TDHCA Governing Board Approved Draft of
10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program (HHSP)

Disclaimer

Attached is a draft of 10 Texas Administrative Code (TAC) Chapter 7, Subchapter B, Homeless Housing and Services Program (HHSP), that was approved by the TDHCA Governing Board on February 27, 2020. This draft incorporates changes made by the Board as a result of public comment at the meeting. This document, including its preamble, is scheduled to be published in the March 13, 2020 edition of the Texas Register and that published version will constitute the official version for purposes of public comment. The version herein is informational only and should not be relied upon as the basis for public comment.

Public Comment

Public Comment Period: Starts: Friday, March 13, 2020

Comments received after 5:00pm, Austin local time on Monday, April 13, 2020, will not be accepted.

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

Texas Department of Housing and Community Affairs
Attn: Naomi Cantu
P.O. Box 13941
Austin, Texas 78711-3941
Fax: 512-475-0220
Email: naomi.cantu@tdhca.state.tx.us

TDHCA will hold a public hearing to receive comment on the proposed rule changes. The details on the public hearing are as follows:

    Date: Monday, March 30, 2020
    Time: 1:00 p.m.
    Location: Texas Department of Housing and Community Affairs
              221 E. 11th St. Room 116
              Austin, TX 78701

Written comments may be submitted in hard copy, fax, 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
Attachment A: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program (HHSP)

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 7, Homelessness Programs, Subchapter B, Homeless Housing and Services Program. The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV’T CODE §2001.0221.
Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect:
1. The proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity: the administration of the Homeless Housing and Services Program.
2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.
3. The proposed repeal does not require additional future legislative appropriations.
4. The proposed repeal does not result in an increase in fees paid to the Department or in a decrease in fees paid to the Department.
5. The proposed repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The proposed action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity: the administration of homeless programs.
7. The proposed repeal will not increase or decrease the number of individuals subject to the rule’s applicability.
8. The proposed repeal will not negatively or positively affect this state’s economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV’T CODE §2006.002.
The Department has evaluated this proposed repeal and determined that the proposed repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV’T CODE §2007.043. The proposed repeal does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV’T CODE §2001.024(a)(6).
The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV’T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the proposed repeal is in effect, the
public benefit anticipated as a result of the repealed section would be more clarity on the administration of the Homeless Housing and Services Program. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the proposed repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held March 13, 2020, to April 13, 2020, to receive input on the proposed repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Naomi Cantu, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email naomi.cantu@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, APRIL 13, 2020.

STATUTORY AUTHORITY. The proposed repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed repealed sections affect no other code, article, or statute.

10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program
§7.21 Purpose and Use of Funds
§7.22 HHSP Subrecipient Application and Selection
§7.23 Allocation of Funds and Formula
§7.24 General HHSP Requirements
§7.25 Program Income
§7.26 Conflict of Interest
§7.27 Eligible Costs
§7.28 Program Participant Eligibility and Program Participant Files
§7.29 Shelter and Housing Standards
Attachment B: Preamble for proposed new 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program (HHSP)

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 7, Subchapter B, Homeless Housing and Services Program. The purpose of the proposed new section is to update the rule to clarify eligible activities and funding allocation to be consistent with Rider 16, Funding to Address Youth Homelessness of the Appropriations Act (86th Legislative Session); create a mechanism to redistribute funding that is expected to be unspent by Homeless Housing and Services Program Subrecipients; clarify the program income process; and update the Program Participant eligibility and file requirements.

Tex. Gov’t Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV’T CODE §2001.0221. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed new rule would be in effect:
1. The proposed rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity: administration of the Homeless Housing and Services Program.
2. The proposed new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The proposed rule does not require additional future legislative appropriations.
4. The proposed rule will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The proposed rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The proposed rule will not expand, limit, or repeal an existing regulation.
7. The proposed rule will not increase or decrease the number of individuals subject to the rule’s applicability.
8. The proposed rule will not negatively or positively affect the state’s economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV’T CODE §2006.002. The Department, in drafting this proposed rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov’t Code, Ch. 2306.
1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov’t Code §2006.002(b) are applicable.
2. There are unlikely to be any small or micro-businesses subject to the proposed rule because these funds are limited to municipalities or designated nonprofits per 10 TAC §7.22 for the Homeless Housing and Services Program.
3. The Department has determined that based on the considerations in item two above, there
will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV’T CODE §2007.043. The proposed rule does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV’T CODE §2001.024(a)(6). The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment because this rule will channel funds, which may be limited, only to municipalities and nonprofits; it is not anticipated that the amount of funds would be enough to support additional employment opportunities, but would add to the services provided. Alternatively, the rule would also not cause any negative impact on employment. Therefore no local employment impact statement is required to be prepared for the rule. Tex. Gov’t Code §2001.022(a) states that this “impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule...” Considering that no impact is expected, there are no “probable” effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV’T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section will be a rule that has greater clarity into the processes and definitions of the administration of homeless programs. There will not be any economic cost to any individuals required to comply with the new section because the processes described by the rule have already been in place through the rule found at this section being repealed.

