

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
**TDHCA Governing Board Approved Draft
of HOME-American Rescue Plan (ARP) Draft Allocation Plan**

Disclaimer

Attached is the HOME-ARP Draft Allocation Plan that was approved by the TDHCA Governing Board on January 13, 2022. Notification of public comment for this document is scheduled to be published in the January 21, 2022, edition of the *Texas Register*.

Public Comment

Public Comment Period:

Starts: Friday, January 14, 2022

Ends: 5:00 p.m. Austin local time on Monday, January 31, 2022.

Comments received after 5:00 p.m. Austin local time on Monday, January 31, 2022 will not be accepted.

Written comments may be submitted, in hard copy or electronic formats to:

Texas Department of Housing and Community Affairs

Attn: Naomi Cantu

P.O. Box 13941

Austin, Texas 78711-3941

Email: naomi.cantu@tdhca.state.tx.us

Two public hearings will be held to gather oral comment.

Virtual hearing: Friday, January 21, 2022, 10:00 a.m. Austin Local Time.

Register online at <https://attendee.gotowebinar.com/register/577565081687108622>.

In-person hearing: Thursday, January 27, 2022, 2:00 p.m. Austin Local Time

Health and Human Services Winters Building, 701 W 51st Street, Room 560W, Austin, TX 78751

Individuals who require a language interpreter, auxiliary aids or services for one of the hearings should contact Nancy Dennis, ADA Responsible Employee, 512-475-3959 or nancy.dennis@tdhca.state.tx.us, or contact Relay Texas at (800) 735-2989 at least three days prior to the hearing date so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Danielle Leath al siguiente numero (512) 475-4606 o por correo electronico danielle.leath@tdhca.state.tx.us por lo menos tres días antes de la junta para hacer los preparativos apropiados.

Written comments may be submitted in hard copy or email formats within the designated public comment period. Those making public comment are encouraged to reference the specific draft rule, policy, or plan related to their comment as well as a specific reference or cite associated with each comment. Please be aware that all comments submitted to the TDHCA will be considered public information.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Street Address: 221 East 11th Street, Austin, TX 78701

Mailing Address: PO Box 13941, Austin, TX 78711-3941

Main Number: 512-475-3800 Toll Free: 1-800-525-0657

Email: info@tdhca.state.tx.us Web: www.tdhca.state.tx.us



Texas Department of Housing and Community Affairs
HOME-ARP
Allocation Plan

DRAFT
January 13, 2022

TDHCA was allocated \$132,969,147 of funds from the U.S. Department of Housing and Urban Development (HUD) under Section 3205 of the American Rescue Plan Act, which HUD has called the HOME-ARP Program. Funds are authorized for tenant based rental assistance, development of affordable housing, supportive services, non-congregate emergency shelter, supportive housing, and operating costs for eligible nonprofit organizations. However, prior to receiving its HOME-ARP allocation, TDHCA must develop a plan and gather public comment on that plan. The following document is the Draft Plan for that purpose which, upon approval of the TDHCA Board, will be released for public comment.

Items in the Plan in *italics* are instructions from HUD for a given section or item.

Participating Jurisdiction: Texas Dept. of Housing and Community Affairs (TDHCA)

Date: [To Be Added Date of Submission]

I. CONSULTATION PROCESS AND INPUT

Consultation

Before developing its plan, a PJ must consult with the CoC(s) serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities, at a minimum. State PJs are not required to consult with every PHA or CoC within the state's boundaries; however, local PJs must consult with all PHAs (including statewide or regional PHAs) and CoCs serving the jurisdiction.

Summarize the consultation process:

TDHCA held 9 consultations to garner initial input on the state's planning of HOME-ARP funds. The consultations were held from October 7 to October 22, 2021. In all consultations information on the program was shared with those attending and often many questions were asked and answered. In the interest of brevity, the consultation feedback summaries following the table below do not include questions posed or answers provided, but focus on summarizing input and comments made.

List the organizations consulted, and summarize the feedback received from these entities.

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Mobile Loaves and Fishes – Community First Village	Nonprofit Homeless Provider	Video Conference (October 7)	See summary below
Haven for Hope	Nonprofit Homeless Provider	Video Conference (October 7)	See summary below
Multiple (see below)	Continuums of Care and Domestic Violence Providers	Video Conference (October 13)	See summary below
Foundation Communities and New	Nonprofit Perm. Supp. Housing	Video Conference (October 15)	See summary below
Multiple (see below)	Public Housing Authorities	Webinar (October 15)	See summary below

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
Multiple (see below)	TX Interagency Council for Homelessness	TICH Meeting also hosted as consultation (October 19)	See summary below
Multiple (see below)	Fair Housing and Disability Advocates	Webinar (October 20)	See summary below
Multiple (see below)	Veterans Services Providers	Webinar (October 22)	See summary below
Multiple (see below)	Homelessness Services Providers	Webinar (October 22)	See summary below

Consultation with Mobile Loaves and Fishes

Mobile Loaves and Fishes (MLF) operates Community First! Village, a master planned community that provides affordable, permanent housing and a supportive community for men and women coming out of chronic homelessness in Austin.

- MLF shared that they are expanding their village of RV/park homes and micro-homes; they estimate that 80% of the population will fall into the definition of chronically homeless. They estimate it will take approximately \$150 million of capital investment; some of those funds have been committed already by Travis County. MLF indicated that most of their referrals come from CoCs or other referring agencies but not all come through Coordinated Entry (CE).
- MLF has a successful model in place in which households pay a flat monthly rent for a specific unit type, and that amount is often more than 30% of their income. They indicated they would likely not find these funds attractive for their plans if households were limited to paying only 30% of their income.
- Uses of the Funds: MLF supported a focus on capital investment with the funds. They would like to see that capital investment is used for both tiny home models and associated congregate facilities (kitchens, baths). It was discussed that varied types of units have varying levels of kitchen or bathroom facilities (with robust shared facilities) such that HOME-ARP may be able to be used for some unit types but perhaps not others. It was also discussed that TDHCA would need to confirm with HUD that such models would be allowable. MLF also supported some funds for capacity building as they ramp up operations.
- Populations/Preferences: MLF indicated they would like to see the most vulnerable populations assisted with these funds; they suggested that a preference should be allowed for the chronically homeless and that funds not just go to the households that could be seen as more sympathetic, such as families with children and veterans.
- Use of Coordinated Entry (CE): MLF did not want to be limited to only taking those households that score the highest in the CE assessment. They tend to assist persons with

a variety of vulnerability levels and do not prefer that all housed with HOME-ARP be referred only through CE.

Consultation with Haven for Hope

Haven for Hope (HFH) is a San Antonio nonprofit operating as a “one stop” campus for people who are experiencing homelessness, bringing together service providers in a single location.

