

## 2019 One Year Action Plan

### CDBG Minor Amendments – September 30, 2019

<b>7</b>	<b>State Program Name:</b>	Colonia Planning and Construction Funds
	<b>Funding Sources:</b>	CDBG CDBG Colonias Set-aside
	<b>Describe the state program addressed by the Method of Distribution.</b>	<p>The Colonia Planning Fund (CPF) funds planning activities that either targets a specific colonia(s) (Colonia Area Planning) or that provides a countywide comprehensive plan (Colonia Comprehensive Planning). In order to qualify for the Colonia Area Planning activities, the county applicant must have completed a Colonia Comprehensive Plan that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.</p> <p>The goal of the Colonia Fund Construction (CFC) fund is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons residing within a community or area that meets the definition of a colonia. An eligible county applicant may submit an application for the following eligible construction activities:</p> <p>Assessments for Public Improvements - The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low and moderate income to recover the capital cost for a public improvement.</p> <p>Other Improvements - Other activities eligible under 42 USC Section 5305 designed to meet the needs of colonia residents.</p>

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>Colonia Fund: Construction. The selection criteria for the Colonia Fund: Construction will focus upon the following factors: community distress; percentage of people living in poverty; per capita income; percentage of housing units without complete plumbing; unemployment rate; benefit to LMI persons; project priorities; project design; matching funds; and past performance.</p> <p>Colonia Fund: Planning (Area). The selection criteria for the Colonia Fund: Planning will focus upon the following factors: community distress; percentage of people living in poverty; per capita income; percentage of housing units without complete plumbing; unemployment rate; project design; the severity of need within the colonia area(s) and how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs; the planning activities proposed in the application; whether each proposed planning activity will be conducted on a colonia-wide basis; the extent to which any previous planning efforts for colonia area(s) have been accomplished; the CDBG cost per LMI beneficiary; the availability of funds to the applicant for project financing from other sources; the applicant's past performance on previously awarded CDBG contracts; benefit to LMI persons; and matching funds.</p> <p>Colonia Fund: Planning (Comprehensive). The selection criteria for the Colonia Fund: Planning will focus upon the following factors: community distress; percentage of people living in poverty; per capita income; percentage of housing units without complete plumbing; unemployment rate; project design; the severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs; the extent to which any previous planning efforts for colonia area(s) have been accomplished; whether the applicant has provided any local matching funds for the planning or preliminary engineering activities; the applicant's past performance on previously awarded CDBG contracts; and award history (an applicant that has previously received a CDBG comprehensive planning award would receive lower priority for funding).</p>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>Guidelines, applications and additional program documentation can be found on TDA's website at <a href="http://www.texasagriculture.gov">www.texasagriculture.gov</a>.</p>

	<b>Describe how resources will be allocated among funding categories.</b>	The State CDBG allocation 6.75% (approximately) is allocated to the Colonia Fund. Of the yearly CDBG allocation to the Colonia Construction and Planning Fund, 97.5% (approximately) of those funds are to award grants through the CFC and 2.5% (approximately) are to award grants through the CFP. Subsequent to awarding funds, any portion of the CFC allocation that is unable to be awarded (i.e., fund an application in the minimum amount of \$75,000, etc.) may be used to fund additional eligible CFP applications, and conversely, any portion of the CFP allocation that is unable to be awarded may be used to fund additional eligible CFC applications.
	<b>Describe threshold factors and grant size limits.</b>	CFP Maximum \$100,000/Minimum \$0 CFC Maximum \$1,000,000/Minimum \$75,000
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Activities Benefiting LMI Persons
<b>11</b>	<b>State Program Name:</b>	Fire, Ambulance, & Services Truck (FAST) Fund
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The Fire, Ambulance, & Services Truck (FAST) Fund provides funds for eligible vehicles to provide emergency response and special services to rural communities.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	Applications will be scored and ranked based on: <ul style="list-style-type: none"> <li>• Poverty Rate (Census data)</li> <li>• Past performance on TxCDBG grants (see CD Fund State scoring factors)</li> </ul>
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	Guidelines, applications and additional program documentation can be found on TDA's website at <a href="http://www.texasagriculture.gov">www.texasagriculture.gov</a> .

