

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CDBG-CV Second Substantial Amendment to 2019 One-Year Action Plan

Disclaimer

Attached is a draft of the CDBG-CV Second Substantial Amendment to the State of Texas Consolidated Plan: 2019 One-Year Action Plan. The version herein is the version that will constitute the official version for purposes of public comment.

Public Comment

**Public Comment Period: Starts: 8:00 a.m. Thursday, December 31, 2020
Ends: 5:00 p.m. Thursday, January 7, 2021, Austin local time**

Comments received after 5:00 p.m. Austin local time on Thursday, January 7, 2021 will not be accepted.

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

Texas Department of Housing and Community Affairs
Attn: Housing Resource Center
P.O. Box 13941
Austin, Texas 78711-3941
Fax: (512) 475-0070
Email: info@tdhca.state.tx.us

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

Please be aware that all comments submitted to the TDHCA will be considered public information.

Copies of the Listserv sent out to notify the public of this Amendment, in English, Spanish, French, German, Vietnamese, Russian, Korean, Chinese, Tagalog and Arabic can be found on the Housing Resource Center Announcements page: <https://www.tdhca.state.tx.us/housing-center/announcements.htm>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Texas Department of Housing and Community Affairs

Summary of CDBG-CV Second Amendment to the 2019 State of Texas Consolidated Plan One Year Action Plan

December 2020 / January 2021

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.

In November 2020, HUD approved the Department's Substantial Amendment to its One Year Action Plan reflecting the programming of all allocations of the CDBG-CV funds with a primary focus on rental assistance. Signed by the President on December 27, 2020, an additional and significant federal resource, the Coronavirus Relief Bill (tied to H.R. 133, The Consolidated Appropriations Act, 2021) is dedicated specifically to rental assistance.

The availability of the rental assistance resource through the Coronavirus Relief Bill provides an estimated \$1.9 billion for Texans and provides a widely needed dedicated source for rental assistance. In light of that new dedicated resource, TDHCA has reconsidered the highest and best use of the flexible CDBG-CV funds. The new Relief Bill funds being released contemporaneous with the previously planned CDBG-CV rental assistance funds, will inadvertently create competition between the programs as tenants and landlords seek out the program that can assist them the most; will create significant confusion among tenants, landlords, referral systems, and subrecipients; and will create a heightened risk of benefits being duplicated, a federal ineligible use of funds.

Therefore, TDHCA is proposing a second amendment to its 2019 State of Texas Consolidated Plan One-Year Action Plan specifically focused on using the CDBG-CV for rental assistance only for short-term coverage in the entitlement communities of Texas who were expecting CDBG-CV contracts as of January 15, 2021. This gap resource, estimated at approximately \$37.4 million, will be available for obligation by entitlement communities until July 31, 2021. All other funds previously identified as rental assistance in the initial Plan amendment will be used to provide payment assistance for households facing mortgage arrears and challenges in paying their mortgages due to the pandemic's economic impact on their household. This second amendment action being released for public comment is subject to rescission or amendment any time prior to its final submission to HUD.

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 Mortgage 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.

As previously stated, the Executive Director or designee may reallocate funds among these activities up to a 25% change without further amendment to this plan.

Uses for CDBG-CV Funds

| CDBG-CV Program Activity | Recommended Allocation |
|--|-------------------------------|
| 1. Urgent Need Rental/Mortgage Assistance <i>A. Approximately \$37.4 million allocated to entitlement cities and counties already operating COVID rental assistance programs for a rental assistance activity until COVID Relief Act funds are able to be released. A commitment of at least 10% of all RA is required to be available for eviction diversion.</i> <i>B. Competitive Allocation for Urgent Need Mortgage Payment Assistance (\$68,517,020)</i> <ul style="list-style-type: none"> • \$40,000,886 to be allocated to benefit non-entitlement cities and counties • \$28,516,134 to be allocated competitively to entitlement cities and counties, nonprofits and regional providers for Urgent Need Mortgage Payment Assistance | \$105,917,020 |
| 2. Food Bank Distribution Assistance | \$21,000,000 |
| 3. Provider Relief Assistance - Persons with Disabilities | \$5,000,000 |
| 4. Legal Services for Persons with Disabilities | \$250,000 |
| TDHCA Administration and Technical Assistance (up to 7%) | \$9,679,238 |
| Total first, second and third allocations from HUD | \$141,846,258 |

1. Urgent Need 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 or mortgage. 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. Up to now, the need for assistance has far outpaced the availability of local rental assistance funds. The Coronavirus Relief Bill is expected to channel an estimated \$1.9 billion into Texas for this purpose. As such TDHCA is only proposing to dedicate \$37.4 million of CDBG-CV for this purpose and only to be made available for those entitlement communities having anticipated receiving contracts from the state by January 15, 2021, until such time as Coronavirus Relief Bill funds are able to be released by providers (whether that provider is the state or communities who receive their own allocation of COVID Relief Act funds). All other funds originally contemplated for rental assistance will be made available for mortgage payment assistance.