- HFH shared that doing NCS as an activity is a challenge without operating expenses being provided to help support it, but did note that they would be interested if in fact operating funds could be assured. They indicated that HFH most needed flexible spending to use on housing for households that don't qualify for CE, particularly for older persons with disabilities, who are awaiting a voucher or other benefits, something that could be an extension of rapid rehousing.
- HFH discussed the unique role some of their shelter staff play as they are both operational staff, but also trained in client-facing assistance roles such as case work and other services identified in 24 CFR §578.53. These Life Safety Officers also have access to HMIS and HFH would hope to classify these staff as case management and service provision, although they are also serving in an operational role.
- HFH discussed that the reason for not being more interested in NCS with hotel conversions as an activity is that the maintenance and upkeep is extreme, they feel it is preferable to just do new construction. They also feel that hotel conversions are better for Permanent Supportive Housing (PSH), and that while there is a need for PSH, only a fraction of their clients go to PSH.
- HFH provided that past criminal eviction history hurts clients seeking units and suggested that any HOME-ARP funds used for rental housing should require a lower standard for entry into the housing.
- When discussing the possible idea of serving the role of a sponsor who could access a block of units through a master lease, they felt that while this would be attractive to have a guarantee, it was not ideal because it adds undue risk for the nonprofit and also does not allow the person being housed to establish a direct lease relationship with the landlord, which they find important.
- Services needed include housing specialists, intake, housing navigation and bridge psychiatric services that can provide a quick diagnosis and access to medications on an outpatient basis in close coordination with the local Mental Health Authority. HFH specifically noted that funds for these needs would not be fully addressed through the ERA2 Housing Stability Services funds, of which there is approximately \$84 million being released for competition through TDHCA in the fall of 2021. They thought some of the HOME-ARP funds should be used for this purpose also to address the long term effects of the pandemic.
- Uses of the Funds: As noted in the bullets above, HFH felt for them the best use of funds would be for TBRA and supportive services with long contract terms, such as at least a 3 year contract for TBRA to serve as a bridge to households accessing a permanent voucher.

- Populations/Preferences: HFH felt that high priority groups included older persons currently homeless or at risk of homeless, often with disabilities, who don't qualify for CE and those awaiting vouchers or benefits. Shelters are not the most appropriate place for these persons. They have about 30 people who need a nursing home in terms of the level of care required but don't qualify for Medicaid. They also felt that families are the biggest unmet need because many are newly homeless or doubled up so don't rank as high need on CE.
- Use of Coordinated Entry (CE): HFH did not support being restricted to only allowing CE and feels it is very important for these housing funds to be able to assist those not in CE, or not ranking highly in CE.

Consultation with Continuums of Care (CoCs) and Domestic Violence (DV) Providers

Representatives from the San Antonio/Bexar County CoC; Dallas City and County, Irving CoC; Fort Worth, Arlington/Tarrant County CoC; the El Paso City and County CoC; the Houston, Pasadena, Conroe/Harris, Fort Bend, Montgomery Counties CoC; the Balance of State CoC represented by the Texas Homeless Network (THN); and the Texas Council on Family Violence were in attendance.

- Significant focus has been on rapid rehousing and bridging folks to permanent housing (Houston, El Paso, Dallas) and some noted an interest in more rental assistance to support these efforts (Houston), or to support gaps in services (Houston, El Paso). Houston discussed going from homelessness to housed and not needing to use shelter facilities.
- However, other CoCs felt they had sufficient funds for the vouchers/rental assistance and services, and felt the highest need was in actual production of units (PSH) as there are challenges in finding units for voucher holders (Tarrant, Dallas, San Antonio). Some noted interest in allowing small acquisition/rehabilitation developments that they thought could be brought online more quickly and others were specific that the PSH should include units for large families and deeply affordable units (below 30%). There was discussion of use of HOME-ARP to bring units up to Uniform Physical Condition Standards.
- There was support for funds to support capacity building for homeless services providers, especially in rural areas of the state.
- Several CoCs felt that a priority/scoring preference should include that the applicant is connected to housing authority resources and other subsidies (Houston, Dallas) although the BoS noted that this would be more challenging since they have less access to other funds. There was also discussions in how to use HOME-ARP to address racial disparities.
- Commenters felt there needed to be ways to incentivize the developers to give second chances for poor rental and credit/criminal history and these funds should not allow anything more restrictive than the local housing authority. Others felt the housing authority's barriers were too high.
- There was possible interest in NCS if it could be 'flexed' for use as PSH and interest in NCS for the domestic violence (DV) population.

- They wanted to be able to consider those At-Risk as a broader definition than that provided by HUD, also noting that often DV cases do not classify as At-Risk but need housing to leave their abuser.
- There was fairly unanimous support that having at least coordinated with the CoC should be an application requirement.
Uses of the Funds: Because the needs of the CoCs varied there was interest in keeping the funds flexible. The most common request for the uses of HOME-ARP was development of supportive housing and NCS. There was greatest interest in NCS and development of units from the Balance of State (BoS) CoC. There were also requests to use the funds for TBRA and services and capacity building, though requests for these activities were not as common as for capital funds.
- Populations/Preferences: There was support for allowing subrecipients to establish preferences, but not limiting the funds at the state policy level to only certain populations. Preferences suggested included: persons experiencing literal homelessness, persons with disabilities, persons fleeing Domestic Violence, unsheltered homeless, and those with a history of homelessness.
- Use of Coordinated Entry (CE): CoCs from larger areas preferred CE be used and felt it ensured there is coordination and alignment. Alternatively for DV and the BoS they did not want to see the program limited to only CE.

Consultation with Developers of Permanent Supportive Rental Housing

Foundation Communities and New Hope Housing are two of the primary PSH developers in the state. The summary below also include comments received in writing from a PSH consultant, True Casa Consulting, who could not attend the session.

- Providers felt that the 70% of rental units that are required to serve qualified households would have to be underwritten as zero income so felt the biggest challenges related to operating. While they realized and appreciated that HOME-ARP allows for capitalized operating expenses they felt it would need to be for the whole affordability period. Additionally, they voiced concern for the residents of those units at the end of the 15-year HUD affordability period; as soon as the HUD operating subsidy and LURA restriction ends, for the properties to support operations on the units they would have to increase the rents on those households from 30% of their income to either market rate or the rent level of any other affordability term (likely housing tax credits).
- Two of the commenters also noted that their models of housing did not generally support having market rate units at the property to subsidize the other units (due to lack of interest by market rate tenants).
- Commenters raised concern and felt strongly that to do such transactions requires significant experience not just with supportive housing development, but also in serving the specific populations, and they felt there should be a standard or requirement relating to experience.
- Regarding leasing criteria they noted that their fair housing counsel advises that they not have different leasing criteria for some units, so whatever criteria they would have for HOME-ARP would need to be the same as all the units and therefore acceptable to

the other funders as well. They did not want to see the state dictate what the leasing criteria should be. One commenter did suggest that barriers for criminal history should be reduced.

