

## PART II: Narrative Performance and Evaluation Report

### PROGRAM PERFORMANCE

This section reports on the PY 2013 (February 1, 2012-January 31, 2013) performance in the Community Development for the following subjects, as required by 24 CFR §91.520(a) and (d):

- Description of the resources made available
- Investment of the available resources
- Geographic distribution and location of investments
- Families and persons assisted
- Description of the use of Community Development Block Grant (CDBG) funds during the program year
- Assessment of the relationship of that use to the priorities and specific objectives identified in the plan
- The nature of and reasons for any changes in program objectives
- Indications of how TDA would change the program as a result of its experiences.

The objective of the Community Development Block Grant Program (CDBG) is “the development of viable communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for persons of low and moderate income (0-80 percent of Area Median Family Income (AMFI)).” Due to a state Legislative action effective October 1, 2011, TDA administers the “non-entitlement” or “states and small cities program.” Under this program, HUD allocates CDBG funds directly to the State, which, in turn, allocates funds to small, non-metropolitan cities (populations of less than 50,000) and rural counties. Large metropolitan communities (populations of 50,000 or more), known as “entitlement areas,” receive their CDBG funding directly from HUD. The demographics and rural character of Texas have shaped a state CDBG program that focuses on providing basic sanitary infrastructure to small rural communities in outlying areas. Eligible activities include sanitary sewer systems, water treatment improvements, disaster relief and urgent needs projects, housing, drainage and flood control, street improvements, and economic development.

### **DESCRIPTION OF RESOURCES**

This section describes CDBG funding that was available for PY 2013.

#### ***PY 2013 Funding***

The following table lists the amount of funds available for PY 2013 through the HUD allocation, distributed according to the CDBG 2013 Action Plan. 2013 Total State Allocation: \$62,566,661.

**PY 2013 CDBG State Allocation**

<b>Fund</b>	<b>2013 Allocation by Program Fund</b>	<b>2013 Program Allocation</b>
Community Development	61.71%	\$38,609,886
Texas Capital Fund	14.51%	\$9,078,423
Colonia Fund		
Colonia Planning and Construction	6.80%	\$4,254,533
Colonia EDAP	3.20%	\$2,000,000
Colonia Set-aside	2.50%	\$1,564,167
Planning and Capacity Building	0.90%	\$565,340
Disaster Relief/Urgent Need		
Disaster Relief	4.10%	\$2,565,233
STEP Fund	3.12%	\$1,952,079
Admin (including TA) 3%	3.00%	\$1,877,000
Admin - \$100k (in addition to the 3%)	0.16%	\$100,000
<b>TOTALS:</b>	<b>100.00%</b>	<b>\$62,566,661</b>

**PY 2013 Activities**

Each activity proposed for funding under CDBG must address one or more of the following three national program objectives:

- Principally benefit low and moderate income persons. (At least 51 percent of the identified beneficiaries must have an income of less than 80 percent of the area median family income).
- Aid in the prevention or elimination of slum and/or blighted areas.
- Meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community.

Activities are funded under the following program categories:

**Community Development Fund**

Grants are awarded on a competitive basis to address public facilities and housing needs such as sewer and water system improvements, street and drainage improvements, and housing rehabilitation activities.

**Texas Capital Fund**

Grants are awarded on a competitive basis based on objective scoring to eligible communities to address economic development needs by providing infrastructure and real estate improvements in support of businesses willing to create/retain jobs. This fund also includes the Main Street and Downtown Revitalization (MS/DRP) programs that provide matching grant funds for public infrastructure to foster and stimulate economic development in rural downtown areas. Communities eligible for the Main Street program must be a designated Texas Main Street Community.

### **Colonia Fund**

Construction and planning grants are awarded on a competitive basis for community development projects such as sewer, water, and housing rehabilitation to county applicants for projects in unincorporated “eligible colonia” areas located within 150 miles of the Texas-Mexico border and outside metropolitan areas. Eligible colonias are identifiable, unincorporated communities lacking one or more basic services such as potable water supply, adequate sewage systems, and decent, safe and sanitary housing. This fund also includes legislative set asides to provide grants for the operation of colonia self-help centers located in seven Texas-Mexico border counties and for Economically Distressed Areas Program (EDAP) grants on an “as-needed” basis to provide water and sewer connections on projects funded by the Texas Water Development Board.