\$37.4 million Rental Assistance

Rental Assistance in Entitlement Communities with Existing Rental Assistance Programs. Approximately \$37.4 million will be directly committed to those entitlement communities already having COVID rental assistance programs and that have submitted an application for such rental assistance by the December 28, 2020 deadline already having been released by TDHCA. This will continue to allow those larger cities and counties that had anticipated receiving contracts by January 15, 2021, to still receive funds until Coronavirus Relief Bill rental assistance funds can be accessed. Cities and counties will generally 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 contracts by January 15, 2021.

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.

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, Subrecipients receiving rental assistance 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. ***It is anticipated that the Coronavirus Relief Bill funds will now serve as the source for any other eviction diversion activities for the state.***

\$68.5 million Mortgage Assistance

As required by CDBG-CV rules, the emergency mortgage assistance payments will be made directly to mortgage lenders / loan servicers, 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 mortgage 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 monthly mortgage payment up to the Department established limit.

Funds dedicated to mortgage assistance will be allocated regionally to ensure broad geographic distribution in the state and programmed in the following ways:

- **Mortgage 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. Based on the length of conducting a competitive application, we estimate the assistance will be available in communities approximately 4-5 months from the time this Plan is accepted by HUD. The State may consider extending non-entitlement communities the option of having the state administer a program on their behalf.
- **Balance of State Coverage.** The funds within each region not allocated for non-entitlement awardees – approximately \$28.5 million - will be used to fund one or more of the following:

1) entitlement communities, 2) local or regional nonprofit organizations, 3) and/or regional organizations to provide mortgage assistance to the balance of the area within a region. If needed the state may provide assistance to the balance of the area within a region. It is the intent of TDHCA that an eligible household anywhere in the state will be able to apply for mortgage assistance 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.

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. *Legal Services for Persons with Disability – \$250K*

TDHCA will dedicate \$250K in legal services designed to address the specific needs and rights of people with disabilities who have been impacted by the pandemic.

5. *TDHCA Administration – \$9.7M*

TDHCA is allowed to use up to 5 percent of its allocation for general administration and up two percent for technical assistance for a total of \$9,929,238. However, TDHCA is planning to use up to \$9,679,238 – having dedicated \$250,000 out of this pool of funds for the provision of legal services for persons with disabilities. Also, from within the administration pool, 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. Some portion of these funds may be used to support the planning for and/or establishment of a statewide homeless information management warehouse, system or initiative.

NOTE: In the plan document that follows, the changes proposed are reflected in blackline so that the reader can quickly identify what has changed.

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) Legal services for persons with disabilities 5) Mortgage Assistance 4)6) 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) Legal services for persons with disabilities 5) Mortgage Assistance 4)6) 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 Mortgage 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 Other: Mortgage Assistance: 9,462,887 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: \$37,400,000 \$40,000,000 | Tenant-based rental assistance/Rapid Rehousing: 4,111 Households Assisted 6,596 |
| 28 | CDBG-CV Rental Mortgage Assistance for Balance of State Coverage | 2019 | 2019 | Affordable Housing Non-Homeless Special Needs | State of Texas | Rental Assistance TBRA | CDBG-CV: \$28,516,134 \$25,916,134 | Tenant-based rental Other: Mortgage assistance/Rapid Rehousing: 2,771 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 Legal Services for Persons With Disabilities | 2019 | 2019 | Non-Housing Community Development Non-Homeless Special Needs | State of Texas | Public Services | CDBG-CV: \$250,000 | Public Service activities other than Low/moderate income housing benefit: 0 Persons Assisted* |
| 32 | CDBG-CV Administration | 2019 | 2019 | Administration/ Technical Assistance | State of Texas | Rental Assistance TBRA Admin and Planning Public Service | CDBG-CV: \$9,679,238 | 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

