

**BOARD ACTION REQUEST**

**PROGRAMS DIVISION**

**OCTOBER 8, 2020**

Presentation, discussion and possible action on a substantial amendment to the 2019 State of Texas Consolidated Plan: One-Year Action Plan; approval of programming for ESG CARES II and CDBG CARES funding; and authority to make awards to identified non-competitive subrecipients

**RECOMMENDED ACTION**

**WHEREAS**, on March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law which provides relief for individuals and businesses negatively impacted by COVID-19;

**WHEREAS**, Title XII of the CARES Act provides supplemental formula funding of at least \$1.5 billion to states to carry out activities under the Emergency Solutions Grants (ESG CARES) and Community Development Block Grant (CDBG CARES) among other programs to prevent, prepare for, and respond to COVID-19;

**WHEREAS**, the Department received \$33,254,679 in ESG CARES I, which has been allocated to homelessness providers;

**WHEREAS**, a second tranche of ESG CARES Act funds in the amount of \$64,537,937 and three allocations in CDBG CARES Act funds totaling \$141,846,258 are now available to assist households in recovering from the pandemic;

**WHEREAS**, the U.S. Department of Housing and Urban Development (HUD) requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320;

**WHEREAS**, the final 2019 State of Texas Consolidated Plan: One-Year Action Plan (Plan), which reports on the intended use of funds received by the State of Texas from HUD for Program Year (PY) 2019, beginning on February 1, 2019, and ending on August 31, 2020, was approved for submission to HUD at the Board meeting of May 23, 2019, and the Plan was submitted to HUD on June 7, 2019;

**WHEREAS**, as directed by HUD as a prerequisite for receiving a grant agreement from HUD for CARES Act funds, staff has developed a substantial amendment to this Plan, in accordance with waivers from HUD, to allow for an expedited citizen participation process to add the necessary changes required to receive and administer ESG CARES II and CDBG CARES funding designated to the State through the CARES Act;

**WHEREAS**, a substantial amendment to the 2019 Plan is required to reflect the administration and distribution of this allocation of ESG CARES II and CDBG CARES funds, and the approval of this action item serves as authority for the Executive Director to draft

such amendments reflecting the direction of the Governor of the State of Texas, to host a public comment period, and submit the final amendments to HUD without returning to the Board, but reporting to the Board on any revisions implemented; and

**WHEREAS**, for activities in the plan that recommend non-competitive awards of funds to subrecipients, staff is seeking authority with this item to also proceed with the execution of contracts with such subrecipients, conditioned on an acceptable recommendation or a recommendation with conditions by the Executive Award Review and Advisory Committee (EARAC) being confirmed prior to execution, and subsequent report of such contracts to the Board;

**NOW, therefore, it is hereby**

**RESOLVED** that the Executive Director and his designees and each of them be and they hereby are authorized, empowered and directed, for and on behalf of this Board to execute, deliver, and cause to be performed such amendments, documents, and other writings such as anticipated guidance and implementation of ESG CARES II and CDBG CARES funding received from HUD and to make decisions as they or any of them may deem necessary or advisable to effectuate the foregoing;

**FURTHER RESOLVED**, that the Executive Director and his designees each of them be and they hereby are, authorized, empowered, and directed, for and on behalf of this Board, to issue awards of funds and contracts for non-competitive activities, subject to a positive recommendation from EARAC and subject to any EARAC conditions, consistent with the policy noted herein; and

**FURTHER RESOLVED**, that should the Executive Director or the Governor of the State of Texas determine to alter the programming of these funds prior to submission of the plan amendment to HUD in response to public comment, staff will make such directed amendments prior to submission; and may also make such technical and non-substantive amendments as HUD may require.

### **BACKGROUND**

The COVID-19 pandemic has had a massive impact on families' capacity to pay their rent and on their food stability. These considerations are compounded for those experiencing homelessness, at risk of homelessness, and persons with disabilities. Texas' rental housing market, already stressed from increasing demand for affordable housing in its major urban centers has only seen an increased cost-burden during the pandemic. The most recent Census Bureau statistics, from mid-July 2020, indicate that 23% of Texas households who were renting – 1.5 million households – missed their last month's rent payment, while 39% of renters or 2.5 million households had slight or no confidence that they could pay the next month's rent. The challenges of paying rent are also impacting the owners of rental properties who must continue to pay mortgages, property taxes and maintenance costs for their rental properties despite the income from rents being reduced.

**Proposed Programming of Funds**

TDHCA is proposing a significant commitment from both the Emergency Solutions Grants second allocation of CARES Act funding (ESG CARES II) and the Community Development Block Grant CARES Act funding (CDBG CARES) for rental assistance. Through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Texas Department of Housing and Community Affairs (TDHCA) currently has available \$64,537,937 in ESG CARES II funds and \$141,846,258 in CDBG CARES funds. These two funds have different requirements relating to rental assistance and will be able to help households in different ways as described in detail in the following attachments. A summary of the proposed programmatic description for ESG CARES II is found in Attachment C and a summary of the proposed programmatic description for CDBG CARES may be found in Attachment D. CDBG CARES funds are also recommended for the network of food banks across the state of Texas and for provider relief assistance for persons with disabilities.

The proposed uses for ESG CARES II and CDBG CARES are reflected in the tables below:

<b>ESG2 II CARES Program Activity</b>	<b>Recommended Allocation</b>
Rental Assistance and Housing Stabilization Prioritization	\$61,031,041
ESG CARES and HMIS coordination	\$280,000
TDHCA Administration (up to 5%)	\$3,226,896
<b>TOTAL SECOND ALLOCATION FROM HUD</b>	<b>64,537,937</b>

<b>CDBG CARES Program Activity</b>	<b>Recommended Allocation</b>
Urgent Need Rental Assistance <i>(\$40,000,886 to be allocated competitively to non-entitlement cities and counties and \$61,698,131 to address rental assistance needs elsewhere in the state.)</i>	\$105,917,020
Food Bank Distribution	\$21,000,000
Provider Relief Assistance - Persons with Disabilities	\$5,000,000
TDHCA Administration (up to 7%) <i>(including up to \$500,000 in broadband planning)</i>	\$9,929,238
<b>TOTAL FIRST, SECOND AND THIRD ALLOCATIONS FROM HUD</b>	<b>\$ 141,846,258</b>

**Plan Amendment for Programming of Funds**

The TDHCA has prepared a substantial amendment to the 2019 State of Texas Consolidated Plan: One-Year Action Plan (Plan) as directed by HUD’s guidance for usage of ESG II and CDBG CARES Act funds. A substantial amendment to the Department’s Plan with HUD is required to reflect how the funds received in these allocations will be distributed. In the interest of urgency for these funds, the Board is granting authority to the Executive Director to proceed with the steps needed to gather public comment, make any associated revisions to the plan as may be needed without further Board authority – and to release such amendments. Staff is also requesting that the Executive Director have the authority, with a positive recommendation or a recommendation with conditions from EARAC to make awards to non-competitive subrecipient contracts and enter into a memorandum of understanding, Inter-agency Agreement or contract with the Texas Department of Emergency Management so that funds are not delayed. It should be noted that in the plan amendments the terminology required by HUD is “ESG-CV” and “CDBG-CV”.

A public comment period for the proposed amendments will begin on Monday, October 12, and close on Friday, October 16, 2020, at 5:00 p.m. Austin local time. Prior to the comment period announcement will be made where notice of these proposed amendments to the Plan, the official five-day public comment period and virtual public hearing will be released via TDHCA listserv and forwarded to other online distribution lists as applicable.

A virtual public hearing to accept public comment will be held at 6:00 p.m. on Wednesday, October 14, 2020, via GoToWebinar. Those interested in attending this virtual public hearing may register at:

Registration link: <https://attendee.gotowebinar.com/register/5838253221728762384>

GoToWebinar Dial in number: +1 (415) 655-0052, Access Code: 192-535-239

The public comment period, and proposed substantial amendments will be announced on the TDHCA's Public Comment Center webpage at <https://www.tdhca.state.tx.us/public-comment.htm>. All materials will also be posted on the Department's Housing Resource Center webpage at <http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm>, and notice of this action will be released via TDHCA listserv and forwarded to other online distribution lists as applicable. TDHCA will submit the substantial amendment of the Plan to HUD through the Integrated Disbursement and Information System (IDIS), along with any waivers that may still be needed based upon the activity types selected.

The proposed substantial amendments and detailed programmatic descriptions can be found in the following four attachments:

**Attachment A**

ESG CARES II, Proposed Substantial Amendment to the 2019 OYAP

**Attachment B**

CDBG CARES, Proposed Substantial Amendment to the 2019 OYAP

**Attachment C**

ESG CARES II, Proposed Programmatic Description

**Attachment D**

CDBG CARES, Proposed Programmatic Description



## Texas Department of Housing and Community Affairs

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### Attachment A: ESG Amendments to the 2019 State of Texas Consolidated Plan One Year

#### Action Plan

October 2020

The amendment reflects only those sections within which changes have been made. All other sections remain unchanged.

#### PR-05 Lead & Responsible Agencies - 91.300(b)

##### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator		Texas Department of Agriculture
HOPWA Administrator		Texas Department of State Health Services
HOME Administrator	TEXAS	Texas Department of Housing and Community Affairs
HTF Administrator	TEXAS	Texas Department of Housing and Community Affairs
ESG and ESG-CV Administrator	TEXAS	Texas Department of Housing and Community Affairs
CDBG-CV Administrator	TEXAS	Texas Department of Housing and Community Affairs

Table 1 – Responsible Agencies

## **Narrative**

TDHCA administers the ESG, ESG-CV, NHTF, CDBG-CV (Phase I) and the HOME Programs; TDA administers the CDBG Program; and DSHS administers the HOPWA Program. All of these programs, known collectively as CPD Programs, are covered in the 2019 OYAP. TDHCA coordinates development of the OYAP among itself, TDA, and DSHS.

### **Key Organizational Events**

In 1991, the 72nd Texas Legislature created TDHCA. TDHCA's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

At that time the CDBG Program was transferred from TDHCA to the newly-created Office of Rural Community Affairs, later called the Texas Department of Rural Affairs, and was then subsequently moved to TDA. As of October 1, 2011, the program is administered by TDA. Through an interagency agreement with TDA, TDHCA administers 2.5% of the CDBG funds which are designated for the Colonia Self Help Centers (SHCs) along the Texas-Mexico border.

DSHS, which administers HOPWA, is an agency of Texas Health and Human Services (HHS). In 2015, HHS began a reorganization to produce a more efficient, effective, and responsive system. In September of 2016, the first phase of that effort became operational, and a second phase occurred September 1, 2017. The goals of the transformation were to create a system that is easier to navigate for people who need information, benefits, or services; aligns with the HHS mission, business, and statutory responsibilities; breaks down operational silos to create greater program integration; creates clear lines of accountability within the organization; and develops clearly defined and objective performance metrics for all areas of the organization. Foremost as it relates to HOPWA, DSHS contract oversight and support functions have transferred to HHS. For more information about the HHSC transformation, visit <https://hhs.texas.gov/about-hhs/hhs-transformation>.