### **Planning/Capacity Building Fund**

Grants are awarded on a statewide competitive basis to assist eligible cities and counties in planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or address other needed local planning elements. Emphasis is placed on housing analysis, mapping, and public infrastructure planning.

### **Disaster Relief/Urgent Need Fund**

Assistance is available to localities impacted by a natural disaster or an urgent need situation. Disaster Relief Funds address damages caused by natural disasters such as floods or tornadoes following an emergency declaration by the President or Governor. In 2012, “natural disaster” was expanded to include drought. Urgent need assistance is available for unanticipated and dangerous local situations, contingent upon the availability of funds.

### **Texas Small Towns Environment Program (STEP) Fund**

Grants are awarded on a statewide competitive basis to cities and counties to assist communities willing to solve water and sewer problems by utilizing self-help techniques. This approach encourages local support such as volunteer labor and donated materials and/or equipment.

## **INVESTMENT OF RESOURCES**

This section describes CDBG funding commitments that were made during the reporting period, using PY 2013 funds as well as program income and deobligated funds from prior program years.

### ***PY2013 Funding Commitments***

For PY 2013, the CDBG program committed \$75,871,400 through 254 grants.

## Program Performance

### Community Development

#### Total Amount of Funds Committed during PY 2013

Programs	No. of Awards	2013 Allocation	Prior Year - Allocation	Prior Year - Deobligated	Program Income	2013 Total Obligation
Community Development Fund	158	\$38,609,886		\$4,269,856		\$42,879,742
Colonia Construction Fund	11	\$4,061,006	\$1,438,994			\$5,500,000
Colonia Self-Help Centers						\$0
Colonia Economically Distressed Areas	2		\$619,665			\$619,665
Colonia Fund - Planning	1	\$24,250				\$24,250
Disaster Relief / Urgent Need	29	\$2,565,233	\$1,050,000	\$5,792,000		\$9,407,233
Texas Capital Fund *	22	\$8,874,390	\$2,076,189	\$1,705,399	\$2,217,631	\$14,873,609
Planning / Capacity Building Fund	15	\$560,495				\$560,495
STEP Fund	8	\$991,463	\$661,224	\$353,719		\$2,006,406
Acquisition -Included with TCF	8					\$0
<b>Total</b>	<b>254</b>	<b>\$ 55,686,722.58</b>	<b>\$ 5,846,072.00</b>	<b>\$ 12,120,974.42</b>	<b>\$ 2,217,631.00</b>	<b>\$ 75,871,400.00</b>

\*Program Income (TCF): \$1,345.735 of total PI is PI-Deobligated

### Matching Requirements

Match requirements vary by funding category:

- Matching funds are required for Texas Capital Fund and Planning/Capacity Building Fund contracts.
- Projects with matching funds receive a scoring advantage for other fund categories – the Community Development Fund (if selected as a scoring criteria by the Regional Review Committee), Colonia Construction Fund, Colonia Planning Fund - Area Studies, and Renewable Energy Demonstration Pilot Program.
- Matching funds are neither a requirement nor scoring factor for the STEP Fund, Colonia Planning Fund-Comprehensive Studies, and Colonia Self-Help Centers.
- For PY 2013, the \$75,871,400 in CDBG funds was matched by 50%, or \$38,037,495 in local commitments.

