
- Infrastructure projects (Awards for railroad improvements require full repayment with no interest accruing); and
- Float Loans require full repayment of principal and accrued interest.

3. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas, which meet the definition as a "colonia" under this fund. 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 is distributed through an annual competition. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards. Funding priority shall be given to TCDP applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the TCDP project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system. An eligible county applicant may submit one application for the following eligible activities:

(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 is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

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

Eligible program costs include 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. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards.

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;
- 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 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:

- the needs of colonia residents;
- appropriate and effective programs that are proposed or are operated through the centers; and
- 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:

- providing assistance in obtaining loans or grants to build a home;
- teaching construction skills necessary to repair or build a home;
- providing model home plans;
- 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;
- 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;

- surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
- providing credit and debt counseling related to home purchase and finance;
- applying for grants and loans to provide housing and other needed community improvements;
- 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;
- 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
- 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 (primarily for public facilities and housing assistance) for funding from program years 2001 and 2002 through a 2001 annual statewide competition. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards from the 2001 and 2002 program year allocations. TCDP funds may be used 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.

Significant increases or decreases to the State's 2001 and 2002 CDBG allocations may result in a corresponding increase or decrease to the 2001 and 2002 Planning and Capacity Building Fund allocations.

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 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 are 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 51 percent 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 percent of the eligible project costs when at least 51 percent of the units are occupied by low to moderate income persons.

There is only one type of project that can qualify for assistance when less than 51 percent 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 20 percent 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 for funding from program years 2001 and 2002 through a 2001 annual statewide competition. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards from the 2001 and 2002 program year allocations. 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. TCDP assistance for the hard costs of housing rehabilitation assistance is limited to no more than $25,000 per unit.

Application selection and scoring criteria for this fund place 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.

Significant increases or decreases to the State's 2001 and 2002 CDBG allocations may result in a corresponding increase or decrease to the 2001 and 2002 Housing Rehabilitation Fund allocations.

An eligible city or county cannot submit an application to the Housing Rehabilitation Fund and the Community Development Fund.

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.

Cities and counties that submit applications to the 2001 program year Community Development Fund that do not include water, sewer, or housing activities are not eligible to receive a 2001 STEP Fund grant award. However, TDHCA will give consideration to a city or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2001 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.

8. Young v. Cuomo Fund

Funds will be available for grants to eligible cities to complete the Court-ordered activities under the Final Order and Decree in the Young v. Cuomo litigation. The only eligible activities are the activities described in revised Memorandums of Understanding (MOU) and any 1990 Desegregation Plan activities cited in the revised MOUs.

HUD will designate the cities eligible for assistance from this fund. Since the cities selected by HUD will be the only eligible applicants for these funds, formal application selection procedures and selection criteria will not be used to select the grantees. However, any application submitted by an eligible city must only include activities cited in the revised MOU and each activity in a Young v. Cuomo application must meet a national program objective.

The amount available to address activities under this fund shall not exceed $2,300,000.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has announced that the State's 2001 program year CDBG allocation is $88,800,000.

The amount available for TCDP assistance will be the 2001 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 2001 allocation:

FUND	2001 PERCENT	AMOUNT AVAILABLE
Community Development Fund	55.00	$48,835,700
Texas Capital Fund (TCF)	14.31[1]	$12,707,000
TCF Program Income		**$ 700,000**
TCF Float Loan Program Income		$27,300,000[2]
Colonia Fund		
Colonia Construction Fund	7.23	$6,420,000
Colonia EDAP Fund	2.25	$2,000,000
Colonia Planning Fund	0.52	$460,000
Colonia Self-Help Centers Fund	2.50	$2,220,000
Planning And Capacity Building Fund	0.90	$800,000
Disaster Relief/Urgent Need Fund	4.05	$3,593,300
Housing Fund		
Housing Infrastructure Fund	2.70	$2,400,000
Housing Rehabilitation Fund	1.69	$1,500,000
TCDP STEP Fund	3.15	$2,800,000
Young v. Cuomo Fund	2.59[3]	$2,300,000
Administration	2.00 + $100,000	$1,876,000
Technical Assistance*	1.00	$888,000

1 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.

[2] 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 75 percent of the current Texas Capital Fund float balance of $35,000,000 earning a 2 percent 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 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.

[3] The amount allocated for the Young v. Cuomo Fund shall not exceed $2,300,000. The percentage of the total allocation for this fund could increase or decrease depending on the State's total 2001 CDBG allocation. Any increase or decrease to the percentage allocated to this fund will result in upward or downward adjustments to the allocation percentages for all or some of the other fund categories with the exception of the Colonia Fund, Administration, and Technical Assistance.

Summary of Activities That Utilize 1% Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program

The Texas Community Development Program has conducted numerous on-site technical assistance visits funded with the one percent technical assistance (1% TA) set-aside approved by HUD. These visits were conducted throughout the year when the TCDP staff recognized that assistance was needed at the local level or when assistance was requested by the grantees. In many cases, the small cities and counties cannot afford the travel expenses associated with sending their staff to Austin to obtain technical assistance, making it necessary for TCDP staff to travel to the localities to provide the training. Approximately 566 technical assistance visits were made for the program year 2000.

Of those 566, TCDP Regional Coordinators visited, approximately 200 localities, which were preliminarily recommended for funding with 2000 funds to verify information provided in the applications and view the project sites. Regional Coordinators also distributed Project Implementation Manuals to these localities and provided technical assistance regarding the initial TCDP project implementation procedures. This visitation process was very valuable for both the verification of information and to view the existing problems described in the applications to determine the extent of the need for TCDP Funds. The 1% technical assistance funds were utilized to finance these extensive travel schedules throughout the state. The Regional Coordinators will again travel to the localities to verify information and provide TA once the preliminary funding list for program years 2001 and 2002 funds has been finalized. This personal assistance has expanded the capacity of local governments to administer their grants effectively and has increased compliance with federal and programmatic requirements.

Other technical assistance visits were conducted with 1% TA funds on special cases dealing with investigations and compliance issues. In some cases, housing rehabilitation and acquisition/relocation issues required extensive technical assistance and guidance from TCDP staff. These activities often require special guidance and one-on-one technical assistance with local staff to help contractor localities comply with all federal and programmatic requirements.

The 1% TA funds are utilized for a small portion of all staff salaries, which allows TCDP to have sufficient staff to travel throughout the twenty-four planning regions. This provides greater one on one technical assistance for the small communities and allows the staff to provide this assistance in person and on site, which is greatly appreciated by the localities.

The TCDP is using 1% TA funds for an interagency contract with the Texas Department of Economic Development for technical assistance on the Texas Capital Fund program. Funds are used for on-site technical assistance.

The TCDP is utilizing the 1% TA funds to introduce and facilitate the Texas Small Towns Environment Program (Texas STEP), which targets water, and wastewater needs. Staff has visited localities that are interested in utilizing the Texas STEP method of self-help and has provided technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help. The program focuses on looking within a community for resources such as equipment, labor and professional services. The number of site visits have increased tremendously to coincide with the dedicated funding source for STEP projects. In order to effectively respond to community' requests for STEP assistance, the TCDP is using the 1% technical assistance funds to support one full-time staff position for a STEP Fund Coordinator.

The TCDP is also utilizing the 1% TA funds to contract with the Rensselaerville Institute (TRI) to provide oversight and coordination for the Texas STEP program, which includes the Texas Department of Housing and Community Affairs' Community Development Program and four other State agencies. Those participating agencies are, the Texas Water Development Board (TWDB), the Texas Natural Resources Conservation Commission (TNRCC), the Texas Department of Health, Office of Border Health, and the General Land Office. TRI also coordinates matching funding through the Meadows Foundation, The Houston Foundation and Border WaterWorks. Through the contract with TRI, small feasibility studies for first-time systems or retro-fitted systems can be accomplished and provide invaluable information to the communities who are trying to solve their problems through the self-help program. TRI has also produced step by step plumbing videos to assist at the local level with wastewater plumbing hook-ups as well as videos that are utilized to introduce the concept of self-help to the communities in need. They provide workshops for the communities on self-help and also have a master plumber to provide any needed technical assistance.

The 1% TA funds are also being used to fund one full-time staff position for an Engineering Specialist to provide specific engineering technical assistance to the communities. This position assesses project appropriateness, feasibility and costs. The Engineering Specialist is able to explain and discuss the problems with the small rural communities so they are better able to understand the needs they are addressing and then identify the most effective solution.

The TCDP is utilizing the 1% TA funds to support one full-time staff position for activities related to the Department's disaster relief efforts. Because of the current drought conditions in Texas and the multiple disasters that have impacted the state in the last few years, state efforts for response to disasters and the mitigation of the consequences of disasters have required that the Department dedicate one full-time position for disaster recovery efforts. The staff person dedicated to these efforts coordinates the TCDP Disaster Relief/Urgent Need Fund; administers the use of Disaster Recovery Initiative funds; serves on multiple State Committees concerned with drought monitoring and disaster response efforts; and makes a significant number of site visits to communities impacted by disaster situations.

The 1% TA funds are used to support the operations of the three colonia technical assistance field offices located in Edinburg, Laredo, and El Paso.

The 1% TA funds are used to fund the three full-time staff positions needed to man the three technical assistance field offices in Lufkin, Lubbock, and Mount Pleasant and to provide support for the operations of those three field offices.

These funds are also used for "Your Rights, Contract for Deed" consumer education workshops along the Texas/Mexico border area through the Office of Colonia Initiatives.

Deobligated Funds, Unobligated Funds, and Program Income

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 in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by TDHCA for eligible Texas Community Development Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Program Fund, including 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 established 2001 program year fund categories, 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, followed by special needs projects, projects in colonias, and other projects as determined by the Executive Director of TDHCA.

If a portion of the State's 2001 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2001 allocation is decreased or increased significantly from the State's 2000 allocation, TDHCA may make corresponding changes 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 of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Program. This amount will be matched by the State on a dollar-for-dollar basis.

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

- Payments of principal and interest on loans using CDBG funds;
- Proceeds from the sale of loans made with CDBG funds;
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds;
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds;
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds;
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements;
- Proceeds from the disposition of equipment purchased with CDBG funds; and
- 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.

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 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 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 TCDP 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 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 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 an RLFP approved in writing by TDHCA, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least 60 days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, and 2000 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 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	APPLICATION DEADLINE
1. Community Development Fund	*Biennial*[1]	*August 2000*
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	*August 2000*
EDAP Fund	As-needed	
Planning Fund	Annually	*August 2000*
4. Planning/Capacity Building Fund	*Biennial*[1]	*August 2000*
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*[1]	*August 2000*
7. TCDP STEP Fund	Direct Award	
8. Young v. Cuomo Fund	**Annually**	

[1] The applications submitted for program year 2001 Community Development Fund, Planning and Capacity Building Fund, and Housing Rehabilitation Fund will be scored and placed in rank order. Applications are funded to the extent that allocated 2001 funds are available. The final 2001 program year rankings under the Community Development Fund, Planning and

Capacity Building Fund, and Housing Rehabilitation Fund will also be used to determine the 2001 applicants that are selected for funding from the year 2002 program year allocations (i.e., the highest ranked applications, to the extent that funds are available, will be funded from the 2001 program year fund allocations; the next highest ranked applications will be funded from the year 2002 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 2001 and year 2002 program year period. Eligible cities and counties can submit an application to the Community Development Fund or the Housing Rehabilitation, but cannot submit applications to both of those fund categories.

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:

	CONTRACT AWARD	
FUND	MAXIMUM	MINIMUM
Community Development Fund		
Single Applicant	$ 800,000[1]	$ 75,000
Multi-Jurisdiction Application	$ 800,000[1]	$ 75,000
Texas Capital Fund		
Real Estate Program	$ 750,000[2]	$ 50,000
Float Loan Program	$5,000,000[3]	$1,000,000
Infrastructure Program	$ 750,000[2]	$ 50,000
Main Street Improvements Program	$ 150,000[4]	$ 50,000
Colonia Fund		
Construction Fund	$ 500,000	$ 75,000
EDAP Fund	$ 500,000	None
Area Planning Fund	$ 100,000[5]	None
Comprehensive Planning Fund	$ 200,000[5]	None
Planning/Capacity Building Fund	$ 50,000	None
Disaster Relief/Urgent Need Fund	$ 350,000	$ 50,000
Housing Fund		
Housing Infrastructure Fund	$ 400,000	$ 75,000
Housing Rehabilitation Fund	$ 250,000	None
TCDP STEP Fund	$ 350,000	None
Young v. Cuomo Fund	***None***[6]	**None**

1 Regional Review Committees are authorized to establish a grant maximum for their respective regions between $250,000 and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multi-jurisdiction application.

2 The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,500,000, 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.

3 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 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 25 percent 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 33 percent of the total allocation is allocated to the Colonia Area Planning Fund and 67 percent is allocated to the Colonia Comprehensive Planning Fund. Any unobligated funds under either of these two funds may be allocated to the other Colonia Planning Fund category or allocated to the Colonia Construction Fund. The maximum grant award for the Colonia Comprehensive Planning Fund is set at $200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county's total unincorporated area population (according to the 1990 Census).

6 For the Young v. Cuomo Fund the amount of each grant award is limited by the amount needed to address only the activities described in the revised Memorandums of Understanding (MOU). The total allocation for this fund shall not exceed $2,300,000.

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

5. Regional Water Plans

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

F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application.
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 2001 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 2001 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, Disaster Recovery Initiative, 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 2001 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 2001 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, Disaster Recovery Initiative, 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.

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 2001 and PY 2002 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 §2310.403, Texas Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for TCDP grants and loans if at least 50 percent of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote TCDP-eligible economic development in the community or for TCDP-eligible construction, improvement, extension, repair, or maintenance of TCDP-eligible public facilities in the community.

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

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

c. Project Impact -- 0 - 175 Points (Maximum)

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

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

ACTIVITIES	SCORING RANGE
• Water, Sewer, and Housing	175 - 145
• Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175 - 145
• Street Paving, Drainage, Flood Control and 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 that include activities in different scoring ranges receive a combination score within the possible range. As an example, a project including street paving and demolition/clearance activities is scored within a range of 150-115. If the project included a water activity also, the possible range would be 175-115.

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

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

d. Matching Funds -- 60 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 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 less than 3,000 but over 1,500 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 less than 5,000 but over 3,000 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 50 percent of the total construction cost budgeted for the street/road improvements. This requirement will not apply when the applicant provides assurance that the street/road improvements proposed in the application will not be impacted by the possible installation of water or sewer lines in the future because sufficient easements and rights-of-way are available for the installation of such water or sewer lines.

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 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. Other Considerations -- 20 Points (Maximum)

Ten points of the 20 points are awarded to each applicant that did not receive a 1999 or 2000 Community Development Fund contract award or a 1999 or 2000 Housing Rehabilitation Fund contract award.

An applicant can receive five points if the applicant has completed the applicable procurement process prior to the application deadline for engineering services and administrative services that will be needed to implement the activities included in the application. To receive these points an applicant must provide documentation described in the TCDP Application Guide for the Community Development Fund.

An applicant can receive from five to zero points based on the applicant's past performance on previously awarded TCDP contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two most recent TCDP contracts that have reached the end of the original contract period stipulated in the contract. The TCDP may also assess the applicant's performance on existing TCDP contracts that have not reached the end of the original contract period. Applicants that have never received a TCDP grant award will automatically receive these points. The TCDP will assess the applicant's performance on TCDP contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous TCDP contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous TCDP contracts.

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

- Project Priorities — 100 points(Minimum)
- Merits of the Project — 175 points (Maximum)
- Local Effort

Further instructions concerning the Regional Review Committee points are included in the RRC Guidebook. However, the minimum score for Project Priorities (100 points) and maximum score for Merits of the Project (175 points) have been established.

Community Development Fund Marginal Competition

Due to the two-year funding cycle for program years 2001 and 2002, a Community Development Fund marginal competition will not be conducted for program year 2001; however, a marginal competition will be conducted for program year 2002.

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). 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, Matching Funds, and Other Considerations 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 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 -- 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:

• 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 is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the TCDP funds requested minus the TCDP funds requested for engineering and administration, a percentage of the total TCDP construction dollars for each activity will be calculated. The percentage of the total TCDP construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design -- 135 Points (Maximum)

Each application is scored by a committee composed of TCDP staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use TCDP funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the TCDP Community Development Fund or through the use of CDBG entitlement funds.
- The TCDP cost per low/moderate-income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded TCDP contracts.

Colonia Construction Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Fund grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Fund allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established TCDP fund categories.

5. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM FUND

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the TCDP Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP).

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

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

Eligible program costs include 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 are 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 is 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 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.
- 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 percent low/moderate-income benefit as a threshold requirement, but no score is awarded on this factor.

c. Project Design -- 375 Points (Maximum)

(1) Program Priority 50 points

Applicant chooses its own priorities here.

(2) Base Match 0 points

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

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

(3) Areawide Proposals — 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate are required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products — 275 points

- New applicants receive 50 points while previous recipients of planning funds receive either 40 or 20 points depending on the level of implementation of previously funded activities. Recipients of TCDP planning funds prior to PY 1991 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.

9. HOUSING INFRASTRUCTURE FUND — 165 Total Points Maximum

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
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 — 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:

- 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.
- 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.

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.

The STEP approach to solving water and sewer needs begins with the answer to a key question: "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 percent 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.