On March 12, 2016, TDHCA was designated by Governor Abbott as the state agency responsible for the administration of funds provided through the NHTF.

TDHCA, TDA, and DSHS administer their assigned CPD programs and services through a network of organizations across Texas and do not typically fund assistance to individuals directly. Depending on the program, organizations include units of local government, councils of governments, nonprofit organizations, for-profit organizations, Administrative Agencies (AA), Public Housing Authorities (PHAs), and Community Housing Development Organizations (CHDOs).

**SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)**

Anticipated Resources (only added row shown)Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG CV – Other	Public-federal	Conversion and rehab for transitional housing						TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities.  HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EH Fund, projected to accrue approximately \$140,000 per year, provides funds to counties and municipalities to combat homelessness.
		Financial Assistance	33,254,679	0	0	33,254,679	33,254,679	
		Overnight shelter						
		Rapid re-housing (rental assistance)	97,792,616			97,792,616	97,792,616	
		Rental Assistance Services						
		Transitional housing						

**Table 2 - Expected Resources – Priority Table**

## Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The State is committed to reaching out to and engaging with the public in order to develop programmatic activities that are responsive to the various affordable housing needs of Texans. The State also solicits and receives input from governmental bodies, nonprofits, and community and faith-based groups. More information on the citizen participation, consultation, and public comment are included in the Consultation and Participation sections of the Plan.

The 2015-2019 Consolidated Plan (as adopted) substantial amendments, the OYAP, and the Consolidated Plan Annual Performance and Evaluation Report (CAPER) are available to the public online at <http://www.tdhca.state.tx.us> and materials are accessible to persons with disabilities, upon request.

The State recognizes that public participation and consultation are ongoing processes. During the development of the 2015-2019 Consolidated Plan, comprehensive outreach was conducted to gather input. This outreach continues through the development of each Annual Action Plan within the 5-year consolidated planning process. Following the release of HUD's Final Rule to Affirmatively Further Fair Housing (AFFH), the State updated the Citizen Participation Plan and Language Access Plan; those updated plans are now being used as the State develops an updated Analysis of Impediments to Fair Housing Choice (AI).

For the ESG-CV Phase I funding the State requested a waiver of the citizen participation process. However, TDHCA held a series of online consultation opportunities with COCs, current ESG Subrecipients, and other stakeholders to gather input on ESG-CV program design. While the substantial amendment was not formally released for public comment, the activities [for the ESG-CV allocation 1 in the amendment](#) were posted for the public to review and orally described at a TDHCA Board Meeting on April 23, 2020, with an opportunity for public comment. [The additional activities proposed in this amendment will be posted for a five-day public comment period.](#) ~~There was no public comment.~~

## Expected Resources

### AP-15 Expected Resources – 91.320(c)(1,2)

#### Introduction

CPD funding is governed by this Consolidated Plan, but the State also works to collaborate, coordinate, and layer non-CPD funding sources in order to reach more Texans and more efficiently use available funds. Programs listed in the anticipated resources narrative sections below could be used to leverage CPD funds.

These include:

4% Housing Tax Credit (HTC)/Private Activity Bond (PAB) Program, 9% HTC Program, Multifamily Direct Loan Program, Homeless and Housing Services Program (HHSP), State Ending Homelessness Fund (EH Fund), State Housing Trust Fund Program, Texas Mortgage Credit Certificate (TX MCC) Program, First time homebuyer loan programs, including the My First Texas Home Program, Neighborhood Stabilization Program - Program Income (NSP PI), Section 8 Housing Choice Voucher (HCV) Program, Section 811 Project Rental Assistance (Section 811 PRA) Program and Tax Credit Assistance Program Repayment Funds (TCAP RF).

The expected future funding amounts of the above programs, to the extent known, are in the planning documents governing those programs. These documents can be found online at <http://www.tdhca.state.tx.us/>. The anticipated resources below are focused on CPD Programs.

TDHCA participates in numerous committees, workgroups, and councils which help inform TDHCA of other potential resources to address affordable housing needs. Relationships with other federal and state agencies and local governments are extremely valuable, helping Texas agencies to coordinate housing and services to serve all Texans efficiently and effectively. TDHCA's committee involvement promotes identification and pursuit of federal funding opportunities. TDHCA actively seeks engagement and input from community advocates, funding recipients, potential applicants for funding, and others to obtain input regarding the development of effective policies, programs and rules. Changes to funding plans are made periodically based on feedback received through these avenues.

TDHCA is the lead agency for the following workgroups:

C-RAC: C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board. It advises TDHCA regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the Colonia SHCs. The Colonia SHCs funds are provided to seven pre-determined

counties.

Disability Advisory Workgroup (DAW): The DAW augments TDHCA's formal public comment process, affording staff the opportunity to interact more informally and in greater detail with various stakeholders and to get feedback on designing more successful programs, with a specific focus on gaining insight on issues impacting persons with disabilities.

Housing and Health Services Coordination Council (HHSCC): HHSCC is established by Tex. Gov't Code §2306.1091. Its duties include promoting coordination of efforts to offer Service-Enriched Housing and focusing on other cross-agency efforts.

Texas Interagency Council for the Homeless (TICH): The TICH was statutorily created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from nine state agencies. TDHCA, as the primary source for state homelessness funding, provides administrative and planning support to the TICH.

The descriptions of the collaborations for DSHS and TDA are in the Discussion question of this section below.

As noted in AP-05 the HUD Program Year (PY) used by the state of Texas' Community Planning and Development Programs (CPD) will be changing from a February – January cycle to a September – August cycle. The purpose of this change is to align with State Fiscal year reporting, and the recent timeframe of the Congressional Appropriations process. To accomplish this change, Texas lengthened its PY 2019 by even months, running from February 1, 2019, through August 31, 2020.

**Anticipated Resources** (only added row shown)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG CV – Other	Public-federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	33,254,679 <u>97,792,616</u>	0	0	33,254,679 <u>97,792,616</u>	33,254,679 <u>97,792,616</u>	<p>TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems (HMIS) activities.</p> <p>HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EH Fund, projected to accrue approximately \$140,000 per year, provides funds to counties and municipalities to combat homelessness.</p>

**Table 3 - Expected Resources – Priority Table**

**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

**HOME**

HOME multifamily development is often used to leverage with the HTC Program, which authorizes 9% low-income housing tax credits of \$2.70 per capita for each state, and 4% HTC in amounts linked to the usage of the state's cap for issuance of tax exempt PABs to finance affordable housing development. In Texas, this equates to approximately \$76,700,000 in 9% tax credits available to be awarded annually. These credits may be claimed each year for ten years and represents potential tax credit value on the magnitude of \$767,000,000. The credits are syndicated to limited partner investors to yield cash for use in eligible development activities. Currently typical syndication rates range between 88% and 92%. TDHCA's Qualified Allocation Plan (QAP) identifies the criteria used for selection of eligible developments to provide housing for low-income tenants. HOME provides increased leverage, allowing property owners to utilize fewer tax credits and less private debt and local funding, thus providing more efficient use of resources. Other leveraging sources may include United States Department of Agriculture (USDA) operating subsidies and loans, and conventional and FHA-insured loans. Match requirements for the HOME Multifamily Direct Loan Program will in part be met through Rules that establish awardees' minimum amount of match as 5% of the award amount. In addition to match provided as part of the developer's obligation, TCAP RF may be utilized as HOME match, and THDCA calculates to below market interest rates on eligible loans provided to the HOME development which is included in the match funds reported in the CAPER. TDHCA requires Subrecipients and state recipients to provide match of up to 15% of the project hard costs for some single family activities.

**ESG**

To meet the ESG match requirement, TDHCA includes the provision of evidence of proposed match as part of the ESG application process. TDHCA awards additional points to applicants that commit to provide match in excess of the requirements. Subrecipients that also administer HHSP funds or funds from the EH Fund may utilize those funds as match for ESG if they are otherwise eligible to be counted as match.

**HOPWA**

Texas HOPWA does not have program income but leverages funds whenever possible. Project Sponsors leverage available funds from Ryan White and State Services grants, private funding sources, foundations, and local assistance to help clients. AAs do not receive administrative funds from DSHS, so those costs are leveraged from other funding sources. Texas is not required to match the HOPWA formula award.

**ESG-CV**

ESG CV funds do not include a match requirement, but the funds are anticipated to be leveraged with funds from HHSP and the EH fund.

Due to IDIS character limits, CDBG and NHTF Leveraging is described in the question below.

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information *(only revised row shown)*

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2015	2019	Homeless	State of Texas	Emergency shelter and transitional housing Homelessness Prevention Rapid Re-housing	ESG: \$9,127,824  ESG-CV: <del>\$33,254,679</del> <u>\$97,792,616</u>	Tenant-based rental assistance / Rapid Rehousing: <del>4,173</del> <u>5,835</u> Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 50,593 Beds Homelessness Prevention: <del>13,998</del> <u>33,932</u> Persons Assisted

Table 4 – Goals Summary

**Goal Descriptions** *(only revised row shown)*

1	<b>Goal Name</b>	Homeless Goals
	<b>Goal Description</b>	<p>Funds will be utilized to provide Administration, HMIS services, emergency shelter, rapid re-housing, homeless prevention and street outreach to eligible persons who are experiencing homelessness or at-risk of homelessness, as defined by the applicable program rule or act. Actual funding amounts will be determined based on applications for funding received, which are prioritized in part by the recommendation provided by the applicable CoC. The estimates for the funding amount per activity type and number of persons served are extrapolated from data collected over the prior three years, <a href="#">and reflect that the ESG CV funding is awarded specifically for Rapid Rehousing and Homeless Prevention which increases the amount of funding for those activities.</a> Regardless of the CoC recommendations, TDHCA limits the amount of funding available for street outreach and emergency shelter to not more than 60% of the total ESG funding available for the regular allocation of 2019 ESG funds, but the ESG-CV funds are not limited by this cap and it will not be applied to this funding source. Likewise, funds for administration and HMIS are limited within the TDHCA allocation to ensure that the applicable regulatory or statutory caps for these expenditures are not exceeded.</p>

## AP-35 Projects – (Optional)

### Introduction:

Per the IDIS Desk Guide, Project-level detail is not required for a state grantee’s Annual Action Plan. Once a state grantee has allocated funding via its Method of Distribution, the state grantee will use the Projects sub-menu in IDIS Online to add its projects for the program year. However, in order for accomplishments to associate to the goals listed in the plan, projects must be entered in the Action Plan template. Although not typically required, Texas is amending the Action Plan to include the ~~entire~~ initial allocation of ESG-CV funding. This does require that the ESG funds programmed in this plan are included in the AP-35 as separate ESG projects as outlined in this section.