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| 26 | Goal Name | CDBG-CV Rental <u>Mortgage</u> Assistance for Rural and Small Metro Areas |
| | Goal Description | Funds will be awarded competitively to units of general local governments (UGLGs) in the state of Texas for rental-mortgage assistance funds using a regional allocation to ensure broad geographic distribution in the state. |
| 27 | Goal Name | CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs |
| | Goal Description | Fund will be directly committed to those entitlement communities already having existing COVID rental assistance programs <u>and that applied for such program funds by the December 28, 2020 deadline already released.</u> This will allow those larger cities and counties to quickly channel funds through their current program infrastructure <u>until other Treasury dedicated rental assistance funds are available.</u> |
| 28 | Goal Name | CDBG-CV Rental <u>Mortgage</u> Assistance for Balance of State Coverage |
| | Goal Description | <u>The funds within each region not allocated for non-entitlement awardees – approximately \$28.5 million - will be used to fund one or more of the following: 1) entitlement communities, 2) local or regional nonprofit organizations, 3) and/or regional organizations to provide mortgage assistance to the balance of the area within a region. If needed the state may provide assistance to the balance of the area within a region.</u> 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 | Goal Name | CDBG-CV Food Bank Distribution Assistance |
| | Goal Description | 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 | Goal Name | Relief to Providers of Persons with Disabilities |
| | Goal Description | 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 | Goal Name | CDBG-CV Legal Services for Persons With Disabilities |
| | Goal Description | Funds will be directed to Disability Rights Texas to provide unique legal services to persons with disabilities. |
| 32 | Goal Name | CDBG-CV Administration |

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| | Goal Description | CDBG-CV General Administrative costs including Technical Assistance. Up to \$500,000 of these funds will also be used to support broadband planning. Some portion of these funds may be used to support the planning for and/or establishment of a statewide homeless information management warehouse, system or initiative. |
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AP-30 Methods of Distribution

Distribution Methods

Table 1 - Distribution Methods by State Program

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| 26 | State Program Name: | CDBG-CV rental <u>Mortgage</u> Assistance for Rural and Small Metro Areas |
| | Funding Sources: | CDBG-CV: \$40,000,886 |
| | Describe the state program addressed by the Method of Distribution. | 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 <u>mortgage</u> 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. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | <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<u>mortgage</u> assistance program.</p> |
| | Describe how resources will be allocated among funding categories. | <p>Funds dedicated to this activity will assist households for <u>no more than six months</u> of rental and<u>mortgage</u> 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 <u>monthly mortgage payment – including principal, interest, taxes, and insurance - if escrowed up to the Department-established limit. It is unclear at this time if taxes (as escrowed) are an eligible cost; however, because the taxes escrowed are a component of any arrears and payment, TDHCA would like to be able to determine this to be an eligible cost. If not initially determined by HUD as eligible, TDHCA will request a waiver from HUD for this factor so that the assistance can be of greatest help to Texans affected by the pandemic. contracted rent up to the Department established limit.</u></p> <p>The households needing assistance would be identified by Subrecipients reaching out to <u>households in their community</u>properties and/or tenants. Subrecipients will accept applications from landlords and will have the option of also working with clients directly<u>households</u>, however all payments must be made to landlords<u>mortgagees/loan servicers</u> directly.</p> |
| | Describe threshold factors and grant size limits. | 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 |

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| | | assistance per household. There may also be limitations regarding mortgages held or financed by a public agency. |
| What are the outcome measures expected as a result of the method of distribution? | | <p>Based on the following calculations, we estimate serving 6,3113,887 households</p> <ul style="list-style-type: none"> • Average Texas Mortgage Payment (including taxes) Fair Market Rent (FMR) for non-entitlement counties in Texas= \$1,492,919 • Estimated average months of assistance = 6 months • Total Cost for 4-6 months at Avg. FRM Mortgage Payment = \$5,5148,952 • Allocation of \$40,000,886 (minus 13% Subrecipient admin) = Estimated funds available for rental assistance or \$34,800,770 • Estimated # of Households to be served: 6,3113,887 |

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| 27 | State Program Name: | CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs |
| | Funding Sources: | CDBG-CV: \$40,000,000 \$37,400,000 |
| | Describe the state program addressed by the Method of Distribution. | Approximately \$37.440 million will be committed through non-competitive direct awards to those entitlement communities already having rental assistance programs responsive to the pandemic and that applied for CDBG-CV from the Department by December 28, 2020. The program is voluntary and cities and counties will have an opportunity to accept or decline the funds. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | There are 74 CDBG entitlement communities in the State of Texas. The Department will offer ed 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 programs until the Coronavirus Relief Bill rental assistance funds are available. |
| | Describe how resources will be allocated among funding categories. | <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> |
| | Describe threshold factors and grant size limits. | The amount of funds each entitlement will receive will be determined by dividing-allocating the \$ 37.440 M in this category among the entitlements with COVID-19 rental assistance programs that applied for such 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. |