LEVERAGEING RESOURCES

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, and Texas Main Street Programs:

a. The leverage ratio between all funding sources to the Texas Capital Fund request may not be less than 1:1 for awards of $750,000 or less (except for the main street improvements program in which case a 0.5:1 match for cities with a population of less than 5,000 is acceptable), 4:1 for awards of $750,001 to $1,000,000, and 9:1 for awards of $1,000,001 to $1,500,000.

b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5 percent of the total project cost is required. Total equity participation must be no less than 10 percent of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33 percent equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1.

Housing Infrastructure Fund

As part of the Community Support scoring (10 points), each applicant's commitment of local funds and commitment of funds from other resources are evaluated. Since the beginning of the program, the ratio of matching funds to TCDP funds is approximately 8:1.

C. 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.

D. CITIZEN PARTICIPATION

A grant to a locality under the Texas Community Development Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. TCDP applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in TCDP application guides.

EMERGENCY SHELTER GRANTS PROGRAM (ESGP)

CONTACT: **Eddie Fariss**
PHONE #: 512/475-3897

Federal Resources Expected 2001:
TDHCA has not received confirmation of the PY 2001 Emergency Shelter Grants. In PY 2000, Texas received an award of $4,808,000. The funds were used to address the priority needs as outlined in the 2000 State of Texas Consolidated Plan - One-Year Action Plan.

Recipients:
Units of general local government; private nonprofit organizations

ESTIMATED PY 2001 BENEFICIARIES

- The number of estimated beneficiaries is pending final allocation amount from HUD.
- There were 172,492 beneficiaries for state fiscal year 2000.

Targeted User:
Homeless Persons

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

The Texas Department of Housing and Community Affairs will administer the S-01-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 2001 ESGP funds through a statewide competitive application process.

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.

The state's strategy for helping low-income families avoid becoming homeless; reaching out to homeless persons; addressing the emergency shelter and transitional housing needs of homeless persons; and helping homeless persons make the transition to permanent housing and independent living is outlined briefly below.

Helping low-income families avoid becoming homeless;

- The Department uses a competitive distribution process described in the ESGP One-Year Action Plan. In that distribution process, we make available up to 30 percent of ESGP funds for homelessness prevention and we make every effort to insure that we obligate the 30 percent for homelessness prevention. Homelessness prevention funds provide homeless persons and families with temporary rent and utility assistance, as well as providing assistance to persons and families that are at-risk of losing their housing if they meet certain criteria.
- As part of the application process, we require applicants to demonstrate how they coordinate services with other providers in their communities. This is used as part of our scoring criteria. We encourage our ESGP grant recipients to utilize other community resources when providing homelessness prevention assistance, which insures the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs;

- Each ESGP application includes information about the outreach process used and the individual case management system used by each applicant organization. This is part of our scoring criteria.
- ESGP recipients are encouraged, but not required, to establish measurable goals for providing specific services for homeless persons.
- All ESGP grant recipients utilize some type of case management when they provide assistance to homeless persons. ESGP monitors review the case management process used by each of the ESGP grant recipients.

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

- ESGP grants provide support to grant recipients to provide emergency shelter and transitional housing to homeless persons and families.
- The Department funded 72 projects with the FY 2000 ESGP funds. This insures that the funds assist as many organizations as possible across the State. (See the ESGP Obligation Process described in One Year Action Plan.)

Helping homeless persons make the transition to permanent housing;

- In the ESGP fund distribution process, the Department makes ESGP funds available to organizations to assist homeless persons find and secure permanent housing.

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;
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), which requires that services funded with ESGP must be provided in a non-discriminatory manner.

3. Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any 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. Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate;

3. Providing for the participation of homeless or formerly homeless individuals on 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 in providing services that are assisted under ESGP to the maximum extent feasible through employment, volunteerism, or otherwise, in renovating, maintaining, operating facilities, and/or providing direct services to 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.

Fund Obligation Process

TDHCA will obligate PY 2001 ESGP funds to units of general local government or to private nonprofit organizations that have local government approval to operate a project that assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESGP funds to be distributed equitably throughout the State.

In PY 2000, the amount of ESGP funds allocated statewide to eligible entities was $4,665,740, which included unliquidated funds from previous state allocations. ESGP funds were reserved according to the percentage of poverty population identified in each of 11 TDHCA service regions (i.e. Region 1, with 4.54 percent of the State's poverty population, was awarded 4.54 percent of the available funds).

The Department issued a notice of funding availability (NOFA) and provided an application to each city, county, private nonprofit organization, or individual that requested one. As the applications were received, they were sorted by region and numbered consecutively. In PY 2000, the Department received 122 applications prior to the deadline. Four review teams were established, and each team reviewed the applications according to assigned regions. Each team reviewed approximately 30 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 percent of the highest raw score from the region was not considered for funding. TDHCA obligated funds to 70 projects in PY 2000. All available ESGP funds are obligated each year through one-year contracts.

Fund Reobligation Process

To the extent practicable, ESGP funds reserved for a particular region are obligated to eligible organizations within that region or for eligible statewide projects, as determined by the Executive Director of TDHCA.

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.)

Leveraging Resources

Part 576.51 of the ESGP regulations states that each grantee must match the funding provided by HUD and that the matching funds must be provided after the date of the grant award to the grantee. The Department passes this match requirement to each ESGP grant recipient. Match must be provided in an amount equal to or greater than the grant award. Funds used to match a previous grant may not be used to match a subsequent award. Sources of match may include unrestricted funds from the grant recipient, volunteer time, the value of donated materials or buildings, and the fair market rent or lease value of a building. ESGP applicants identify the source and amount of match they intend to provide if they are chosen for funding. They report monthly on the amount of match provided. ESGP monitors review the match documentation during each monitoring visit. A desk review is completed at the closeout of each contract to, among other things, insure that each ESGP recipient has provided an adequate amount of match during the contract period.

Special Initiatives and Partnerships:

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services 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. At present, 3 HUD Community Builders are advisory board 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. The Department also supports the development and submission of Continuum of Care Homeless applications through a subcontract agreement with THN. HUD Community Builders have participated in previous TA workshops and our plan is to continue to partner with the Community Builders.

HOME INVESTMENT PARTNERSHIPS PROGRAM

CONTACT: Jeannie Arellano
PHONE #: 512/475-2865

Federal Resources Expected PY 2000

The State of Texas HOME Program is applying for $37,000,000 for Program Year 2001.

Allocation of Funds

The Department will use the following method for allocating funds:

Total HOME Allocation:

- Less Administration Funds (10 percent of the total allocation)
- Less CHDO Operating Expenses (5 percent of the total allocation)
- Less CHDO Set-Aside (15 percent of the total allocation)
- Less Special Needs Set-Aside (10 percent of the total allocation)
- Less Contract for Deed Conversions/Colonia (CFDCs) ($2,000,000)

In 1999, the Texas Legislature passed SB 1112, which mandated the Department to allocate housing funds awarded after September 1, 2000 in the HOME, Housing Trust Fund and Low Income Housing Tax Credit Program to each Uniform State Planning Region using a formula, developed by the Department (Regional Allocation Formula), based on need for housing assistance.

Once the above referenced special set-asides are deducted from the total allocation, the remaining fund balance will be awarded based on the Regional Allocation Formula with each activity targeting the following percentage of funds per region.

- Owner Occupied Rehabilitation/Reconstruction (OO) (40 percent)
- Homebuyer Assistance (HBA) (30 percent)
- Tenant Based Rental Assistance (TBRA) (20 percent)
- Demonstration Fund (10 percent of the total allocation)

	Rural Markets (Non-PJs)	Households 0%-30% AMFI	Colonia Markets	Households Special Needs (Disable/ Elderly)	Preservation of Affordable Housing	Homeowner-ship
Owner Occupied Rehabilitation	✔	✔		✔	✔	
Home Buyer Assistance	✔			✔		✔
Tenant-Based Rental Assistance		✔		✔		
Demonstration					✔	
CHDO Set-aside				✔	✔	
Special Needs Set-aside		✔		✔		
CFDC Set-aside	✔		✔			

Funds will only be awarded to applicants whose service area is located in a non-participating jurisdiction (non-PJs). After applicants are prioritized by their service area (non-PJs), the highest scoring applicant per activity within each region will be recommended up to the limit of funds per region. Should an activity not have enough qualified applicants that service a non-PJ area, the funds will be redirected to the next activity in the region which has a higher number of qualified applicants serving non-PJ areas.

Only in the case of Special Needs activities and CHDO eligible activities will the Department allow awards to applicants whose service area falls within a PJ, however priority will still be given to non-PJ service areas. This is in order to achieve the percentage set-aside for these housing initiatives.

Recipients

Local Service Providers:

- Community Housing Development Organizations (CHDOs)
- Units of Local Government
- Public Housing Authorities (PHAs)
- Non-profit and For-profit Organizations

Estimated PY 2001 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 percent (low-income), 31-50 percent (very low-income), and 0-30 percent (extremely low-income) HUD Adjusted Median Family Income. 24 CFR §92.

Priority will be given to applicants whose service area falls outside of a Participating Jurisdiction (PJs).

Definition: A Participating Jurisdiction is one that receives a direct funding allocation from HUD.

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, PHAs, CHDOs, and other non-profits and for-profits organizations are eligible to apply for HOME funds through the Department. 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 the State implementation guidelines and federal regulations.

In addition to project funds, eligible applicants may qualify for up to four percent for reimbursement of administration expenses as they relate to administering the HOME contract. Five percent is set-aside for eligible CHDOs for reimbursement of operating expenses. This fee is only allowed if a developer fee is not included in the cost of the project.

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; tenant-based rental assistance, and rental housing development, rehabilitation, and preservation.

A minimum of 15 percent of the annual HOME allocation is reserved for CHDOs for the development of housing sponsored or owned by the CHDO. These organizations can apply for rental housing acquisition, rehabilitation, new construction, and conversion. CHDOs can also apply for homebuyer assistance if their organization is the owner, developer or sponsor of the single-family housing project. The Department will allow awards to applicants whose service area falls within a PJ, however priority will still be given to non-PJ service areas. This is in order to achieve the percentage set-aside for CHDOs.

Ten percent of the HOME project allocation is reserved for applicants that target persons with special needs. The Department will allow awards to applicants whose service area falls within a PJ, however priority will still be given to non-PJ service areas. This is in order to achieve the percentage set-aside for Special Needs populations.

The Department distributes HOME funds through statewide or regional competitions (refer to Allocation of Funds) 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 and are funded only if the score exceeds the threshold established in the State of Texas HOME Program rules. This minimum threshold is 180 points. Applicants not meeting the minimum threshold will be disqualified.

Priority will be given to applicants whose service area will not include (PJs). After applicants are prioritized by their service area (non-PJs), the highest scoring applicant per activity within each region will be recommended up to the limit of funds per region. Should an activity not have enough qualified applicants that are serving a non-PJ area, the funds will be redirected to the next activity in the region that had a higher number of qualified applicants serving non-PJ areas. Only in the case of Special Needs activities and CHDO eligible activities will the Department allow awards to applicants whose service area falls within a PJ, however priority will still be given to non-PJ service areas. This is in order to achieve the percentage set-aside for these housing initiatives.

Reobligation Process

Except for eligible disaster relief projects approved by the executive director, deobligated HOME funds shall be redistributed by means of Notices of Funding Availability. After approved disaster relief projects, the next priority for funding is for eligible special needs projects, then eligible projects in colonias, and finally for other eligible projects or uses as determined by TDHCA's board of directors, or the executive director, at the board's direction.

Program Descriptions

Owner-Occupied Housing Assistance

Eligible applicants include nonprofit organizations, units of general local government, and public housing authorities. This activity is 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 the State of Texas Minimum Construction Standards and local building codes.

The present allocation for this fund is approximately 40 percent of the Project Budget for Housing Activities, but is also an eligible activity under the Special Needs set-aside (Refer to Allocation of Funds).

Homebuyer Assistance

Eligible applicants include: non-profit organizations, for-profit organizations, CHDOs (if the entity is the owner, developer, or sponsor of the of the single-family housing project), units of general local government, and public housing authorities.

Down payment 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, in the form of a 2nd lien zero interest deferred 30 year loan. The Homebuyer Assistance loans are to be repaid at the time of resale of the property, refinance of the first lien, or repayment of the first lien.

The present allocation for Homebuyer Assistance is approximately 30 percent of the Project Budget for Housing Activities, but is also an eligible activity under the Special Needs and CHDO set-asides (Refer to Allocation of Funds).

Rental Housing Development

Rental Housing Development will only be limited to applications from CHDOs and eligible applicants applying under the Demonstration Fund for preservation of affordable rental housing.

The Department makes loans to CHDOs 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. A standard underwriting review will be performed on applications under this activity. 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. 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.

This activity will be part of the 15 percent CHDO set-aside and the Demonstration Fund (Refer to Allocation of Funds).

Tenant Based Rental Assistance

Eligible applicants include nonprofit organizations, units of general local government, and public housing agencies.

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. Additional scoring criteria will be continued to assist with the implementation of Texas Health and Safety Code, §531.001, note, "Supported Housing Services to Individuals with Mental Illness," as well as Texas Government Code, §2306.071, note, "Rental Pilot Program to Expand Long-Term Care Housing Options for Elderly Residents."

The present allocation for Tenant Based Rental Assistance is approximately 20 percent of the Project Budget for Housing Activities, but is also an eligible activity under the Special Needs set-aside (Refer to Allocation of Funds).

HOME Demonstration Fund

Funds will be reserved for eligible applicants applying for HOME funds to be used for the preservation of existing affordable or subsidized rental housing. This can include 4 percent or 9 percent Low Income Housing Tax Credit project, which have applied through TDHCA, for the preservation of affordable rental housing. In order to provide adequate funding per project, this activity will not be subject to the Regional Allocation Formula.

Eligible applicants include non-profit organizations, CHDOs, units of general local government, for-profit housing development organizations, sole proprietors and public housing authorities.

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. 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 Department's HOME Demonstration Fund is 10 percent of Project Budget for Housing Activities (Refer to Allocation of Funds).

Special Initiatives

Special Needs:

Eligible applicants include nonprofits, local governments, and PHAs with documented histories of working with special needs populations may apply. Additional scoring criteria will be continued to assist with the implementation of Texas Health and Safety Code, §531.001, note "Supported Housing Services to Individuals with Mental Illness", and Texas Government Code, §2306.071, note "Rental Housing Pilot Program to Extend Long Term Care Options for the Elderly". Homebuyer assistance is allowed up to $15,000 in the form of a forgivable note for homebuyers with special needs.

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. To ensure the continued success of the Coalition, $500,000 of the special needs set aside will be reserved for HOYO.

Additionally, TDHCA has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L.C*. In response to the needs of persons with disabilities that will be exploring housing options outside of institutional settings, the HOME program has increased the percentage of its HOME allocation for Tenant Based Rental Assistance from 8 percent to 20 percent.

Ten percent of the HOME allocation is reserved for applicants that target persons with special needs.

Contract for Deed Conversions:

Eligible applicants include non-profit and for-profit organizations, units of general local government, and public housing authorities. As required by the Texas Legislature through

Appropriations Rider 14 and Texas Government code §2306.255, "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 percent or less of the applicable area median family income. This program will allow eligible applicants to assist residents living in Texas colonias, within 150 miles of the Texas-Mexico border, to convert their existing contract for deed into a traditional note and deed of trust. All properties must be in a colonia as determined by the Texas Water Development Board or meet the Department's definition of a colonia.

A total of $2,000,000 will be available for this activity.

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 reviews 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

HOME's allocation of funds, less the set-asides, will be awarded based on the Regional Allocation Formula with each activity (Owner Occupied Rehabilitation/Reconstruction; Homebuyer Assistance; and Tenant Based Rental Assistance) having the same percentage per region. Except in the case of special needs and CHDO applicants, funding will go only to applicants whose service area will not include a Participating Jurisdiction (PJs). After applicants are prioritized by their service area (non-PJs), the highest scoring applicant per region, per activity will be recommended up to the limit of funds per region.

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.

Match Requirements

The Department will provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the fiscal year. The State sources include the following:

a) Loans originated from the proceeds of single-family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25 percent of bond proceeds to meet its annual match requirement.
b) Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME-assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).
c) Eligible match contributions from State recipients, as specified in 24 CFR 92.220.

Additionally, the Department will continue to carry forward match credit.

Program Administration
The Department will reserve HOME funds in an amount not to exceed 10 percent of the State's federal allocation for program administration. Up to four percent will be made available to eligible administrators for reimbursement of eligible administrative expenses who participate in the State's HOME Program. CHDOs can receive up to five percent for reimbursement of eligible operating expenses.

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);

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:

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

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

* 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 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 percent 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 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 a 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)*.

2001 State of Texas Consolidated Plan

Application for Housing Opportunities for Persons with AIDS

Program Year 2001
(February 1, 2001 through January 31, 2002)

TENTH YEAR FUNDING

SUBMITTED TO

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

THROUGH

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SUBMITTED BY

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INTRODUCTION

This grant application for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2001 State of Texas Consolidated Plan for program year 2001 (February 1, 2001 through January 31, 2002). Although this application is part of the Consolidated 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

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

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons with AIDS are either homeless or at risk of homelessness, there may be from 9,686 to 14,530 people living with AIDS in Texas who are homeless or at risk of homelessness. It is unknown how many symptomatic people with HIV are at risk. Housing continues to rank high on the needs assessments of people with HIV/AIDS.

While TDH distributes approximately $20.6 million in Ryan White and State Services grants to provide a wide array of health and social services for persons with HIV/AIDS, housing traditionally has received less resource allocation at the local level than the more pressing medical problems of the affected persons. An additional $40 million is spent on HIV medications. Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.