#### Matching Funds Committed by Grantees, Contracts Awarded in PY 2013

Programs	No. of Awards	Amount of Grant Awards	Amount of Match Funds
Community Development Fund	158	\$42,879,742	\$5,633,481
Colonia Construction Fund	11	\$5,500,000	\$1,101,549
Colonia Fund - Planning	1	\$24,250	\$0
Colonia Economically Distressed Areas Program	2	\$619,665	\$0
Disaster Relief / Urgent Need	29	\$9,407,233	\$2,120,612
Texas Capital Fund	30	\$14,873,609	\$29,093,619
Planning / Capacity Building Fund	15	\$560,495	\$88,234
STEP Fund	8	\$2,006,406	\$0
<b>Total</b>	<b>254</b>	<b>\$75,871,400</b>	<b>\$38,037,495</b>

CDBG staff continues to work with the U.S. Department of Agriculture and Texas Water Development Board on projects that leverage funds from multiple agencies to take full advantage of available resources.

## DISTRIBUTION OF INVESTMENTS

This section reports on how PY 2013 funds were distributed and the location of CDBG awards.

### Allocation Formula

The CDBG program distributes funds using both statewide competitions and regional competitions. The Community Development Fund uses a specific formula based on population, poverty, and unemployment to distribute funds on a biennial basis to each of the 24 Council of Government regions across the state. Applicants compete within each region for the funds allocated to that area. Regional competitions ensure that funds are distributed across the state and allow each region to establish its own priorities for selecting applications for funding within the scope of the program.

All other CDBG funds are available to eligible cities and counties through statewide competitive processes. A statewide competition in the smaller funding categories provides for standardized consideration and funding of the most competitive applications regardless of the project location.

### Award Locations

PY 2013 CDBG awards were made in the following areas of the state:

County	No. of Awards	Amount of Awards	Beneficiaries	LMI Beneficiaries
ANDERSON	2	\$1,025,000.00	1,368	730
ARANSAS	2	\$800,000.00	195	165
ARCHER	2	\$544,450.00	698	384
ATASCOSA	2	\$550,000.00	3,320	1,881
AUSTIN	2	\$700,000.00	6,408	3,358
BANDERA	1	\$350,000.00	484	321
BAYLOR	1	\$44,140.00	2,908	1,521
BEE	1	\$500,000.00	74	68
BELL	1	\$275,000.00	1,593	968
BLANCO	1	\$275,000.00	1,150	607
BOSQUE	3	\$584,813.00	2,988	1,603
BOWIE	*2	\$181,725.00	3,912	1,927
BRAZOS	1	\$750,000.00	128	66
BREWSTER	1	\$168,637.00	492	254
BRISCOE	2	\$625,000.00	1,501	1,105
BROWN	1	\$275,000.00	385	199
BURNET	3	\$900,000.00	5,687	3,029
CALDWELL	1	\$275,000.00	442	332
CAMERON	7	\$2,249,638.00	47,962	28,535
CAMP	1	\$275,000.00	37	36
CASS	5	\$1,135,380.00	3,414	1,886
COKE	1	\$200,000.00	326	180
COLEMAN	1	\$275,000.00	5,085	2,689
COLORADO	2	\$1,350,000.00	3,599	1,895