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| | <p>What are the outcome measures expected as a result of the method of distribution?</p> | <p>Based on the following calculations, we estimate serving 4,111<u>4,397</u> households</p> <ul style="list-style-type: none"> • Average Fair Market Rent (FMR) for entitlement counties in Texas= \$1,319 • Estimated average months of assistance = 6 months • Total Cost for 6<u>4</u> months at Avg. FRM = \$7,914 • Allocation of \$40,000,000<u>\$37,400,000</u> minus 13% Subrecipient admin = Estimated funds available for rental assistance or \$34,800,000<u>\$32,538,000</u> • Estimated # of Households to be served: 4,397<u>4,111</u> |
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| 28 | State Program Name: | CDBG-CV Rental <u>Mortgage</u> Assistance for Balance of State Coverage |
| | Funding Sources: | CDBG-CV: \$ 28,516,134 <u>25,916,131</u> |
| | Describe the state program addressed by the Method of Distribution. | <p><u>The funds within each region not allocated for non-entitlement awardees – approximately \$28.5 million - will be used to fund mortgage assistance to one or more of the following: 1) entitlement communities, 2) local or regional nonprofit organizations, 3) and/or regional organizations to cover the balance of an area within a region.</u> 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"> 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 <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 <u>mortgage assistance</u> 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> |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | 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. |
| | Describe how resources will be allocated among funding categories. | Funds dedicated to this activity will assist households for <u>no more than six months</u> of rental and <u>mortgage</u> 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 <u>monthly mortgage payment – including principal, interest, taxes and insurance</u> contracted rent up to the Department established limit. <u>It is unclear at this time if taxes (as escrowed) are an eligible cost; however, because the taxes escrowed are a component of any arrears and payment, TDHCA would like to be able to determine this to be an eligible cost. If not initially eligible, TDHCA will request a waiver from HUD for this factor so that the assistance can be of greatest help to Texans affected by the pandemic.</u> |

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| | | 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 <u>households</u> . a All payments must be made to <u>mortgagees/loan servicers</u> landlords directly. |
| | Describe threshold factors and grant size limits. | 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 <u>and costs must be reasonable</u> . |
| | What are the outcome measures expected as a result of the method of distribution? | Based on the following calculations, we estimate serving <u>3,358</u> 2,771 households <ul style="list-style-type: none"> • Average <u>Texas Mortgage Payment (including taxes) Fair Market Rent (FMR) for all counties in Texas= \$1,119</u>1,492 • Estimated average months of assistance = 6 months • Total Cost for 6 months at Avg. FRM = <u>\$6,714</u>8,952 • Allocation of <u>\$28,516,134</u>\$25,916,131 minus 13% Subrecipient admin) = Estimated funds available for rental assistance <u>\$24,809,036</u>\$22,547,034 Estimated # of Households to be served: <u>2,771</u> 3,358 |

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| 29 | State Program Name: | CDBG-CV Food Bank Distribution Assistance |
| | Funding Sources: | CDBG-CV: \$21,000,000 |
| | Describe the state program addressed by the Method of Distribution. | <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> |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | Not applicable. |

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| | Describe how resources will be allocated among funding categories. | Not applicable. |
| | Describe threshold factors and grant size limits. | Not applicable. |
| | What are the outcome measures expected as a result of the method of distribution? | Match for eligible CDBG food expenses already incurred by the State. |

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| 30 | State Program Name: | CDBG-CV Assistance for Group Home Providers of Persons with Disabilities |
| | Funding Sources: | CDBG-CV: \$5,000,000 |
| | Describe the state program addressed by the Method of Distribution. | 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). |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | 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. |
| | Describe how resources will be allocated among funding categories. | 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. |
| | Describe threshold factors and grant size limits. | A maximum amount of assistance by category type and per provider will be implemented. |
| | What are the outcome measures expected as a result of the method of distribution? | Providers assisted (unknown number at this time). |
| 31 | State Program Name: | CDBG-CV Legal Services for Persons With Disabilities |
| | Funding Sources: | CDBG-CV: \$250,000 |

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| | Describe the state program addressed by the Method of Distribution. | Funds will be directed to Disability Rights Texas to provide unique legal services to persons with disabilities. This will be accomplished through a contract with Disability Rights Texas to administer the funds. |
| | Describe all of the criteria that will be used to select applications and the relative importance of these criteria. | Not Applicable |
| | Describe how resources will be allocated among funding categories. | Not Applicable |
| | Describe threshold factors and grant size limits. | Not Applicable |
| | What are the outcome measures expected as a result of the method of distribution? | Legal Services provided to Persons with Disabilities |