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

PROPOSED ACTIVITIES

The Texas Department of Health (TDH) proposes to continue the following activities:

EMERGENCY ASSISTANCE PROGRAM

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

RENTAL ASSISTANCE PROGRAM

This program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low income clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other housing. Clients must contribute the greater of 10 percent of gross income or 30 percent of adjusted gross income towards their rent or they must contribute the amount of welfare or other assistance received for that purpose. The project sponsor pays the balance of the rent up to the Fair Market Rent value. Deposits for rent or utilities are not allowed.

The TDH is in the process of developing guidance for sponsors to implement the following additional HOPWA activities:

PROJECT-BASED RENTAL ASSISTANCE

Project-based rental assistance will provide the same services as tenant-based rental assistance, except that the project sponsor will contract with the landlord of a particular rental property instead of the tenant choosing their own rental property.

RESOURCE IDENTIFICATION

This activity will provide technical assistance to local service organizations to establish, coordinate and develop housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).

OPERATING COSTS

This activity will allow HOPWA sponsors to use grant funds for operating costs for housing including maintenance, security, operation, insurance, utilities, furnishings, equipment, supplies, and other incidental costs.

PROGRAM PLAN

TDH estimates that 1,210 persons can be provided with short-term rent, mortgage, and utility payments and 1190 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. Case management and other support services are provided through Ryan White CARE Act funds and State Services funds.

GEOGRAPHIC DISTRIBUTION

The general locations for the proposed activities cover the entire state through established HIV Service Delivery Areas (HSDAs). An administrative agency is located in each of 26 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, 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.

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.

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 that administers assistance provided under the Ryan White CARE Act Title II 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 HIV/AIDS 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.

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) Centro de Salud Familiar La Fe
608 South St. Vrain
El Paso, TX 79901

(6) Coastal Bend AIDS Foundation, Inc.
P. O. Box 331416
Corpus Christi, Texas 78463-1416

(7) Galveston County Health District
P. O. Box 939
La Marque, Texas 77568-0939

(8) Health Horizons of East Texas, Inc.
P. O. Box 631346
Nacogdoches, Texas 75963-1346

(9) Houston Regional HIV/AIDS Resources Group Inc.
811 Westheimer, #201
Houston, Texas 77006

(10) Laredo (City of) Health Department
P. O. Box 2337
Laredo, Texas 78044-2337(10).

(11). Panhandle AIDS Support Org., Inc.
P. O. Box 2582
Amarillo, Texas 79105-2582

(12). Clover House, Inc.
1118-B West 12th
Odessa, Texas 79763

(13). San Angelo AIDS Foundation, Inc.
P. O. Box 62474
San Angelo, Texas 76906

(14). San Antonio Metropolitan Health District
332 West Commerce
San Antonio, Texas 78285-5201

(15). South Plains AIDS Resource Center
P. O. Box 6949
Lubbock, Texas 79493

(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

(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

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. Interested persons should obtain a copy of the Low Income Housing Tax Credit Qualified Allocation Plan and Rules (QAP) for a more detailed description of the program. A number of other descriptive documents are available on the Department's web site at www.tdhca.state.tx.us or by request at 512.475.3340.

	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 needs of homeless persons. Because transitional housing falls within the QAP's definition of "Special Housing Project", such housing receives special competitive evaluation consideration with regard to *tie breaker* preference relating to the final ranking of applications.

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 program's selection criteria awards 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.

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

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. Through the QAP's selection criteria, the Department provides preferences to applications that:

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

With regard to *tie breaker* preference relating to the final ranking of applications, the QAP provides priority in 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 QAP's stated goal of dispersing the credits over a wide geographic area 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. The QAP's scope states that: "Such criteria (goals and objectives) shall be implemented to ensure 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.

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 (LBT). The engineers performing ESA's have a very high level of awareness of the LBP issue because of the prevalence of the problem.

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

Developing institutional structure
Though not explicitly addressed, the existence of the program’s nonprofit set-aside and points given for nonprofit participation encourage the proliferation of nonprofits. Program provisions are known to have resulted in the creation of a very small number of nonprofits in past allocation years.

Enhancing coordination between public & private housing & social service agencies
The provision of supportive services is encouraged by awarding points for such services in the QAP. Supportive services are frequently a part of 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.

Fostering public housing resident initiatives
Public housing resident initiatives are implicitly addressed in the QAP, which provides points to owners who enter into an agreement to sell a tax credit 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	
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 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 of housing units assisted with HTF funds must be set aside for special needs populations.

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 that are comparable to market rate properties in construction and amenities.

Reduce Lead-Based Paint Hazards

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

Enhance Coordination Between Public and Private Housing and Social Service Agencies

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

Multifamily Bond Program

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

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

<u>Fostering and maintaining affordable housing</u>

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

<u>Fostering and maintaining affordable housing</u>

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 percent or less of AMFI) receive zero percent 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
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

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 percent of AMFI) that are exceptionally prone to poverty.

Fostering and maintaining affordable housing

OCI fosters affordable housing through the Texas Bootstrap Loan Program created by the 76th Texas Legislature to promote and enhance homeownership for very low income Texans by providing loan funds to purchase or refinance real property on which to build new residential housing, 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 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.

Monitoring

<u>91.330 Monitoring</u>

The consolidated plan must describe the standards and procedures that the State will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including the comprehensive planning requirements.

The Department has established oversight and monitoring procedures within the Compliance and Community Affairs Divisions to ensure that activities are completed and funds are expended in accordance with contract provisions and applicable State and Federal rules, regulations, policies, and related statutes. The process for selecting contracts to be monitored on-site is based on a combination of risk assessment factors, program requirements, amount of funds drawn, and other considerations. Monitoring correspondence, identifying monitoring results and due dates for responses, is submitted to each Contractor after monitoring visits have been conducted. Follow-up and applicable close-out procedures have been established for each program. In addition, the Compliance Division is responsible for long term monitoring of income eligibility and tenure of affordability for applicable HOME projects. In other cases where contracts require long-term oversight (such as land use restrictive covenants or revolving loan funds) reporting and enforcement procedures have been implemented.

The Texas Department of Health is responsible for oversight and monitoring of the Housing and Opportunities for Persons with AIDS.

Certifications

§ 91.325 Certifications.

(a) General.

(1) Affirmatively furthering fair housing. Each State is required to submit a certification that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the State, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See § 570.487(b)(2)(ii).)

(2) Anti-displacement and relocation plan. The State is required to submit a certification that it has in effect and is following a residential antidisplacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG or HOME programs.

(3) Drug-free workplace. The State must submit a certification with regard to drug-free workplace required by 24 CFR part 24, subpart F.

(4) Anti-lobbying. The State must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(5) Authority of State. The State must submit a certification that the consolidated plan is authorized under State law and that the State possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

(6) Consistency with plan. The State must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

(7) Acquisition and relocation. The State must submit a certification that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24.

(8) Section 3. The State must submit a certification that it will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR 135.

(b) Community Development Block Grant program. For States that seek funding under CDBG, the following certifications are required:

(1) Citizen participation. A certification that the State is following a detailed citizen participation plan that satisfies the requirements of § 91.115, and that each unit of general local government that is receiving assistance from the State is following a detailed citizen participation plan that satisfies the requirements of § 570.486.

(2) Consultation with local governments. A certification that:

(i) It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

(ii) It engages or will engage in planning for community development activities;

(iii) It provides or will provide technical assistance to units of general local government in connection with community development programs;

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

(v) Each unit of general local government to be distributed funds will be required to identify its community development and housing needs, including the needs of the low-income and moderate-income families, and the activities to be undertaken to meet these needs.

(3) Community development plan. A certification that this consolidated plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objective of the statute authorizing the CDBG program, as described in § 570.2, and requirements of this part and part 570.

(4) Use of funds. A certification that the State has complied with the following criteria:

(i) With respect to activities expected to be assisted with CDBG funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit

low- and moderate-income families or aid in the prevention or elimination of slums or blight. The plan may also include CDBG-assisted activities that are certified to be designed to meet other community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs;

(ii) The aggregate use of CDBG funds, including section 108 guaranteed loans, during a period specified by the State, consisting of one, two, or three specific consecutive program years, shall principally benefit low- and moderate-income families in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period (see 24 CFR 570.481 for definition of "CDBG funds"); and

(iii) The State will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment;

(5) Compliance with anti-discrimination laws. A certification that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

(6) Excessive force. A certification that the State will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

(i) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

(ii) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(7) Compliance with laws. A certification that the State will comply with applicable laws.

(c) Emergency Shelter Grant program. For States that seek funding under the Emergency Shelter Grant program, a certification is required by the State that it will ensure that its State recipients comply with the following criteria:

(1) In the case of assistance involving major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a 10-year period;

(2) In the case of assistance involving rehabilitation less than that covered under paragraph (d)(1) of this section, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a three-year period;

(3) In the case of assistance involving essential services (including but not limited to employment, health, drug abuse, or education) or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served;

(4) Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary;

(5) It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance available for such individuals;

(6) It will obtain matching amounts required under § 576.71;

(7) It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter; and

(8) To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted under the program, and in providing services for occupants of facilities assisted under the program.

(9) It is following a current HUD-approved consolidated plan.

(d) <u>HOME program.</u> Each State must provide the following certifications:

(1) If it plans to use program funds for tenant-based rental assistance, a certification that rental-based assistance is an essential element of its consolidated plan;

(2) A certification that it is using and will use HOME funds for eligible activities and costs, as described in §§ 92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in § 92.214; and

(3) A certification that before committing funds to a project, the State or its recipients will evaluate the project in accordance with guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing.

(e) <u>Housing Opportunities for Persons With AIDS.</u> For States that seek funding under the Housing Opportunities for Persons With AIDS program, a certification is required by the State that:

(1) Activities funded under the program will meet urgent needs that are not being met by available public and private sources; and

(1) Any building or structure purchased, leased, rehabilitated, renovated, or converted with assistance under that program shall be operated for not less than 10 years specified in the plan, or for a period of not less than three years in cases involving non-substantial rehabilitation or repair of a building or structure.

Citizen Participation Plan

§ 91.115 Citizen participation plan - States.

(a) Applicability and adoption of the citizen participation plan.

(1) The State is required to adopt a citizen participation plan that sets forth the State's policies and procedures for citizen participation. [Where a State, before the effectiveness of this rule, adopted a citizen participation plan that complies with section 104(a)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(A)(3)) but will need to amend the citizen participation plan to comply with provisions of this section, the citizen participation plan shall be amended by the first day of the State's program year that begins on or after 180 days following the effective date of this rule.]

(2) Encouragement of citizen participation. The citizen participation plan must provide for and encourage citizens to participate in the development of the consolidated plan, any substantial amendments to the consolidated plan, and the performance report. These requirements are designed especially to encourage participation by low- and moderate-income persons, particularly those living in slum and blighted areas and in areas where CDBG funds are proposed to be used and by residents of predominantly low- and moderate-income neighborhoods, as defined by the State. A State also is expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

(3) Citizen and local government comment on the citizen participation plan and amendments. The State must provide citizens and units of general local government a reasonable opportunity to comment on the original citizen participation plan and on substantial amendments to the citizen participation plan, and must make the citizen participation plan public. The citizen participation plan must be in a format accessible to persons with disabilities, upon request.

(b) Development of the consolidated plan. The citizen participation plan must include the following minimum requirements for the development of the consolidated plan.

(1) The citizen participation plan must require that, before the State adopts a consolidated plan, the State will make available to citizens, public agencies, and other interested parties information that includes the amount of assistance the State expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income and the plans to minimize displacement of persons and to assist any persons displaced. The citizen participation plan must state when and how the State will make this information available.

(2) The citizen participation plan must require the State to publish the proposed consolidated plan in a manner that affords citizens, units of general local governments, public agencies, and other interested parties a reasonable opportunity to examine its contents and to submit comments. The citizen participation plan must set forth how the State will publish the proposed consolidated plan and give reasonable opportunity to examine the contents of the proposed consolidated plan. The requirement for publishing may be met by publishing a summary of the proposed consolidated plan in one or more newspapers of general circulation, and by making copies of the proposed consolidated plan available at libraries, government offices, and public places. The summary must describe the contents and purpose of the consolidated plan, and must include a list of the locations where copies of the entire proposed consolidated plan may be examined. In addition, the State must provide a reasonable number of free copies of the plan to citizens and groups that request it.

(3) The citizen participation plan must provide for at least one public hearing on housing and community development needs before the proposed consolidated plan is published for comment.

(i) The citizen participation plan must state how and when adequate advance notice will be given to citizens of the hearing, with sufficient information published about the subject of the hearing to permit informed comment. (Publishing small print notices in the newspaper a few days before the hearing does not constitute adequate notice. Although HUD is not specifying the length of notice required, it would consider two weeks adequate.)

(ii) The citizen participation plan must provide that the hearing be held at a time and location convenient to potential and actual beneficiaries, and with accommodation for persons with disabilities. The citizen participation plan must specify how it will meet these requirements.

(iii) The citizen participation plan must identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate.

(4) The citizen participation plan must provide a period, not less than 30 days, to receive comments from citizens and units of general local government on the consolidated plan.

(5) The citizen participation plan shall require the State to consider any comments or views of citizens and units of general received in writing, or orally at the public hearings, in preparing the final consolidated plan. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, shall be attached to the final consolidated plan.

(c) <u>Amendments.</u>

(1) <u>Criteria for amendment to consolidated plan.</u> The citizen participation plan must specify the criteria the State will use for determining what changes in the State's planned or actual activities constitute a substantial amendment to the consolidated plan. (See § 91.505.) It must include among the criteria for a substantial amendment changes in the method of distribution of such funds.

(2) The citizen participation plan must provide citizens and units of general local government with reasonable notice and an opportunity to comment on substantial amendments. The citizen participation plan must state how reasonable notice and an opportunity to comment will be given. The citizen participation plan must provide a period, not less than 30 days, to receive comments on the substantial amendment before the amendment is implemented.

(3) The citizen participation plan shall require the State to consider any comments or views of citizens and units of general local government received in writing, or orally at public hearings, if any, in preparing the substantial amendment of the consolidated plan. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefor, shall be attached to the substantial amendment of the consolidated plan.

(d) <u>Performance Reports.</u>

(1) The citizen participation plan must provide citizens with reasonable notice and an opportunity to comment on performance reports. The citizen participation plan must state how reasonable notice and an opportunity to comment will be given. The citizen participation plan must provide a period, not less than 15 days, to receive comments on the performance report that is to be submitted to HUD before its submission.

(2) The citizen participation plan shall require the state to consider any comments or views of citizens received in writing, or orally at public hearings in preparing the performance report. A summary of these comments or views shall be attached to the performance report.

(e) <u>Citizen participation requirements for local governments.</u> The citizen participation plan must describe the citizen participation requirements for units of general local government receiving CDBG funds from the State in 24 CFR 570.486. The citizen participation plan must explain how the requirements will be met.

(f) <u>Availability to the public.</u> The citizen participation plan must provide that the consolidated plan as adopted, substantial amendments, and the performance report will be available to the public, including the availability of materials in a form accessible to persons with disabilities, upon request. The citizen participation plan must state how these documents will be available to the public.

(g) <u>Access to records.</u> The citizen participation plan must require the state to provide citizens, public agencies, and other interested parties with reasonable and timely access to information and records relating to the state's consolidated plan and the state's use of assistance under the programs covered by this part during the preceding five years.

(h) <u>Complaints.</u> The citizen participation plan shall describe the State's appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments, and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG grant recipient).

(i) <u>Use of citizen participation plan.</u> The State must follow its citizen participation plan.

§ 91.505 Amendments to the consolidated plan.

(a) Amendments to the plan. The jurisdiction shall amend its approved plan whenever it makes one of the following decisions:

(1) To make a change in its allocation priorities or a change in the method of distribution of funds;

(2) To carry out an activity, using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan; or

(3) To change the purpose, scope, location, or beneficiaries of an activity.

(b) Criteria for substantial amendment. The jurisdiction shall identify in its citizen participation plan the criteria it will use for determining what constitutes a substantial amendment. It is these substantial amendments that are subject to a citizen participation process, in accordance with the jurisdiction's citizen participation plan. (See §§ 91.105 and 91.115.)

(c) Submission to HUD.

(1) Upon completion, the jurisdiction must make the amendment public and must notify HUD that an amendment has been made. The jurisdiction may submit a copy of each amendment to HUD as it occurs, or at the end of the program year. Letters transmitting copies of amendments must be signed by the official representative of the jurisdiction authorized to take such action.

(2) See subpart B of this part for the public notice procedures applicable to substantial amendments. For any amendment affecting the HOPWA program that would involve acquisition, rehabilitation, conversion, lease, repair or construction of properties to provide housing, an environmental review of the revised proposed use of funds must be completed by HUD in accordance with 24 CFR 574.510.

Overall Scope

The Texas Department of Housing and Community Affairs (TDHCA) is the governor's designated lead agency for the development and approval of the State of Texas' Consolidated Plan. All of the programs covered by the Consolidated Plan are administered by TDHCA with the exception of the Housing Opportunities for People With AIDS (HOPWA) program, which is administered by the Texas Department of Health.

Several steps were taken to seek the participation of citizens in the development of this Plan:

- Collaborative efforts between TDHCA and numerous organizations resulted in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA acknowledges the assistance provided by the organizations listed below to assist the Department in working towards reaching its mission, goals, and objectives in FY 2000, which relate directly to the formation of the Consolidated Plan. These contributions were made in various forms, from direct contact to availability of research materials on the Internet.