## Program Performance

### Community Development

CONCHO	1	\$200,000.00	119	103
COOKE	1	\$200,000.00	54	30
CORYELL	1	\$25,605.00	458	244
CROSBY	1	\$275,000.00	1,817	1,013
CULBERSON	1	\$168,637.00	2,975	1,599
DALLAS	1	\$275,000.00	1,955	1,086
DEAF SMITH	1	\$275,000.00	213	135
DICKENS	1	\$275,000.00	247	178
DIMMIT	2	\$460,000.00	1,408	1,076
DUVAL	1	\$500,000.00	47	43
EASTLAND	2	\$1,025,000.00	2,255	1,190
ECTOR	1	\$350,000.00	247	131
EDWARDS	2	\$650,000.00	1,361	886
EL PASO	3	\$383,049.00	2,548	1,430
ELLIS	5	\$1,249,163.00	18,288	10,231
ERATH	1	\$275,000.00	566	370
FANNIN	3	\$550,000.00	338	214
FAYETTE	1	\$275,000.00	1,140	771
FLOYD	*2	\$700,000.00	3,397	1,609
FOARD	1	\$28,995.00	961	668
FRIO	2	\$1,025,000.00	2,920	2,002
GAINES	1	\$150,000.00	2,334	1,191
GALVESTON	1	\$350,000.00	6,211	3,698
GARZA	1	\$350,000.00	3,205	1,689
GONZALES	3	\$700,000.00	4,340	2,696
GRAYSON	1	\$200,000.00	375	220
GRIMES	1	\$275,000.00	6,767	3,505
GUADALUPE	1	\$36,810.00	1,053	552
HALE	1	\$275,000.00	260	221
HAMILTON	1	\$275,000.00	1,354	700
HARDIN	3	\$825,000.00	2,596	1,399
HARRISON	1	\$349,657.00	119	90
HASKELL	4	\$1,325,000.00	7,555	4,298
HENDERSON	4	\$1,224,990.00	2,186	1,480
HIDALGO	2	\$997,775.00	1,371	1,336
HILL	1	\$274,999.00	286	159
HOCKLEY	2	\$550,000.00	1,328	784
HOOD	*2	\$625,000.00	1,946	886
HOWARD	1	\$350,000.00	874	599
HUNT	4	\$1,152,610.00	4,397	3,075
IRION	*3	\$900,000.00	1,716	857
JACK	1	\$275,000.00	595	461
JACKSON	2	\$550,000.00	2,195	1,177
JASPER	2	\$550,000.00	269	150
JEFF DAVIS	2	\$337,274.00	813	658

Program Performance

Community Development

JEFFERSON	2	\$550,000.00	219	116
JIM WELLS	2	\$800,000.00	200	173
JOHNSON	3	\$900,000.00	27,012	14,669
KARNES	1	\$275,000.00	1,104	719
KAUFMAN	2	\$1,025,000.00	210	143
KINNEY	1	\$194,094.00	1,876	1,202
KNOX	3	\$899,500.00	2,845	1,602
LA SALLE	1	\$160,250.00	43	39
LAMB	1	\$350,000.00	813	441
LEE	1	\$275,000.00	980	649
LEON	2	\$550,000.00	1,032	566
LIBERTY	1	\$350,000.00	391	366
LIMESTONE	1	\$300,000.00	852	494
LIVE OAK	1	\$300,000.00	123	101
LUBBOCK	1	\$30,780.00	658	346
MADISON	1	\$54,720.00	4,013	2,056
MARION	1	\$136,025.00	1,024	774
MATAGORDA	3	\$2,299,900.00	340	331
MAVERICK	1	\$403,785.00	1,978	1,119
MCLENNAN	2	\$574,999.00	10,379	5,505
MEDINA	4	\$1,100,000.00	2,184	1,455
MILAM	2	\$550,000.00	6,362	3,520
MILLS	*2	\$399,500.00	3,416	1,534
MITCHELL	1	\$750,000.00	38	38
MONTAGUE	1	\$275,000.00	2,798	2,003
MOORE	1	\$275,000.00	2,003	1,066
MORRIS	1	\$275,000.00	617	493
NACOGDOCHES	2	\$550,000.00	1,223	728
NAVARRO	6	\$2,611,560.00	2,113	1,185
NEWTON	*3	\$643,000.00	6,249	2,902
NUECES	1	\$30,780.00	776	402
OCHILTREE	1	\$275,000.00	1,147	612
PALO PINTO	3	\$649,900.00	40	22
PANOLA	2	\$522,000.00	623	475
PARMER	* 2	\$625,000.00	1,942	990
PECOS	1	\$350,000.00	418	223
PRESIDIO	2	\$336,775.00	4,224	3,054
RAINS	3	\$825,000.00	1,471	1,251
REAL	1	\$161,743.00	1,050	825
RED RIVER	*3	\$1,375,000.00	7,557	2,912
REFUGIO	4	\$1,144,410.00	6,255	3,367
ROBERTSON	3	\$1,225,000.00	933	507
RUNNELS	2	\$550,000.00	4,255	2,212
SABINE	2	\$550,000.00	1,134	599
SAN PATRICIO	3	\$824,250.00	2,406	1,641
SHELBY	4	\$1,399,319.00	1,161	743