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~~ make changes to the initial ~~allocation of ESG-CV funding, HOPWA-CV, and relating to~~ 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 <u>Mortgage</u> Assistance for Rural and Small Metro Areas |
| 27 | CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs |
| 28 | CDBG-CV Rental <u>Mortgage</u> Assistance for Balance of State Coverage |
| 29 | CDBG-CV Food Bank Distribution Assistance |
| 30 | CDBG-CV Relief Assistance for Providers of Persons with Disabilities |
| 31 | CDBG-CV Legal Services for 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

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| 26 | Project Name | CDBG-CV Rental <u>Mortgage</u> Assistance for Rural and Small Metro Areas |
| | Target Area | State of Texas |
| | Goals Supported | Funds will be awarded competitively to units of general local governments (UGLGs) in the state of Texas for rental/utility assistance. If there are insufficient applicants, the Department may request UGLGs to hold a public hearing for the state to administer these funds on behalf of the UGLG. |
| | Needs Addressed | Rental <u>Mortgage Payment</u> Assistance |
| | Funding | CDBG-CV: \$40,000,886 |
| | Description | Funds will be awarded competitively to units of general local governments (UGLGs) in the state of Texas for mortgage rental assistance funds. |
| | Target Date | 9/30/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | 6,311 <u>3,887</u> Households |
| | Location Description | N/A |
| | Planned Activities | Mortgage Rental Assistance |
| 27 | Project Name | CDBG-CV Rental Assistance for Entitlement Communities with Existing Rental Assistance Programs |
| | Target Area | State of Texas |
| | Goals Supported | Fund will be directly committed to those entitlement communities already having rental assistance programs that applied to TDHCA by December 28, 2020 . This will allow those larger cities and counties to quickly channel funds through their current programs. |
| | Needs Addressed | Rental Assistance |
| | Funding | CDBG-CV: \$40,000,000 <u>\$37,400,000</u> |

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| | Description | Fund will be directly committed to those entitlement communities already having rental assistance programs that applied to TDHCA by December 28, 2020 . This will allow those larger cities and counties to quickly channel funds through their current programs. |
| | Target Date | 9/30/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | 4,111 4,397 Households |
| | Location Description | N/A |
| | Planned Activities | Rental Assistance |
| 28 | Project Name | CDBG-CV Rental Mortgage Assistance for Balance of State Coverage |
| | Target Area | State of Texas |
| | Goals Supported | Rental Mortgage Assistance |
| | Needs Addressed | Rental Mortgage Assistance |
| | Funding | CDBG-CV: 28,516,134 \$25,916,131 |
| | Description | <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 \$28.525.9 million - will be used to fund mortgage assistance to one or more of the following: 1) entitlement communities, 2) local or regional nonprofit organizations, 3) and/or regional organizations to cover the balance of an area within a region. If no organizations apply to serve a given area, the state may provide assistance to the balance of the area within that region.</p> <p>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.</p> |
| | Target Date | 9/30/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | 2,771 3,358 households served |
| Location Description | Not applicable | |

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|----|--|---|
| | Planned Activities | Rental Mortgage Assistance |
| 29 | Project Name | CV- Food Bank Distribution Assistance |
| | Target Area | State of Texas |
| | Goals Supported | CDBG-CV Feeding Texans Pandemic Response Program |
| | Needs Addressed | Public Services |
| | Funding | CDBG-CV: \$21,000,000 |
| | Description | <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> |
| | Target Date | 9/30/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | Not applicable |
| | Location Description | Not applicable |
| | Planned Activities | FEMA match for Food distribution |
| 30 | Project Name | CDBG-CV Relief to Providers of Persons with Disabilities |
| | Target Area | State of Texas |
| | Goals Supported | Providers assisted |
| | Needs Addressed | Public Services |
| | Funding | CDBG-CV: \$5,000,000 |

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|-----------|--|--|
| | Description | 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). |
| | Target Date | 9/30/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | Unknown at this this time |
| | Location Description | Not applicable |
| | Planned Activities | Relief to Providers of Persons with Disabilities |
| 31 | Project Name | CDBG-CV Legal Services for Persons With Disabilities |
| | Target Area | State of Texas |
| | Goals Supported | Legal Services for Persons with Disabilities |
| | Needs Addressed | Public Services |
| | Funding | CDBG-CV: \$250,000 |
| | Description | Funds will be directed to Disability Rights Texas to provide unique legal services to persons with disabilities |
| | Target Date | 9/30/2022 |
| | Estimate the number and type of families that will benefit from the proposed activities | Unknown at this time |
| | Location Description | Not applicable |
| | Planned Activities | Provision of legal services to Persons with Disabilities |