f. FISCAL NOTE REQUIRED BY TEX. GOV’T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the new section does not have any foreseeable implications related to costs or revenues of the state or local governments because the costs for administering the program in included in eligible activities.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held March 13, 2020, to April 13, 2020, to receive input on the new proposed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Naomi Cantu, Rule Comments, P.O. Box 13941, Austin, Texas 8711-3941, by fax to (512) 475-0220, or email naomi.cantu@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time, APRIL 13, 2020.

STATUTORY AUTHORITY. The new sections are proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new sections affect no other code, article, or statute.
10 TAC §7.21 Purpose and Use of Funds

(a) In accordance with Tex. Gov't Code §2306.2585, HHSP provides funding to municipalities with populations of 285,500 or greater (which the Department will determine with the most recent available 1 Year American Community Survey (ACS) data) to develop programs to prevent and eliminate Homelessness.

(b) HHSP eligible activities are:

1. Administrative costs associated with HHSP, including Program Participant tracking using HMIS or a HMIS-comparable database;

2. Case management for households experiencing or At-risk of Homelessness to assess, arrange, coordinate and monitor the delivery of services;

3. Construction/rehabilitation/conversion of buildings or Dwelling Unit (including administrative facilities) to serve persons experiencing Homelessness or At-risk of Homelessness;

4. Essential services for Homeless Households or Households At-risk of Homelessness to find or maintain housing stability;

5. Homelessness prevention to provide financial assistance to Homeless Households or Households At-risk of Homelessness;

6. Homelessness assistance to provide financial assistance provided to Homeless Households or Households At-risk of Homelessness;

7. Operation of emergency shelters or administrative facilities to serve Homeless Households or Households At-risk of Homelessness; and

8. Transitional living activities for Youth Headed Households designed to provide safe short-term housing (typically less than 24 months) in conjunction with appropriate supportive services designed to foster self-sufficiency; and

9. Other local programs to assist Homeless Households or Households At-risk of Homelessness, if approved by the Department in writing in advance of the Expenditure.

10 TAC §7.22 HHSP Subrecipient Application and Selection

(a) Any written information provided to the Department in order to execute a Contract is part of the Application, including but not limited to the information in this subsection.

(b) The municipality may apply to administer the funding directly or designate a Private Nonprofit Organization or other governmental entity to apply to administer the funds in the municipality in accordance with Tex. Gov't Code §2306.2585(a).

1. Designation of administering entity. The municipality that is designating an entity to administer the funds within their jurisdiction shall provide notification to the Department within sixty (60) calendar days of notification of the allocated amount. The notification must be in the form of a resolution or other city council action from the municipality's governing body, and should indicate whether the municipality is designating another entity to administer the funds on behalf of the municipality.

2. The municipality may designate the other entity for one or two years, as desired by the municipality. If designated for two years, the requirement that the resolution or council action be submitted within sixty (60) calendar days of notification of allocated amount will be considered met for the second year since the council action was approved.

(c) Application for funds. Application for funds will be submitted within sixty (60) calendar days of notification of the allocated amount. After sixty (60) calendar days of notification, if no application for funding is received, the funding may be reallocated through the formula outlined.
in this section to the other areas receiving HHSP funding. The Application for funding will include, but not be limited to:

(1) information sufficient to conduct a Previous Participation review for the municipality or entity designated to administer HHSP funds;
(2) proposed budget;
(3) proposed performance targets; and
(4) activity descriptions.

d) Prior to Contract execution, entities expected to administer an award of HHSP funds must submit a resolution, governing body action, or other approved documentation approved by entity's direct governing body which includes authorization to enter into a Contract for HHSP funds and title of the person authorized to represent the entity and who also has signature authority to execute a Contract. The documentation submitted must be dated no more than twelve (12) months from the date of Contract execution.