*TDHCA will receive \$9,127,824 in ESG under the 2019 allocation, outlined as ESG19 Texas. TDHCA has been allocated an additional ~~\$33,254,679~~ \$97,792,616 in 2020 ESG funds under the CARES Act, outlined as ESG20 Texas for the purposes of this plan, and the use of these funds is further described below.*

#	Project Name
1	ESG20 Texas

**Table 5 – Project Information**

### Goal Outcome Indicator Info by allocation:

Goal	Goal Outcome Indicator	ESG20 Texas
1	Tenant-based rental assistance / Rapid Rehousing	<del>3,255</del> <u>4,917</u>
1	Households Assisted Overnight/Emergency Shelter/Transitional Housing Beds added	39,461
1	Homelessness Prevention	<del>10,918</del> <u>14,797</u>
	Total Persons Assisted	<del>53,634</del> <u>73,373</u>

### Description

TDHCA has programmed ~~will use total~~ ESG-CV allocations 1 & 2 to fund the following activities as needed by the State of Texas to prevent, prepare, and respond to COVID-19:

1. Rapid re-housing
2. Street outreach
3. Emergency shelter (including temporary emergency shelter)
4. Homelessness prevention
5. Homeless Management Information System (HMIS)

- [6. Administrative expenses](#)
- [7. Additional activities allowed by HUD policy, guidance and approved waivers.](#)

[TDHCA is programming all of ESG-CV allocation 2 to fund only the following activities as needed by the State of Texas to prevent, prepare, and respond to COVID-19:](#)

- [1. Rapid re-housing](#)
- [2. Homelessness prevention](#)
- [3. Homeless Management Information System \(HMIS\)](#)
- [4. Administrative expenses](#)

[In order to be responsive to the needs of the State of Texas in preparing, preventing, and responding to coronavirus and its impact on people at risk of and experiencing homelessness, TDHCA will routinely reevaluate our funding decisions throughout the period of performance. Consistent with the terms of all contracts, TDHCA intends to reprogram ESG-CV funding between selected activities or to include additional ESG-CV activities if/when necessary, based on infection control needs and response efforts related to preventing, preparing, and responding to COVID-19.](#)

[TDHCA has requested waivers to the following provisions from HUD:](#)

[Medium-Term Rental Assistance, Utility Payments, Service Costs \(24 CFR §576.105\(a\)\(5\), \(b\)\(2\), and \(c\), and 24 CFR §576.106\(a\)\)](#)

[Recordkeeping for Housing Standards \(24 CFR §576.500\(j\)\)](#)

[Local Government Approval for Emergency Shelter Activities \(24 CFR §576.202\(a\)\)](#)

[ESG Projects Must Utilize Centralized or Coordinated Assessment Established by the CoC \(24 CFR §576.400\(d\)\)](#)

[ESG Projects Must Utilize the HMIS or Comparable Database \(24 CFR §576.400\(f\)\)](#)

[While TDHCA had previously requested waivers to allow for the direct administration of ESG-CV funds, and this authority was granted though CPD Notice 20-08, the State does not plan on direct administering the program, but instead plans on subawarding ESG-CV funds to eligible entity types \(Unit of Local Government, Private Nonprofit, and Public Housing Authority\), ~~including those entities identified in the ESGCV Notice~~, through a letter of interest or a competition; however, the State may administer rapid rehousing and homeless prevention directly if adequate geographic dispersion of assistance thought rapid rehousing/homeless prevention is not obtained through partnership with subrecipients. In this event, the plan will be amended to include written standards implemented by TDHCA.](#)

Currently, TDHCA plans on funding the activities identified above; however, TDHCA may reprogram funding to newly allowed activities included in CPD Notice 20-08 if the need evidences itself and ESG-CV funding in other activity types is not being timely expended.

ESG does not have funding allocation priorities for special needs populations. ~~The ESG20 Texas project outlined in the Action Plan includes funds allocated to TDHCA through the first allocation under the CARES Act. A portion of the funds will be utilized by TDHCA for administration, and the remainder will be distributed to entities providing street outreach, emergency shelter, rapid rehousing, and homeless prevention to eligible households, in addition to funding eligible HMIS activities. Funds may be set aside for the provision of legal services allowable under the ESG regulations, as the need for legal services to obtain or maintain housing is anticipated to exceed regularly occurring expenses due to the pandemic. TDHCA will contract these funds to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons who are experiencing or at risk of homelessness quickly regain stability in permanent housing, with particular emphasis of mitigating the impacts of COVID-19.~~ A portion of the funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. Award authority for all ESG funds remains with TDHCA's Board, and TDHCA contracts directly with all subrecipients regardless of method of application. TDHCA retains the right to adjust awards in relation to the amount of funding received. Threshold requirements for receipt of an award include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds. ~~TDHCA has elected to subgrant the first allocation of ESG20 funds through a process that is not competitive, but builds on existing networks and organizational capacity. ESG20 funds may be used for six program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, HMIS or HMIS-comparable database, and administrative activities. In order to expedite response, a portion of the ESG20 funds will be allocated to existing subrecipients of ESG19, and a portion will be made available to each CoC region based a regional allocation formula. A CoC lead agency may elect to select the subrecipients of ESG20 funding based on the needs and priorities of the CoC in responding to COVID-19, and TDHCA will review their selections and, if the entity is an eligible subrecipient, contract directly with the selected entity. ESG20 funds that are not distributed in either of these manners may be selected by TDHCA to provide one or more of the six eligible components, and TDHCA may either subgrant or procure providers as it deems necessary to facilitate a rapid response. The expected outcome is that funds will be awarded to organizations that have the administrative and performance capacity to provide the services needed in their communities, with a broad distribution of funding to reach as many areas of the state with quality services as possible. The expected outcome of TDHCA's plan to allow local selection is that the same will be accomplished, but with CoC-wide planning rather than with only State planning. As with the ESG19 project, eligible applicant organizations are Units of General Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance determine~~

~~if they may apply. Governmental organizations such as Public Housing Authorities (PHAs) and housing finance agencies are not eligible.~~ Actions to meeting underserved needs are found in Action Plan Section 85.

CDBG-DR allocation priorities can be found in the CDBG-DR Action Plans at:

<http://recovery.texas.gov/action-plans/index.html>

## **AP-50 Geographic Distribution – 91.320(f)**

### **Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed**

#### HOME/NHTF Addresses Geographic Areas for Assistance

TDHCA does not provide priorities for allocation of investment geographically to areas of minority concentration; however, the geographic distribution of HOME/NHTF funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement of its activities through the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals receiving assistance from each housing program.

HOME/NHTF funds used for multifamily development are typically paired with tax-exempt bond and/or HTC. TDHCA rules that govern the HTC Program include incentives for developments utilizing the competitive 9% HTC in high opportunity areas, which are defined as high-income and low-poverty areas, and are not typically minority-concentrated except in majority-minority areas of the state. It also provides competitive incentive to develop in colonias or economically distressed areas. Developments using tax-exempt bond financing and 4% HTCs are more frequently located in qualified census tracts due to federal guidelines that cause these to be more financially viable.

#### ESG Addresses Geographic Areas for Assistance

Assistance provided by ESG funds will be directed statewide, according to the 11 HUD-designated CoC regions. TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in 24 CFR §91.320(f).

#### HOPWA Addresses Geographic Areas for Assistance

The Texas HOPWA funding allocations are geographically distributed according to the 26 HIV HSDAs. Allocations are based on several factors, including past performance of Project Sponsors and unmet need, with the majority of Texas HOPWA clients (90% in 2017) classified as extremely low and very low income. Allocations generally mirror the Ryan White Program allocation formula, which takes into account population of PLWH, HIV incidence, number of PLWH accessing Ryan White services, percent of PLWH eligible for Medicaid, and other considerations. The allocations are then adjusted based on unmet need, prior performance and expenditures, geographic-specific data provided by Project Sponsors, and any other relevant factors. Many of these individuals reside in areas of minority concentration and a disproportionate number of PLWH are racial and ethnic minorities, so the program allocates funding to

meet the needs of PLWH in Texas.

#### CDBG Addresses Geographic Areas for Assistance

TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f). CDBG funds are allocated across the state in three ways.

1. The CD Fund assigns a percentage of the annual allocation to each of the 24 Regional COGs, ensuring that each region of the state receives a portion of the funds.

2. The Colonia Fund directs funding to communities within 150 miles of the Texas-Mexico border. All remaining funds are distributed through state-wide competitions without geographic priorities.

3. Colonia SHCs are established along the Texas-Mexico border in Cameron/Willacy, Hidalgo, Starr, Webb, Maverick, Val Verde, and El Paso counties. The Colonia SHC Program serves approximately 35 colonias in seven border counties, which are comprised of primarily Hispanic households and have concentrations of very low-income households.

NHTF Geographic Priorities description is added to Discussion section text below.

#### Geographic Distribution

Target Area	Percentage of Funds
State of Texas	100

Table 6 - Geographic Distribution

#### Rationale for the priorities for allocating investments geographically

##### HOME Addresses Geographic Investments

HOME funds are allocated geographically using a regional allocation formula (RAF), as described in Strategic Plan Section 10. This process directs funds to areas of the State that demonstrate high need. At least 95% of TDHCA-administered HOME funds are used in areas that are not Participating Jurisdictions (PJs) per statute. This results in more HOME funds in smaller communities than in larger Metropolitan Statistical Areas (MSAs) that receive HOME funds directly from HUD. The current RAF is online at <http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm>.

##### ESG Addresses Geographic Investments

ESG allocates the majority of ESG and ESG-CV funds to each CoC region based on an allocation formula. This formula includes factors such as homeless population, people living in poverty, cost

burden of renters, point in time counts and ESG funds available from federal and state sources.

#### HOPWA Addresses Geographic Investments

At the end of 2016, there were 86,669 people living with HIV in Texas. The number of Texans living with HIV increases each year and in order to meet the needs of low-income PLWH in Texas, many of whom live in areas of minority concentration, the HOPWA funding allocations are geographically distributed across the State and are allocated based on several factors, including unmet need.

Six cities in Texas have a population of over 500,000 (Austin, Dallas, Fort Worth, El Paso, Houston, and San Antonio) in MSAs funded directly from HUD for HOPWA. The Texas HOPWA program can operate in any area of the State, but mostly serves counties not covered under the MSAs' jurisdictions, with some overlap of counties between the State and the MSAs. As a result, Texas HOPWA covers all of the rural areas of the State, where many low-income HOPWA clients reside, and funding prioritization is based on areas with greater unmet need for PLWH.

#### CDBG Addresses Geographic Investments

Texas CDBG Funds for projects under the CD Fund are allocated by formula to 24 regions based on the methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs (21.71% of annual allocation), along with a state formula based on poverty and unemployment (40% of annual allocation). 12.5% of the annual allocation is allocated to projects under the Colonia Fund categories, which must be expended within 150 miles of the Texas-Mexico border.

For the Colonia SHCs, state legislative mandate designates five centers along the Texas-Mexico border in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties to address the long history of poverty and lack of institutional resources. In 2001, TDHCA added two additional Colonia SHCs in Maverick and Val Verde counties. These seven counties collectively have approximately 40,180 colonia residents who may qualify to access center services.

