

Texas Department of Housing and Community Affairs

Amendment to Supplement the 2010-2011 Housing Trust Fund Plan



Texas Department of Housing and Community Affairs

Michael Gerber, Executive Director

PO Box 13941

Austin, TX 78711-3941

Phone: (512) 475-3976

Fax: (512) 475-3746

www.tdhca.state.tx.us

Amendment to Supplement the 2010-2011 Housing Trust Fund Plan that was Originally approved by the Board of the Texas Department of Housing and Community Affairs on July 30, 2009

Amendment adopted May 12, 2010

Amendments to the 2010-2011 Plan

Based on a 5% reduction of General Revenue total annual appropriation is as follows:

	2010	2011	Total Biennium
Single Family (SF)	\$9,981,875	\$9,995,875	\$19,977,750
Multifamily (MF)	N/A	N/A	N/A
Total Biennial Appropriation	\$9,981,875	\$9,995,875	\$19,977,750

Summary of Program Amendments

A summary of amendments to the 2010-2011 Plan are outlined below.

General program descriptions follow. As programs are designed in greater detail, the Department will garner public input on new programs and notices of funding availability prior to making funds available.

1. Texas Veterans Housing Support Program

Based on public input at roundtables held in Austin, Fort Worth and Lubbock, this program was revised to meet growing demand for rental assistance to low income veterans. The homeownership activity was removed from the program due to ability to provide down payment assistance to veteran homebuyers through other resources, such as the Veteran's Land Board, US Veteran Affairs (VA), and the Department's HOME Program. This amendment included language regarding the plan to use a new reservation process for expenditure of funds.

2. Amy Young Barrier Removal Program

Due to sufficient capacity and experience of awarded organizations, the capacity building element noted in the original Plan was removed. Adjustments to the Maximum Request Amount and Administration Fees were also made to mirror the Notice of Funding Availability (NOFA). The program name was changed to honor a disability advocate who was instrumental in shaping the program.

3. Rental Housing Development for Unique Needs Program

The amendment removes the Rental Housing Development Program based on the 5% reduction of General Revenue. This activity was selected for the reduction because of the other resources available at the Department for rental activities.

4. HTF Homeownership Program

The amendment changes the name of the program from "Homeownership SuperNOFA." Based on public input at roundtables held in Austin, Fort Worth and Lubbock, this program was revised to meet growing demand for down payment assistance to low income households. As publicly requested, the program now reflects removal of the housing rehabilitation program. Rehabilitation

for accessibility is now an activity funded under the Amy Young Barrier Removal Program. The amendment also includes language regarding the plan to use a new reservation process for expenditure of funds.

5. Rural Housing Expansion Program USDA Loan Set Aside

In response to public comment, the Plan is amended to include a set aside in the Rural Housing Expansion Program to fund grants to Nonprofit Organizations to offset the cost of packaging and submitting Section 502 Rural Housing Direct Loans through the United States Department of Agriculture (USDA). This amendment included language regarding the plan to use a new reservation process for expenditure of funds.

6. Affordable Housing Match Program

The amendment mirrors revisions to the program based on public input as reflected in the NOFA released March 31, 2010. Language was removed that allowed an eligible uses of funds to be creation of a loan loss reserve account. Additionally, eligible applicants were revised to be limited to Texas-based Nonprofit Organizations, Community Development Financial Institutions (CDFIs), and rural municipalities and counties.

In summary, programming of funds for the 2010-2011 biennium is as follows:

Use of Funds	2010-2011 Funds
Bootstrap Loan Program	\$10,000,000
Self Help Housing Training Institute*	\$500,000
Disaster Recovery Gap Assistance	\$1,000,000
Veterans Housing Support	\$2,000,000
Amy Young Barrier Removal Program	\$1,500,000
Rental Housing Development for Unique Needs Fund	\$0
HTF Homeownership Program	\$2, 577,750
Rural Housing Expansion	\$2,000,000
Affordable Housing Match Program	\$750,000
Total Plan Programs	\$19,827,750

* indicates program is part of the \$10m for Bootstrap

Revised program descriptions follow on subsequent pages.

Texas Veterans Housing Support Program (Revised)

Amount Recommended: \$ 2,000,000

General Program Description: This program, awarded to eligible applicants in 2008 and 2009, has generated sufficient demand to warrant the continuation of the program. Funds are utilized for rental subsidies for low-income (80% AMFI) veterans. Rental assistance may be provided for a maximum of two years, allowing assisted households to live in any rental unit in the service area.