e) An entity recommended for HHSP funds is subject to the Department's Previous Participation Rule, found in §1.302 of this title. In addition to the considerations of the Previous Participation Rule, an entity receiving HHSP funds may not be in breach or violation, after notice and a reasonable opportunity to cure, of any contract with the Department or LURA.

f) HHSP Subrecipients must enter into a Contract with the Department governing the use of such funds. If the source of funds for HHSP is funding under another specific Department program, such as the Housing Trust Fund, as authorized by Tex. Gov't Code, §2306.2585(c), the Contract will incorporate any requirements applicable to such funding source.

10 TAC §7.23 Allocation of Funds and Formula

(a) Contract Award Funding Limits. The funding will be established by Allocation Formula as described in this section.

(b) HHSP funds will be awarded upon appropriation from the legislature, and will be made available to any of those municipalities subject to the requirements of this rule and be distributed in accordance with the formula set forth in subsection (c) of this section relating to Formula.

(c) General Population Formula. Any funds made available under HHSP for HHSP shall be distributed in accordance with an Allocation Formula that is calculated each year that takes into account the proportion of the following factors:

(1) population of the municipality, as determined by the most recent available 1 Year American Community Survey (ACS) data;
(2) poverty, defined as persons in the municipality's population with incomes at or below the poverty threshold, as determined by the most recent available 1 Year ACS data;
(3) population of Homeless persons, as determined by the most recent publicly available Point-In-Time Counts submitted to HUD by the CoCs in Texas or by the Texas Homeless Network;
(4) population of Homeless veterans, as determined by the most recent publicly available Point-In-Time Counts submitted to HUD by the CoCs in Texas or by the Texas Homeless Network;
(5) population of Homeless Unaccompanied Youth, Parenting Youth, and Children of Parenting Youth, as determined by the most recent publicly available Point-In-Time Counts submitted to HUD by the CoCs in Texas or by the Texas Homeless Network;
(6) population of persons with disabilities, defined as that percentage of the municipality's...
population composed of persons with disabilities, as determined by the most recent available 1 Year ACS data; and

(7) Incidents of family violence, as determined by reports from local police departments.

d) The factors enumerated shall be used to calculate distribution percentages for each municipal area based on the following formula:

(1) Thirty percent weight for population;
(2) Thirty percent weight for poverty populations;
(3) Twenty percent weight for the Homeless population;
(4) Five percent weight for population of Homeless Veterans;
(5) Five percent weight for population of Homeless Unaccompanied Youth, Parenting Youth, and Children of Parenting Youth;
(6) Five percent weight for population of persons with disabilities; and
(7) Five percent weight for instances of family violence.

e) Youth Population Formula. Funds made available to HHSP for youth shall be distributed in accordance with an Allocation Formula that is calculated each year that takes into account the proportion of the following factors:

(1) Population of the municipality, as determined by the most recent available 1 Year American Community Survey (ACS) data;
(2) Poverty, defined as persons in the municipality's population with incomes at or below the poverty threshold, as determined by the most recent available 1 Year ACS data;
(3) Population of Homeless Unaccompanied Youth, Parenting Youth, and Children of Parenting Youth, as determined by the most recent publicly available Point-In-Time Counts submitted to HUD by the CoCs in Texas;
(4) Population of persons with disabilities, defined as that percentage of the municipality's population composed of persons with disabilities, as determined by the most recent available 1 Year ACS data; and
(5) Incidents of family violence, as determined by reports from local police departments.

f) The factors enumerated shall be used to calculate distribution percentages for each municipal area based on the following formula:

(1) Thirty percent weight for population;
(2) Thirty percent weight for poverty populations;
(3) Thirty percent weight for population of Homeless Unaccompanied Youth, Parenting Youth, and Children of Parenting Youth;
(4) Five percent weight for population of persons with disabilities; and
(5) Five percent weight for instances of family violence.

(g) Prior to month nine of the Contract, the HHSP Subrecipient may choose to voluntarily deobligate up to 15% of the total amount of funds in the Contract if the HHSP Subrecipient anticipates that it will not expend all the funds. The Department reserves the right to refuse any returned funds prior to the end of the Contract Term. The Department may reallocate the voluntary deobligated funds to existing HHSP Subrecipients with the highest expenditure rates based on percent of funds expended. The increase of reallocated funds may not exceed 25% of the initial Contract award, unless approved by the Board.