NHTF Geographic Investments description is added to Discussion section text below.

### **Discussion**

Many of the Target Areas available in the Integrated Disbursement and Information System (IDIS), HUD's electronic system in which this Plan has been entered, were too detailed for use at the macro-level; therefore, the State entered the "State of Texas" as a Target Area in Strategic Plan Section 10. Within Texas, each program relies on a formula to distribute funds geographically.

#### NHTF Geographic Priorities

The Texas NHTF will distribute NHTF funds through a competitive NOFA process. The funds will initially

be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen, and available competitively within each region prior to collapse into a statewide competition.

#### NHTF Addresses Geographic Investments

NHTF funds are allocated geographically using a Regional Allocation Formula, as described in Strategic Plan Section 10. Acknowledging that all regions of the State have a need to create housing for ELI households, the formula provides opportunity for access to NHTF. This process directs funds to areas of the State that demonstrate high need.



## Texas Department of Housing and Community Affairs

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### Attachment B: Summary of CDBG-CV Amendments to the 2019 State of Texas Consolidated Plan One Year Action Plan

October 2020

The Governor of the State of Texas has designated the Texas Department of Housing and Community Affairs (TDHCA) to receive all allocations of CDBG-CV funds under the CARES Act. It's three allocations are \$40,000,886, \$63,546,200 and \$38,299,172 respectively for a total of \$141,846,258.

As required by the CDBG-CV notice, TDHCA will allocate \$40,000,886 (the amount of its first allocation) to non-entitlement units of general local government (UGLG). Non-entitlement units are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000.

All CDBG-CV allocations will be used for the following activities to prevent, prepare for, or respond to the coronavirus. Depending on the ease of implementation of these activities and the demand at the time the services are provided, TDHCA may redirect funds from one activity to another, without submitting an additional substantial amendment, to expedite the delivery of assistance in these urgent times for up to 25% of the budgeted activities. However, the \$40,000,886 in Urgent Need Rental Assistance allocated competitively to non-entitlement cities and counties will remain with non-entitlement cities and counties but may be relocated among awardees if the funds are not timely expended.

#### Uses for CDBG-CV Funds

CDBG-CV Program Activity	Recommended Allocation
1. Urgent Need Rental Assistance <i>A. \$40,000,886 to be allocated competitively to non-entitlement cities and counties</i> <i>B. \$65,916,134 to address rental assistance needs elsewhere in the state including:</i> <ul style="list-style-type: none"> <li>• <i>Approximately \$40 million allocated directed to entitlement cities and counties already operating COVID rental assistance programs</i></li> <li>• <i>A commitment of at least 10% of all RA (\$10.1 million) for eviction diversion</i></li> </ul>	\$105,917,020
2. Food Bank Distribution Assistance	\$21,000,000
3. Provider Relief Assistance - Persons with Disabilities	\$5,000,000
TDHCA Administration and Technical Assistance (up to 7%)	\$9,929,238
<b>Total first, second and third allocations from HUD</b>	<b>\$141,846,258</b>

## 1. **Rental Assistance - \$105.9M**

The COVID-19 pandemic has had a massive impact on families' abilities to work for pay, and their capacity to pay their rent. Unpaid rents also affect landlords who must continue to pay mortgages, property taxes and maintenance costs for their rental properties in spite of their income from rents being reduced. The need for assistance has far outpaced the availability of local rental assistance funds. TDHCA is thus proposing making a \$105.9 million commitment from CDBG CARES funds for rental assistance.

As required by CDBG-CV rules, the emergency rental assistance will be made directly to the landlord or property owner, on behalf of the individual or families in need of assistance, and not directly to an individual or family in the form of a direct income payment. Funds dedicated to this activity will assist households for no more than six months of rental assistance, including arrears. The assistance will allow payments for up to 5 months of arrears and at least one month of forward payment of the full amount of the contracted rent up to the Department established limit.

Funds dedicated to rental assistance will be programmed in the following ways: All funds will be allocated regionally to ensure broad geographic distribution in the state.

- **Rental Assistance in Rural and Small Metro Areas:** As required by HUD, TDHCA will allocate at least \$40,000,886 (the amount of its first allocation) to non-entitlement units of general local government through a competitive notice of funding availability and made available regionally. Non-entitlement units are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000. There are approximately 1,000 rural and small cities and counties in Texas. The Department will provide specific program design guidelines, facilitating the program administration for non-entitlement awardees that do not have an existing rental assistance program. Based on the length of conducting a competitive application, we estimate the assistance will be available in communities approximately 6 months from the time this Plan is accepted by HUD.
- **Rapid Deployment in Entitlement Communities with Existing Rental Assistance Programs.** Approximately \$40 million will be directly committed to those entitlement communities already having COVID rental assistance programs. This will allow those larger cities and counties to quickly channel funds through their current programs. It is anticipated that cities and counties will be able to use their existing program design and intake forms subject to approval from the Department. The documents executed by households and landlords will need to be those prepared by the Department, or meeting Department approval. It is estimated these funds will be available in communities within 2 months from the time the Plan is accepted by HUD. If only a limited number of entitlement communities with existing COVID rental programs are willing to accept a rental assistance contract, the \$40 million earmarked for this purpose may be reduced and transferred into the competitive balance of state coverage.
- **Balance of State Coverage.** The funds within each region not allocated for non-entitlement awardees and not committed directly to entitlement communities with existing rental assistance programs – approximately \$25.9 million - will be used to fund one or more of the

following: 1) entitlement communities within that region not already having a rental program in operation, 2) a regional organization to provide rental assistance to the balance of the area within that region, and/or 3) if needed the state may provide assistance to the balance of the area within that region. It is the intent of TDHCA that an eligible household anywhere in the state will be able to apply for funds. To minimize the risk of duplication of benefits, properties in an area covered by a contracted non-entitlement or entitlement awardee will be assisted through that respective program, and will therefore not be eligible to be assisted through the regional or statewide activity.

- **Eviction Diversion:** To keep Texans in their homes who have fallen behind on their rent because of the impact of COVID-19 and whose landlords have initiated eviction proceedings, all Subrecipients will be required to also serve as the Eviction Diversion rental assistance provider for one or more designated Justices of the Peace as specified by TDHCA and the Office of Court Administration. Ten percent of their contract amount will be set aside for this activity until a specified time and then may be reallocated by the Department into other contracts for this activity or be allowed to be used for other rental assistance payments by, in the Department's sole discretion. Rental assistance will be in the form of lump sum payments to landlords in exchange for allowing tenants to remain in their homes. The Supreme Court of Texas is intending to remove or seal the initiated eviction from the household's record to mitigate the secondary effects on the tenant's ability to rent housing in the future.

**2. Food Bank Distribution Assistance – \$21M**

Funds dedicated to this activity will serve as state match for FEMA eligible activities related to food bank distribution. The Texas Department of Emergency Management (TDEM) has expended approximately \$133 million in food distribution activities to address food and nutrition needs statewide in response to the pandemic, of which the state was required to cover 25% (approximately \$33 million). These CDBG funds will cover approximately \$21 million of that match requirement, based upon a review of the CDBG eligibility of the incurred costs.

**3. Assistance for Persons with Disabilities – \$5M**

Given that persons with disabilities (PWD) are disproportionately low income and may be particularly vulnerable to both the physical and economic effects of COVID-19, TDHCA is proposing to use \$5 million specifically for those providers and facilities that assist persons with disabilities. It is estimated that the state will enter agreements, non-competitively, with an existing network of subrecipients to assist local providers in accessing funds. We anticipate funds will be made available to providers in communities approximately 4 months from the time the Plan is accepted by HUD.

**4. TDHCA Administration – \$9.9M**

TDHCA may use up to the 5 percent (\$7,092,313) allowed for general administration and up two percent (\$2,836,925) for technical assistance. From within those pools, up to approximately \$500,000 may be used to pursue expanded broadband planning efforts in the state focusing on the needs of households at 80% or below AMI.

**2015-2019 State of Texas Consolidated Plan  
 SP-35 Anticipated Resources - 91.315(a)(4), 91.320(c)(1,2)**

**Anticipated Resources** (only added row shown)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan: \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG-CV	public - federal	Admin and Planning Urgent Need Public Services Rental Assistance Financial Assistance	\$141,846,258	\$0	\$0	\$141,846,258	\$0	CDBG-CV funding will be allocated to the following activities to address the pandemic:  1) Rental assistance 2) Food bank distribution assistance 3) Relief to providers of persons with disabilities 4) State Administration

State of Texas 2019 One-Year Action Plan

AP-15 Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of Con Plan: \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG-CV	public - federal	Admin and Planning  Urgent Need  Public Services  Rental Assistance  Financial Assistance	\$141,846,258	\$0	\$0	\$141,846,258	\$141,846,258	CDBG-CV funding will be allocated to the following activities to address the pandemic:  1) Rental assistance 2) Food bank distribution assistance 3) Relief to providers of persons with disabilities 4) State Administration

## AP-20 Annual Goals and Objectives

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
26	CDBG-CV Rental Assistance for Rural and Small Metro Areas	2019	2019	Affordable Housing  Non-Homeless Special Needs	State of Texas	Rental Assistance  TBRA	CDBG-CV: \$40,000,886	Tenant-based rental assistance/Rapid Rehousing: 9,462 Households
27	CDBG-CV Rental Assistance for Entitlement Communities with Existing COVID Rental Assistance Programs	2019	2019	Affordable Housing  Non-Homeless Special Needs	State of Texas	Rental Assistance  TBRA	CDBG-CV: \$40,000,000	Tenant-based rental assistance/Rapid Rehousing: 6,596 Households Assisted
28	CDBG-CV Rental Assistance for Balance of State Coverage	2019	2019	Affordable Housing  Non-Homeless Special Needs	State of Texas	Rental Assistance  TBRA	CDBG-CV: \$25,916,131	Tenant-based rental assistance/Rapid Rehousing: 5,036 Households Assisted
29	CDBG-CV Food bank distribution assistance	2019	2019	Non-Housing Community Development	State of Texas	Public Services	CDBG-CV: \$21,000,000	Public Service activities other than Low/moderate income housing benefit: 0 Persons Assisted*
30	CDBG-CV Relief to Providers of Persons with Disabilities	2019	2019	Non-Housing Community Development  Non-Homeless Special Needs	State of Texas	Public Services	CDBG-CV: \$5,000,000	Public Service activities other than Low/moderate income housing benefit: 0 Persons Assisted*
31	CDBG-CV Administration	2019	2019	Administration/  Technical Assistance	State of Texas	Rental Assistance  TBRA  Admin and Planning  Public Service	CDBG-CV: \$9,929,238	Other: 0 Other

\* Please note that in SP-45 and AP-20 below, the Goal Outcome Indicator for both programs reflects 0 persons being assisted at this time. The HUD system requires that a numeral be entered here, yet at this time an estimate is not available. Therefore, the field is defaulted to 0.