	<b>Describe how resources will be allocated among funding categories.</b>	<p><a href="#">All deobligated funds from fund year 2015 and earlier will be made available for the FAST Fund according to the procedures described in the Additional Detail on Method of Distribution section following this table.</a></p> <p><del>All deobligated funds from fund year 2015 and earlier will be made available for the FAST Fund on the first day of the program year. This amount may be increased as additional funds are deobligated during the program year.</del></p>
	<b>Describe threshold factors and grant size limits.</b>	Minimum \$100,000/Maximum \$500,000
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Activities Benefiting LMI Persons
15	<b>State Program Name:</b>	TCF Main Street and Downtown Revitalization Programs
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The Texas Capital Fund (TCF) Main Street and Downtown Revitalization Programs award grant funds for public infrastructure to foster and stimulate economic development in rural downtown areas.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	<p>The selection criteria for the TCF Main Street Program for eligible Texas Main Street communities will focus upon the following factors:</p> <ul style="list-style-type: none"> <li>a. Applicant Need criteria, including poverty rate, median income, unemployment rate, and community need.</li> <li>b. Project criteria, including leverage, economic development consideration, sidewalks projects and Americans with Disabilities Act (ADA) compliance, broad-based public support, emphasis on benefit to LMI persons, and grant application training; and</li> <li>c. Main Street program criteria, including National Main Street program recognition, Main Street program participation, historic preservation ethic impact.</li> </ul> <p>The selection criteria for the TCF Downtown Revitalization Program will focus upon the following factors:</p> <ul style="list-style-type: none"> <li>a. Applicant Need criteria, including poverty rate, median income, unemployment rate, and community need;</li> <li>b. Project criteria, including leverage, economic development consideration, sidewalks projects, and ADA compliance, broad-based public support, emphasis on benefit to LMI persons, and grant application training; and</li> <li>c. Past Performance.</li> </ul>

	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	Guidelines, applications and additional program documentation can be found on TDA's website at <a href="http://www.texasagriculture.gov">www.texasagriculture.gov</a> .
	<b>Describe how resources will be allocated among funding categories.</b>	4.7% of the State CDBG allocation is allocated to the TCF Main Street and Downtown Revitalization Programs; in addition, <a href="#">unexpended TCF allocation funds, program income funds, or</a> deobligated funds may be allocated for the these programs, <del>up to a total funding amount of \$3,500,000</del> . <del>Program income funds may be transferred to this category on August 1</del> if such funds have not been utilized by other TCF programs (if available).
	<b>Describe threshold factors and grant size limits.</b>	Maximum <del>\$250,000</del> <a href="#">350,000</a> /Minimum \$50,000
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Eliminate or prevent slum and blight conditions.
16	<b>State Program Name:</b>	TCF Real Estate and Infrastructure Development Programs
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	The Texas Capital Fund (TCF) Real Estate and Infrastructure Development Programs provides grants and/or loans for Real Estate and Infrastructure Development to create or retain permanent jobs in primarily rural communities and counties.