10 TAC §7.24 General HHSP Requirements

(a) Subrecipient must have written policies and procedures to ensure that sufficient records are established and maintained to enable a determination that HHSP requirements are met.

(b) Subrecipient must have written standards for providing HHSP assistance to
Program Participants. The written standards must be applied consistently for all Program Participants. The written standards must include, but not be limited to, Inclusive Marketing outlined in §7.10 of this chapter.

(c) Rent restriction. Rental assistance cannot be provided unless the gross rent complies with the standard of rent reasonableness established in the Subrecipient’s written policies and procedures. Gross rent includes the contract rent and an estimate of utilities established by the Public Housing Authority for the area in which the Dwelling Unit is located.

(d) The occupancy standard set by the Subrecipient must not conflict with local regulations or Texas Property Code §92.010.

(e) Subrecipient must document compliance with the Shelter and Housing Standards in this Chapter, including but not limited to construction and shelter inspection reports, and the Accessibility Standards in Chapter 1, Subchapter B of this title.

(f) If the Subrecipient is providing funds for single family ownership, the requirements of Chapters 20, relating to Single Family Programs Umbrella Rule 2 and 21 Minimum Energy Efficiency Requirements for Single Family Construction Activities of this Part, will apply.

(g) If the Subrecipient is providing funds to an entity for rental ownership, operations, or providing project-based vouchers/rental assistance, the rental development must comply with the greater of regulatory regulations governing the development or program to which HHSP funds are comingled, or, if none, must comply with local health and safety codes.

(h) Subrecipient will coordinate to the greatest extent possible with other state-funded homeless programs including, but not limited to, the Texas Health and Human Services Healthy Community Collaborative.

10 TAC §7.25 Program Income

(a) Program income has the definition in UGMS.

(b) Program income is income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds, where authorized. Program income does not include interest on federal grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them. Interest earned in excess of $250 on grants or loans from purely state sources is considered program income.

(b) Security and utility deposits paid should must be a grant reimbursed to the Program Participant and are not considered program income. The deposit must remain with the Program Participant and be returned only to the Program Participant.

(c) In accounting for program income, the Subrecipient must accurately reflect the receipt of such funds separate from the receipt of program funds and Subrecipient funds.

(d) Program income that is received during the Contract Term may be expended for HHSP eligible costs during the Contract Term, and reported in the Monthly Expenditure Report.

(e) Program income that is received after the end of the Contract Term, or not expended within the Contract Term, must be returned to the Department within 10 calendar days of receipt.

10 TAC §7.26 Conflict of Interest

(a) Subrecipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of Contracts. Failure to maintain written standards of conduct and to follow and enforce the written standards is a condition of default and may result in termination of the Contract or deobligation of funds.
(b) No employee, officer, or agent of Subrecipient shall participate in the selection, award, or administration of a contract supported by funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the listed parties, has a financial or other interest in the firm selected for an award.

(c) The officers, employees, and agents, including consultants, officers, or elected or appointed officials of the Subrecipient or its grantees shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. Subrecipient may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Subrecipient.

(d) The provision of any type or amount of direct HHSP assistance may not be conditioned on a Program Participant’s acceptance or occupancy of emergency shelter or housing owned by the Subrecipient or Subgrantee, or a parent or subsidiary of the Subrecipient or Subgrantee.

(e) No Subrecipient may, with respect to Household occupying a Dwelling Unit owned by the Subrecipient or Subgrantee, or any parent or subsidiary of the Subrecipient or Subgrantee, carry out the initial intake required for Program Participant files.

(f) For transactions and activities other than the procurement of goods and services, no officers, employees, and agents, including consultants, officers, or elected or appointed officials of the Subrecipient, Subgrantee, or subcontractor who exercises or has exercised any functions or responsibilities with respect to activities assisted under HHSP, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure.

10 TAC §7.27 Eligible Costs

(a) Administrative costs include employee compensation and related costs for staff performance of management, reporting, and accounting of HHSP activities, including office space. Costs associated with the purchase or licensing of HMIS or an HMIS-comparable databases are eligible administrative costs.