## Goals Summary

26	<b>Goal Name</b>	CDBG-CV Rental Assistance for Rural and Small Metro Areas
	<b>Goal Description</b>	Funds will be awarded competitively to units of general local governments (UGLGs) in the state of Texas for rental assistance funds using a regional allocation to ensure broad geographic distribution in the state.
27	<b>Goal Name</b>	CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs
	<b>Goal Description</b>	Fund will be directly committed to those entitlement communities already having existing COVID rental assistance programs. This will allow those larger cities and counties to quickly channel funds through their current program infrastructure.
28	<b>Goal Name</b>	CDBG-CV Rental Assistance for Balance of State Coverage
	<b>Goal Description</b>	The funds within each region not allocated for non-entitlement awardees and not committed directly to entitlement communities with existing rental assistance programs – approximately \$25.9 million - will be used to fund one or more of the following: 1) entitlement communities within that region not already having a rental program in operation, 2) a regional organization to provide rental assistance to the balance of the area within that region, and/or 3) if needed the state may provide assistance to the balance of the area within that region.
29	<b>Goal Name</b>	CDBG-CV Food Bank Distribution Assistance
	<b>Goal Description</b>	Funds dedicated to this activity will serve as state match for FEMA eligible activities related to food bank distribution. The Texas Department of Emergency Management (TDEM) has expended approximately \$133 million in food distribution activities to address food and nutrition needs statewide in response to the pandemic, of which the state was required to cover 25% (approximately \$33 million). These CDBG funds will cover approximately \$21 million of that match requirement, based upon a review of the CDBG eligibility of the incurred costs.
30	<b>Goal Name</b>	Relief to Providers of Persons with Disabilities
	<b>Goal Description</b>	Funds will support relief assistance to providers of persons with disabilities, such as group homes, covering the costs of activities like: salaries, sheltering residents outside of group homes when quarantining, Personal Protective Equipment (PPP) and if determined eligible by HUD, the cost of holding beds for tenants who area temporarily relocated because of COVID-19.
31	<b>Goal Name</b>	CDBG-CV Administration
	<b>Goal Description</b>	CDBG-CV General Administrative costs including Technical Assistance. Up to \$500,000 of these funds will also be used to support broadband planning.

## AP-30 Methods of Distribution

### Distribution Methods

Table 1 - Distribution Methods by State Program

26	<b>State Program Name:</b>	CDBG-CV Rental Assistance for Rural and Small Metro Areas
	<b>Funding Sources:</b>	CDBG-CV: \$40,000,886
	<b>Describe the state program addressed by the Method of Distribution.</b>	Funds will be made available competitively and regionally to all Texas non-entitlement units of general local government (UGLGs) to apply as Subrecipients with funds limited to use for rental assistance. Funds not applied for within a region will be made available to non-entitlement applications from other regions. Subrecipients who apply can elect service areas of its jurisdiction (one city, one county) and enter into a contract for a given amount of funds.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>A Notice of Funding Availability will contain a description of all criteria used to select applicants for funding, including the relative weight of each criterion.</p> <p>Priority will be given to non-entitlement UGLGs who have an existing rental assistance activity in place that can readily utilize the funds and applicants that: 1) agree to access their CRF funds to be used as rental assistance, if not expended by that time, or 2) have already accessed their Coronavirus Relief Fund (CRF) allocation.</p> <p>The Department will provide specific program design guidelines, facilitating the program administration for non-entitlement awardees that do not have an existing rental assistance program.</p>
	<b>Describe how resources will be allocated among funding categories.</b>	<p>Funds dedicated to this activity will assist households for <u>no more than six months</u> of rental and assistance, including arrears. The assistance will allow payments for up to 5 months of arrears and at least one month of forward payment of the full amount of the contracted rent up to the Department established limit.</p> <p>The households needing assistance would be identified by Subrecipients reaching out to properties and/or tenants. Subrecipients will accept applications from landlords and will have the option of also working with clients directly, however all payments must be made to landlords directly.</p>
	<b>Describe threshold factors and grant size limits.</b>	A grant limit per contract and threshold factors for subrecipients will be identified in the Notice of Funding Availability. Program participants must evidence or certify that they have been economically impacted by the pandemic and assistance is limited to no more than 6 consecutive months of rental assistance per household.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	<p>Based on the following calculations, we estimate serving 6,311 households</p> <ul style="list-style-type: none"> <li>• Average Fair Market Rent (FMR) for non-entitlement counties in Texas= \$919</li> <li>• Estimated average months of assistance = 6 months</li> <li>• Total Cost for 4 months at Avg. FRM = \$5,514</li> <li>• Allocation of \$40,000,886 (minus 13% Subrecipient admin) = Estimated funds available for rental assistance or \$34,800,770</li> <li>• Estimated # of Households to be served: 6,311</li> </ul>

27	<b>State Program Name:</b>	CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs
	<b>Funding Sources:</b>	CDBG-CV: \$40,000,000
	<b>Describe the state program addressed by the Method of Distribution.</b>	Approximately \$40 million will be committed through non-competitive direct awards to those entitlement communities already having rental assistance programs responsive to the pandemic. The program is voluntary and cities and counties will have an opportunity to accept or decline the funds.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	There are 74 CDBG entitlement communities in the State of Texas. The Department will offer rental assistance grants to those entitlement cities and counties already operating COVID-19 rental assistance programs. This will allow those larger cities and counties to quickly channel funds through their current programs.
	<b>Describe how resources will be allocated among funding categories.</b>	<p>Funds dedicated to this activity will assist households for no more than six months of rental and assistance, including arrears. The assistance will allow payments for up to 5 months of arrears and at least one month of forward payment of the full amount of the contracted rent up to the Department established limit.</p> <p>The households needing assistance would be identified by Subrecipients reaching out to properties and/or tenants. Subrecipients will accept applications from landlords and will have the option of working with clients directly or via landlords, however all payments must be made to landlords directly.</p>
	<b>Describe threshold factors and grant size limits.</b>	The amount of funds each entitlement will receive will be determined by dividing the \$40M in this category among the entitlements with COVID-19 rental assistance programs that accept funds by using an allocation formula similar to the one HUD used to distribute its CDBG-CV 2 funds. Factors considered in the allocation formula for each entitlement include the number of low-income elderly, unemployment cases, children in poverty and rate of COVID-19 cases.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	<p>Based on the following calculations, we estimate serving 4,397 households</p> <ul style="list-style-type: none"> <li>• Average Fair Market Rent (FMR) for entitlement counties in Texas= \$1,319</li> <li>• Estimated average months of assistance = 6 months</li> <li>• Total Cost for 4 months at Avg. FRM = \$7,914</li> <li>• Allocation of \$40,000,000 minus 13% Subrecipient admin = Estimated funds available for rental assistance or \$34,800,000</li> <li>• Estimated # of Households to be served: 4,397</li> </ul>

28	<b>State Program Name:</b>	CDBG-CV Rental Assistance for Balance of State Coverage
	<b>Funding Sources:</b>	CDBG-CV: \$25,916,131
	<b>Describe the state program addressed by the Method of Distribution.</b>	<p>The funds within each region not allocated for non-entitlement awardees and not committed directly to entitlement communities with existing rental assistance programs – approximately \$25.9 million - will be made available through a competitive application process to fund one or more of the following:</p> <ol style="list-style-type: none"> <li>1. Entitlement communities within that region not already having a rental program in operation,</li> <li>2. A regional organization to provide rental assistance to the balance of the area within that region, and/or</li> </ol> <p>If no organizations applies to serve a given area, the state may provide assistance to the balance of the area within that region.</p> <p>It is the intent of TDHCA that an eligible household anywhere in the state will be able to apply for funds. Properties in an area covered by a contracted non-entitlement or entitlement awardee will be assisted through that respective program, and will therefore not be eligible to be assisted through the regional or statewide activity.</p>
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Priority will be given to subrecipients that can readily utilize the funds and establish a program within a short amount of time given the contracts will be for a one-year period. Other criteria will be further explained in the Notice of Funding Availability.
<b>Describe how resources will be allocated among funding categories.</b>	<p>Funds dedicated to this activity will assist households for <u>no more than six months</u> of rental and assistance, including arrears. The assistance will allow payments for up to 5 months of arrears and at least one month of forward payment of the full amount of the contracted rent up to the Department established limit.</p> <p>The households needing assistance would be identified by Subrecipients reaching out to properties and/or tenants. Subrecipients will accept applications from landlords and will have the option of also working with clients directly or via landlords, however all payments must be made to landlords directly.</p>	
<b>Describe threshold factors and grant size limits.</b>	Households must be able to evidence or certify that they have been economically impacted by the pandemic. No threshold or grant size limits will apply on a per household or per property basis, beyond that assistance is limited to no more than 6 months of rental assistance per household.	
<b>What are the outcome measures expected as a result of the method of distribution?</b>	<p>Based on the following calculations, we estimate serving 3,358 households</p> <ul style="list-style-type: none"> <li>• Average Fair Market Rent (FMR) for all counties in Texas= \$1,119</li> <li>• Estimated average months of assistance = 6 months</li> </ul>	

		<ul style="list-style-type: none"> <li>• Total Cost for 6 months at Avg. FRM = \$6,714</li> <li>• Allocation of \$25,916,131 minus 13% Subrecipient admin) = Estimated funds available for rental assistance \$22,547,034</li> </ul> <p>Estimated # of Households to be served: 3,358</p>
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29	<b>State Program Name:</b>	CDBG-CV Food Bank Distribution Assistance
	<b>Funding Sources:</b>	CDBG-CV: \$21,000,000
	<b>Describe the state program addressed by the Method of Distribution.</b>	<p>Funds dedicated to this activity will serve as state match for FEMA eligible activities related to food bank distribution. The Texas Department of Emergency Management (TDEM) has expended approximately \$133 million in food distribution activities to address food and nutrition needs statewide in response to the pandemic, of which the state was required to cover 25% (approximately \$33 million). These CDBG funds will cover approximately \$21 million of that match requirement, based upon a review of the CDBG eligibility of the incurred costs.</p> <p>This activity will be accomplished through the execution of an Interagency Agreement between TDHCA and TDEM. Upon execution, funds can be paid. <i>It is estimated that funds can be distributed to TDEM within approximately 3 months from the time the Plan is accepted by HUD</i></p>
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Not applicable.
	<b>Describe how resources will be allocated among funding categories.</b>	Not applicable.
	<b>Describe threshold factors and grant size limits.</b>	Not applicable.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Match for eligible CDBG food expenses already incurred by the State.