- ADAPT of Texas
- AIDS Services of Austin
- AIDS Services of Dallas
- American Association of Retired Persons
- Bay Area Women's Shelter
- Center for Community Change
- Community based organizations
- Community housing development organizations
- Councils of Government
- Fannie Mae
- Freddie Mac
- Housing Assistance Council
- Local nonprofit organizations
- National Low Income Housing Coalition
- National and local private lenders
- National Coalition Against Domestic Violence
- National Community Reinvestment Coalition
- National Fair Housing Advocate
- Prairie View A&M University
- Texas Affiliation of Affordable Housing Providers
- Texas A&M Real Estate Center
- Texas Association of Community Development Corporations
- Texas Association of Homes and Services for the Aging
- Texas Commission for the Blind
- Texas Council on Family Violence
- Texas Department of Health
- Texas Department of Health, Medicaid Early and Periodic Screening, Diagnosis, and Treatment
- Texas Department of Human Services
- Texas Department of Mental Health and Mental Retardation
- Texas Department of Public Safety
- ADAPT of Texas
- Texas Department on Aging
- Texas Public Housing Authorities
- Texas Rehabilitation Commission
- Texas residents who took the time to testify at public hearings and submit written comment
- The Agricultural Extension Service
- The American Institute for Learning
- The Bond Review Board
- The Center for Disease Control National AIDS Hotline
- The Central Texas Mutual Housing Association
- The Consumer Controlled Housing Enterprise
- The Consumer Credit Counseling Service
- The Council of State Community Development Agencies
- The Enterprise Foundation
- The Legislative Budget Board
- The National Center for Farmworker Health, Inc.
- The National Coalition for Homeless Veterans
- The National Council of La Raza
- The National Council of State Housing Agencies
- The National Domestic Violence Hotline
- The National Housing Council
- The National Lead Information Clearinghouse
- The National Safety Council
- The Neighborhood Reinvestment Corporation
- The Rural Rental Housing Association of Texas
- Texas Association of Regional Councils
- The Texas Commission on Alcohol and Drug Abuse
- The Texas Consumer Credit Commission
- The Texas Council of Developmental Disabilities

- ADAPT of Texas
- The Texas Council on Family Violence
- The Texas Department of Health, Bureau of HIV and STD Prevention
- The Texas Department of Health, Environmental and Occupational Epidemiology Program
- The Texas Department of Health, Environmental Lead Program
- The Texas Development Institute
- The Texas Home of Your Own Coalition
- The Texas Homeless Network
- The Texas Human Rights Commission
- The Texas Legislature
- ADAPT of Texas
- The Texas Low Income Information Service
- The Texas Office of the Credit Commissioner
- Texas Rural Development Council
- The Texas State Data Centers
- The Texas Workforce Commission
- The U.S. Department of Housing and Urban Development
- U.S. Department of Energy
- U.S. Department of the Treasury
- United Cerebral Palsy of Texas
- United Cerebral Palsy of the Capitol Area

- Department Oversight Reviews: In 2000, TDHCA was reviewed by the Sunset Advisory Commission. The Texas Sunset concept is based on the idea that legislative oversight of government operations is enhanced by systematic evaluation of state agencies. While legislative oversight is usually concerned with how well governmental agencies have complied with legislative procedures and policies, Sunset asks a more fundamental question: Do the policies carried out by an agency continue to be needed? This comprehensive process reviewed not only the functions of TDHCA, but also the relationships of the Department with its network of service providers. Through interviews and public hearings, citizens were encouraged to discuss the Department and it policies and procedures. The recommendations from the Sunset Advisory Commission and testimony received from public hearings related to the Sunset process were taken into account in the development of this plan.

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

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
House Committee on Urban Affairs	• Oversight committee • Review the data used by TDHCA to make decisions affecting affordable housing. Determine the adequacy of the data as it relates to the scope, timeliness and accuracy of information. • Assess the advantages and disadvantages of manufactured housing as one means to alleviate affordable housing deficits.
House Committee on Appropriations	• Review practices of state agencies and institutions in salary administration, contract employees, general contracting practices including monitoring the performance of contractors, year 2000 performance and attainment of performance goals.
House Select Committee on Rural Development	• Conduct a comprehensive study of all issues pertaining to the current and future viability of rural areas and small cities and towns in Texas. Develop plans to maintain and improve the economic, social and cultural life of rural Texans. • The studies shall include rural industries, transportation, telecommunications, environmental and natural resource issues, health and human needs, housing, and any other matters substantially affecting the quality of life in rural Texas.

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
Senate Special Committee on Border Affairs	• Assess the Border Region's water and wastewater system infrastructure needs and the impact of the lack of adequate water and wastewater systems on health conditions along the Border. The Committee shall develop both short-term and long-term recommendations to address these infrastructure needs. • Develop economic development strategies for the Border Region to increase economic opportunity and the earning capacity of its residents through higher wage jobs. The strategies should assess the Region's post-NAFTA workforce training needs, as well as identify potential emerging industry clusters in the Border Region and the workforce requirements to support those industry clusters. • Monitor the implementation of the following bills enacted during the 76th Legislature, Regular Session: SB 913 relating to the establishment and maintenance of one-stop border inspection stations by the Texas Department of Transportation in Brownsville, Laredo, and El Paso; and SB 1421 relating to the regulation of the subdivision or development of land in certain economically distressed areas, including colonias, and certain other areas.
Senate State Affairs/Finance (Joint)	• Study the impact of devolution and other federal streamlining and efficiency efforts on major state agencies, including full-time equivalent employee (FTE) increases, major programmatic changes, and administrative costs to the state. The Committee shall also study conflicts and overlaps among agencies resulting from federally devolved functions and responsibilities. The Committee shall coordinate study of this issue with the Committee on Finance. The final preparation of the report will be the responsibility of the State Affairs Committee.
Senate Inter-governmental Relations	• Study the funding and expenditures of Councils of Government (COGs) and examine the changing relationship between COGs and the state and federal governments since 1982. The Committee shall monitor compliance by COGs regarding publication of financial statements, as referenced in the General Appropriations Bill, HB 1, 76th Legislature, Regular Session. • Review the statutory authority granted to local governments to regulate the development of residential subdivisions. The Committee shall identify conflicting provisions and make recommendations to clarify existing statutes. • Supplemental Charge: Review the powers, functions and programs administered by the TDHCA and the Texas State Affordable Housing Corporation (TSAHC). The committee's report shall assess the methodology used in allocating the various housing funds and resources, including the Low-Income Housing Tax Credit program and the Housing Trust Fund, and compliance by the agency with that methodology, and address whether the programs administered by TDHCA and the TSAHC meet the affordable housing demands of targeted population groups throughout the State of Texas.

COMMITTEE	CHARGES DIRECTLY RELATED TO TDHCA
Senate Committee on Human Services	• Examine the continuum of care and options available to Texans in need of long-term care. The Committee shall evaluate the effectiveness of state regulatory efforts to ensure quality services as well as analyze the long-term care business climate. • Monitor federal developments related to long-term care and welfare issues. In the event that significant developments occur, the Committee shall evaluate their impact on Texas.

- An ongoing community needs survey was designed and distributed to all cities and counties in the state to gain a better understanding of local needs.
- Before preparing the Plan, the Department met with various organizations concerning the prioritization and allocation of the Department's resources. Because it is a working document, all forms of public contact/input were taken into account in its preparation. Throughout the year research was performed to analyze housing needs across the State, focus meetings were held to discuss ways to prioritize funds to meet specific needs and public comment was received at program level public hearings as well as at every Board of Directors meeting. In the development of new programs, workgroups with representatives from outside interested parties were formed, again giving organizations the opportunity to have input in Department policies and programs.
- Once the draft of the Plan was released for public comment, it was distributed to state regional libraries. These locations were announced in the Texas Register. In addition, copies of the draft were available from TDHCA to those requesting it. A copy of the draft was also made available on the Department's web site.
- A summary of the draft of the Consolidated Plan and associated public hearing schedule was published in the *Texas Register*.
- A 30 day comment period was offered for the purpose of receiving public comment on the Plan. The final Plan includes a summary of those comments. For those comments not incorporated into the final Plan, reasons were given as to why they were excluded.
- To provide the public with an opportunity to more effectively provide comment on the Department's policy and planning documents in 2001, the Department consolidated the following planning documents' required hearings into eight consolidated hearings:
- Consolidated Plan
- State of Texas Low Income Housing Plan and Annual Report
- LIHTC Qualified Action Plan
- The Community Services Block Grant and Community Food and Nutrition Program Intended Use Report for FFY 2002-2003

The 2001 Regional Allocation Formula

- These hearings were held in Tyler, Mercedes, Plainview, San Antonio, El Paso, Houston, and Dallas. Public comment on the plan was also taken at the December TDHCA Board Meeting in Austin. Translators would have been made available at the hearing if requested by the public. The sites were accessible to persons with disabilities. Hearing times were held during working and non-working hours.
- The CDBG citizen participation requirements applicable to their recipients are included in the CDBG portion of the Consolidated Plan.

Criteria for amendment to the Consolidated Plan

A change of over 30 percent in the funding of individual program categories contained in the Consolidated Plan (whether planned or actual activities) will be considered a substantial amendment.

Opportunity provided for comment on any proposed substantial amendments

If a substantial amendment is needed, then reasonable notice will be given to citizens and units of general local government and opportunity will be given to receive their comments for no less than 30 days after notice is given.

Disposition of comments received on any proposed substantial amendments

Any comments or views received, either in writing or orally, will be considered in the preparation of the substantial amendment to the Consolidated Plan. A summary of those comments or views and an indication of whether they were accepted or not (if not, the reasons for not doing so will be stated) shall be attached to the subsequent amendment to the Consolidated Plan.

Performance Report

As 2001 will be the first year of the Consolidated Plan, there will not be a Performance Report issued. In the 2002 Consolidated Plan, a Performance Report will be prepared analyzing the results of the 2001 Consolidated Plan.

Access to records

Information and records relating to the Consolidated Plan and the State's use of assistance under the programs covered by the Plan over the preceding five years are available in accordance with the Texas Open Records Act.

Complaints

The State will provide a timely, substantive written response to every written complaint received that conforms to TDHCA's Complaint System 10 T.A.C. Sec. 1.11 and 1.13. Copies of this procedure are available upon request.

Public Comment on the 2001-- 2003 Consolidated Plan

1.

Our staff commends your agency for addressing these very important issues. The City of Webster is a co-op City through Harris County Community Development Department and it is our understanding that we are eligible to submit grant requests through their office, but we are not eligible to apply for the same funds (CDBG) through your agency.

Our City is interested in meeting with a representative of your agency after the holiday season to seek the possibility of technical assistance/services in the following areas:

- Needs prioritization
- Evaluation of existing funding sources for housing, economic development, public services and facilities.
- Community Development needs (parks and recreation areas, planning and economic development).
- First Time Homebuyer Programs.
- Down Payment Assistance Programs.
- Texas Youthworks Program.
- Planning and Capacity Building Fund
- Texas Statewide Homebuyer Education Program.

Thank you for the opportunity to participate in your public hearing process.

James Williams
Acting City Manager.
City of Webster

2.

The Rio Grande Council of Governments… would like to offer our comments on the Texas Capital Fund program.

Currently, TDHCA and TDED devote some 14% of the CDBG dollars to the Texas Capital Fund project. We believe that amount to be excessive given the demonstrable needs in our rural areas for water, sewerage, streets and drainage, and other eligible projects. While we are sure that many worthwhile economic development projects have been funded around the state, in our experience the subsidy provided by the Texas Capital Fund was not crucial to making the project go forward. We recommend that the allocation for the fund be substantially reduced so that the regional allocation of TCDP dollars for community projects can be increased.

Rural cities and counties no longer have the flexibility to structure Texas Capital Fund projects to maximize the local benefit in the project. In the past, local communities could utilize the repayment revenue stream from Texas Capital Fund projects to further local economic development efforts. Returning to this practice would be more beneficial for rural cities and counties, and would enable them to finance small business start-ups and expansions.

Currently, the rules in force require an applicant or the business affected by the Texas Capital Fund project to repay a portion of the cost of installing public infrastructure necessary to make an economic development project come to fruition. This requirement is particularly onerous to the poorest cities and counties most in need of jobs and addition to their tax bases, since they are the least likely to have infrastructure already in place at a site attractive to an entrepreneur. While it may be appropriate to have a provision requiring repayment if the business defaults on jobs or other aspects of the program, it is inequitable to extremely poor cities and counties to require repayment of infrastructure costs.

Projects proposed for Capital Fund financing are frequently complex, and attempting to implement a rural project is markedly more difficult given the isolation of many communities. The Texas Capital Fund program should have a mechanism in place permitting an applicant to request an extension of the contract in order to fulfill contract deliverables.

Jake Brisbin, Jr.
Executive Director
Rio Grande COG

3.

I am writing to comment on the proposed rules for 2000 Texas Capital Fund Allocations. I represent District 28, which includes Bastrop, Fayette, Colorado, and Wharton Counties.

As you know, rural communities are in dire need of funds to be used for economic development. Fund provided for by the Texas Capital Fund meet the needs of these smaller communities by helping them to sustain and even expand their development. I understand that some proposed rule changes would possibly eliminate or decrease the grant option.

I would like to go on record as being in opposition to these types of changes. Smaller communities have much fewer resources to put towards economic development. Many of them are at their limit for debt issuance. The opportunities offered by the Texas Capital Fund have been absolutely necessary in meeting the economic development needs of several of the communities I represent.

As you are considering these rule changes, please remember how these funding mechanisms benefit rural communities and how adopting the changes will negatively impact them. I strongly support the Texas Capital Fund program to continue as it is. I greatly appreciate you consideration of my recommendation. Thank you for your service to the State of Texas

Representative Robert L. Cook

4.

Two issues on which Irion County would like to offer comment are:

- Returning to the annual funding cycle and
- Minimum funding for each region.

Annual competition for CDP funding is time consuming and requires additional administrative cost to implement. Irion County is in support of continuing the biennial funding cycle. We feel it is the most cost effective way of managing the program.

Rural Counties and Cities are responsible for the same basic services as our urban counterparts. However, for the most part, rural areas have not enjoyed the same economic expansion as the urban areas. While urban areas have seen increases in total property values, many rural property values have remained the same or even declined making it harder to provide the same basic services to our citizens. Irion County is in support of establishing a minimum funding threshold for regional allocations. We support the requested $1.5 million minimum per year regional allocation.

Sidney Mabry
Irion County Judge

5.

…The Texas Capital Fund should not be changed to include the proposed rules. The program is an effective economic development too with current rules. There is no legitimate indication from the federal level that the funding source will diminish or be rescinded. The program targets small rural communities that have limited funds available for economic development. Change the infrastructure grant repayment schedule will limit the number of communities that are able to participate.

Education institutions should qualify for the TCF program. Workforce availability and the quality of that workforce are vital issues throughout Texas and rural communities face a greater challenge in addressing workforce needs.

Companies should not be penalized for being successful. If they create more jobs than originally planned, the number of low income hires should remain the same or could increase marginally. To be successful, the TCF program must be flexible. It must consider that the world of business has unexpected changes and at the same time, dealing with those changes often needs to happen immediately in order to remain competitive and continue to be successful.

In our community, the Texas Capital Fund was a significant factor in locating a major manufacturer expanding from Houston. In addition, two Main Street projects resulted in the replacement of approximately 14 blocks of sidewalk throughout the downtown district. Incentives in economic development are about saving a company money. Texas ranks after other states who are considered our major competitors, because the state offers very little in economic incentives. The Texas Capital Fund program needs to continue as is in order to be an effective economic tool.

Jim Dunaway
City Manager
City of Elgin

6.

This letter is being submitted to your office in response to the public comment period for the proposed changes to the 2001 Texas Community Development Program… The City is in support of continuing the biennial funding competition. We feel that the applications for the 2001-2002 should be in August or September, 2000.

Additionally, the City feels that there should be a more equitable distribution of the regional allocations. Therefore, we are in strong support of a minimum regional allocation of the $1.5 million for each region in the State.

Harold Ferguson
Mayor
City of Wickett

Wallace Clay
Mayor
City of Chillicothe

Jan Clark
City of Rising Star

Sharon L. Key
City Administrator
City of Menard

Diana Tollett
Mayor Pro Tem
City of Toyah

Martin Lee
Mayor
City of Bronte

Garland Davis
Mayor
City of Robert Lee

7.

This letter is being submitted to your office in response to the public comment period for the proposed changes to the 2001 Texas Community Development Program… The City (or County) is in support of continuing the biennial funding competition. .

Additionally, the City (or County) feels that there should be a more equitable distribution of the regional allocations. Therefore, we are in strong support of a minimum regional allocation of the $1.5 million for each region in the State.

Allen Amos
County Judge
Concho County

Jackie Walker
County Judge
Coke County

Gary Davis
Mayor Pro-Tem
City of Melvin

Delbert R. Roberts
County Judge
Kimble County

John Nikolauk
Mayor
City of Eldorado

Thomas F. Kelso
Mayor
City of Eden

Frank Sandel
Mayor
City of Big Lake

Jeffrey Sutton
County Judge
Crockett County

Max Hooten
Mayor
City of Menard

Mark Hahn
City Administrator
City of Mason

Carla Garner
County Judge
Sutton County

Randy Young
County Judge
McCulloch County

Tim Childers
County Judge
Menard County

8.

Please consider the following suggestion for next year's TCDP Plan:

Increase funding to the Housing Infrastructure Fund. This program has shown itself to be the most efficient way to provide available, affordable housing while at the same time move moderate income families out of subsidized housing and into home ownership. This is a "win-win" program.