Maximum Request Amount: The maximum request per applicant will be based on the number of households approved for assistance as verified in a reservation system and includes all project, administrative, and soft costs. Rental assistance will be for a period no longer than 24 months. The Department may allocate a minimum number of reservation slots per region and/or certified entity.

Eligibility Requirement: Eligible applicants are Units of General Local Government, Nonprofit Organizations and Public Housing Authorities (PHA's). The household assisted must be at or below 80% of AMFI.

Administration Fees: The Program would allow for 4% total administration costs per year for a total of up to 8% administration costs for the Program set aside in the reservation system.

Regional Allocation: The RAF will apply to these funds.

Other Considerations: This use of funds will serve lower income families and assist a unique housing need.

Amy Young Barrier Removal Program (Revised)

Amount Recommended: \$1, 500,000

General Program Description: This program provides financial assistance in the form of grants to low income (80% AMFI) Persons with Disabilities to make their homes (rental or owner) more accessible. This program is designed to provide one time grants for up to \$15,000 in home modifications specifically needed for accessibility, and up to an additional \$5,000 in other rehabilitation costs correlated with the barrier removal project. These funds will be targeted to allow for reasonable accommodation or modification for rental tenants, homeowners or a member of their household with disabilities needing assistance to fully access their home. Funds will be provided in the form of a grant and no lien will be placed on the home of the recipient with a disability. Applicant organizations must demonstrate an understanding of accessibility standards and applicable building codes as further detailed in the NOFA. Eligible modifications for accessibility will include, but not be limited to, the following:

- Handrails;
- Door widening and counter adjustments;
- Ramps;
- Buzzing or flashing devices (for people with visual/hearing impairment);
- Accessible door and faucet handles;
- Shower grab bars and shower wands; and
- Accessible showers, toilets and sinks.

Maximum Request Amount: The maximum request per application will be \$250,000, which includes all project, administrative, and soft costs. For applicants submitting more than one application, the maximum cumulative award per applicant is \$500,000.

Eligibility Requirement: Eligible applicants are Units of General Local Government, Nonprofit Organizations and Public Housing Authorities (PHA's). The household assisted must be at or below 80% of AMFI.

Administration Fees: The Program would allow for 5% administration costs per Award, per contract year for the organization for a total of 10% total administrative costs per Award.

Regional Allocation: The RAF does not apply to funds made available for Persons with Disabilities.

Other Considerations: This use of funds will serve Persons with Disabilities and serve a unique housing need.

HTF Homeownership Program (Revised)

Amount Recommended: \$2,577,750. A total amount of \$895,600 was awarded to five pending 2009 applicants. Approximately \$1,682,150 of the remaining funds is now available.

General Program Description: This program was first utilized in 2008 and demand has consistently exceeded available funding. The Homeownership Program allows flexibility for Nonprofit Organizations, including public housing authorities and units of local government. Funds are provided for down payment and closing costs in the form of zero interest, deferred forgivable loans up to \$10,000. Funds may only serve households at or below 80% AMFI.

Funds are limited to loans to ensure repayment to the program and may only serve households at or below 80% of AMFI. Loan caps per activity are established to spread funds while providing needed assistance.

Maximum Request Amount: To expedite the expenditure of funds, entities will be certified to request and access funds through a reservation system on a first-come, first served basis until all funds are obligated. The maximum request amount will be based on number of pending households to be assisted, as verified in the system.

The maximum loan amount to the assisted household for down payment, closing costs, and gap financing assistance is \$10,000. The Department may allocate a minimum number of reservation slots per region and/or certified entity.

Eligibility Requirement: Eligible applicants to be certified to access these funds through a reservation system are Units of General Local Government, Nonprofit Organizations and Public Housing Authorities (PHA's). The assisted household must be at or below 80% of AMFI.

Administration Fees: The Program would allow for up to 4% in administration funds to be made available in the reservation system. .

Regional Allocation: The RAF will apply to these funds.

Other Considerations: This use of funds will achieve leveraging, provides for repayment to the fund and promotes homeownership.

Rural Housing Expansion Program (Revised)

Amount Recommended: \$ 2,000,000

General Program Description: The purpose of these funds is to develop a program that commits to building capacity in tandem with actual production of affordable housing in rural Texas. The funds would have two components for each recipient – a capacity and technical assistance component designed as a grant that includes intensive technical assistance provision and a direct housing delivery component provided as a no-interest loan. This model, generated from significant public input and discussion, provides rural communities the capacity they need while also ensuring money to create affordable housing in their communities.