30	<b>State Program Name:</b>	CDBG-CV Assistance for Group Home Providers of Persons with Disabilities
	<b>Funding Sources:</b>	CDBG-CV: \$5,000,000
	<b>Describe the state program addressed by the Method of Distribution.</b>	These funds will be made available to housing providers of assistance to persons with disabilities (to be defined in subsequent documents but intended to include group homes) to allow those entities to receive reimbursement

		for a series of eligible COVID-related expenses (not having been paid or is available to be paid for by another pandemic-specific funding source).
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	TDHCA intends to allow eligible providers to include both nonprofit and for profit entities. However, for-profit entities may be more limited in the assistance they can receive which may be determined, in part, by their ownership structure and access to other resources.
	<b>Describe how resources will be allocated among funding categories.</b>	This activity will cover the cost of salaries/wages for employees hired or retained specifically to provide COVID related assistance; hotel or room costs for expenses incurred in keeping PWD clients quarantined; costs of purchasing Personal Protection Equipment (PPE) for staff and PWD clients; and costs of holding beds for clients who are temporarily relocated because of COVID but cannot be made available to a new client if determined allowable by HUD.
	<b>Describe threshold factors and grant size limits.</b>	A maximum amount of assistance by category type and per provider will be implemented.
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Providers assisted (unknown number at this time).

## AP-35 Projects – (Optional)

### Introduction:

Per the IDIS Desk Guide, Project-level detail is not required for a state grantees Annual Action Plan. Once a state grantee has allocated funding via its Method of Distribution, the state grantee will use the Projects sub-menu in IDIS Online to add its projects for the program year. However, in order for accomplishments to associate to the goals listed in the plan, projects must be entered in the Action Plan template. Although not typically required, Texas is amending the Action Plan to include the initial allocation of ESG-CV funding, HOPWA-CV, and CDBG-CV. This does require that the ESG, HOPWA, and CDBG funds programmed in this plan are included in the AP-35 as separate ESG, HOPWA, and CDBG projects as outlined in this section.

TDHCA will receive \$9,127,824 in ESG, DSHS will receive \$4,422,464 under the 2019 HOPWA allocation. TDHCA has been allocated an additional \$97,792,616 in 2020 ESG-CV funds, and \$141,846,258 in CDBG-CV funds and DSHS has been allocated an additional \$724,936 under the CARES Act, outlined as ESG20 Texas, CV- and CV-COVID-19 respectively for the purposes of this plan, and the use of these funds is further described below.

#	Project Name
26	CDBG-CV Rental Assistance for Rural and Small Metro Areas
27	CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs
28	CDBG-CV Rental Assistance for Balance of State Coverage
29	CDBG-CV Food Bank Distribution Assistance
30	CDBG-CV Relief Assistance for Providers of Persons with Disabilities

**Table 2 – Project Information**

### **Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

Reasons for allocation priorities and other obstacles to addressing underserved needs can be found in the description of ESG20 and CDBG-CV projects above. Actions to meeting underserved needs are found in Action Plan Section 85.

**AP-38 Project Summary**  
**Project Summary Information**

<b>26</b>	<b>Project Name</b>	CDBG-CV Rental Assistance for Rural and Small Metro Areas
	<b>Target Area</b>	State of Texas
	<b>Goals Supported</b>	Funds will be awarded competitively to units of general local governments (UGLGs) in the state of Texas for rental/utility assistance.
	<b>Needs Addressed</b>	Rental Assistance
	<b>Funding</b>	CDBG-CV: \$40,000,886
	<b>Description</b>	Funds will be awarded competitively to units of general local governments (UGLGs) in the state of Texas for rental assistance funds.
	<b>Target Date</b>	9/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	6,311 Households
	<b>Location Description</b>	N/A
	<b>Planned Activities</b>	Rental Assistance
<b>27</b>	<b>Project Name</b>	CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs
	<b>Target Area</b>	State of Texas
	<b>Goals Supported</b>	Fund will be directly committed to those entitlement communities already having rental assistance programs. This will allow those larger cities and counties to quickly channel funds through their current programs.
	<b>Needs Addressed</b>	Rental Assistance
	<b>Funding</b>	CDBG-CV: \$40,000,000
	<b>Description</b>	Fund will be directly committed to those entitlement communities already having rental assistance programs. This will allow those larger cities and counties to quickly channel funds through their current programs.
	<b>Target Date</b>	9/30/2022

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	4,397 Households
	<b>Location Description</b>	N/A
	<b>Planned Activities</b>	Rental Assistance
28	<b>Project Name</b>	CDBG-CV Rental Assistance for Balance of State Coverage
	<b>Target Area</b>	State of Texas
	<b>Goals Supported</b>	Rental Assistance
	<b>Needs Addressed</b>	Rental Assistance
	<b>Funding</b>	CDBG-CV: \$25,916,131
	<b>Description</b>	The funds within each region not allocated for non-entitlement awardees and not committed directly to entitlement communities with existing rental assistance programs – approximately \$25.9 million - will be used to fund one or more of the following: 1) entitlement communities within that region not already having a rental program in operation, 2) a regional organization to provide rental assistance to the balance of the area within that region, and/or 3) if needed the state may provide assistance to the balance of the area within that region.
	<b>Target Date</b>	9/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	3,358 households served
	<b>Location Description</b>	Not applicable
	<b>Planned Activities</b>	Rental Assistance
29	<b>Project Name</b>	CV- Food Bank Distribution Assistance
	<b>Target Area</b>	State of Texas
	<b>Goals Supported</b>	CDBG-CV Feeding Texans Pandemic Response Program
	<b>Needs Addressed</b>	Public Services
	<b>Funding</b>	CDBG-CV: \$21,000,000

	<b>Description</b>	<p>Funds dedicated to this activity will serve as state match for FEMA eligible activities related to food bank distribution. The Texas Department of Emergency Management (TDEM) has expended approximately \$133 million in food distribution activities to address food and nutrition needs statewide in response to the pandemic, of which the state was required to cover 25% (approximately \$33 million). These CDBG funds will cover approximately \$21 million of that match requirement, based upon a review of the CDBG eligibility of the incurred costs.</p> <p>This activity will be accomplished through the execution of an Interagency Agreement between TDHCA and TDEM. Upon execution, funds can be paid. It is estimated that funds can be distributed to TDEM within approximately 3 months from the time the Plan is accepted by HUD.</p>
	<b>Target Date</b>	9/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Not applicable
	<b>Location Description</b>	Not applicable
	<b>Planned Activities</b>	FEMA match for Food distribution
<b>30</b>	<b>Project Name</b>	CDBG-CV Relief to Providers of Persons with Disabilities
	<b>Target Area</b>	State of Texas
	<b>Goals Supported</b>	Providers assisted
	<b>Needs Addressed</b>	Public Services
	<b>Funding</b>	CDBG-CV: \$5,000,000
	<b>Description</b>	These funds will be made available to housing providers of assistance to persons with disabilities (to be defined in subsequent documents but intended to include group homes) to allow those entities to receive reimbursement for a series of eligible COVID-related expenses (not having been paid or is available to be paid for by another pandemic-specific funding source).
	<b>Target Date</b>	9/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Unknown at this this time

	<b>Location Description</b>	Not applicable
	<b>Planned Activities</b>	Relief to Providers of Persons with Disabilities

## Attachment C: ESG CARES II Programmatic Description

The Emergency Solutions Grants (ESG) Program is a U.S. Department of Housing and Urban Development (HUD) funded program designed to assist people experiencing homelessness or at-risk of homelessness to regain stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. To address COVID-19, HUD allocated ~\$33.2 million to Texas Department of Housing and Community Affairs (TDHCA) as part of the first allocation of Emergency Solutions Grant Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in March of 2020. Those have been allocated in accordance with the programming plan approved at the April 23, 2020 Board meeting.

On June 9, 2020, HUD released the second allocation of ESG CARES Act funding allocating \$64,537,937 to TDHCA. HUD may recapture funding if 80% of the ESG CARES funds are not spent by March 31, 2022. ESG CARES Act funding may be available until September 30, 2022.

### Background

ESG CARES funds are subject to a series of flexibilities, waivers, and restrictions, as outlined by the ESG CARES Act, HUD waivers accepted by the Department effective April 5, 2020, and the HUD CPD notice 20-08 “Waivers and Alternative Requirements for the Emergency Solutions Grants ESG Program under the CARES Act” released on September 1, 2020. There are many differences between ESG annual funds and ESG CARES, and some highlights are that ESG CARES funds are not subject to the match requirement; offer up to 5% in administrative costs for ESG Subrecipients; and not restricted to Fair Market Rent requirements (the rent reasonableness requirement has not been waived).

Also through the HUD CPD Notice 20-08, a new type of assistance called landlord incentives is allowed. Landlord incentives will be permitted for an ESG CARES II award as part of rental assistance under homeless prevention and rapid rehousing. HUD has stated that “the costs of landlord incentives will increase the number of housing units available to people experiencing homelessness or at risk of homelessness, especially in tight rental markets and obtaining and maintaining housing is critical to preventing the spread of coronavirus and helping mitigate the economic impact of the crisis.” Landlord incentives are limited to three times the rent charged for each unit. Eligible landlord incentive costs include:

1. Signing bonuses equal to up to 2 months of rent;
2. Security deposits equal to up to 3 months of rent;
3. Paying the cost to repair damages incurred by the program participant not covered by the security deposit or that are incurred while the program participant is still residing in the unit; and,
4. Paying the costs of extra cleaning or maintenance of a program participant’s unit or appliances.

Persons receiving assistance would need to meet the definition of homeless or at-risk of homelessness ([24 CFR §576.2](#)) to receive rapid rehousing or homeless prevention. For ESG CARES, the homelessness prevention income limit has been raised from 30% Area Median Income (AMI) to 50% AMI.

HUD is also requiring ESG CARES Subrecipients to coordinate to a greater extent with Continuum of Care (CoC) providers by involving CoCs in quarterly ESG CARES reporting. A CoC is a group composed of representatives of local governments and service providers organized to plan for and provide a system of outreach, emergency shelter, and housing strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area. There are 11 CoC regions in Texas, as illustrated in Appendix A. Within each CoC is a Homeless Management Information System (HMIS) lead agency and a CoC lead agency. ESG providers are required to use HMIS or an HMIS comparable database per 24 CFR §576.500(n). The HMIS lead

agency has been required by HUD to submit quarterly reporting for ESG CARES<sup>1</sup>, which is a new requirement for ESG funds.

**Programming Plan for ESG CARES II Allocation**

The Department has prioritized two ESG activities for ESG CARES second allocation: rapid re-housing and homelessness prevention. Under ESG CARES second allocation, rental assistance can be provided for up to 12 months, with an additional six months’ worth of rental arrears and late fees in a one-time payment, as applicable. Another funding category that is closely related to rental assistance under ESG is called housing relocation and stabilization services, which can include rental application fees, security deposits, last month’s rent, utility deposits, utility payments, moving costs, and landlord incentives. Both rental assistance and housing relocation and stabilization services are covered under the broad categories of rapid re-housing and homelessness prevention.

To support the additional coordination and reporting requirements for ESG CARES, the programming plan also includes funds for HMIS lead agencies and CoC lead agencies.

The second round of ESG CARES funds to TDHCA is recommended to be allocated as follows, with up to a 25% variation among categories as deemed necessary by the Executive Director or designee.