Reduce or discontinue the STEP Program. These funds could be better used to increase the HIF program. The STEP Program has a major design flaw: resident beneficiaries, no matter how well intended at the beginning, are seldom qualified or motivated to follow through with the required labor. There is no method to hold them to construction standards, schedules or budget demands. They express resentment for all the "government regulations". Let's get infrastructure construction back in the hands of those licensed, bonded and qualified to perform the work. Money saving at the expense of quality and timeliness is not justified.

Support moving the few cities in the state above 25,000 population from small cities status to entitlement. The funding necessary should come from the seventy percent (70%) already set aside for entitlement cities.

Michael E. Malone
City Manager
City of Paris

Jerry Boatner, Mayor
City of Mount Pleasant

Bob Jones
RIM Enterprises Inc.

Preston Combest
County Judge
Camp County

9.
I am in favor of continuing considering continuation of need in our area.

W.E. Bednar
County Judge
Glasscock County

Danny Fryar
City Administrator
City of Stanton

10.
Howard County supports retaining the continuation of need scoring factor to assist small communities in our area.

Ben Lockhart
County Judge
Howard County

11.
… The City of Elgin has participated in the Texas Capital Fund (TCF) three times during the past six years. The community needs access to the TCF and all three of its programs in order to compete in the arena of economic development. With limited funds for development they count on the TCF to multiply those funds. I am concerned that changes in the repayment structure of the real estate loan and infrastructure program will limit or eliminate the community's ability to participate in TCF.

Please maintain the infrastructure grant program as it is with less than $375,000 – no repayment; $375,000 to $750,000 – 25% repayment; and in excess of $750,000 – 50% repayment. This would allow a small community that may have reached its limit for debt issuance to still participate in the program.

The Texas Capital Fund has been a significant benefactor to the City of Elgin. I hope you will take the needs and concerns of this worthy community into consideration, and leave the Texas Capital Fund as it is.

Ken Armbrister
State Senator

12.

…Our community needs access to the TCF and all three of its programs in order to compete in the arena of economic development. As a small rural community we have limited funds for development and we count on the TCF to multiply those funds. If the infrastructure fund is changed to eliminate or decrease the grant option, then communities of our size will be limited in our ability to participate. In many cases small communities are at their limit for debt issuance and may not be able to provide repayment for that project. Therefore, the communities that this program targets will not be able to use the TCF program if the repayment structure changes. The real estate loan program works well in its current format. The Main Street Improvement fund is also successful in providing grant dollars for infrastructure improvements that non-entitlement communities cannot access elsewhere.

Please maintain the infrastructure grant program as it is with less than $375,000 – no repayment; $375,000 to $750,000 – 25% repayment; and in excess of $750,000 – 50% repayment. The Main Street Improvement program should be maintained precisely as is.

In our community, the Texas Capital Fund was a significant factor in locating a major manufacturer expanding from Houston. In addition, two Main Street projects resulted in the replacement of approximately 14 blocks of sidewalk throughout the downtown district. Incentives in economic development are about saving a company money. Texas ranks after other states who are considered our major competitors, because the state offers very little in economic incentives. The Texas Capital Fund program needs to continue as is in order to be an effective economic tool.

Jim Dunaway
City Manager
City of Elgin

13.

I work for a relatively poor city of 10,000 people with severe housing deterioration and one of the highest percentages of people over age 65 in the nation. We are unable to do any housing assistance, housing rehabilitation, or downtown renovation programs because the Small Cities program is skewed and scored in such a manner that only water and sewer line replacement projects have a prayer of getting funded. In the meantime, larger nearby cities (entitlement cities) with less severe housing needs routinely fund housing rehabilitation loans and grants with their CDBG funds every year. Bonham is lucky to get any CDBG funding once every 5 or 6 years, due to the extreme competition from other small cities in our area.

I urge the Department to change the guidelines of the Small Cities scoring, to enable cities to be more creative and respond more easily to the needs in each city. I am tired of submitting only water and sewer line replacement grants, which rarely get funded. I am tired of having to explain to our fixed-income elderly home owners why we have no housing rehabilitation assistance when most of the neighboring cities have it. Why can't small Texas Cities use CDBG funds to assist with downtown façade restorations, sidewalk improvements, and similar efforts that CDBG funds in other states routines fund every year?

I submit comments similar to this every year to you and to our regional scoring committee, and have no reason to believe that any changes will be made, but I would appreciate any consideration of these views.

Pete Phillips
Planning Director
City of Bonham

14.

…The County (Limestone) built a private prison, which has provided over 100 jobs. The city provides water and sewer service to the prison. The county is proposing a 500 bed expansion to the prison, which will add at least another 30-50 jobs. This expansion is very important for the jobs, but it will put a very heavy burden on the city's water and sewer system. They will both need expansion. … Texas Capital Fund would be an excellent tool to help with this necessary expansion.

However, it is my understanding that there is a moratorium on using these funds for prisons because of problems experienced several years ago. I certainly understand why this was done, but I feel that surely these problems have been worked out. Also, why punish us now for something someone else did several years ago.

The Limestone County Detention Center is a good citizen in our community and jobs it has created are vital to us. I would like to recommend that this moratorium be lifted so that these funds can once again be used for infrastructure for this prison.

Sharon Barnes.

15.

…We would like for you to consider the following comments as you evaluate the proposed changes for the next funding cycle:

- A consideration of redefining the word "colonia" to remove the "150-radius form the border" segment to consider funding for areas within the South Plains Region that fit the qualifications of a Colonia.

- SPAG also opposes the proposed three-year commitment for procurement of engineering and administration services because many circumstances can change during this time frame, and we feel that most communities should be granted an opportunity to evaluate their existing services and make any changes as needed, instead of being locked down to a three-year contract.

We appreciated you action taken to remove additional points for the completion of plans and specifications prior to the grant award. We feel that this could have posed financial burden on some of the cities in our region, particularly since they depend on the resources of the grant to pay any administrative fees tied to the project.

Maria Elena Quintanilla
Director of Regional Services
SPAG

16.

I appreciate this opportunity to submit written comments…

Young vs. Cuomo – I support funding for Young vs. Cuomo activities as a set-aside. I do not believe that only the Young vs. Cuomo regions should have their allocations reduced to fund these activities.

Changes to TCDP selection criteria

Project Impact, other considerations, RFP – I support the awarding of points to applicants who have completed the RFP process prior to submitting their applications. The RFP process typically takes three weeks or longer to complete. Applicants who have completed the RFP process prior to the award date are better able to complete their project on time than those who have not.

Engineering services provided on the application are similar to preliminary planning. They involve, at a minimum, enough engineering to determine if a project is feasible, which is the most cost effective solution, what the construction costs are, maps for the grant writer, and an explanation of the project technical issues for the grant writer's benefit. I believe that the engineer who provides the preliminary planning is the logical person to provide detailed plans and specs, and thus, the RFP should precede the application engineering.

I do not support awarding points for communities which have prepared plans and specs prior to the application, because I believe that this would encourage preparation of plans for more projects than would be built, due to funding limitation.

Although I believe that past performance should be a scoring criteria, I do not support using pre-1996 projects for this purpose. I would suggest beginning with the 1996 awards, and if an applicant had no grant in the 1996 or later years, they get the points. I would also suggest limiting this to Community Development Project funds.

Bill Hayter
Vice President
Hayter Engineering

17.

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 and Housing Trust Fund Projects.

Restrict the development of townhouse units or require that the ground level of townhouse units included one bathroom and bedroom and meet Fair Housing standards.

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 commit funds for barrier removal programs in HOME, CDBG, and the Housing Trust programs.

Dedicate funding to support rental subsidy programs in the Housing Trust Fund.

Dedicate a portion of the HOME 'special needs set aside specifically for projects serving people with disabilities. Create a minimum 15% 'set aside specifically for projects serving people with disabilities in the HOME and Housing Trust Fund.

Dedicate funding support for the Texas Home of Your Own Program.

Jean Langendorf
UCP

18.

After reviewing proposed changes for the Allocation and Distribution of 2001 CDBG funds, there are some suggestion that perhaps warrant changes in this and future funding.

Allocation- Increase the percentage of Community Development Funds that would include the set aside funds to address Young v. Cuomo. Do not take the amount from the total of funds received. Funds would be reserved within the Community Development Fund for such activities. However, funds should be deducted from the regional allocations where the Young v. Cuomo cities are located. If those entities were also allowed to apply for assistance from other TCDP fund categories, it would appear that their priority is not to resolve a legal issue with HUD. Other regions should not necessarily carry the burden for a few entities.

Community Development Funds – Allocation of Community Development Funds among 24 State Planning Regions (Council of Governments) should be changed to reflect a base of $1.5 million for each SPR from the total allocation. After the base is subtracted from the total allocation, the remaining funds would be divided among the 24 SPRs through the formula listed in the Department's statement. Many urgent applications are not funded in certain regions because of the lack of funds. These applications miss the funding "cut-off" by a few points only because their region may not be heavily distressed as others thru resulting in limited funds. Timely expenditures would be improved if the distribution of the "wealth" of these funds covered more entities.

Disaster Relief/Urgent Need Fund – If the Department continues the biennial funding design, this category should not be reduced. The next three years may bring events that could not have been anticipated. Reduce allocation to Texas Capital Fund and Colonia Planning and Comprehensive Planning Fund to cover the reduced percentages in Disaster Relief.

Congratulations are in order to an outstanding Department within a State Agency! Cities and Counties know that TCDP staff listens to their concerns and desires to build upon a successful program. The effort of the staff to respond with constructive suggestions is appreciated by one and all.

Kay Howard
President
A&J Howco Services, Inc.

19.

… I find the Texas Capital Fund the most difficult and unreasonable program to secure and administer. In many instances, the program actually scares away prospective businesses. I have had numerous businesses state that they can locate in Arkansas or Oklahoma rather than provide the mountain of paper work required for a Texas Capital Fund project. One business, contracting a multi-million dollar facility advised that they had less difficulty getting a $2 Million bank loan than they did getting funded under the TCF.

If a client is able to provide the paperwork and secure funding under the Texas Capital Fund, the program becomes tedious and inflexible. The documentation of private business expenditures, job creation, etc. intrudes on the operation of the business. The payment processing is slow with delays of 90 to 120 days not uncommon. The slow payment process can cause financial hardships to the contractor, the community and the benefiting business. Overall, the Texas Capital Fund generates a negative flavor to what should be a cooperative Public-Private partnership.

This does not need to be. The application requirements can be simplified and streamlined. Burdensome and intrusive paperwork can be eliminated. The application process can be made into a process that encourages economic development rather than one which detracts from industry. At present, I feel that the State of Texas does not have a viable economic development program to assist rural and small communities. The Texas Capital Funds should be revised to provide this needed economic development support.

Charles F. Lucas
Lucas Consulting, Inc.

20.

The TCF can provide small rural communities the financial resources needed to conduct meaningful local Economic Development projects.

Economic Development projects in small rural communities typically seem to attract high risk projects that will tolerate the TCF's long approval process and other contract requirements for the assistance offered.

The new rule changes proposed by the TCF staff narrow the scope of the program. The exclusion of some projects, e.g. education projects such as Temple College Learning Center in Taylor, removes workforce-training opportunities. This is on of the major Economic Development needs in our state.

The definition of a part-time and/or full time job requires at least 20 hours per week to be counted. The changing economy has many jobs that are shared and will not meet this criterion but do contribute to the local economy. This rule seems narrow and restrictive to local Economic Development efforts.

Retained jobs can be counted, but only if the business can convincingly show that a reduction in jobs is imminent without planned intervention. Considering the time required for approval of a TCF application, most businesses considering a reduction in workforce will not wait the 60 to 120 days for a decision.

The new rules call for an increase in the percent of repayment for infrastructure awards over $375,000. It was explained that this would allow TDED to build a "reserve or rainy day" fund if HUD money for TCF was eliminated in the future. It is our understanding that the income received by TDED in repayment of TCF projects in any one year is suppose to be used first in the next fiscal year before any new federal monies are expended. Thus, any rainy day fund will be limited in amount of program income collected in one year only, since all previous program income will have already been spent before new federal dollars are committed. Hence, small rural communities are being required to repay some infrastructure funds and the money replaces federal dollars. The decision to build a reserve fund should be a legislative decision, not an administrative procedure.

The new rules concerning contract extension again seem to be structured to address current situations, and also remain ambiguous. What is the definition of force majeure? IF a business is viable and has a reasonable chance to achieve their contract goals, why not provide an extension and continue the effort to establish local jobs? Is the new strict stance on extensions due to a desire for more program income and its resulting increase in money for administrative expenses? This perception may be wrong, but without credible information justifying the change, the TCF customers are unsure of the mission of the TCF program and its potential usefulness to our Economic Development efforts.

Frank Salvato
City Manager
City of Taylor

21.

We ask that the TDHCA Board of Directors recognize the importance of establishing YouthWorks as a permanent program within the overall state housing strategy and provide annual funding in an amount of not less than $2,000,000.

We ask that TDHCA set-aside, within the Housing Trust Fund – Capacity Building Program, a total of, $100,000 per program year for technical assistance grants to newly formed YouthWorks Programs. This directly addresses the "Obstacles to Meeting Underserved Needs" identified on page 77 on the Consolidated Plan.

We ask that TDHCA provide a set-aside of Home Buyer Assistance funds for the YouthWorks Program or provide scoring preferences as described on pages 107-109.

We ask that TDHCA earmark program income derived from repayment of YouthWorks loans for continued use by the original grantee on a house-by-house or project basis.

We ask that TDHCA identify the YouthWorks Program as a Priority use of Re-obligated Funds as described on page 170 of this Consolidated Plan.

Finally, we ask that TDHCA work closely with the Texas YouthBuild / YouthWorks Coalition in setting future program guidelines, performance standards and accountability procedures.

Mark Leonard [mark_cds@yahoo.com]

22.

The El Paso Collaborative for Community and Economic Development wishes to provide the following comments:

The Department has a poor track record for allocating funds to those who are most in need. The proposed Plan fails to specify the amount of resources that will be targeted to serve low, very low and extremely low-income families. Failure to specify the amount of funds provides no assurance that those "most in need" will receive the "most" assistance. On the contrary, it insures that the group most likely to be served will be those closest to the 80% median income limit. For example, if Homebuyer Assistance funds are given to lenders statewide, especially to MRB lenders, they will certainly only target borrowers at the higher income levels. Program allocations and income level targets for each program category should be included.

Areas outside of PJ's are primarily rural. Tenure is more often owner than renter. Yet it appears that the goals and objectives focus primarily on rental programs. There is an extreme need for Owner-Occupied Assistance in these areas. The Plan should assure that sufficient allocations are made to this program in all Regions.

The recommended changes to the definition of "critical housing need" on Page 43 leave room for some families with critical needs to be excluded. Under the present recommendation, a colonia family with a low housing cost burden who lacks heating and cooling in their home would not meet the criteria. Residing in housing units that lack adequate heating or cooling should be included in the definition of those lacking adequate kitchen and/or plumbing. The definition of overcrowded should be changed to "multiple family units and/or excessive occupancy", with excessive occupancy defined as that which exceeds standard Section 8 guidelines.

TDHCA should acknowledge that working with special needs populations is more difficult than working with the general population. These groups need contracts with longer implementation periods. The Department's change from eighteen months to twelve-month contracts makes it harder to serve these groups. In addition, the required commitment and spend down eligibility threshold places an undue burden on agencies that serve these constituencies since the application for the subsequent funding cycle follows too closely after project start-up for existing contract administrators.

Contract Administrators are partners with TDHCA in addressing the needs of target populations and in successfully completing the Plan's goals and objectives. Technical assistance should be provided during the early months of the contract's implementation to avoid the need for Administrators seeking amendments. However, from time to time, extenuating circumstances will arise where an amendment may be necessary. Therefore, the Department should adopt and publish clear policies and procedures for granting contract amendments, and should apply them consistently.

TDHCA's policies and procedures for requesting out-of-cycle funds should be published on its website, along with notices that funds are available. Policies for allocating these funds should include serving those most in need first. Whenever possible, the Department should endeavor to reallocate de-obligated funds inside the same Region.

JoAnna Guillen
El Paso Collaborative

23.

We support the proposed changes regarding timely expenditure of funds, Young v. Cuomo activities, changes to TCDP selection criteria, and minimum requirements for complete applications.

We also wholeheartedly support your decision to make 2001 funds available through a biennial competition along with 2002 program year funds. The biennial competitions are popular among our communities, speed the process of awards, and are cost effective from practically every standpoint.

We also support the elimination of the proposed two-point factor included in the "other considerations" scoring awarded to applicants that have completed engineering plans and specifications.

…we would like to reiterate our support for changing the matching fund population categories to the following:

Population Category		Match % Needed for Maximum Score
Minimum	Maximum	
0	1,500	5%
1,501	3,000	10%
3,001	5,000	15%
5,001	No maximum	20%

The only change we disagree with is the "other considerations" scoring which requires communities to complete the request-for proposals process for engineering and administrative services prior to the application deadline.

We believe the TCDP should drop the pre-application RFP scoring factor because it will not significantly speed the implementation of projects and is in many cases a poor use of local funds.

We believe the TCDP has a duty to inform its client localities of their right to terminate administrative and engineering agreements and repeat the RFP process at any time.

We believe that increased scrutiny by the TCDP of a project's status at the twelve-month threshold would reveal many of the true causes for project delays. At this threshold, the administrators for projects that have not begun construction should be required to submit a detailed report summarizing the cause for delay and signed by the local authorized official.

Bruce Spitzengel
President
GrantWorks

24.
…The PRPC believes that any changes that are proposed to the Texas Community Development Program need to be made in light of the purposes of the program: 1) to primarily benefit persons of low and moderate income; 2) to aid in the elimination of slums and blight; and 3) to meet other community development needs of a particular urgency that pose a serious and immediate threat to the health and safety of the public. Changes that are made to the program should specifically benefit the cities and counties who are the intended beneficiaries.