Eligible uses for the capacity portion of the funds may include: needs assessments, including needs of agricultural workers and other unique rural housing needs; capacity assessments; identification of resources and opportunities; development of comprehensive housing plans; consulting assistance; identification and creation of a plan for implementation of best practices for rural housing initiatives; training; technical assistance; operational expenses; and predevelopment expenses. Recipients will be encouraged, through their capacity building, to obtain and develop capacity to apply for USDA 502, other USDA funds and other federal resources. For the Capacity building component of funds, recipients will be measured against the performance tool required by GAA, Rider 17.

Eligible uses for the direct housing delivery funds may include, but are not limited to, development and sale of single family residences, development of small multifamily residences and creation of a down payment assistance program. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites. Households served must be at least 80% of AMFI or less.

Set Aside: \$450,000 in funding will be set aside and awarded in the form of grants to rural municipalities, counties, and Nonprofit Organizations packaging and submitting Section 502 Rural Housing Direct Loan Applications through USDA. Additionally, up to \$50,000 in capacity building funds may be made available to fund the training and technical assistance needs of applicants of this component. A maximum of \$1500 per completed loan package will be provided in the form of a grant through a reservation system process. This set aside is intended to provide the means to secure Section 502 funding for Texas that, without these funds, may otherwise not be accessed.

To minimize duplication of eligible program activities and to promote an efficient use of limited Trust Fund dollars, to the extent eligible, HOME funds (programmed and/or deobligated) may also be utilized for the direct housing delivery activities as further described in the Con Plan.

Maximum Loan Amount: Maximum Award per organization under the direct housing delivery activity is \$500,000. Not applicable to Section 502 Direct Loan Application Assistance because funds are provided in the form of grants.

Eligibility Requirement: Eligible applicants are rural municipalities and rural counties, Nonprofit Organizations that serve rural communities, or consortia of several such municipalities, counties and/or Nonprofit Organizations.

Administration Fees: No administration fees for direct housing delivery are provided (except as provided through capacity building funds). Funds for Section 502 Direct Loan Application Assistance will be provided in a reservation system. The Department may allocate a minimum number of reservation slots per region and/or certified entity.

Regional Allocation: The RAF will apply to these funds.

Other Considerations: Addresses the needs of rural Texans, builds capacity and generates affordable housing units.

Affordable Housing Match Program (Revised)

Amount Recommended: Up to \$750,000

General Program Description: The Department consistently receives suggestions that flexible matching funds are needed to allow Texas organizations to apply for affordable housing funds that have match requirements; anecdotally it appears that funds eligible for Texas are being reallocated to other states because Texas communities may lack the resources to meet match requirements. The purpose of the HTF Affordable Housing Match Program is to provide Texas-based Nonprofit Organizations the direct match funds needed to satisfy the direct match requirements of state (non-Department), federal, or private affordable housing grants or loans that, without the required direct match, may otherwise not be accessed. The match funds will result in the production or provision of housing for Households with incomes that do not exceed 80% of the Area Median Family Income (AMFI).

Examples of eligible uses include direct match for state (non-Department), federal or private affordable housing grants or loans to encourage banks to lend to low income families. These would be contingent matches such that TDHCA would not have to release any funds until the award is received from the awarding entity; if the award is not achieved, the money would be reprogrammed.

One example of this is CDFI's, which are Community Development Financial Institutions created and certified by the US Treasury. These organizations are mission-driven financing institutions, often nonprofits, which provide financial products and services to people and communities underserved by traditional financing institutions. CDFIs can be banks, credit units, loan funds, venture capital funds, community development corporations or micro enterprise loan funds. Though there are currently 57 CDFIs in Texas. Low income housing is one of the lesser serviced sectors, due in part to lack of funding or match for federal programs, private grant or foundation funds, such as the Federal CDFI Fund and USDA. CDFI funds are only one example of entities possibly not freely accessing federal funds.

Maximum Loan Amount: Not applicable. Funds will be provided in the form of grants.

Eligibility Requirement: Eligible applicants are Texas-based Nonprofit Organizations, Community Development Financial Institutions (CDFIs), and Rural municipalities and counties.

Administration Fees: None.

Regional Allocation: The RAF will apply to these funds.

Other Considerations: Significant leveraging obtained for limited general revenue funds.