<p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>	<p>The selection criteria for the TCF Real Estate and Infrastructure Development will focus upon the following factors:</p> <ul style="list-style-type: none"> <li>a. Job creation criteria: <ul style="list-style-type: none"> <li>i. Cost-per-job,</li> <li>ii. Job impact,</li> <li>iii. Wage impact, and</li> <li>iv. Primary jobs created/retained;</li> </ul> </li> <li>b. Unemployment rate; and</li> <li>c. Return on Investment.</li> </ul> <p>Once applications are evaluated and determined to be in the funding range the projects will be reviewed upon the following additional factors:</p> <ul style="list-style-type: none"> <li>a. History of the applicant community in the program.</li> <li>b. Strength of the business or marketing plan;</li> <li>c. Evaluation of the business and the business' principal owners credit;</li> <li>d. Evaluation of community and business need; and</li> <li>e. Justification of minimum necessary improvements to serve the project.</li> </ul>
<p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>	<p>Guidelines, applications and additional program documentation can be found on TDA's website at <a href="http://www.texasagriculture.gov">www.texasagriculture.gov</a>.</p>
<p><b>Describe how resources will be allocated among funding categories.</b></p>	<p>11.9% of the State CDBG allocation is allocated to the Real Estate and Infrastructure Development Programs. In addition, program income funds generated by TCF projects and not otherwise allocated are made available for the Real Estate and Infrastructure Development Programs on the first day of a program year.</p> <p>In accordance with 24 CFR 570.479(e)(ii), the State has determined that program income generated by TCF during PY 2017 must be returned to the State for redistribution to new economic development activities. TCF awards are made for a specific project, based on the minimum necessary work to support the creation or retention of specific jobs, which must be completed prior to close out of the TCF contract. Therefore the community is unlikely to continue funding the same activity in the near future as described in the new regulation.</p>
<p><b>Describe threshold factors and grant size limits.</b></p>	<p>Maximum \$1,000,000/Minimum \$100,000</p>

	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Activities Benefiting LMI Persons
18	<b>State Program Name:</b>	Utility U Program
	<b>Funding Sources:</b>	CDBG
	<b>Describe the state program addressed by the Method of Distribution.</b>	Utility U provides funds to cities and counties, in coordination with water and wastewater utilities, to provide job training opportunities in the utility field. Both classroom and on-site training methods provided by a community based development organization (CBDO) or similar organization shall provide critical utility industry skills to current and newly hired employees to create or enhance job opportunity.
	<b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b>	The Utility U Program will be available to cities and counties only upon recommendation by two or more state or federal regulatory or funding agencies. These agencies are expected to evaluate the need for job training for a specific utility or group of utilities prior to making a recommendation to TDA. The utility must agree to employ the trainee for a minimum of two years following completion of the training.
	<b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b>	Guidelines, applications and additional program documentation are available upon request.
	<b>Describe how resources will be allocated among funding categories.</b>	<u><a href="#">\$0 of allocation is made available for the Utility U Program on the first day of the program year. If an eligible project is recommended for funding, up to \$200,000 may be transferred according to the procedures described in the Additional Detail on Method of Distribution section following this table.</a></u> <del><u><a href="#">\$0 of allocation is made available for the Utility U Program on the first day of the program year. If an eligible project is recommended for funding, up to \$100,000 may be transferred from other fund categories as needed.</a></u></del>
	<b>Describe threshold factors and grant size limits.</b>	Maximum \$100,000/Minimum \$30,000
	<b>What are the outcome measures expected as a result of the method of distribution?</b>	Activities Benefiting LMI Persons

**Attachment: Allocation of CDBG program income and deobligated funds**

Deobligated Funds: On the first day of the program year, CDBG deobligated funds (other than those associated with the Colonia Self Help center program) will be made available to the fund categories as described in the table below.

Funds deobligated during the course of the program year may be made available at any time to the fund categories described below, or to other fund categories experiencing unusually high demand. Deobligated funds may also be used to fully fund pending applications in any fund category for which only partial funding is available.

<u>Fund Category</u>	<u>Original Program Year Source of Deobligated Funds</u>	<u>Amount Initially Allocated</u>
<u>Community Development</u>	<u>2016 and later</u>	<u>All funds</u>
<u>FAST Fund</u>	<u>2015 and prior</u>	<u>All funds</u>
<u>Disaster Relief Fund and/or Urgent Need Fund (2/1/2019 - 12/31/2019)</u>	<u>2016 and later</u>	<u>\$0 (Up to \$3,000,000 may be transferred from CD Fund or other available funds)</u>
<u>State Urgent Need Fund 1/1/2020 – 8/31/2020</u>		
<u>Utility U</u>	<u>2015 and prior</u>	<u>\$0 (Up to \$200,000 may be transferred from FAST Fund)</u>

**Program Income:**

Program income is defined as gross income received by a state, a unit of general local government, or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the CDBG Program. This amount will be matched by the State on a dollar-for-dollar basis.