PRPC supports the action that was take to not award points to entities who complete plans and specifications prior to the application submission. The willingness of the TCDP Staff and Director to consider the comments and take this action is commendable.

PRPC opposes the proposed three-year commitment for engineering and administration services prior to application submission and we are also in opposition to awarding points or other consideration to an applicant who has obtained commitments for engineering and administration prior to project award. We realize the proposal states that points will be awarded for the completion of the request-for-proposals process for engineering and administration prior to the application deadline, but the completion of this process would result in a locality committing to contract for engineering and administrative services contingent upon receiving a TCDP contract for the next three calendar years which would actually represent four fiscal years of funding. In addition this action would commit future councils to the actions of their predecessors, and we do not feel this is the best and most open manner in which to conduct local government business. Another very real consideration in our mind is the extreme time constraints, which would be imposed upon most applicants if this proposal is allowed. …we would like to be on records as stating that the proposed pre-arrangement of professional services does not benefit the majority of the applicants nor does it contribute substantially to the timely completion of the funded projects.

PRPC appreciates the efforts of the Texas Community Development Program staff to ensure timely completion of projects and to recognize applicant past performance on projects as well as to ensure that applications are submitted in a proper and complete fashion. In order to avoid situation that might unduly punish applicants for circumstances beyond their control, we would suggest that TCDP staff consider adopting a policy similar to other State agencies that receive project applications and proposals base on a "substantially complete" basis. A policy such as this would allow the TCDP staff to compel applications to be received in such a fashion that they would allow initial review for program requirements while still allowing an appropriate level of latitude to avoid penalizing applicants for situations over which they have no control. Again, we commend your efforts in these regards and offer this suggestion for your consideration on behalf of the intended program beneficiaries.

Gary Pitner
Executive Director
PRPC

25.

As one who prepared the City of Midland Consolidated Plan, I know that it is not an easy task that TDHCA staff had in preparing the statewide document. I applaud TCHCA especially for its public participation component. It is a good plan that covers a wide range of housing needs and concerns in the State. However, I have a few comments and questions.

The Housing Priority Needs Summary Table (p. 74) shows all categories as high need. This is not very useful for targeting resources. Therefore, funding should be equally divided amongst all categories. Yet, Legislative mandate (Rider 3) says to focus on those with 60% income and below. How can all high needs areas receive equal attention when the State says to spend at least $30,000,000 of funds on those with 30% and below income. Further, it wants you to spend least 20% of funds for those 31 to 60% income. Are those realistic and yet allow equal consideration for all incomes (below 80%) and households shown on the Table.

Under Goal 1 for affordable housing goals and objectives (pp. 78-80), I did not read how the State will use HOME funds for rehabilitation programs such as owner occupied assistance. Yet, these are a priority per the Needs Summary Table.

Under proposed accomplishments 3.1, should the annual goal be 20%?

Question: Will the 15% CHDO HOME set aside also be subjected to the same distribution criteria as for rest of HOME and other funds? It should.

Question: On p.113, is the referenced HomeBuyer Assistance a new program? What is its overall funding? Why is this program not to be distributed regionally? IF THIS IS A CURRENT PROGRAM, **PLEASE SEND ME INFORMATION ON IT**.

On p.113, a Housing Rehabilitation Fund is mentioned. IF THIS IS A CURRENT PROGRAM, **PLEASE SEND ME INFORMATION ON IT**.

Concerning the allocation of HOME funds on p. 167, I would prefer that the State not set aside 5% for CHDO operating expenses. This reduces the overall amount that is available for general distribution. General distribution is already less than 40% of the total. Is this set aside a new program or has this been going-on for some time? Who would get this money and how are they really contributing to affordable housing? I would suggest that if the TDHCA wants to support CHDOs, then some of the State Admin funds could be used for this. Since CHDOs may already get funding from the HOME general distribution then allow them a little bit more admin. For example, instead of 4% of project amount, allow them 5%. [As an aside on this issue, I see on the SB1112 Regional Allocation Formula that the subject CHDO operating support would be less than $250,000. Therefore, this amount is not 5% of total and does not significantly reduce the overall amount available for general distribution.].

I would also suggest that the State devote some other funds (not HOME) for the CFDC program. This is a unique problem that the State should help with and not penalized other parts of the State by setting aside HOME funds for the CFDC. Or, ask the Federal Government for a separate set aside from its national HOME or CDBG funds.

On p. 167, three primary housing activities are targeted for a percentage funding support within each Region. Of course, each Region would be allocated funds based on SB 1112 regional allocation formula (RAF). But information on the Internet about the estimated allocation reveals different activity percentages. On p. 167, Homebuyer is 30% but the RAF has 20%. The sum for the three activities is 90% on p. 167. The RAF has 100% but with rental housing and demonstration fund included in the allocation. This is confusing?

I would recommend that some flexibility within each region among the various activities be allowed. Maybe a 5% +/- discretion could be allowed.

On p. 170, mention is made of reobligation process. I have not heard of this before. PLEASE ADD ME TO THE NOTIFICATION LIST.

I look forward to the next HOME application cycle but I do hope that the scoring process be tweaked just so as to eliminate inconsistencies in scoring by the scorers. Also, I would recommend eliminating the rural factor in scoring. In order to make scoring consistent with the Housing Priority Needs Summary Table, the income targeting factor should be scored accordingly.

Sylvester Cantu
Community Development Administrator
City of Midland
PO Box 1152
Midland, Texas 79702

26.

Our company was aggressively pursued to locate in Texas by the, then Texas Department of Commerce and the Texas Department of Agriculture. The road infrastructure was greatly lacking and could prevent some of our potential development. A Department of Commerce employee suggested that the Texas Capital Fund was ideally suited for road infrastructure development.

Our company, the county plus many other businesses and individuals benefit each day from this public infrastructure created by the Texas Capital Fund.

Now a few recommendations: Since the Fall of 1998 we have pushed to finalize the paper work on our end to close out the grant. Two weeks ago, July 2000, we received the letter notifying of closure of the grant. So the “close-out process” took over 19 moths to complete. I suggest changes should be implemented to deliver the agency’s services for these contracts in a much more user-friendly way. The extended time to close this contract was a significant burden on our company. Our commitment was to create 27 jobs, but with a growing company and the additional months, we had to submit complete data on over 180 new positions added during the “contract” period.

Another issue is that I requested from the agency an example of the specific wording needed on some documents to be signed by a company officer. No example was available from the agency, so I sent a draft that was approved. Later, when the agency received the completed documents, they were returned to us with the reason that some new sentences were now needed. This clearly shows the importance of clear communications and the need for example of acceptable wording for all correspondence.

A third issue involved the timeframes for funding the paving contractor that preformed the work. This contractor worked very close with the engineers for timely completion of the work prior to our “panhandle winter”. Several months passed before his company was paid. This contractor has years of experience with much larger projects for TxDOT and was quite upset about the lengthy delay for payment on a “small project”.

With attention to these kinds of issues, the program will gain more acceptance for use and achieve the objectives of “economic development” for the rural areas of Texas.

As we look to the future for this program, I feel that in most “remote” rural areas the recent change in the program that requires partial payment by the city/county on all grants above $375,000 will, in effect, limit many potential applications. Additionally, a new criteria should be considered for priority of these limited funds. A scale of points should be given based on a historic pattern of the “advalorem tax base” of the county. Shouldn’t this program first help good projects in areas that might be suffering the most? With this change the focus would truly be to help rural communities to share in the prosperity that is sweeping the rest of the state.

Donald L. Clift
General Manager/Business Affairs

27.

I would like to express North Central Texas Council of Governments staff support for the proposed changes to 2001 TCDP, especially for the proposal to change the application deadline to August 2000. I spoke with six members of the North Central Texas Regional Review Committee, included the chair, who all expressed support for the August 2000 deadline because the communities would receive funding sooner. One member did point out the potential conflict between the Review and Scoring Session date and the November elections, and requested that the Scoring Session date be chosen carefully.

I would also like to take this opportunity to voice a long-standing concern on behalf of communities in our region that apply for funding. **The time between the date that applications area available and the date that they are due is typically not long enough,** especially considering that a local government resolution, public review and public hearing are required. If the applications could be available at least 2 months prior to the application deadline, the applicants would be able to do a better job with their submissions and their stress level would be greatly reduced!

Other comments generated from staff are as follows:

Timely Expenditure of Funds

As addressed in the cover letter, NCTCOG staff supports the proposal to change the application deadline to August 2000.

II.B. DESCRIPTION OF FUNDS

Community Development Fund

Continuing the biennial funding cycle (as opposed to annual) also makes sense. It greatly reduces the cost of administering the program on the regional level. However, we would suggest using the term “on a two-year cycle” instead of “biennial” to avoid any confusion with the term “biannual”, which means twice a year (the same comment applies to the Planning and Capacity Building Fund and Housing Rehabilitation Fund in B.4 and B.6.b).

The proposed added text ***An eligible city or county cannot submit an application to the Community Development Fund and the Housing Rehabilitation Fund*** severely restricts a community that wants to apply to the CDF for a water/sewer project and to HRF for a housing project. If the text means that the same ***project*** cannot be submitted to both funds, the text should clearly state this.

8. Young v. Cuomo Fund

In the sentence ***Each city designated as eligible for assistance under this fund must address its Young v. Cuomo activities before the city will again be eligible to receive any funds from the Texas Community Development Program,*** what is meant by “address?” It could have a variety of meanings, including: a) have a plan for activities, b) a + apply for funding, c) b + be spending money, d) c + complete some projects, e) d + complete all projects, f) e + actually have RESOLVED the problem although f is not really implied by the proposed text. A uniform definition of “address” would be useful.

II.C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

Text commenting ***It is anticipated that the State's 2001 allocation could be lower that the 2000 allocation*** appears to conflict with II.D. PROGRAM INCOME, which says that program income is anticipated to be the same as 2000.

IV. APPLICATION SELECTION CRITERIA

B. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY
COMMUNITY DEVELOPMENT FUND
c. Project Impact

Near the beginning of this section it says, "Ten of the 195 points are awarded to each applicant that did not receive a **1999 or 2000** Community Development Fund contract award or a **1999 or 2000** Housing Rehabilitation Fund contract award". The proposed text goes on to say ***Ten of the 195 points are awarded to each applicant that does not have any open Community Development Fund contracts.*** Whether this is an additional 10 points or an another requirement of the 10 points first mentioned should be made clearer.

The comment ***This factor will only be used if the current drought conditions in the state continue*** implies that this additional drought consideration is only to be given in response to the current drought and not to any future droughts. Since the original text "Projects designed to address drought-related water supply problems" already clearly means that the additional consideration applies only to conditions resulting from drought, the ***This factor*** sentence should be deleted.

The comment ***This factor will only be used if the state is again impacted by heavy rain and flood conditions*** is unnecessary since the qualifier "recent" appears earlier in the bullet, though recent should be defined. "Recent" and/or its definition could also be added to the bullet regarding drought. Aside from "recent", the suggested added text should be deleted.

Melanie Sattler
PH.D.

28.

I have had the opportunity to review the 2001-2003 State of Texas Consolidated Plan in its entirety and would like to take this opportunity to offer these comments/suggestions. Section III – Strategic Plan has language regarding consultants that presents a negative image of consulting firms. It states and I quote, "The city or county may hire a consultant to help with the program, but consultants often have several TDHCA contracts open concurrently and cannot devote the time needed to each individual entity". This is an untrue and biased remark. While it is true that consulting firms will have more than one open contract to administer, the majority of the **professional** consulting firms are well equipped to administer multiple administrative contracts and provide on-going administrative and application services to their clients.

To state in a public document that one of the obstacles to meeting undeserved needs is because consultants cannot devote the time needed to each individual entity is untrue and needs to be removed from the 2001-2003 State of Texas Consolidated Plan immediately.

In addition to the above concern, I would like to take this opportunity to request specific changes to the HOME Program:

1. THIRTY PERCENT (30%) RULE – The 30% rules requires that beneficiaries fall within the 30% of median area family income (MAFI) county income levels. This is a very unrealistic requirement, especially in the rural and western counties in Texas. In most of the rural and

western counties, a one-person household whose only source of income is a Social Security check does not even quality. The 30% rule needs to be changed to at least 50% of MAFI.

2. DEMAND FOR OWNER OCCUPIED HOUSING REHABILITATION AND DOWN PAYMENT ASSISTANCE PROGRAM – There exists a much greater demand for owner occupied housing Rehabilitation and Down Payment Assistance than for other programs under HOME. More monies should be put into these programs, as the need is far greater.

3. MATCHING FUNDS – Currently there is a requirement for matching funds. Even though potential applicants are required to provide matching funds, this is not a scoring criteria. Most potential applicants have problems meeting the matching funds criteria. This requirement for matching funds needs to be eliminated.

4. SCORING CRITERIA – Specific scoring criteria needs to be established and remain CONSISTANT for HOME applications. The Department SHOULD NOT be allowed to change or modify the scoring criteria in any fashion after the application guide has been distributed. Arbitrary changing the scoring criteria opens up the potential for appeals and also creates negative publicity for the TDHCA.

5. SOFT COST FEES – The 2001 program year proposes to allow a maximum of 12% of the construction costs for "soft cost fees". In the past, the 12% was based on the TOTAL grant award. This needs to remain the same especially in light of the fact of additional paperwork and monitoring requirements now required.

Valerie Cox
President, Municipal Consulting Agency.

29.

The Texas Council of Developmental Disabilities (TCDD) is established by federal law in the Developmental Disabilities Assistance and Bill of Rights Act (DD Act). The Council would like to offer the following comments on the draft 2001 Low Income Three Year Consolidated Plan.

Counting persons with Disabilities in Texas page 18 draft 2001 Consolidated Plan
The Council urges that statistics be kept on the number of people with disabilities served through the TDHCA programs and on the number of people with disabilities who are waiting for housing. An improvement in the analysis of poverty in Texas would include statistics, which show how people with disabilities are also over-represented in the poverty population.

Disability Task Force page 103 draft 2001 Consolidated Plan
We fully support the creation of "…a disability taskforce to work with TDCHA in developing policy with regards to issues related to persons with disabilities…" The Council believes that such a task force would result in better planning to meet the needs of people with disabilities.

Fair Housing Issues page 104 draft 2001 Consolidated Plan
The Council supports aggressive compliance efforts to assure that there is no discrimination against people with disabilities when securing housing.

CDBG Funds 6. Housing Fund

6b. Housing Rehabilitation Fund page 141 draft 2001 Consolidated Plan
TDHCA's Housing Fund for the Rehabilitation of Housing provides necessary help for Texans with Disabilities who require home modification to remain in their own homes. The Council supports an expansion of this program to include capacity building on the part of local communities so that these funds may be more available to those in need.

B. Description of Selection Criteria By Fund Category

10. Housing Rehabilitation Fund

b. Project Design page 161 draft 2001 Consolidated Plan

The Council recommends that the project design specifications designate the accessible housing design standards for which preferences will be given.

V. Other 2000 CDBG Program Guidelines

C. Citizen Participation page 162 draft 2001 Consolidated Plan

The Council suggests that preference be given for applications, which demonstrate the participation of citizens with disabilities in the development of CDBG Programs.

HOME Investments Partnerships Program

Special Initiatives – Special Needs page 171 draft 2001 Consolidated Plan

The Council applauds TDHCA's collaboration with the Texas Home of Your Own (HOYO) Coalition. This program is effective in reaching low income Texans with Disabilities who wish to become homeowners. The Council supports expansion of this coalition to other parts of the state including rural areas.

The Council applauds TDHCA's proposed 12 percent increase in the Tenant Based Rental Assistance in the HOME Program in an effort to serve those people with disabilities who will transition into the community after being institutionalized. The participation of TDHCA staff in the Promoting Independence Advisory board initiative is laudable.

Low Income Housing Tax Credit (LIHTC) Program page 185 draft Consolidated Plan

The Council **strongly urges** the Texas Department of Housing and Community Affairs to adopt Section 504 of the Rehabilitation Act of 1973 as amended as the threshold standard for the Low Income Housing Tax Credit Program. Good stewardship in administering these funds demands that TDHCA ensure an ever increasing housing stock that will meet the needs of people with mobility impairments. By simply adopting 504 standards into policy as other states have done, TDHCA can ensure an ever increasing number of accessible housing units are built, without tapping into the very limited state housing budget.

Housing Trust Fund page 187 draft 2001 Consolidated Plan

The Texas Council for Developmental Disabilities supports the inclusion of people with disabilities into their communities. Following this principal, the Council strongly urges TDHCA to adopt a policy of using Housing Trust Funds for housing which is integrated, not allowing housing to be built that is restricted to people with disabilities.

Susan Maxwell
Public Policy Specialist

30.

Thank you for the opportunity to comment on the 2001-2003 State of Texas Consolidated Plan. After reviewing the document, particularly those areas pertaining to the Community Development Block Grant program, the Panhandle Regional Planning Commission would like to offer the following comments.

One issue of importance to the Panhandle region is the support of the use of Regional Review Committees in the scoring process for the Community Development Block Grants. The Consolidated Plan, in discussing obstacles to meeting the underserved needs of the State, mentions, *"the regional diversity and range of problems encountered throughout the state make it difficult to develop a comprehensive understanding of statewide need (pg. 96)".* We feel this is the basis for the existence of the Regional Review Committees. These committees, composed of local elected officials who are appointed by the Governor's office, are fully aware of the issues and problems that are present in the respective regions that serve and are therefore better equipped to make funding decisions based upon their local knowledge. This local knowledge is not present with officials in Austin that serve on staff at the Texas Department of Housing and Community Affairs or that serve on the State Review Committee. PRPC believes that it is imperative that the Regional Review Committees continue to serve in their capacity of assigning half of the points awarded to each CDBG application.