- Regarding sizes of the developments, commenters felt that smaller size properties for PSH are not able to achieve sufficient economies of scale with the ideal size being 120-150 units. They note that because of local processes, smaller deals do not necessarily get done any faster, and that a small deal would almost certainly need a more robust subsidy.
- While not specifying that funds should be used for services, one commenter did note that gaps in services include behavioral health, transportation, health and dental, peer support, case management and housing subsidies.
- It was noted that clients should not have burdensome documentation requirements.
- Uses of the Funds: Commenters supported use of the funds for rental housing development. They provided input that the program would need to have no debt requirements. They supported the possibility of the funds being grants, or allowing the funds to be passed through to a sponsor entity to limit the tax event for the property. The one activity they proposed other than rental and capitalized operating, was to possibly allow for capitalized services as they will have to guarantee to the investor sufficient funds for service provision (capitalized service reserves).
- Populations/Preferences: Because these types of developments often have to layer financing from different funders, each with their own priorities and preferences, they felt it would be important for the funds to not limit preferences at the state level, but allows preferences at the property level. Preferences contemplated for the plan would include older adults with one or more ADL needs, adults with disabilities, chronically homeless, unstably housed and at-risk of homelessness and low income (at 200% or below federal poverty level).
- Use of Coordinated Entry (CE): They would find a preference for CE acceptable, or having it as an option, but not as a requirement as they want to see a range of tenants gaining access to their properties, not only chronically homeless.

Consultation with Public Housing Authorities

Outreach for this consultation was targeted to public housing authorities; more than 62 registered to attend the virtual session, and 34 actually logged on to the session. The summary below includes several comments received in writing from PHAs who could not attend the session.

- Across the PHAs on the call, there was support for capital development for more rental units in good condition. There was support for these funds to be used to 'buy down' 60% HTC units to 30% units or to add soft financing, as well as off-site costs. There was interest in layering with RAD conversions, allowing sponsorship structures, and for giving an award preference for those rehabilitating large properties to make them deeply affordable. Others asked if there could be point preferences for larger developments, and if HOME-ARP could be used for infrastructure to the development. For rental development there was interest in making sure that PHAs could use these funds in

conjunction with issuing 'Faircloth' vouchers on a private development or other public housing and that it was important to make funds available for rural areas.

- There was support voiced for the funds to be used as rental assistance like HOME TBRA and TDHCA's COVID TBRA Program, for services such as security deposit assistances, furnishings and appliances, youth employment programs, job searches, assistance accessing benefits, financial literacy, parenting skills and scholarships for trade schools.
- There was not support for adding any state-required leasing criteria, or making them more lenient, but rather that it be flexible so it could be layered with other funding sources. One commenter suggested allowing alternate means for lowering barriers such as the tenant attending rehab classes, or being flexible on references.
- Uses of the Funds: As noted above the primary interest was for rental development, as well as more limited support for TBRA and services.
- Populations/Preferences: Support no preferences, or if any, persons experiencing homelessness and Domestic Violence households. There was interest in prioritizing any households below 80% AMI since those are often quick to become unstable.
- Use of Coordinated Entry (CE): There was not support for CE to be a requirement; in some areas CE is not readily available, and such a requirement would harm properties and those in need.

Consultation with Texas Interagency Council for the Homeless (TICH)

The TICH is a statutorily created council supported by TDHCA with public and private membership. The TICH meets quarterly and at its quarterly meeting in October 2021, a presentation was made on the HOME-ARP funds, and the opportunity for input was extended. While questions were asked, no specific comments were received in regards to planning of the funds.

Consultation with Fair Housing and Disability Advocates

Outreach for this consultation was targeted to fair housing and disability providers and advocates. More than 185 registered to attend the virtual session, and 91 actually logged on to the session. The summary below includes several comments received in writing from disability or fair housing advocates who could not attend the session or followed up with more information in writing.

- Most of the attendees that spoke indicated a significant need for more permanent supportive rental housing, most speaking of the need specifically for those with those with Intellectual or Development Disabilities (IDD) and Mental Health disorders (MH) to be stably housed in the community. Attendees emphasized the importance of services. There was support that such housing needs to be in high opportunity areas so that it was close to transportation, jobs, stores, services, and medical supports. Several commenters mentioned the needs of adult children with IDD/MH who the parents are no longer able to care for them. It was noted that any funds used for PSH should have robust targets for accessibility and visitability and a higher percentage of units built as fully accessible for physical disabilities than is required in the Housing Tax Credit (HTC) program. Commenters noted that housing should be for low income housing (not

workforce housing). They noted that it was important that capitalized operating subsidies be provided. There was also interest that the funds be able to be used for recovery housing.

- Alternatively, one commenter noted that because the need is pressing and urgent now, that some of the funds should go to 'right now' solutions such as rental assistance for persons with disabilities.
- Several comments also supported use of the funds for NCS and a focus on best practices that would allow NCS to transition to other uses.
- One comment supported use for TBRA and several supported use for services specifically service coordinators, resident coordinators, and landlord incentives.
- One commenter felt the funds should allow shared housing (roommate arrangements) and noted successes with that model in Connecticut; there was discussion around risk, leases, and the fact that currently this has not been used in affordable housing or with voucher holders.
- This group voiced frustration at landlord's unwillingness to accept voucher holders, the challenges in landlords not accepting those with criminal/credit history, and unreasonable minimum income requirements. One commenter felt the funds should be used for providing the payments needed to meet minimum income requirements.
- They suggested that the NOFA have an award preference for those with lowest barrier policies for those with justice involvement.
- Uses of the Funds: Most support for PSH and limited support for NCS, TBRA, and services.
- Populations/Preferences: There was interest for the provider to be able to identify preferences, but that the state should not do so which would limit flexibility. Wide support among the group for preferences for those with dual diagnoses (Mental Health Disorder (MH) and Intellectual/Developmental Disabilities (IDD)) and for seniors with disabilities, as they are seeing increases in IDD and MH folks that senior centers and Medicaid are not able to assist. Also interest in young adults aging out of foster care and veterans. There was also interest in allowing properties to grant a preference on their fully accessible units for those with a physical disability, in having a preference for those getting discharged for rehabilitation centers, psychiatric hospitals or released from incarceration to prevent them from exiting into homelessness. It was requested that these funds should definitely be allowed for seniors, particularly since 811 Program does not allow older than age 62.
- Use of Coordinated Entry (CE): There was some support of using CE but not as a mandatory requirement. Several speakers gave examples of where CE is not effective and would greatly limit the ability to assist including those in state hospitals for more than 90 days are no longer considered homeless upon exit under CE, many who need housing who don't get ranked highly enough in CE. Alternatively one commenter did think CE should be required and that CE assessments address racial inequities.

Consultation with Veterans Services Providers

(Outreach for this consultation was targeted to the Texas Veterans Commission and veteran's services providers; 21 persons registered to attend the virtual session, and 12

actually logged on to the session.)