(b) Case management costs include staff salaries related to assessing, arranging, coordinating and monitoring the delivery of services related to finding or maintaining housing. Costs include, but are not limited to, Household eligibility determination, counseling, coordinating services and obtaining mainstream benefits for Program Participants, monitoring Program Participant progress, providing safety planning for persons under VAWA, developing a housing and service plan, and entry into HMIS or an HMIS-comparable database.

(c) Construction rehabilitation, and conversion costs include, but are not limited to, costs for:

(1) Pre-Development, such as environmental review, site-control, survey, appraisal, architectural fees, and legal fees.

(2) Development, such as:

(A) land acquisition;

(B) site work (including infrastructure for service utilities, walkways, curbs, gutters);
(C) lot clearance and site preparation;
(D) construction to meet uniform building codes, international energy conservation code, or local rehabilitation standards;
(E) accessibility features to site and building;
(F) essential improvements and energy-related improvements;
(G) abatement of lead-based paint hazards;
(H) barrier removal/construction for accessibility features for persons with disabilities; and
(I) non-luxury general property improvements.

(d) Essential services costs are associated with finding and maintaining stable housing, and include, but are not limited to, costs for:

1. outpatient medical services;
2. child care;
3. education services;
4. legal services;
5. mental health services;
6. local transportation assistance;
7. drug and alcohol rehabilitation; and
8. job training.

(e) Homelessness prevention and homelessness assistance costs are associated with housing relocation, stabilization and assistance costs. Staff time entering information into HMIS or HMIS-comparable database related to homelessness prevention and homeless assistance is also an eligible cost. Homeless prevention and homelessness assistance costs include, but are not limited to, hotel or motel costs; transitional housing; rental and utility assistance; rental arrears; utility reconnection fees; reasonable and customary security and utility deposits; and moving costs.

(f) Operation costs include rent, utilities, supplies and equipment purchases, food pantry supplies, and other related costs necessary to operate an emergency shelter or transitional living activities, serving individuals experiencing or at-risk of homelessness.

10 TAC §7.28 Program Participant Eligibility and Program Participant Files

(a) A Program Participant must satisfy the eligibility requirements by meeting the appropriate definition of Homeless or At-risk of Homelessness in this Chapter, including but not limited to applicable income requirements.

(b) A Program Participant who is Homeless qualifies for emergency shelter, transitional living activities, case management, essential services, and homelessness assistance.

(c) A Program Participant who is At-risk of Homelessness qualifies for case management, essential services, and homelessness prevention.

(d) The Subrecipient shall establish income limits that do not exceed the moderate income level pursuant to Tex. Gov’t Code §2306.152 in its written policies and procedures, and may adopt the income limit calculation method and procedures in HUD Handbook 4350 to satisfy this requirement.

(e) Recertification. Recertification is required for Program Participants receiving homelessness prevention and homelessness assistance within twelve (12) months of the assistance start date. Subrecipient’s written policies may require more frequent recertification. At a minimum, recertification includes that Program Participants receiving homelessness prevention or homelessness assistance:
(1) Meet the income eligibility requirements as established by the Subrecipient, if such limits are implemented in the Subrecipient's policies and procedures and required to be reviewed at recertification; and
(2) Lack sufficient resources and support networks necessary to retain housing without assistance.

(f) Break in service. The Subrecipient must document eligibility before providing services after a break in service. A break in service occurs when a previously assisted household has exited the program and is no longer receiving services through Homeless Programs. Upon reentry into HHSP, the Household is required to complete a new intake application and provide updated source documentation, if applicable. The Subrecipient would not need to document further eligibility for HHSP if the Program Participant is currently receiving assistance through ESG.

(g) Program participant files. Subrecipients or their Subgrantees shall maintain Program Participant files, for non-emergency activities providing direct subsidy to or on behalf of a Program Participant that contains:
(1) An Intake Application, including the signature or legally identifying mark of all adult Household members certifying the validity of information provided, an area to identify the staff person completing the intake application, and the language as required by Tex. Gov't Code §434.212;
(2) Certification from the Applicant that they meet the definition of Homeless or At-risk of Homelessness. The certification must include the Program Participant's signature or legally identifying mark;
(3) Documentation of income eligibility, if applicable, which may include a DIS if documentation is unobtainable;
(4) Documentation of recertification, as applicable, including income eligibility and determination and verification that the Program Participant lacks sufficient resources and supports networks necessary to retain housing without assistance;
(5) Documentation of determination of ineligibility for assistance when assistance is denied. Documentation must include the reason for the determination of ineligibility;
(6) Copies of all leases and rental assistance agreements for the provision of rental assistance, documentation of payments made to owners for the provision of rental assistance, and supporting documentation for these payments, including dates of occupancy by Program Participants;
(7) Documentation of the monthly allowance for utilities used to determine compliance with the rent restriction; and
(8) Documentation that applicable waiting lists have been checked for availability at least every six months as required for Program Participants who have been assisted for more than 24 months with rental assistance; and
(9) Documentation that the Dwelling Unit for Program Participants receiving rental assistance complies with the Housing Standards in this Chapter.