The Consolidated Plan also states that the Community Development Fund Program *"has show an overall decline in unfunded requests since 1995".* This decline is *"attributed to increasing allocations at the federal level as well as the success of the 1997/1998 and 1999/2000 double funding cycles (page 95)".* PRPC congratulates TDHCA on this accomplishment and desires to see this decline continue. One way to continue this trend is to have fewer set-asides developed and continue to increase in allocations at the federal level. The Panhandle region averages receiving 35 Community Development Fund applications each cycle, with an average of six of these receiving full funding and one receiving marginal funding with each year's allocations. With the current allocations and set asides in place, the Panhandle region can fund only about 35% to 40% of the needs of its cities and counties per cycle. PRPC will continue to support a reduction in the set-asides to allow for a greater amount of funds available to meet the needs of our local cities and counties who rely on these grant funds to resolve the needs of their communities.

Gary Pitner
Executive Director

31.

I spoke at the Public Hearing last year concerning the Texas Capital Fund (TCF) and its implementation by TDED. The question of partial repayment of TCF loans for infrastructure was suggested in the new rules for 2000.

Small rural communities, in general, are in a difficult position to pay for infrastructure improvements used to attract new businesses. Furthermore, the recruited businesses will not consider the loan as an incentive if required to repay.

The TCF has been one resource available to provide small communities true assistance in their economic development efforts with such infrastructure loans.

Please do not require repayment of TCF loans for infrastructure in 2000 and beyond.

John Nelson
Taylor Economic Development Corporation

32.

Thank you for considering my comments regarding Texas HOME Investment Partnerships Program's portion of the 2000 State of Texas Consolidated Plan.

First, I would like to express my strong support for the continued funding of the Owner Occupied Housing assistance program. This program is by far the most popular and successful of all HOME programs because it targets very low income elderly and disabled residents, preserves the rural tax base, and when professionally administered is a minimal burden to local government. I recommend increasing the allocation for this fund to fifty percent (50%) of the total HOME allocation.

Due to its popularity with smaller communities, Owner-Occupied Housing assistance maximum awards should be limited to $250,000. Larger awards will benefit fewer communities and are less likely to go to smaller towns. I feel that it is in the HOME Program's best interest to enable more rural communities to participate in its programs.

Because Owner-Occupied Housing Assistance requests far outweigh available funds, there is no reason for the HOME Program to continue accepting substandard applications. I recommend raising the minimum required score to seventy percent (70%) of the total HOME Program score established for Owner-Occupied Housing Assistance applications.

The requirement that Owner-Occupied Housing assistance projects be geared toward those earning 30 percent or less of the area median family income (AMFI) in order to receive scoring preference should be relaxed. Many fixed income elderly people who receive social security do not fall below 30 percent AMFI. A more realistic number is 50 percent of AMFI.

Finally, I request that public hearings be held and all interested parties be notified should the HOME Program consider using a formula to determine regional allocations for any of its programs, prior to any formal decision.

Thank you for considering my comments. Please feel free to contact me or our grant consultant, Mr. Bruce Spitzengel if you have any questions.

Troy Duncan
Mayor

33.

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The HOME Program should follow the lead of the TCDP and eliminate "black box" application scoring. At a minimum, this requires that a concise and clearly defined scoring methodology be outlined in the Consolidated Plan or be published in the Rules for public comment at least 60 days before the next application deadline.

I adamantly support maintaining the maximum level charged for soft costs at 12% of project costs because (1) a 14-month contact period requires additional administrative resources due to intensity of work; (2) the new lead-based paint regulations will result in additional tests and inspections costing up to 5% of total project costs that can only be charged to the soft-cost category; (3) the 30% AMFI target results in additional work to identify and qualify these homeowners for assistance; and (4) federal regulations (24CFR 92.206) state eligible project soft costs are calculated based on the total project cost, not construction costs.

Finally, forcing small communities to compete with large communities by enforcing a uniform matching fund level prevents rural areas from effectively competing for HOME funds. A population-based matching fund scoring methodology similar to that used by the TCDP should be adopted. Matching fund requirements for county applicants should be based on the target area specified in the application or the county as a whole if no target areas are specified.

Thank you for considering my comments.

Bruce Spitzengel
President
Grantworks

TEXAS CAPITAL FUND USER SURVEY

Please indicate whether you support or oppose the following proposed rule changes.
Require Communities to pay back 50 percent of infrastructure grants between $350,00-$750,000, making the payback amount $185,000
10 Respondents Oppose
0 Respondents Support
Change the part-time job definition so that people working less than 20 hours per week do count.
2 Respondents Oppose
8 Respondents Support
No Contract extensions will be granted for job creation
9 Respondents Oppose
1 Respondent Support
Makes ineligible for consideration the following projects: education institutions, landfills, recycling plants and incinerators.
8 Respondents Oppose
2 Respondents Support
Please indicate whether you agree or disagree with the following statements expressed at a public hearing before the TDHCA and Texas Department of Economic Development on July 14,2000
The Texas Capital Fund has become increasingly difficult to use
10 Respondents Agree
0 Respondents Disagree
I do not have a good understanding of the policies and procedures currently being utilized by TDED to manage the Capital Fund program.
7 Respondents Agree
2 Respondents Disagree
TDED has not published an updated implementation manual in six years. It's time for the agency to publish an updated implementation manual and make it available to program users.
10 Respondents Agree
0 Respondents Disagree

TDED does not communicate in an effective and timely fashion with the communities, grant consultants or businesses that regularly use the program.
6 Respondents Agree
1 Respondent Disagrees

Please indicate the statements that apply to you:
My written correspondence went long periods of time unanswered.
7 Respondents Agree
Telephone calls were not returned in a timely fashion.
5 Respondents Agree
Agency staff treated me in a manner that was unprofessional
2 Respondents Agree
Agency staff did not appear to take my concerns seriously or did not make a real attempt to resolve my problem in a timely manner.
5 Respondents Agree
Policies and procedures were not explained sufficiently.
6 Respondents Agree
Policies, procedures or rules were inconsistently enforced.
7 Respondents Agree
TDED does not pay draws in a timely fashion.
5 Respondents Agree
Respondents N/A

Please indicate the longest period of time you have had to wait for payment, and explain what effect, if any, that delay had on you.

60 Days and contractors were mad as hell

6 Months, I'm a small business and had to borrow money to stay afloat.

Interim financing creates a major problem for cities and contractors. Long delays,
compounded by detailed reviews of the entire file when the draws are submitted are examples of either poor management and/or methods to delay paying the draw. If would seem reasonable to review information submitted at the time received, not to wait until a draw request is received.
We are currently waiting on a TCF draw for Williamson County Equipment. The State has asked that we modify the original contract between the City and the business. This contract was submitted, and we assumed accepted, months ago. Now that we have submitted a draw request, it is being reviewed again.
6 Months. Payroll is desperately affected by cash flow. You never know when
Capital fund is going to pay but you can bet it will be longer than two months. Most of the time the vouchers are not even reviewed for two months.

Please indicate whether you would support or oppose the following suggestions as methods to improve the administration of the Texas Capital Fund.

A legislative review or examination of TDED regarding its administration of the program. Such a study should included a review of the program's mission and purpose, and a look at whether or not the agency is complying with its purpose as it conducts its daily business
7 Respondents Support
3 Respondents support examination, but not by the legislature

Transfer the Texas Capital Fund from the supervision of TDED to TDHCA, the agency that previously administered it successfully.
6 Respondents Support
3 Respondents Oppose
Creation of an advisory council to the program's managing agency. The council would provide regular input into proposed policies and procedures. The council would be comprised of representatives from cities, counties, economic development corporations, businesses and contract consultants who regularly use the program.
9 Respondents Support

1 Respondents Oppose
Create a system of accountability whereby agency staff regularly report their actions to the communities of Texas.
9 Respondents Support
Improve communication between the agency and the regular users of the program that would allow for routine updates of policies or procedures by email or regular mail. The agency should create a mailing list of entities or individuals with an interest in such matters, and communicate with them no less than one time per month.
9 Respondents Support
1 Respondent Supports but think once a month may be too much

Delay implementation of the proposed 2000 program rules until all problems are resolved with the Texas Capital Fund.
7 Respondents Support
1 Respondents Opposes
1 Respondent feels the changes should be done away with.

Please provide any additional comments

1. The six month and twelve month rules are enforce strictly, even if the contract from the state is not sent for four to six months. Even if the engineering and administration work has been accomplished, they will hold payment until the contract is where they feel it is in compliance. They are also requiring that the environmental be completed in the first six months again even if the contract is slow to come out. Many times the cities will not go ahead and contract for engineering and administration until they receive a contract from the state. This puts the administrators in a very difficult position. They expect us to do the work without a contract. They are holding administration money against the twelve month rule because we have not gone to bid (which is not in our control). We are currently in two situations where we have not seen one penny for one and a half years due to their unworkable stipulations. They are also very slow to review close-out documents and hold final administration payments until such time that they are content with close-outs, which can take six months. They never close a project on the first attempt. They always want more documentation that they don't ask for until two months after you submitted the closeouts. We also have another case that they can't decide what they want to do to close-out the project and have been trying to decide for a years. The last written correspondence from Capital fund was in April.

2. We applied for the fund in April, received approval in June and are currently waiting on contracts. The contact we have had has been good, the staff was professional and anytime we have called someone has called back within a reasonable time or when the message on their voice mail reflected they would be back in the office.

3. The biggest problem with the Texas Capital fund is the lack of funds. In previous cities where I have worked they were entitlement cities and I saw the abuses of these funds, they could not even begin to jump through the hoops that the smaller cities must. It is my opinion that the smaller cities often have the greater need and much of the entitlement money should be made available through the TCF.

4. The capital fund is no real leadership. The staff routinely loses vital material that are required for reportings and the audit process is a joke. Too long and even the auditors are not fully educated on the audit.

For consistency, TDED should have the same procedures for administration as TDHCA does. For instance, fair housing, excessive force, environmentals, etc. should be due at the same time in the process for ED as well as CD. Additionally, processing draws should be done at TDED the same way as they are at TDHCA. Once a project has turned in close-out documents, additional quarterly reports should not be expected, with the exception of connection reports. Extensions should be granted for lack of job creation. This is a job creation program, after all, what does it hurt the state to allow the company additional time to create jobs? Infrastructure should not have to be repaid at all. It's not required to be repaid at TDHCA, why is it at TDED? The TDED staff needs to learn to be an advocate of the cities/counties that receive funds and try to find a way to assist with successful completion of projects, including suggesting ways for the problems to be resolved. This isn't being done now. Allow "job stacking". Unless an industry has documented evidence of not being able to create jobs in Texas because of the economy, don't exclude it from applying. Certain industries are being barred from applying because the state is having trouble administering a specific project from troubled companies that just happen to be in those industries.

Last but not least, transfer this program back to TDHCA. The turnover at TDED has caused many of the problems due to untrained staff. TDED has always had high turnover and this program's learning curve cannot support the revolving door with regard to staff turnover that TDED had in the past. Since the administration of the program started at TDED, the agency has had 4 executive directors and 16 TCF staff members. Originally it took six staff to run the program. Today it takes eight. Only three of the original staff remain.

PUBLIC HEARINGS

Tyler Public Hearing, November 27, 2000

10 Attendees

Gary Traylor

And the comment that I wanted to make regarding that (Young vs. Cuomo funding) is just that we know that a great deal of the work that is falling to the communities who need to either construct certain required activities or implement various things to address memorandums of understanding that have been entered into between the cities and PHAs and HUD, we know that a lot of that work was originally described following inspections of the properties that go back as far ago as 1990 and the desegregation plans that were originally prepared at that time.

We know that there -- we know from previous public hearings that, in one sense, TDHCA is kind of cooperating with HUD, but doing so under duress to try to fund these projects. We greatly appreciate TDHCA's willingness to allocate part of the state's Community Development Block Grant Program to the Young versus Cuomo problem.

But at the same time, we would ask that some consideration be given to the age of the individual site assessments that are involved in this. And even though there have been maybe attempts to revisit some of the locations and bring them up to date, we can cite specific examples in various locations where there are a number of unseen problems that are not addressed in the written description of work that would be done at that location.

For example, if an entrance road into a PHA project or a street that accesses public housing needs to be reconstructed, in most cases, there has not been -- well, there has been little, if any, attention given to the condition of buried utilities that may have to be improved at the same time or relocated in order to pave, curb, and gutter the street.

And I guess what I'm trying to say is that a lot of the description of working the MOUs does not reflect the degree of planning that most of the programs that you all have discussed here today reflects.

And so what we -- our comment about that would just be that we would ask that before a decision is made to freeze the Young versus Cuomo dollars at their FY 2000 levels, that that issue be thoughtfully considered, and perhaps even a request be made to get the communities together that have these projects, try to meet with HUD, and really determine a specific description of work.

I know that TCDP currently, in every grant contract they issue, they have a performance statement. And that performance statement usually goes all the way back to the activities that were described in the original application.

In this particular instance, because it is a law suit that everyone is trying to respond to and because, apparently, there is a specific objective in mind, that it would not be unreasonable to ask that rather than communities applying for something they think is going to fit the requirements of the law suit, to possibly ask HUD, since we're really trying to cooperate with HUD, to help get them removed from the law suit; that perhaps under those circumstances, they should provide a very concise, clear, written description of the activities that will produce that. And that's my comment with regard to that.

…It is definitely a moving target. And I think it's going to be a moving target, unfortunately, until the federal court finally says we've gone as far as we need to go to satisfy these concerns.

As long as the plaintiff's attorney is successful in bringing additional problems to the attention of the court that they want corrected, this problem is going to continue.

And the bad predicament that that puts local governments in also is that right now, you know, you all have been nice enough to set money aside that these local governments can apply for and receive to address this problem.

Most local elected officials remain, I believe, very concerned that even though they are not named in this law suit, that this may be the last opportunity that they're going to have to get meaningful outside assistance to address this core issue, and that once this round or once 2001 is over with, that there are going to be additional demands placed on the communities that go above and beyond the requirements that the communities are expected to meet in their individual cooperation agreements between the PAHs and HUD.

And that's going to -- that's really going to create some problems. We've already heard that one of the ultimate remedies for this problem would be to actually require that community, with the housing authority, with unaddressed Young versus Cuomo activities, be told that they are either ineligible to apply for CDBG funds or that they are eligible to apply for CDBG funds only for the purposes of completing the further required activities.

And I want you to understand that within these communities, many of them have been undertaking projects now for ten years or even longer. This law suit is now almost 20 years old.

And many of them feel quite upset that within the 36 counties that are referred to in the law suit, there are approximately 70 public housing authorities, 70 communities with public housing authorities, but there are 300 incorporated cities and counties that are eligible to apply for CDBG funds.

And many of these communities feel that because they are among only 70 of the communities that have tried to provide housing for the extremely low income component of their population, that they are now being singled out and effectively -- or would effectively be punished if that particular restriction was imposed the way that I described.

…and so that's the issue, I think, that's of greater concern for the local governments. And many of them, if they're aware of the initiatives you're talking about to create additional affordable housing units or to help make them available to the residents of public housing, I think you'll find them to be very interested in helping with that and very willing to not put up obstacles to that.

The other comment that I wanted to make is regarding the HOME Program. The HOME Program, as you all know, provides assistance in metropolitan areas, as well as non-metropolitan areas.

And the problem I'm about to mention may exist in both metropolitan and non-metropolitan areas; but I can tell you that in the non-urban and rural areas here in East Texas, many communities repeatedly express the problem of existing -- their existing housing stock that is currently occupied by elderly people who, in many cases, have as their only source of income some form of public assistance, whether it be social security or some other type of fixed income, retirement-type income.

And the communities, of course, see that housing stock as housing stock that they would like to preserve, because they're aware that, due to their incomes, the people living in it many times cannot keep it in a standard condition.

And as a result, they are seeking to improve the condition of occupied -- owner-occupied housing stock in their communities by applying to the state under the HOME Program.

Currently, the HOME Program has as one of the scoring criteria that is used the provision of some additional scoring consideration for applicants that are willing to commit their allocation to persons whose incomes have been described as extremely low income, and that is 30 percent of adjusted family income -- or median adjusted family income or less.

And we are finding situations repeatedly -- and I know we, on one occasion, brought these to the attention of the programs committee and the board of TDHCA -- of situations where we have applicants out here in East Texas where the only source of income that they have individually is social security, and yet their social security income is above the extremely low income threshold that was translated into their grant contract from their original grant application.

And because this is a competitive environment, we would like to encourage TDHCA to consider making changes in the selection criteria to avoid continuing this into the future. We realize that the legislature has given what amounts to an order to the TDHCA that a certain portion of this assistance be directed to extremely low income -- the extremely low income population.

But there needs to be some way that communities out here in areas of the state that are experiencing this problem between the income limits and the existence of public assistance levels -- to recognize that that is fact that does exit out here, and either remove it from the scoring system so that you don't have communities, in an attempt to obtain an allocation, to promote -- to propose what amounts to an infeasible proposal.

There needs to be some approach, possibly even if there was a way to segregate your own allocations internally by income, that you might have a pot of money that communities could apply into who want to allocate funds to extremely low income population -- something.

…and I can tell you that as professionals working with these communities, under contract to them with duties to help them comply with the rules, we're certainly not in a position of advising them to do anything but tell the exact truth, because it would certainly come back on someone if they don't.