- This session focused significantly on answering questions including eligible uses of the funds, allowable service activities, and length of assistance. One commenter was interested in uses of the funds that were not eligible.
- It was noted that the funds should not require veterans to have a DD 214 or require that the veteran must be honorably discharged. There was discussion of different military discharge statuses. There was interest in assisting vets re-entering the community from incarceration.
- It was suggested that priority in awards be given to those willing to take those perceived as higher risk tenants.
- Uses of the Funds: Interest in capital investment for rental and NCS and in making sure funds are available rurally.
- Populations/Preferences: Veterans.
- Use of Coordinated Entry (CE): They wanted to be sure funds are not limited to those in CE as many in need will get overlooked.

Consultation with Homelessness Service Providers

Outreach for this consultation was targeted to providers of homeless services; more than 158 registered to attend the virtual session, and 117 actually logged on to the session. The summary below includes several comments received in writing from providers who could not attend the session or who followed up with more detail after the session.

- There was strong interest to use funds for one time capital investments for PSH and NCS. There was input that NCS is especially helpful for families, those fleeing domestic violence and those with MH or Post Traumatic Stress Disorder (PTSD) where congregating care can be detrimental to treatment. Most speakers felt there are sufficient resources for rental assistance, and there are those in need with vouchers in hand who can't find units; there is particularly need for the deepest income units. There was emphasis that the rental housing needed to come with operating reserves and allow for sponsorship structures. Commenters encouraged the construction funds be flexible so recipients can try to fund smaller properties or respond flexibly to families in crisis. Several attendees emphasized the importance of funds being made available for rural areas and that they not have to compete against urban areas.
- Several commenters noted that it would be important to not just fund capital investment, but to focus on long term supports including operations, homelessness prevention, case management, employment services, and landlord incentives (with thoughtful consideration relating to fair housing issues).
- One commenter supported sober living beds/transitional beds and some Single Room Occupancy (SRO) design.
- Because of the urgent need now, there was also interest from several providers for TBRA since other rental funds are starting to end. They also note that accessing rental assistance should not first require having an eviction status which is what is often required from other funding sources.
- One commenter supported the funds for nonprofit development and black-led

organizations.

- One commenter suggested that awarding of projects should be prioritized for long term (20-30 year) shelter assistance.
- Uses of the Funds: While varied, there was strong support for PSH and NCS, with less significant support for TBRA, services, and nonprofit operations and capacity building.
- Populations/Preferences: Chronically homeless, disabled, and homeless youth (18-24 years old).
- Use of Coordinated Entry (CE): Most attendees felt strongly that CE should not be a requirement. However two commenters did think CE should be required. Because CE prioritizes persons with the highest scores, those with the greatest needs are getting assisted, but many who could be rapidly assisted are not captured in CE and have lower scores, including those activity working with case workers and in school.

II. PUBLIC PARTICIPATION PROCESS AND INPUT

*PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of **no less than 15 calendar days**. The PJ must follow its adopted requirements for “reasonable notice and an opportunity to comment” for plan amendments in its current citizen participation plan. In addition, PJs must hold **at least one public hearing** during the development of the HOME-ARP allocation plan and prior to submission.*

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- *The amount of HOME-ARP the PJ will receive,*
- *The range of activities the PJ may undertake.*

Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:

Upon approval of a draft Plan by the TDHCA Board, the draft plan will be released for a 17 day public comment period from January 14, 2022 to January 31, 2022. TDHCA will adhere to its citizen participation plan. Two hearings will be held during the comment period.

Virtual Hearing

Friday, January 21, 2022

Registration is available online at

<https://attendee.gotowebinar.com/register/577565081687108622>

In-Person Hearing

Thursday, January 27, 2022

2:00 pm Austin Local Time

Health and Human Services Winters Building

701 W 51st Street, Room 560W

Austin, TX 78751

If comment received during the public comment period does not suggest significant plan revisions, the plan will not be returned for approval to TDHCA's Board. If comment is significant, the plan is anticipated to be presented to the TDHCA Board for final approval on February 10, 2022.

Describe any efforts to broaden public participation:

TDHCA plans to hold both an in-person hearing in Austin and a virtual hearing to accept comment. The in-person hearing will allow for a more traditional method of receiving comment; the virtual hearing will allow for broader outreach. In addition, the hearings will be published in the Texas Register and notice of the hearings will be sent via TDHCA's subscription email lists to the homeless-focused topics and the multifamily topics. Comments will also be accepted via mail or email. Finally, the plan will be posted online for ease of access during the public comment period.

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing, when preparing the HOME-ARP allocation plan.

Summarize the comments and recommendations received through the public participation process:

[To be updated after the public comment period.]

Summarize any comments or recommendations not accepted and state the reasons why:

[To be updated after the public comment period.]

III. NEEDS ASSESSMENT AND GAPS ANALYSIS

PJs must evaluate the size and demographic composition of qualifying populations within its boundaries and assess the unmet needs of those populations. In addition, a PJ must identify any gaps within its current shelter and housing inventory as well as the service delivery system. A PJ should use current data, including point in time count, housing inventory count, or other data available through CoCs, and consultations with service providers to quantify the individuals and families in the qualifying populations and their need for additional housing, shelter, or services. The PJ may use the optional tables provided below and/or attach additional data tables to this template.

Homeless Needs Inventory and Gap Analysis Table - 1

Homeless													
	Current Inventory					Homeless Population				Gap Analysis*			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	5,385	1,463	8,285	N/A	972								
Transitional Housing	2,190	618	1,916	N/A	1,916								
Permanent Supportive Housing	4,847	1,695	9,950	N/A	5,633								
Other Permanent Housing						N/A	N/A	N/A	N/A				
Sheltered Homeless						5,783	8,234	1,117	2,242				
Unsheltered Homeless						506	12,686	831	744				
Current Gap										#	#	#	#

Data Sources: 1. 2020 Point in Time Count (PIT); 2. 2020 Continuum of Care Housing Inventory Count (HIC)

*There may not be a direct correlation between the types of housing offered in this chart and the number of people experiencing homelessness, as not every person experiencing homelessness would need or want to use emergency shelter, transitional housing, or permanent supportive housing. Therefore, the gap analysis is not reflected in this chart, but possible gaps are discussed below.

Housing Needs Inventory and Gap Analysis Table - 2

Non-Homeless			
	Current Inventory	Level of Need	Gap Analysis*
	# of Units	# of Households	# of Households
Total Rental Units	3,686,845		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	340,420		
Rental Units Affordable to HH at 50% AMI (Other Populations)	546,190		
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		501,880	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		268,065	
Current Gaps			#