**TCF and Revolving Loan Fund ("RLF") Program Income**

Funds retained in any existing local RLF must be committed within three years of the original CDBG contract programmatic close date. At least one eligible loan/award from the local RLF must be made every three years. Every award from the RLF must be used to fund the same type of activity from which



such income was derived. A local RLF may retain a cash balance not greater than 33% of its total cash and outstanding loan balance. All activities funded with RLF funds must comply with CDBG regulations and rules and guidelines. If a local government does not comply with the RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

To the extent there are eligible applications, program income derived from the TCF real estate [and/or infrastructure](#) projects will be used to fund awards under the TCF. Other available program income shall be allocated based on the methodology used to allocate Deobligated Funds.

**Additional detail for Geographic Allocation:**

Funds for projects under the CD Fund are allocated among the 24 State planning regions based on the following: The original CD formula is used to allocate 40% of the annual State CDBG allocation.

- Original CD formula (40%) factors:
  - a. Non-Entitlement Population 30%
  - b. Number of Persons in Poverty 25%
  - c. Percentage of Poverty Persons 25%
  - d. Number of Unemployed Persons 10%
  - e. Percentage of Unemployed Persons 10%
  
- To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible non-entitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information. TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f). The HUD formula is used to allocate 21.71% of the annual State CDBG allocation.
  
- The formula is the same methodology that HUD uses to allocate CDBG funds among the States for use in non-entitlement areas. The HUD factors, percentages, and methodology are specified in 42 USC. §5306(d). TDA will use available data to calculate the allocations to each region.
  
- Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:
  - (A) the average of the ratios between:
    - o the population of the non-entitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
    - o the extent of poverty in the non-entitlement areas in that region and the extent of poverty in the non- entitlement areas of all 24 regions (counted two times - 50% weight); and

- o the extent of housing overcrowding in the non-entitlement areas in that region and the extent of housing overcrowding in the non-entitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- o the age of housing in the non-entitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);

- o the extent of poverty in the non-entitlement areas in that region and the extent of poverty in the non-entitlement areas of all 24 regions (counted one and one half times - 30% weight); and

- o the population of the non-entitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

### **Unobligated Funds**

For an award that is withdrawn from an applicant, the TDA follows different procedures for the use of those recaptured funds depending on the fund category in which the award is withdrawn.

1. The CD Fund – funds from the withdrawal of an award shall be offered to the next highest ranked applicant from that region that was not recommended to receive an award due to depletion of the region’s allocation. A marginal amount may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum CD Fund grant amount. Any funds remaining from a regional allocation that are not accepted by an applicant, that are not offered to an applicant, or remain due to lack of additional, unfunded applications, may be allocated among regions with eligible, unfunded applications. If unallocated to another region, they are then subject to the procedures used to allocate Deobligated Funds.

2. The PCB Fund – funds from the withdrawal of a PCB award are offered to the next highest ranked applicant that was not recommended to receive an award due to depletion of the fund’s annual allocation. A marginal amount may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum grant amount. Any funds remaining from the allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other CDBG fund categories and, if unallocated to another fund, are then subject to the procedures used to allocate Deobligated Funds.

3. The Colonia Funds – funds from the withdrawal of any Colonia Fund award remain available to potential Colonia Fund applicants during that program year. If unallocated within the Colonia Fund, funds then may be used for other CDBG fund categories to fund eligible projects or activities that assist colonia residents. Remaining unallocated funds are then subject to the procedures used to allocate Deobligated Funds.

4. DR/UN/[SUN](#) Funds - funds from the withdrawal of a DR/UN/[SUN](#) award remain available to potential DR/UN/[SUN](#) Fund applicants during that program year. If unallocated within the DR/UN Fund, the funds are subject to the procedures used to allocate Deobligated Funds.

5. The TCF – funds from the withdrawal of a Main Street, Downtown Revitalization or Small and Micro Enterprise Revolving Fund award shall be offered to the next highest ranked application that was not recommended to receive an award due to depletion the program’s allocation. Funds from the withdrawal of a Real Estate and Infrastructure award shall be made available in the next round of competition. Any unallocated TCF funds are then subject to the procedures used to allocate Deobligated Funds.