10 TAC §7.29 Shelter and Housing Standards

(a) Minimum standards for emergency shelters. Any building for which HHSP funds are used for construction, rehabilitation, conversion, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety and sanitation standards. Any emergency shelter that receives assistance for shelter operations must also meet the following minimum safety and sanitation standards.
(1) Structure and materials. The shelter building must be structurally sound to protect residents
from the elements and not pose any threat to health and safety of the residents. Any renovation
(including major rehabilitation and conversion) carried out with HHSP assistance must use
Energy Star and WaterSense or equivalent products and appliances.

(2) Access. The shelter must be accessible in accordance with Section 504 of the Rehabilitation
Act (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8; the Fair Housing Act (42 U.S.C.
3601 et seq.) as outlined in 10 TAC Chapter 1, Subchapter B, and implementing regulations at 24
CFR Part 100; and Title II of the Americans with Disabilities Act (42 U.S.C. 12131 et seq.) and 28
CFR Part 35; where applicable.

(3) Space and security. Except where the shelter is intended for day use only, the shelter must
provide each program participant in the shelter with an acceptable place to sleep and adequate
space and security for themselves and their belongings.

(4) Interior air quality. Each room or space within the shelter must have a natural or mechanical
means of ventilation. The interior air must be free of pollutants at a level that might threaten or
harm the health of residents.

(5) Water supply. The shelter’s water supply must be free of contamination.

(6) Sanitary facilities. Each program participant in the shelter must have access to sanitary
facilities that are in proper operating condition and are adequate for personal cleanliness and
the disposal of human waste.

(7) Thermal environment. The shelter must have any necessary heating/cooling facilities in
proper operating condition.

(8) Illumination and electricity. The shelter must have adequate natural or artificial illumination
to permit normal indoor activities and support health and safety. There must be sufficient
electrical sources to permit the safe use of electrical appliances in the shelter.

(9) Food preparation. Food preparation areas, if any, must contain suitable space and
equipment to store, prepare, and serve food in a safe and sanitary manner.

(10) Sanitary conditions. The shelter must be maintained in a sanitary condition.

(11) Fire safety. There must be at least one working smoke detector in each occupied unit of
the shelter. Where possible, smoke detectors must be located near sleeping areas. The fire alarm
system must be designed for hearing-impaired residents. All public areas of the shelter must
have at least one working smoke detector. There must also be a second means of exiting the
building in the event of fire or other emergency.

(b) Minimum standards for housing for occupancy. Housing assisted under HHSP must meet the
minimum habitability standards within thirty (30) calendar days after the term of assistance
begins. HHSP funds may assist a Program Participant in returning the Dwelling Unit to the
minimum habitability standard in cases where the Program Participant is the responsible party
for ensuring such conditions.

(1) Structure and materials. The structures must be structurally sound to protect residents from
the elements and not pose any threat to the health and safety of the residents.

(2) Space and security. Each resident must be provided adequate space and security for
themselves and their belongings. Each resident must be provided an acceptable place to sleep.

(3) Interior air quality. Each room or space must have a natural or mechanical means of
ventilation. The interior air must be free of pollutants at a level that might threaten or harm the
health of residents.

(4) Water supply. The water supply must be free from contamination.

(5) Sanitary facilities. Residents must have access to sufficient sanitary facilities that are in
proper operating condition, are private, and are adequate for personal cleanliness and the
disposal of human waste.

(6) Thermal environment. The Dwelling Unit must have any necessary heating/cooling facilities
in proper operating condition.

(7) Illumination and electricity. The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure.

(8) Food preparation. All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.

(9) Sanitary conditions. The housing must be maintained in a sanitary condition.

(10) Fire safety.

(A) There must be a second means of exiting the building in the event of fire or other emergency.

(B) Each Dwelling Unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.

(C) The public areas of all Dwelling Units must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.