Data Sources: 1. 2015-2019 American Community Survey (ACS); 2. 2014-2018

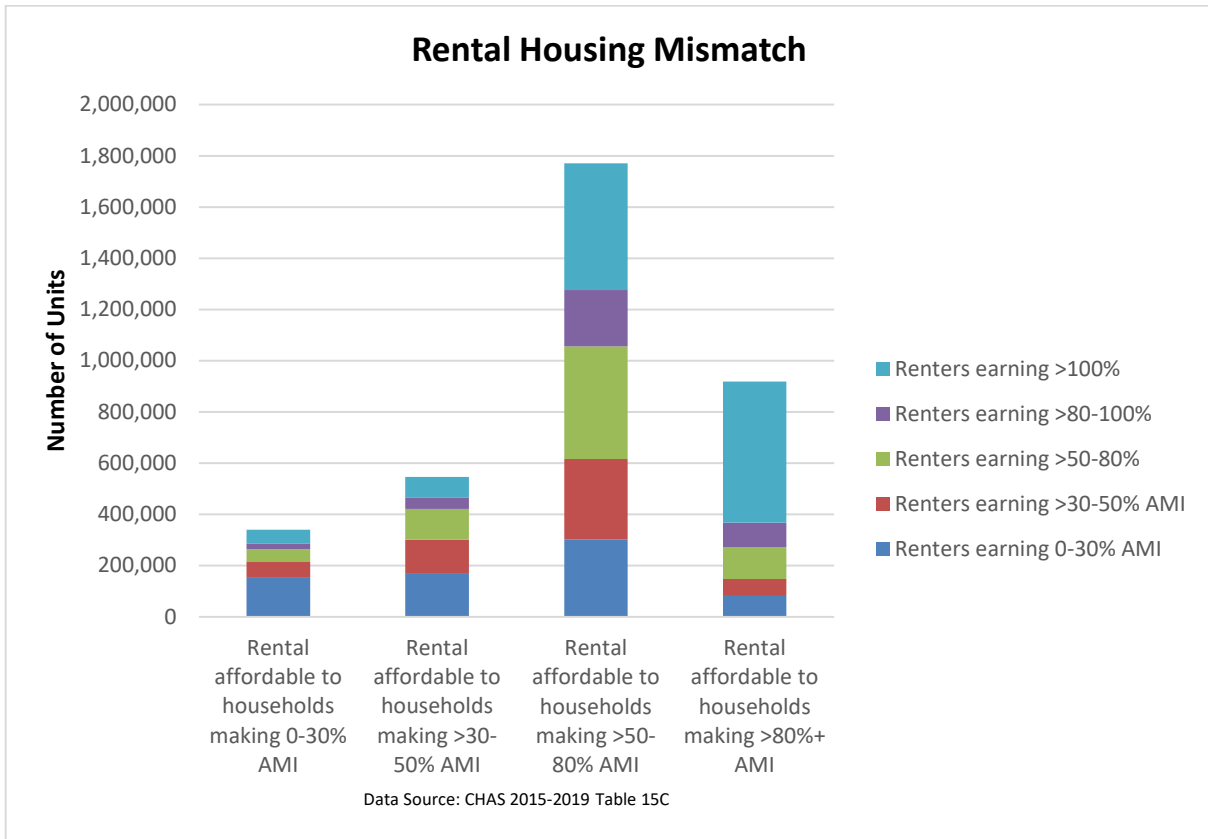
Comprehensive Housing Affordability Strategy (CHAS)

*There may not be a direct correlation between the affordable rental units and the households with a housing problem at that income level; this chart does not reflect the housing mismatch, which shows the difference between the households that can afford the rental units and the households living in the rental units. A further analysis of this mismatch is discussed below.

Rental Housing Mismatch Table – 3

Rental Housing Mismatch	Renters earning 0-30% AMI	Renters earning >30-50% AMI	Renters earning >50-80%	Renters earning >80-100%	Renters earning >100%	Total
Rental affordable to households making 0-30% AMI	155,585	61,075	47,650	21,135	54,975	340,420
Rental affordable to households making >30-50% AMI	167,530	134,250	119,555	44,755	80,100	546,190
Rental affordable to households making >50-80% AMI	301,075	315,540	439,685	219,140	495,335	1,770,775
Rental affordable to households making >80%+ AMI	81,435	66,655	124,645	95,715	550,090	918,540
Total	705,625	577,520	731,535	380,745	1,180,500	

Data Source: 2014-2018 CHAS Data



1. Describe the size and demographic composition of qualifying populations within the PJ's boundaries:

Homeless

For HOME ARP, two of the qualifying populations are persons/households experiencing homelessness, and households who have previously been qualified as “homeless” as defined in 24 CFR §91.5 who are housed due to temporary or emergency assistance and need additional housing assistance or supportive services to avoid a return to homelessness. According to HUD’s 2020 Point-in-Time count for Texas, there were approximately 22,544 Homeless Households comprised of 27,229 Homeless Persons. This is an increase of 5%, from 2019, of Homeless Persons in the State of Texas.

58% of the counted homeless population in Texas in 2020 identified as White, 37% identified as Black or African American, 0.75% identified as Asian, 1.3% identified as American Indian or Alaska Native, 0.32% identified as Native Hawaiian or Other Pacific Islander and 3% identified as being of multiple races.

Individuals who are identified as chronically homeless make up 14.8% of the State’s homeless population. Through consultation with stakeholders around the State of Texas it was noted that this segment of the population is often the hardest to reach and hardest to assist. It was also noted through consultation that often the chronically homeless are the most visible

segment of the homeless population as they often make up a large portion of unsheltered homeless individuals.

In addition, there were 1,948 homeless Veterans making up 7.2% of the State’s homeless population and 1,408 unaccompanied youth making up 5.2% of the homeless population.

The table below shows each Continuum of Care (CoC) in the State of Texas and the number of homeless individuals in the areas covered by each respective CoC based on data from the HUD 2020 Point-in-Time count.

Table 4 – Population of Homeless Individuals by CoC

Metropolitan Area	Continuum of Care	Number of Homeless Individuals	Percent of all Homeless Individuals in the State
Amarillo	Amarillo CoC	600	2.2%
Austin	Austin/Travis County	2,506	9.2%
Bryan/College Station	Bryan, College Station/Brazos Valley CoC	109	0.4%
Dallas	Dallas City & County, Irving CoC	4,471	16.4%
El Paso	El Paso City & County CoC	843	3.1%
Fort Worth	Fort Worth, Arlington/Tarrant County CoC	2,126	7.8%
Houston	Houston, Pasadena, Conroe/Harris, Fort Bend, Montgomery Counties CoC	3,974	14.6%
San Antonio	San Antonio/Bexar County CoC	2,932	10.8%
Waco	Waco/McLennan County	234	0.9%
Wichita Falls	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties CoC	236	.09%
All other areas of Texas	Texas Balance of State CoC	9,198	33.7%
Total Homeless Individuals in the State		27,229	100%

As can be seen in Table 4 just under 60% of the State’s homeless population (58.8%) is located in the five largest Metropolitan areas, Austin, Dallas, Fort Worth, Houston and San Antonio. This is expected due to the large concentration of general population in these areas, close

proximity to public services, such as transportation, hospitals/clinics, other social services as well as a greater lack of affordable housing and increased cost of housing in these areas.

At-risk of homelessness

For HOME-ARP an individual or family is considered at-risk of homelessness if their income is below 50% area median family income, do not have sufficient resources or support networks, and have experienced housing instability. Below is an analysis of 0-30% AMI renters and 30-50% AMI renters.