**ESTIMATED ALLOCATION OF THE FIRST ALLOCATION OF ESG CARES FUNDS**

<b>Activity</b>	<b>Funds</b>
Rental Assistance and Housing Stabilization Prioritization (includes 5% Administrative Funds for Subrecipients)	\$61,031,041
ESG CARES and HMIS coordination	\$280,000
Administration for TDHCA (5%)	\$3,226,896
Total funds	\$64,537,937

**Rental Assistance and Housing Stabilization Prioritization**

Approximately \$61,031,041 is proposed to be awarded for rapid re-housing and homelessness prevention through two recommendation methods:

1. CoC Lead Agencies will run a local competition for ESG CARES on behalf of the Department; and/or
2. the Department will reach out to CoC awardees to offer a direct award of funds.

The Department intends to use an approximation of the allocation formula in 10 TAC §7.33(b) to determine the allocation of funds to each CoC region, and an illustrative amount is reflected in Appendix B.

A local competition is a competition for ESG funding administered by an ESG Coordinator on behalf of the Department for a CoC region. For ESG CARES first allocation, TDHCA used local competitions to accept recommendations for funding from CoC lead agencies that were also ESG Coordinators. Staff proposes to work with CoC Lead Agencies to administer local competitions for the ESG CARES second allocation funding. Recommendations by ESG Coordinators will be reviewed by TDHCA, and are also subject to approval by EARAC, and subject to EARAC conditions.

If no ESG Coordinator is available in a CoC region, TDHCA will reach out to eligible organizations that were awarded CoC funding per the most recent CoC HUD competition. Methods of distributing funds to CoC awardees in areas in which there is no ESG Coordinator will be published on the Department’s website after October 30, 2020, when the amounts for each CoC region are finalized. If there are no CoC awardees in the region that wish

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<sup>1</sup> The HMIS comparable database lead agency will not report for domestic violence or legal service providers; the domestic violence or legal service providers will report into Sage themselves.

to accept ESG CARES funding, the funds will be held for not less than 30 calendar days, dependent on the number of CoC awardees in the region, while TDHCA reaches out to other organizations within the CoC region that may be able to accept the ESG CARES Act funds.

Any organization recommended by the ESG Coordinator or any CoC area awardee offered ESG CARES funding must be an eligible applicant as identified in 10 TAC §7.35(a), i.e. a Unit of Local Government or a Private Nonprofit Organization, or as allowed in HUD CPD Notice 20-08, a Public Housing Authority. Recommended awardees must also be registered for a Unique Entity Identifier Number (formerly a Data Universal Numbers System - DUNS number) and in the System for Award Management (SAM). The SAM is the primary registrant database for the U.S. Federal Government.

ESG Coordinators should make award recommendations for the full funding amount allocated in their region, and must have a ranked list of organizations to be recommended to be funded in priority order, with backup organizations identified, as available. ESG Coordinators may not make a recommendation for an entity that has not completed the Department's Previous Participation form. The ESG CARES second allocation minimum award amount is \$500,000, except when there is less than \$500,000 available in the region through the award recommendation process. When there is less than \$500,000 available in the region, the minimum award amount will be all the remaining funds in the region.

ESG Coordinators will be required to develop and use scoring criteria that includes, but is not limited to, the following:

1. Past expenditure rates of CoC, ESG or other grant funding;
2. The organization's demonstrable history and familiarity with operating the type of activity for which it will receive funding (e.g., rapid rehousing, homelessness prevention, rental assistance provision);
3. The organization's experience serving the population experiencing homelessness and at severest risk of complications from coronavirus (e.g., individuals experiencing homelessness over age 50, persons with disabilities);
4. Previous performance of the organization in providing housing, shelter, or services to individuals and families experiencing or at risk of homelessness (e.g., the length of time individuals and families remain homeless before they are housed, overall reduction in the number of homeless individuals and families, success at reducing the number of individuals and families who become homeless, etc.);
5. The organization's plan to use landlord incentives, as allowed in HUD CPD Notice 20-08; and
6. The organization's plan to collaborate with landlords that shows staff members identified to conduct outreach to and negotiation with owners as outlined in 24 CFR §576.105(b).

ESG Subrecipients recommended for an award will be contacted by TDHCA for a full application packet. If ESG CARES recommended awardees do not respond within 21 calendar days from the date of the first request with complete and accurate documentation, TDHCA may deny ESG CARES funding and move to the next ESG CARES recommended awardee in the ranked order provided by the CoC lead agency.

### **ESG CARES and HMIS Coordination**

TDHCA anticipates subgranting ESG CARES funding to CoC and HMIS Lead Agencies to coordinate the ESG CARES second allocation award recommendations, assist with ESG CARES quarterly reporting required by HUD into the federal Sage reporting system, and facilitate the Department's Monthly Performance Report (MPR) entry.

CoC lead agencies may be offered funds, to be negotiated, to coordinate award recommendations of ESG CARES second allocation funds, as described under Rental Assistance and Housing Stability Prioritization section above. In order to administer a local competition and be an ESG Coordinator, the CoC lead agency was required to also provide an ESG activity as a Subrecipient, to be in compliance with 24 CFR §576.202(a). If a CoC lead agency does not wish to provide an ESG activity from the ESG CARES second allocation, funds from ESG CARES first allocation

may be used to add to the existing ESG Coordinator contract still active under ESG CARES first allocation so that the CoC lead agency can act as an ESG Coordinator.

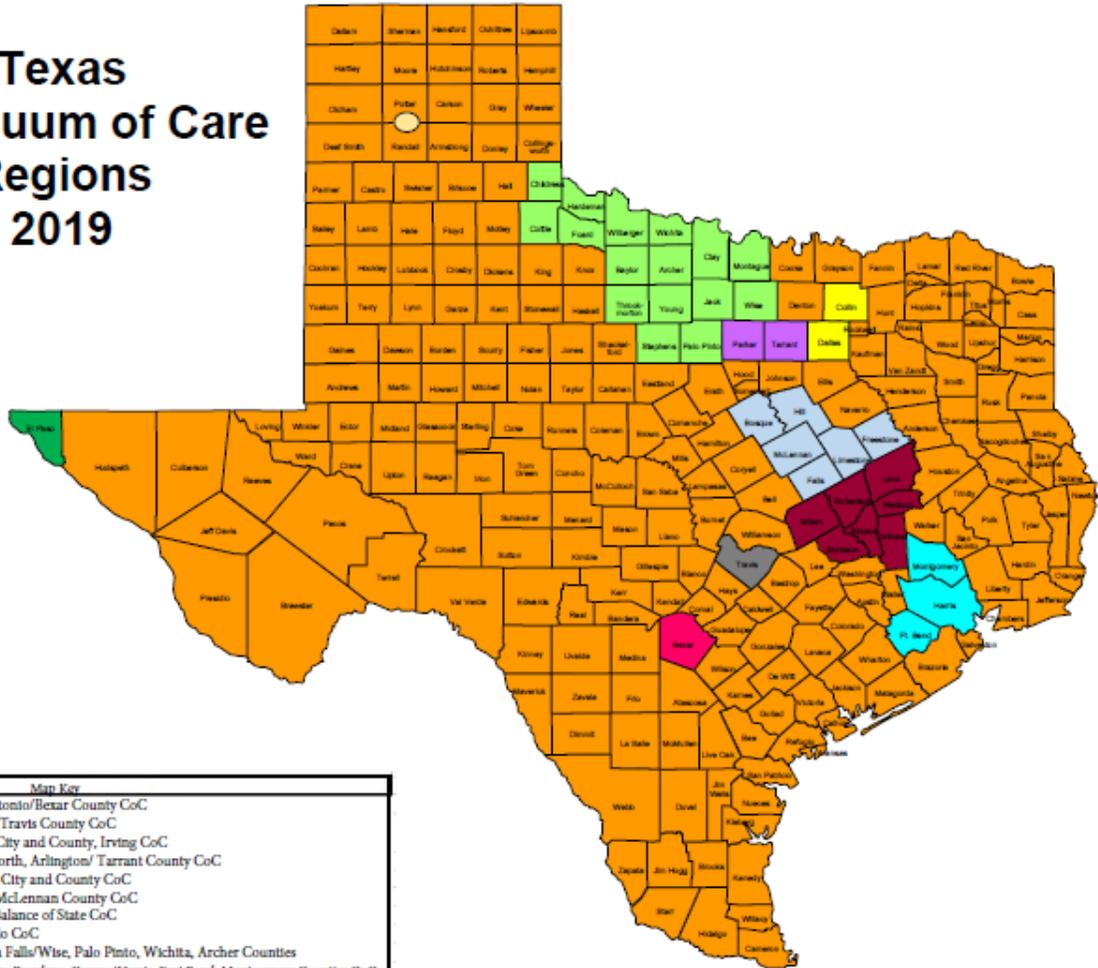
In addition, HUD has required quarterly reporting by HMIS Lead Agencies on ESG CARES through its Sage system on behalf of TDHCA. As a result of HUD's new reporting requirement, TDHCA is anticipating that additional technical assistance may be needed for MPR entry.

It is estimated that approximately \$280,000 will be awarded to subrecipients for these activities.

**Administration for TDHCA**

Up to 10% of the ESG CARES grant is authorized to be utilized for administration expenses. Half of that amount will be offered for administrative costs incurred by Subrecipients and is reflected within the activity level line item in the funding allocation table. Up to 5% of the funds is set aside for Department administrative expenses and includes the possible utilization of Article IX Full Time Equivalent positions.

# Texas Continuum of Care Regions 2019



Appendix B – Approximate ESG CARES Act Funding by CoC Region

The following is a table that shows estimated ESG CARES Act funding allocated by CoC regions for award through the CoC Lead Agencies or based on CoC funds. The amount is estimated and subject to change.

<b>Continuum of Care (CoC) No.</b>	<b>CoC Name</b>	<b>Estimated ESG CARES Amounts by CoC from Second Allocation</b>
TX-500	San Antonio/ Bexar County	\$ 3,820,446
TX-503	Austin/Travis County	\$ 2,817,088
TX-600	Dallas City & County/ Irving	\$ 7,633,278
TX-601	Fort Worth/Arlington/Tarrant County	\$ 3,537,894
TX-603	El Paso City & County	\$ 1,922,812
TX-604	Waco/McLennan County	\$ 1,111,085
TX-607	Texas Balance of State	\$ 27,593,278
TX-611	Amarillo	\$ 1,365,899
TX-624	Wichita Falls/Wise, Palo Pinto, Wichita, Archer counties	\$ 926,116
TX-700	City of Houston/Fort Bend, Harris, and Montgomery counties	\$ 9,050,642
TX-701	Bryan/College Station/Brazos Valley	\$ 1,252,503
<b>TOTAL</b>		<b>\$ 61,031,041</b>

## Attachment D: CDBG CARES Programmatic Description

The Governor of the State of Texas has designated the Texas Department of Housing and Community Affairs (TDHCA) to receive all allocations of the Community Development Block Grant (CDBG) Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. Its three allocations are \$40,000,886, \$63,546,200 and \$38,299,172 respectively for a total of \$141,846,258. Should the Governor of the State of Texas determine to alter the programming of these funds prior to submission of the plan amendment to HUD, staff will make such directed amendments prior to submission.