And that's a real problem. Another problem is that the -- there's no doubt and there's no, I don't think, any controversy that we do have extremely low income people living in these communities.

I think there could be some flawed information somewhere in the census or in the extrapolation of data that has come even from TDHCA in an effort to try to estimate how many households there are that are owner-occupied at that income level, because we feel that there may be -- especially since the census data is as old as it is -- that in a ten-year period of time, those statistics at that income level could change drastically due to the percentage of those folks who are elderly, many of whom die.

And I'm not saying they're not replaced with others, but if you see what I'm saying? That could be subject to some change just for that reason alone.

And certainly, we know that the cost of housing, the cost of utilities, the cost of taxes, and various other things continuing to go up, I think, is driving many of those people from being an owner into some kind of a tenant situation.

And they're either currently homeless or living with family members or -- there's something happening in that part of the statistics that I don't think anyone knows the full story on.

And we would like to encourage that TDHCA allocate to the housing resource center funds to study that issue with -- in greater detail, because there is a bigger story there than I think any of us realize.

And then finally -- and I'll make this very brief -- Karl, I think that you should've asked for a recount this morning on the seats. They should've found you a seat so that you could've come with them.

…I just want to say that your decision to return to the former policies that did not require repayment for infrastructure program projects is one that I'm sure you will find welcomed everywhere you go in Texas. And this is a decision that we very much have wanted. It's a decision that we appreciate you all proposing.

It will take a factor that really has not had any direct correlation to the number of jobs being created in many instances and which has created some irrational attempts to try to balance the number of jobs against the amount of repayment against the capital cost of these improvements -- which in some non-urban areas has -- could be considerable.

We are working, currently, on a project where a company located in a non-urban area needs sanitary sewer service. It will require the construction of 17,000 feet of sanitary sewer line to get a plant connected to the sewer that employs 325 people.

And so it's a very significant thing for that company, who happens to be located in an unincorporated area. But the cost of that service is going to be $750,000. And if you were to try to repay that amount over 15 years, it's quite a lot of money.

Now, in this particular instance, because of the number of jobs involved, it might make economic sense. But if it was the same business 15 years ago -- which, at that time, had only 50 employees -- there's no way they could afford $750,000 if they were having to repay every dollar that was being expended for that, or even half of it. It would be an awful lot of money. So I want to say how much we appreciate that. And we hope that they'll let you fly with them next time. Thank you.

Mercedes Public Hearing, November 28, 2000

24 Attendees

Joe Garza.
(and a number of commentors who did not complete a witness affirmation form) suggested that the Department's existing programs do not serve the affordable housing and development needs of the residents of the border region who tend to have very low incomes when compared to the rest of the state. It was implied that the only way this region receives appropriate funds, such as those for programs specifically dedicated to colonia issues, is when they by-pass the Department and go directly to the legislature with such requests.

It was suggested that a means of developing new programs or customizing existing programs to specifically serve the border region's needs should be developed. Interest was expressed in creating a method where interested advocacy groups could meet with those persons in the Department, who can recommend/implement policy changes, to discuss such programs.

Plainview Public Hearing, November 29, 2000

15 Attendees

Andy Hackney. Concern was expressed over how previous residency/referral information for homeless persons was being evaluated by the Compliance Monitoring Division for the purposes of auditing homeless shelters. It was suggested that in rural areas homeless persons may not have previous residences or access to referrals and would therefore not be able to provide such information to the shelter staff. If that was the case, then the audit would show a deficiency, which could not have been corrected. Evidently, this deficiency can cause significant problems for the management.

San Antonio Public Hearing, December 2, 2000

8 Attendees

Makia Epie
Requested that the Department consider distributing the bond volume cap based on area housing prices, population and income as these items vary significantly between different regions and metropolitan and non-metropolitan areas. Also requested that the Department allocate a more significant portion of its funds for single family developments.

Sandra J. Williams
By expanding the definition of nonprofits in the QAP to include nonprofits that are not in a majority position and adapting the regional allocation plan the Department has clearly signaled to community based non-profits that their capacity is not considered of value to TDHCA and the state of Texas.

El Paso Public Hearing, December 4, 2000

39 Attendees

The Honorable Eliot Shapleigh
The housing crisis on the Texas border is fundamentally an economic problem. Poor families are faced with the challenges of low wages, a steady increase in the number of people competing for jobs, and (on the U.S. side) high unemployment rates. The number of poor people living along the Texas border exceeds that of ten other states and the District of Columbia combined. Almost one-half of the children living in Texas border counties live below the poverty level. The Census Bureau estimates that in the six largest Texas border counties, which are home to almost one and three quarter million people, more than 662,000 people live in poverty.

Low-income Border families are completely priced out of the conventional housing market. Their ability to obtain affordable housing is dependent upon securing some form of government subsidized housing; in the absence of such subsidies, these families find themselves unable to afford housing in Border cities, and buy lots in rural colonias and build homes for themselves.

The problem is not that housing costs on the border are unusually high. The cost of housing in the region is generally in line with housing costs in other parts of the state. The problem is that the incomes of the low-income population are too low to pay the rent/mortgage. A particularly troubling figure is the percentage of the people living in Texas's border towns who cannot afford to pay the Housing and Urban Development (HUD) Fair Market Rent in their city. In 1998, statewide, 34% of the households needing a one bedroom apartment couldn't afford it; in border cities the percentages ranged from 38% to 48%. More troubling, the gap between rents and what border residents can afford is increasing. According to a study by Dr. Jorge Chapa of the University of Texas at Austin, from 1980 to 1990 the percentage growth in households paying unaffordable housing costs rose 42% in Cameron County, 23% in El Paso County, 67% in Hidalgo County and 77% in Webb County. The study estimates that more than half a million Texas Border households are paying unaffordable housing costs today. This number will increase to more than 715,000 households in the next decade.

As the supply of cheap lots in substandard colonias dries up as a result of the enforcement of S.B. 1001, which outlawed new substandard colonias, there has been a noticeable increase in population densities within existing colonias. Since poor Border families can no longer afford to buy their own lot, multiple families are building homes on the same piece of land.

For many years, Texas stood by and let the federal government assume the sole responsibility for providing housing subsidies to the poor. Over the past decade federal housing responsibility has been "devolved" to the states through housing block grants.

Unfortunately, Texas has failed to use its new responsibility to prioritize funding for Border housing. One example is the state's $100 million single-family mortgage revenue bond program, used to provide low-interest mortgage loans to low-income homebuyers. Making sure these loans reach Border residents requires the state housing department to target the bonds to the Border region and back up the low-income borrowers with state loan guarantees. However, the state's housing agency, the Texas Department of Housing and Community Affairs (TDHCA), has not targeted loans to the Border. From 1993 to 1999, less than 25% of the loans under the program went to the Border region. Instead, the state's principal use of these loans has been to finance suburban new home purchases, especially in Houston and Dallas, where families with annual incomes of up to almost $70,000 receive loans under the program.

In 1995, the Texas Legislature directed TDHCA to use mortgage revenue bonds to refinance high interest rate contracts for deed, but —apparently unwilling to serve this low-income home mortgage market— TDHCA converted the program into a home repair program. Less than twelve loans were made under the program.

The state has also done a poor job of directing its second housing tool, the federal HOME block grant, to the Border. A recent study found that of the HOME funds that had been set aside for assisting Texas families with down payment assistance, only 27% went to the Border region. Once again, most of these down payment assistance grants went to non-border cities to households with incomes double those of typical low-income Border families.

The largest housing program administered by the state is the Low Income Housing Tax Credit Program. Of 77,305 housing units subsidized in Texas through this program from 1989 to 1998, only 3,348 housing units (4% of the total) were located in the Border counties. In contrast, Dallas received 13,631 subsidized housing units. Dallas has fewer than half as many people living in poverty as the Border region yet received four times the number of subsidized housing units. The latest allocation round shows some improvement, but even if the state fairly allocated its housing resources, the scope of Border housing needs far exceeds available government resources. Dr. Chapa's study estimates that in the next decade there will be 715,000 households that are unable to afford the cost of housing on the Texas side of the Border. A typical apartment created through the Low Income Housing Tax Credit Program costs about $70,000. The cost of providing 715,000 families housing through this program would be in excess of $50 billion--more than two and one half times the entire HUD budget.

The last major government housing mortgage initiatives came out of the New Deal. In the 1930's and 1940's, the federal government began insuring long-term mortgages, making homeownership possible for millions of moderate-income Americans, especially veterans returning from World War II. A significant part of the answer to the Border housing crisis must be found through developing mortgage credit-based solutions.

Unfortunately, efforts by low-income Border residents to access mortgage credit through existing sources has proven difficult. Mortgage loans are standardized products created by local lenders and sold secondary finance institutions that establish standards for loan qualification based on standardized credit scoring, down payment requirements, income ratios, and housing quality standards that cannot be met by most low-income families.

Many Border residents differ from other would-be homeowners in three important aspects. First, the housing market is characterized by buyers with extremely low incomes. Many of those with worst case housing needs are farmworkers or service industry workers, making household incomes close to minimum wage. Typically their earnings will support monthly payments of $200 or less. Yet monthly payments for new housing within Border cities commonly exceed two to three times that amount.

Second, the lack of low-interest, flexible term credit forces Border residents to turn to expensive "sub-prime" credit sources such as the contracts for deed offered by colonia developers. Many buyers become entangled in payment schedules that they cannot afford, which ultimately makes them unattractive to lenders with more favorable rates.

Lastly, many people with a housing need in fact already own a home in a colonia or a city. While the home or its location may be substandard, to its owner it is a work in progress, representing considerable financial sacrifice and physical effort. These residents want financing so that they can accelerate their efforts to complete their homes. Yet the substandard nature of the existing construction or the location generally will not meet lending standards nor create substantial home equity.

Several Non-Governmental Organizations (NGOs) on the border have created mortgage lending programs especially tailored to meet the housing needs of low-income families and colonia residents. One innovative example builds on the willingness of colonia residents to construct their own homes, by providing materials, instruction, and a team approach to construction. The combination has proven to be an effective means of making decent, affordable housing available to hundreds of Border residents.

In 1999, the Texas Legislature set aside $5.6 million for another concept initiated by the Border Coalition. This pilot program, known as the Texas Bootstrap Housing Loan program, will provide loans directly to low-income families to build their own homes. Two-thirds of these funds are to be targeted to the Texas-Mexico Border region.

Borrowers under this program must supply at least 60% of the labor to build their own homes in exchange for relaxed credit terms and lower interest rates. The program seeks to build on and expand on the successes of non-governmental organizations that operate "self-help" housing programs in the colonias and border counties such as Proyecto Azteca (San Juan, TX) and Lower Valley Housing Corporation (Fabens, TX).

Under the Bootstrap program, the state will make a $25,000 loan available to the family. When a larger loan is needed, it will be up to local government, churches, nonprofit organizations and private lenders to come up with the remainder of the loan funds needed to finance the home. Homes built under the program will be exceptionally affordable -- principal and interest payments on a $25,000 Bootstrap home loan will run $70 per month.

A major part of the solution to the Border housing crisis lies in developing new mortgage credit vehicles like the Bootstrap Loan Program. Creative collaborations of low-income residents and policy makers like the Border Low Income Housing Coalition have pointed the way to such approaches.

Implementation of new programs will require both a redesign of existing housing programs administered by the state coupled with substantial new revenue commitments from both the state and federal government. It will also require the state to fairly allocate housing resources to the Border. Colonia self-help centers and the Texas Bootstrap Housing Loan Program are small steps in the right direction.

Miguel A Horcasistas
Thanked the Department for offering the first time home buyer program and DPAP.

Jesus S. Hernandez
Thank you for all the fine work you've done for the City of Socorro and El Paso County.

Angie Lizama, Maria Alvarado, Cathy Lozama, Alicia Rivera
Described the problems faced by residents of colonias and emphasized the need to make water related issues the number one priority. Also described the need for parks, health clinics, and libraries.

Daniel Solis
There needs to be a comprehensive colonia affordable housing strategy that includes the state, county, non-profits and perhaps the private sector.

One of the major obstacles for local non-profits, is not having the capacity to administer state funded programs, especially since they keep changing every year. One training session a year is not enough. TDHCA needs to provide direct assistance to non-profits on the preparation of applications and on the administration of state funded programs.

A colonia resident can not qualify for a construction or rehabilitation loan if he/she does not have a warranty deed to the property. Since the great majority of colonia households have a contract for sale it is without a doubt the biggest barrier we have in bringing affordable housing to colonias. As a result of the Contract for Deed Conversion Program a number of developers are now converting contracts for sale to warranty deeds leaving in place the same high interest rates (between 11.5% and 23%). If the land developers continue converting the contracts for sale at the present rate the Contract for Deed Program will become obsolete, basically because the developers will have done what the conversion program was to have accomplished. We believe that in order to reverse the current trend TDHCA needs to dedicate more than the annual $4 million it presently has earmarked for the Contract for Deed Conversion Program. Also TDHCA needs to establish a conversion program that converts the contract for sale to a warranty deed without having to rehabilitate.

One area of assistance that is badly needed is consumer education particularly as it relates to Contracts For Sale and the rights the buyer has under the law. Although a comprehensive consumer education program will be of great benefit it will certainly not be enough if it is not tied to some type of legal assistance that can provide a strong legal support base for colonia residents and non-profit organizations.

If the state's objective is to provide the opportunity for affordable housing to all colonia residents on an equitable basis, loan monies need to be made available to folks without warranty deeds. Some type of non-traditional low interest financing has got to be made available. These loans must take into consideration low income levels, and bad or non-existent credit otherwise the state will fail in its objective to improve the quality of life in area colonias.

Perhaps the most important and fundamental need facing colonias in the El Paso area is the introduction of basic infrastructure. Among the most important is potable water.

Joaquin Martinez
We recommend required monitoring and enforcement of all fair housing laws. It is imperative that a provision for technical assistance to applicants be included to ensure accessibility and compliance with regulations.

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

Jean Langendorf
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 and Housing Trust Fund projects.

Restrict the development of townhouse units or require that the ground level of townhouse units include one bathroom and bedroom and meet Fair Housing standards.

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 to people with disabilities.

We recommend that the Department commit funds for barrier removal programs in HOME, CDBG, and the Housing Trust programs.

Dedicate funding to support rental subsidy programs in the Housing Trust Fund.

Dedicate a portion of the HOME's "special needs set aside" specifically for projects serving people with disabilities. Create a minimum 15% set aside specifically for projects serving people with disabilities in the HOME and Housing Trust Fund.

Dedicate funding support for the Texas Home of Your Own Program.

Houston Public Hearing, December 5, 2000
28 Attendees

Leslie Gerber
Because of the well-documented and pervasive link between mental illness and homelessness, it is critically important that the Consolidated Plan reflect the needs of the chronically mental ill for a continuum of housing to prevent homelessness.

Karen Dunn
CDC Association of Greater Houston
Contract for deed conversions should be expanded to non-border areas.

Dallas Public Hearing, December 6, 2000
37 Attendees

Mark A. Leonard

The Texas YouthWorks Program was created in 1997 by the 75th Texas Legislative Session as a pilot program within the Texas Department of Housing and Community Affairs. The initial HOME Program contract provided $2,100,000 for interim construction and homebuyer downpayment assistance loans and $210,000 for program administration. Eight nonprofit organizations, seven of which are CHDOs, participated in the program. Sixty h0omes were built. Of the 464 youth that participated in the construction projects, over 75% of them have found permanent employment or are still in training.

During 1998 and 1999, Texas YouthWorks organizations were awarded $3,847,212 by HUD's YouthBuild Program, funding the educational and training components. Additional funding by banks, corporations and foundations brought the ratio of total dollars leveraged to better than 3:1, exceeding many if not most other HOME funded programs.

The 1999 TDHCA Annual Report on the YouthWorks Program called it a "resounding success." This Consolidated Plan describes, on pages 114 and 125, the many benefit and agency linkages that have been produced by the YouthWorks Program. As a result of this success, the organizations that participated in the Texas YouthWorks Program joined with other Texas YouthBuild Programs to form the Texas YouthBuild/YouthWorks coalition.

Our Coalition is seeking continued support from the Legislature and TDHCA for the Texas YouthWorks Program by ensuring ongoing success of existing programs and expansion to other areas of the state that have expresses a critical need for the program.

- We ask that the TDHCA Board of Directors recognize the importance of establishing YouthWorks as a permanent program within the overall state housing strategy and provide annual funding in an amount of not less than $2,000,000.

- We ask that TDHCA set-aside, within the Housing Trust Fund – Capacity Building Program, a total of, $100,000 per program year for technical assistance grants to newly formed YouthWorks Programs. This directly addresses the "Obstacles to Meeting Underserved Needs" identified on page 77 on the Consolidated Plan.

- We ask that TDHCA provide a set-aside of Home Buyer Assistance funds for the YouthWorks Program or provide scoring preferences as described on pages 107-109.

- We ask that TDHCA earmark program income derived from repayment of YouthWorks loans for continued use by the original grantee on a house-by-house or project basis.

- We ask that TDHCA identify the YouthWorks Program as a Priority use of Re-obligated Funds as described on page 170 of this Consolidated Plan.

- Finally, we ask that TDHCA work closely with the Texas YouthBuild / YouthWorks Coalition in setting future program guidelines, performance standards and accountability procedures.

We appreciate your continued support and consideration of this successful and important program.

David Estrada
Thanks to the Department for supporting the Home of Your Own Program and requested that the Department continue to support Texas Home of Your Own.

Requested suggestions for using TDHCA funds for persons with disabilities.

Kevin M. Farley
A potential funding source for minor rehabilitation of single family residences for persons with disabilities are the Area Agencies on Aging.