Individuals or families with extremely low incomes (30% or below area median income) are often service sector workers, including those who earn minimum wage. Individuals or families at risk of homelessness are also often straining the willingness of their social networks to provide housing supports over an extended period, such as living with family or friends over an extended period.

There are 705,625 Renter Households in the State of Texas earning between 0 and 30% of Area Median Income (AMI) according to 2014-2018 HUD Comprehensive Housing Affordability Strategy (CHAS) data. This is roughly 20% of all Texas Renter Households. Of those 705,625, roughly 501,880 Households also have one or more of the four severe housing problems identified by HUD which are: 1. Lacks complete kitchen facilities, 2. Lacks complete plumbing facilities, 3. More than 1.5 persons per room (overcrowding), and 4. Cost burden over 50%. This means that 71% of 0-30% AMI renters are living with one of these serious housing problems that impact their daily lives in addition to being low income. 28% of renters with one or more of the severe housing problems identify as White, 24% identify as Black/African American and 42% identify as Hispanic.

There are an additional 577,520 Renter Households in the State of Texas earning between 30 and 50% of AMI according to 2014-2018 CHAS data. This is roughly 16% of all renter households. 46% or roughly 268,065 households have one or more of the four severe housing problems noted above. For renters at 30-50% AMI with one or more of the severe housing problems, 33% identify as White, 20% identify as Black/African America and 42% identify as Hispanic.

According to the data, there are currently 340,420 units of rental housing affordable to households making 0 to 30% AMI in the State of Texas and an additional 546,190 units of rental housing affordable to households making 30-50% AMI.

A qualifying population highlighted by the HOME-ARP program is households making 0-30% of AMI that are also severely cost burdened (paying 50% or more of their income in rent). There are 417,345 or roughly 60% of all 0-30% AMI renters paying more than 50% of their income in rent. According to 2014-2018 CHAS data 48% of all 0-50% AMI renter households in the state are paying more than 50% of their income in rent.

Individual or family fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking

It is recognized that domestic violence is one of the main factors of homelessness or being at-risk of homelessness for families. Texas Council on Family Violence provided consultation on the State of Texas 2020-2024 Consolidated Plan noting, “90% of survivors accessing family violence services experienced homelessness as a result of fleeing an abusive relationship at least once”.

Domestic violence contributes to homelessness. When a person decides to leave an abusive relationship, they often have nowhere to go. This is particularly true of women with few resources. Lack of affordable housing and long waiting lists for assisted housing mean that many women and their children are forced to choose between abuse at home and life on the streets. Approximately 63% of homeless women have experienced domestic violence by an intimate partner in their adult lives according to the National Network to End Domestic Violence. Statistics released in the 2020 Domestic Violence Counts Report by National Network to End Domestic Violence show that Texas emergency shelters or transitional housing provided by local domestic violence programs served 5,950 victims of domestic violence in one day. 3,712 adult and child victims of domestic violence found refuge in emergency shelters, transitional housing, or other housing provided by local domestic violence programs. On this day, 948 Texas survivor’s request for services went unmet, 341 of which were for housing and emergency shelter.

The State of Texas is not suggesting expanding the program eligibility beyond the populations noted above and those at greatest risk of housing instability (under 30% AMI and severely cost burdened), as provided by HUD.

2. Describe the unmet housing and service needs of qualifying populations, including but not limited to:

- ***Sheltered and unsheltered homeless populations;***
- ***Those currently housed populations at risk of homelessness;***
- ***Other families requiring services or housing assistance or to prevent homelessness; and,***
- ***Those at greatest risk of housing instability or in unstable housing situations:***

Through analysis of the data presented in Tables 1, 2 and 3 above we can identify the unmet housing needs of the HOME-ARP qualifying populations.

As identified in Table 1 there are 12,686 unsheltered homeless adults without children and 506 unsheltered homeless families in the State of Texas at a point in time in January. This appears to indicate that there is a gap in housing options of at least 13,192 beds. This could be emergency shelter beds, transitional housing beds, permanent supportive housing beds, beds in private rental units, or beds in private rental units supported by rental assistance. Likewise, there are 8,234 sheltered adults without children and 5,783 sheltered families with

children, which could indicate a gap in housing options for transitional housing beds, permanent supportive housing beds, beds in private rental units, or beds in private rental units supported by rental assistance in order to move the households out of emergency shelter into housing.

During the consultations noted above there were noted gaps in services, but the greatest need was in actual units for persons experiencing homelessness, primarily the need for deeply affordable Supportive Housing units. The need for more supportive housing is of course not the need for every community. Through consultation, it was noted that some of the state's more rural communities may have a greater need for non-congregate shelter to help get people off the street and provide services so they can get back on their feet and then be able to transition to affordable units in their community. It should be noted, that a common theme through all consultations was the need for more affordable units.

The need for more affordable units can be seen in the data in tables 2 and 3 above as well as in the Housing Mismatch Chart. As noted above there are 705,625 renter households in the state earning between 0-30% of the Area Median Income, of those 0-30% AMI renter households only 155,585 or 22% are living in a unit that is affordable to households making 0-30% AMI. In the state, according to 2015-2019 CHAS data there are only 340,402 units affordable to households making 0-30% AMI, this is only enough units to house 48% of all households in the state with incomes between 0-30% AMI. 54% of housing stock that is affordable to households at 0-30% AMI is being occupied by households making between 30-100%+ of AMI, this is due to naturally occurring affordable housing that is not restricted by income being rented by households that can afford a more expensive unit. It is also due to the location of naturally occurring affordable housing, which is primarily found in areas with a lower cost of living. In Texas this equates to locations that are not near the largest metro areas in the state. Higher numbers of low-income households can be found in urban areas due to relative proximity to service jobs. This lack of affordable housing in metro areas leads to a majority of households in the 0-30% AMI range (78%) renting units that are not affordable to them with many in the state (43%) renting units that are considered affordable to households in the 50-80% AMI range, as seen in the housing mismatch chart above. This overall leads to a need of 520,790 units that are available to only renters making 0-30% of AMI.

As noted above 43% of the 0-30% AMI households are renting units affordable to households making 30-50% AMI, these lower income renters are occupying 30% of the housing stock intended for 30-50% AMI renters. This helps contribute to 66% of 30-50% AMI households renting housing that is not affordable to them. 28% of all rental housing affordable to 50%+ AMI households is occupied by households earning 0-50% of AMI. If all units affordable to 30-50% AMI households were occupied by households in the same income bracket only an additional 31,330 units would be needed for 30-50% AMI renter households.

One of the largest unmet needs of renter households in the state is the lack of efficiency or one-bedroom housing units. According to the 2015-2019 ACS, 26% of households in the state are non-family one-person households. Meaning for these persons to be housed efficiently

and affordable they would only need access to efficiency and one-bedroom units. Currently, there are 1,206,627 efficiency and one-bedroom units being occupied, if all of those units were being occupied by a single person only 47% of one-person households would be living in a unit suitable to their needs. We know this is not the case and that multiple person households reside in efficiency and one-bedroom units, leading to a majority of one-person households to rent units that are larger and more expensive.

3. Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:

Currently in the State of Texas, there is an unprecedented level of funding for Homeless related services and rental assistance. The State of Texas alone received \$97,792,616 in Emergency Solutions Grants (ESG) funding from the Coronavirus Aid Relief and Economic Security (CARES) Act, in addition to the roughly \$8 to 9 million annual appropriation received by the state. These amounts do not include funding provided to local Participating Jurisdictions directly from HUD. The state also received roughly \$2 billion as part of both the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act to provide Emergency Rental Assistance and Housing Stability Services (HSS), which the state is currently providing through its Texas Rent Relief and Housing Stability Services Program.

This increased amount of ESG and HSS funding provides local subrecipients crucial funds to help keep individuals and families housed through rapid rehousing and rental assistance for individuals and families who would have become homeless without the assistance and street outreach which has assisted local providers in reaching more unsheltered homeless during the pandemic. Currently, the State of Texas does not primarily use its annual allocation of ESG funds for shelter rehabilitation purposes, but does allocate funds to Emergency Shelter activities that help subrecipients operate shelters and continue to provide emergency shelter services to homeless individuals and families.

In addition to ESG funds the state also receives an annual allocation of HOME funds of which the state dedicates on average between \$6 and 8 million for Tenant Based Rental Assistance (TBRA), which is used to help low income individuals with rent and security deposits. During the pandemic additional funds from the state's annual allocation were added to support TBRA activities to assist households that were affected by the pandemic.

The primary method used by the state to fund Permanent Supportive Housing (PSH) is through the Low-Income Housing Tax Credit (LIHTC) program. This has helped fund 877 units of PSH in the State of Texas in the last two program cycles 2020 and 2021, and 2,385 units since 2012.

These elevated levels of funding received over the previous 18 months have been focused on prevention related activities to ensure that households that are have lost a job, seen a decrease in hours, lost a home, or are sick with no pay do not fall into homelessness. As can

be seen from the analysis of shelter and housing inventory, more units are needed to help house more of the homeless and provide more affordability to those at-risk of homelessness.

4. Identify any gaps within the current shelter and housing inventory as well as the service delivery system:

See response to #2 above.

5. Identify the characteristics of housing associated with instability and an increased risk of homelessness if the PJ will include such conditions in its definition of “other populations” as established in the HOME-ARP Notice:

The State of Texas is not suggesting expanding the program eligibility beyond the populations noted above and those at greatest risk of housing instability (under 30% AMI and severely cost burdened) as provided by HUD in CPD Notice 21-10.

6. Identify priority needs for qualifying populations:

Based on the consultations, priority needs include:

- Deeply affordable quality housing (particularly for those with 0-30% MFI);
- Accessible units;
- Housing subsidies so that no more than 30% of income goes to housing (not housing cost burdened);
- Reduced barriers to entry to rental housing;
- Mental Health and Behavioral Health services;
- Transportation services;
- Health and dental care; and
- Case management (geriatric case management, crisis case management, housing stability case management, financial case management, coordinating basic needs).

7. Explain how the level of need and gaps in its shelter and housing inventory and service delivery systems based on the data presented in the plan were determined:

The level of need and gaps in housing inventory and service delivery systems were determined through careful review and analysis of Census and CHAS data. In addition, qualitative information was provided at all the consultations noted in this plan that assisted in determining the focus of the State of Texas’s HOME-ARP funds.

IV. HOME-ARP ACTIVITIES

1. Describe the method for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors and whether the PJ will administer eligible activities directly:

TDHCA will primarily solicit applications through several NOFAs seeking developers or subrecipients. At this time, TDHCA does not plan to administer activities directly, but would do so if directed by its Board of Directors.

Rental Housing and Supportive Housing

HOME-ARP Rental Housing and Supportive Housing (RHSH) funds will be made available as follows and as further described in a NOFA:

- Funds will be made available competitively statewide. The allocations may include a set-aside, allocation, or priority for rural applications.
- Applications may be for Supportive Housing or for HOME-ARP Units within Multifamily Developments, including Developments with any Target Population, as defined in 10 TAC §11.1. If Applicants apply for Rental Housing, the NOFA may include additional points for the inclusion of services.
- Applications may be able to be layered with other local, state, or federal funds, including but not limited to HTC (both 9% and 4% credits). National Environmental Protection Act (NEPA) requirements are applicable for these funds.
- Units serving Qualified Populations are only able to charge a household 30% of the tenant's income.
- Applications may request and be awarded capitalized operating reserves. Amounts for operating reserves will be established by TDHCA and if approved, the costs may be capitalized at the time of closing or with the first draw. While the operating reserve per unit is not established based on the amount of rent 'lost' by only charging the household 30% of their income, it is estimated that roughly 80% or more of the expenses that would have been covered by those rents are eligible costs to be included in the capitalized operating reserves. Operating reserves for a unit will be for administrative expenses, property management fees, insurance, utilities, property taxes, maintenance of a unit, and other expenses described in HUD CPD notice 21-10. Operating costs cannot cover debt service for the HOME-ARP units.
- Applications must follow TDHCA's existing rules and policies for rental housing and/or Supportive Housing, unless otherwise described in the NOFA.
- At the end of the HOME-ARP affordability period and depletion of the capitalized operating reserves, units will not be required to only charge 30% of tenant's income, but will still have a state-required affordability period.
- Up to 30% of the HOME-ARP units may be for low-income households that are not Qualified Populations, as allowed by the HUD CPD Notice 21-10.
- TDHCA may adopt the utility allowance schedule for Developments in which awarded Applicants are using the PHA utility allowances. Applicants may choose to use the

TDHCA maximum allowances for utilities and services, or may adopt the local Public Housing Authority's utility allowance schedule. TDHCA's maximum allowances for utilities and services will be updated annually. The Applicant must inform TDHCA of the PHA's allowances to be adopted and, if the Applicant is awarded, ensure that the most recent PHA allowance schedules are used. Awarded Applicants may choose to use the PHA utility allowance after notification to TDHCA during the compliance period.

- Minimum Request Amount: \$500,000
- Maximum Request Amount: \$10 million, up to 100% of the HOME-ARP eligible costs.
- Eligible award amounts will be capped at the proportional share of HOME eligible costs for the HOME-ARP units.
- Must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.

Non-Congregate Shelter

- HOME-ARP NCS funds will be made available competitively statewide. The allocations may include a set-aside or priority for rural applications.
- Applications must show that there are sufficient non-governmental operating funds to support any NCS activity, as further described in the NOFA.
- Minimum Request Amounts: \$200,000
- Maximum Request Amount: \$10 million, but not to exceed 100% of the HOME-ARP eligible costs.
- Must designate at least the lesser of 50% of units or 10 units for HOME-ARP assistance.

Nonprofit Capacity and Operations Assistance

Each of the above NOFAs will include provisions that allow nonprofit applicants to request funds for capacity and/or operations. Only Nonprofits awarded funds or in control of Developments or shelters awarded funds under NCS or RSHS will be eligible for nonprofit capacity and operating funds. The maximum amount of Nonprofit Capacity and Operations awards will be \$50,000 each, or a total of \$75,000 if applying for both funding sources.