On August 10, 2020, the U.S. Department of Housing (HUD) issued new guidance to govern CDBG CARES funds. Based on such guidance, we are recommending the following uses. As required by the notice, TDHCA must allocate at least \$40,000,886 (the amount of its first allocation) to non-entitlement units of general government. Non-entitlement units are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000.

TDHCA may redirect funds from one activity to another, without submitting an additional substantial amendment, to expedite the delivery of assistance in these urgent times for up to 25% of the budgeted activities, to be transferred to different activity categories. However, the \$40,000,886 in Urgent Need Rental Assistance allocated competitively to non-entitlement cities and counties will remain with non-entitlement cities and counties but may be reallocated to other awardees, if the funds are not timely expended.

### Uses for CDBG CARES Funds

Program Activity	Recommended Allocation
1. Urgent Need Rental Assistance  <i>A. \$40,000,886 to be allocated competitively to non-entitlement cities and counties</i>  <i>B. \$65,916,134 to address rental assistance needs elsewhere in the state including:</i> <ul style="list-style-type: none"> <li>• <i>Approximately \$40 million allocated directed to entitlement cities and counties already operating COVID rental assistance programs</i></li> <li>• <i>A commitment of at least 10% of all rental assistance (\$10.5 million) for eviction diversion</i></li> <li>• <i>The remainder of the funds to cover areas unserved by all other rental assistance funds.</i></li> </ul>	\$105,917,020
2. Food Bank Distribution Assistance	\$21,000,000
3. Provider Relief Assistance - Persons with Disabilities	\$5,000,000
4. TDHCA Administration (up to 7%) including up to \$500,000 for broadband planning	\$9,929,238
<b>TOTAL CDBG-CV ALLOCATIONS</b>	<b>\$141,846,258</b>



### **1. Urgent Need Rental Assistance:**

The COVID-19 pandemic has had a massive impact on families' abilities to work for pay, and their capacity to pay their rent. Unpaid rents also affect landlords who must continue to pay mortgages, property taxes and maintenance costs for their rental properties in spite of their income from rents being reduced. The need for assistance has far outpaced the availability of local rental assistance funds. TDHCA is thus proposing making a \$105.9 million commitment from CDBG CARES funds for rental assistance. All funds will be allocated regionally to ensure broad geographic distribution in the state. As required by CDBG-CV rules, the emergency rental assistance will be made directly to the landlord or property owner, on behalf of the individual or families in need of assistance, and not directly to an individual or family in the form of a direct income payment. Funds dedicated to rental assistance will be programmed in the following ways.

- **Rental Assistance in Rural and Small Metro Areas:** As required by HUD, TDHCA will allocate at least \$40,000,886 (the amount of its first allocation) to non-entitlement units of general local government through a competitive notice of funding availability and made available regionally. Non-entitlement units are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000. There are approximately 1,000 rural and small cities and counties in Texas. The Department will provide specific program design guidelines, facilitating the program administration for non-entitlement awardees that do not have an existing rental assistance program. Based on the length of conducting a competitive application, we estimate the assistance will be available in communities approximately 6 months from the time this Plan is accepted by HUD.
- **Rapid Deployment in Entitlement Communities with Existing Rental Assistance Programs.** Approximately \$40 million will be directly committed to those entitlement communities already having COVID rental assistance programs. This will allow those larger cities and counties to quickly channel funds through their current programs. It is anticipated that cities and counties will be able to use their existing program design and intake forms, subject to approval from TDHCA. The documents executed by households and landlords will need to be those prepared by the Department, or meeting Department approval. It is estimated these funds will be available in communities within 2 months from the time the Plan is accepted by HUD. If only a limited number of entitlement communities with existing COVID rental programs are willing to accept a rental assistance contract, up to \$40 million earmarked for that purpose may be reduced and transferred into the competitive balance of state coverage.
- **Balance of State Coverage.** The funds within each region not allocated for non-entitlement awardees and not committed directly to entitlement communities with existing rental assistance programs – approximately \$25.9 million - will be used to fund one or more of the following: 1) entitlement communities within that region not already having a rental program in operation, 2) a regional organization to provide rental assistance to the balance of the area within that region, and/or 3) if

needed the state may provide assistance to the balance of the area within that region. It is the intent of TDHCA that an eligible household anywhere in the state will be able to apply for funds. To minimize the risk of duplication of benefits, properties in an area covered by a contracted non-entitlement or entitlement awardee will be assisted through that respective program, and will therefore not be eligible to be assisted through the regional or statewide activity.

**Eviction Diversion:** To keep Texans in their homes who have fallen behind on their rent because of the impact of COVID-19 and whose landlords have initiated eviction proceedings, all Subrecipients will be required to also serve as the Eviction Diversion rental assistance provider for one or more designated Justices of the Peace as specified by TDHCA and the Office of Court Administration. Ten percent of their contract amount will be set aside for this activity for a specified time and then may be reallocated by the Department into other Subrecipient contracts for this activity or be allowed to be used for rental assistance payments going forward by this Subrecipient, in the Department's sole discretion. Rental assistance will be in the form of lump sum payments for rental arrears to landlords in exchange for allowing tenants to remain in their homes and rental assistance payments going forward. The Supreme Court of Texas is intending to remove or seal the initiated eviction from the household's record to mitigate the secondary effects on the tenant's ability to rent housing in the future.

#### Significant Design Elements

- **Temporary Assistance.** Funds dedicated to this activity will assist households for no more than six months of rental assistance, including arrears. The assistance will allow payments for up to 5 months of arrears and at least one month of forward payment of the full amount of the contracted rent up to the Department established limit.
- **Income Level.** Households must be at or below 80% AMI and have been economically affected by the pandemic.
- **Regional Distribution.** All funds will be allocated regionally to ensure broad geographic distribution in the state.
- **Award Amounts and Contract Terms:** A minimum award size will be identified in the NOFA, and maximum award amounts will be identified which may vary based on the geographic area covered by the applicant. The contract term will be for 12 months.
- **Rent Reasonableness:** A subrecipient with an existing rental assistance program may utilize their own standard for determining rent reasonableness if found acceptable by the Department. All other subrecipients, and the Department, will apply a standard for which the amount of rent to be reimbursed may not be greater than 120% of the Small Area Fair Market Rent (or FMR if SAFMR rents do not exist).
- **Priority for Readiness to Assist and Leveraging.** For the funds made available through a competitive NOFA, greatest priority will be given to those Subrecipients that: 1) agree to access their Coronavirus Relief Funds (CRF) funds to be used as rental assistance, or 2) have already requested their CRF allocation.
- **Landlord Forgiveness of Late Fees.** The program will not cover late fees, court fees, or other penalties; landlords wishing to participate in the program must forgive all late fees that have been incurred by the



household up through the time that the payments are made.

- **Payments Directly to Landlords.** Subrecipients or the state will have the option of working with clients directly or via landlords, however payments must all be made to landlords directly. Landlord must acknowledge that household will not be evicted for non-payment of rent for the period of payments covered.

## 2. Food Bank Distribution Assistance

Funds dedicated to this activity will serve as state match for FEMA eligible activities related to food bank distribution. The Texas Department of Emergency Management (TDEM) has expended approximately \$133 million in food distribution activities to address food and nutrition needs statewide in response to the pandemic, of which the state was required to cover 25% (approximately \$33 million). These CDBG funds will cover approximately \$21 million of that match requirement, based upon a review of the CDBG eligibility of the incurred costs.

This activity will be accomplished through the execution of an Memorandum of Understanding, Interagency Agreement, or Contract between TDHCA and TDEM. Upon execution, funds can be paid. *It is estimated that funds can be distributed to TDEM within approximately 3 months from the time the Plan is accepted by HUD.*

## 3. Assistance for Persons with Disabilities

Given that persons with disabilities (PWD) are disproportionately low income and may be particularly vulnerable to both the physical and economic effects of COVID-19, TDHCA is proposing to use \$5 million specifically for those providers and facilities that assist persons with disabilities. It is estimated that the state will enter agreements, non-competitively, with an existing network of subrecipients to assist local providers in accessing funds. We anticipate funds will be made available to providers in communities approximately 4 months from the time the Plan is accepted by HUD.

### Significant Design Elements

- **Eligible Recipients.** Funds to be made available for providers of assistance to persons with disabilities (PWD) who have been economically impacted by the pandemic. Eligible providers will be defined in subsequent documents but is intended to include group homes. Providers can include both nonprofit and for-profit entities, however, for-profit entities may be more limited in the assistance they can receive which may be determined, in part, by their ownership structure and access to other resources. TDHCA is not authorized to limit assistance to one sub-category of PWD; all assistance discussed in this category of funding is eligible for any individual with a Disability as defined in 10 TAC Chapter 1, Subchapter B, §1.202.
- **Eligible Costs.** Providers may receive reimbursement for a series of eligible COVID-related expenses (not having been paid nor to be paid by another pandemic-specific funding source) including:
  - **Salaries/Wages.** For employees hired or retained specifically to provide COVID related assistance. Group homes and other providers have seen increased demand for staff time and increased levels of staffing to handle the more specialized needs around quarantining those with a COVID-19 diagnosis within a group home.
  - **Costs for Sheltering Outside the Group Home.** This activity would cover costs (such as hotels) for expenses incurred in quarantining residents with a COVID-19 diagnosis and currently living in group homes lacking sufficient space to quarantine.

- Personal Protective Equipment (PPE). Group homes have had increased costs for PPE for staff and PWD clients.
  - Costs of holding beds. To cover costs associated with clients who are temporarily relocated because of COVID, and for which the provider is not receiving income for that bed from another source, but is also not able to make the bed available to a new client. *NOTE: TDHCA has not yet established that this is an eligible use of funds with HUD. If HUD authorizes, a certain set of criteria will be established relating to setting a reimbursable cost for the bed, a providers policy for holding a bed aside, whether there is a tenant-paid portion, etc.*
- **Subrecipients.** TDHCA will contract with an existing network of subrecipients that currently serve as community centers working with providers.
  - **Caps:** Caps per provider will be established. Caps per provider per eligible expense category will be established.
  - **Limitations:** Eligible expenses must still meet the documentation requirements in 2 CFR Part 200, which may not have been followed by all group home providers.

#### **TDHCA Administration – \$9.9M**

TDHCA may use up to the 5 percent (\$7,092,313) allowed for general administration and up two percent (\$2,836,925) for technical assistance. From within those pools, up to approximately \$500,000 may be used to pursue expanded broadband planning efforts in the state focusing on the needs of households at 80% or below AMI. Note that the Consolidated Plan and OYAP have specific sections labeled and numbered by HUD that require certain information be provided. Reflected below are the labels of the required fields with the additional language that serves as the amendment.