If any portion of the PJ's HOME-ARP administrative funds were provided to a subrecipient or contractor prior to HUD's acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ's entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ's HOME-ARP program:

Not applicable

PJs must indicate the amount of HOME-ARP funding that is planned for each eligible HOME-ARP activity type and demonstrate that any planned funding for nonprofit organization operating assistance, nonprofit capacity building, and administrative costs is within HOME-ARP limits. The following table may be used to meet this requirement.

Use of HOME-ARP Funding

	Approx. Funding Amount*	Percent of the Grant	Statutory Limit
Non-Congregate Shelters	\$56,511,887	42.5%	n/a
Affordable Rental Housing Incl. Capitalized Operating Reserves	\$56,511,887	42.5%	n/a
Non-Profit Operating/Non-Profit Capacity Building	\$6,648,458	5%	5%
Administration and Planning	\$13,296,915	10%	15%
Total HOME ARP Allocation	\$132,969,147	100%	

* Based on the applications received, these amounts and percentages may fluctuate.

Additional narrative, if applicable:

While TDHCA agrees with much of the public input on the need for the variety of requested or suggested activities, unfortunately there is greater need than there are funds available. The consultation input was widely supportive of the need for development of Rental Housing with services, Supportive Housing and Non-Congregate Shelter and the data supports this need. TDHCA feels these unique one-time funds will have the greatest long-term impact for Texans by being used for acquisition and development of Non-Congregate Shelter (NCS), development of rental housing, and development of Supportive Housing (SH) with associated capitalized operating subsidies. After excluding the funds for Administration/Planning and Non-Profit Capacity/Operating, funds will initially be made available equally proportioned between Non-Congregate Shelter and Rental Housing; if applications received do not fully utilize those funds, funds may be shifted between those two categories.

NP Operating and Capacity Building Assistance will only be provided to those organizations receiving funds under either NCS or RSHS.

TDHCA will consider revising its rules to provide for a portion of its annual allocation of ESG to be used to support NCS shelter operations funded by HOME-ARP and such planning will be reflected in future One Year Action Plan submissions.

If all funds are not obligated for the activities reflected in the table above, TDHCA may reprogram the funds into Supportive Services and/or TBRA activities; however, it should be noted that any funds obligated later in the performance period with HUD will likely only be available in non-Participating Jurisdictions based on state law.

Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:

As noted in the Data Analysis section, Texas has significant need for both shelter and rental housing inventory to serve the eligible population for HOME-ARP. This was supported by the comments heard in the consultations.

HOME-ARP Production Housing Goals

Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:

TDHCA estimates that with the funds programmed as reflected in the table above, 565 units of non-congregate shelter and 202 units of Rental Housing or Supportive Housing (including funded operating reserves) can be produced or supported.

Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how it will address the PJ's priority needs:

TDHCA's goal will be to produce or support 202 units of Rental Housing or Supportive Housing, and 565 units of non-congregate shelter helping to create or support more housing across the state.

Preferences

Other qualifying criteria

TDHCA does not intend to establish other qualifying criteria for persons to qualify for HOME-ARP.

Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:

- Preferences cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements, including but not limited to those requirements listed in 24 CFR §5.105(a).
- PJs are not required to describe specific projects to which the preferences will apply.

TDHCA will not require any specific set-asides or preferences that must be applied to all applicants, but may allow each NCS applicant to utilize any one or more of the following preference categories, including combining categories if so reflected in their application and approved by TDHCA:

- Families with Children
- Persons Fleeing Domestic Violence
- Veterans (all discharges except dishonorable)

- Youth Aging Out of the Foster Care System
- Chronically Homeless
- At Risk of Homelessness
- Seniors with Disabilities
- Persons Exiting Institutions/Reentry

For Rental housing and SH, Applicants may request to establish a preference to serve the following special needs populations:

- Persons With Disabilities
- Persons With Substance Use Disorders
- Persons Living With HIV/AIDS (PLWH)
- Persons With Violence Against Woman Act (VAWA) Protections
- Colonia Residents
- Farmworkers
- Homeless Populations
- Veterans
- Wounded Warriors (As Defined By The Caring For Wounded Warriors Act Of 2008)
- Public Housing Residents
- Persons Transitioning Out Of Incarceration
- Persons Impacted By A State Or Federally Declared Disaster
- Persons Transitioning Out Of Foster Care and Nursing Facilities.

HOME-ARP will allow development of housing that meets requirements under the Housing for Older Persons Act. TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference.

For NCS, and RSHS, no otherwise eligible individuals with disabilities or families including an individual with a disability who may benefit from the services provided may be excluded on the grounds that they do not have a particular disability.

If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or category of qualifying population, consistent with the PJ's needs assessment and gap analysis:

Consultations revealed that those populations listed above for a preference are often challenging to serve in a congregate shelter setting and are best able to be housed in NCS.

If a preference was identified, describe how the PJ will use HOME-ARP funds to address the unmet needs or gaps in benefits and services of the other qualifying populations that

are not included in the preference:

The state is not establishing a statewide preference and across all providers different preferences will be utilized. Other state and local funds will assist other low-income households including, but not limited to, Housing Tax Credits, HOME, ESG, ERA2 Housing Stability Services funds, and 811 PRA.

HOME-ARP Refinancing Guidelines

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with 24 CFR 92.206(b). The guidelines must describe the conditions under which the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity***

TDHCA will follow its guidelines found in 10 TAC Chapters 10, 11, and 13 for any rental housing or SH involving refinancing, unless otherwise described in the NOFA.

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***

The TDHCA staff review of HOME-ARP RSHH applicants involving refinancing and rehabilitation of an existing property will include a review of management practices and establish feasibility for the HUD-ARP affordability period.

- ***State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.***

The TDHCA HOME-ARP RSHH program will support both creation of new affordable units, and acquisition and rehab of current affordable units.

- ***Specify the required compliance period, whether it is the minimum 15 years or longer.***

The minimum HUD affordability periods will be used for NCS and RSHH, and HUD compliance requirements will be considered satisfied at the end of that term. For RSHH, TDHCA will require the property to remain affordable for at least a 30 year state affordability period per Texas Gov't Code §2306.185(c). The level of affordability required for the portion of the state affordability period that follows after the HOME-ARP period is over will be provided for in the NOFA.

- ***State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.***

TDHCA will not allow HOME-ARP funds to be used to refinance multifamily loans made or insured by any federal program including CDBG.

- ***Other requirements in the PJ's guidelines, if applicable:***

RSHS Properties will be allowed to use methods other than Coordinated Entry for selecting tenants.

Tiny homes are not prohibited in and of themselves, but must meet all requirements of either being NCS, rental housing, or SH (including not charging more than 30% of household's income).

Units cannot receive HOME-ARP operating subsidy on units that are receiving an operating subsidy or project-based rental assistance from another source.