## Program Performance

### Community Development

SMITH	1	\$275,000.00	67	45
STARR	2	\$586,834.00	271	260
TARRANT	1	\$275,000.00	1,493	990
TAYLOR	1	\$275,000.00	2,528	1,294
TRINITY	1	\$250,000.00	2,684	1,514
UVALDE	4	\$1,265,145.00	29,788	16,458
VAL VERDE	5	\$1,698,470.00	34,160	17,633
VAN ZANDT	2	\$549,114.00	648	508
WALKER	3	\$718,910.00	316	188
WASHINGTON	1	\$275,000.00	112	100
WEBB	2	\$415,307.00	3,599	3,179
WHARTON	2	\$700,000.00	1,109	768
WHEELER	1	\$230,920.00	188	129
WICHITA	1	\$275,000.00	76	56
WILBARGER	1	\$275,000.00	906	634
WILLACY	5	\$1,346,146.00	21,284	13,663
WISE	2	\$550,000.00	4,910	2,623
WOOD	1	\$275,000.00	77	66
ZAPATA	1	\$293,417.00	262	194
MABANK	1	\$265,000.00	2,120.00	1,189
<b>Total</b>	<b>254</b>	<b>\$75,869,900.00</b>	<b>416,700</b>	<b>238,290</b>

\* Includes one or more projects funded under the Urgent Need National Objective or the Elimination of Slum and Blight National Objective

## FAMILIES AND PERSONS ASSISTED

This section describes the households and persons assisted with CDBG funds.

### Anticipated Persons Served with PY 2013 Funding

For contracts that were awarded with PY 2013 funds, there are 414,973 total anticipated beneficiaries, of which 59 percent were low- and moderate-income persons.

#### Estimated Beneficiaries, Contracts Awarded in PY 2013

Programs	Proposed Beneficiaries	Proposed LMI Beneficiaries
Community Development Fund	225,210	133,729
Colonia Construction Fund	2,349	2,208
CEDAP	872	872
Colonia Fund - Planning	127	107
Disaster Relief / Urgent Need	132,248	75,060
Texas Capital Fund	14,122	8,996
Planning / Capacity Building Fund	37,412	20,130
STEP Fund	2,633	2,054
Other		
<b>Total</b>	<b>414,973</b>	<b>243,156</b>

**Actual Persons Served in PY 2013**

For contracts closed during PY 2013, 588,488 persons actually received service through CDBG contracts.

**Actual Beneficiaries, Contracts Closed in PY 2013**

Programs	Total Beneficiaries	Total LMI Beneficiaries
Community Development Fund	316,812	189,262
Colonia Construction Fund	2,120	2,054
CEDAP	1,119	1,119
Colonia Self Help Centers	12,031	11,673
Colonia Fund-Planning	9,468	5,981
Disaster Relief / Urgent Need	109,264	58,958
Planning / Capacity Building Fund	22,435	12,292
STEP Fund	6,787	4,398
Texas Capital Fund	79,670	40,404
NBC	22	20
HIF	66	39
Renewable Energy Demonstration Pilot Program	13,482	7,218
Others	1,212	1,212
<b>Total</b>	<b>588,488</b>	<b>334,630</b>

**Income Status of Persons Assisted**

A significant number of contracts assisted communities affected by natural disasters and were funded under the Urgent Need national objective. The following section addresses contracts funded under the national objective to primarily benefit low/moderate income persons.

The CDBG program collects information on beneficiaries according to low/moderate income status. Most funding categories require applications to benefit a minimum of 51% low or moderate income persons. Disaster Relief/Urgent Need Fund applicants can qualify under the urgent need national objective without a low/moderate income benefit; however many of these projects do benefit primarily low to moderate income persons and only those contracts are included in the CDBG low/moderate income national objective reporting and are included below. CDBG awards well over the required 70% of grant funds to projects benefitting primarily low or moderate-income persons.

The table below reflects contracts closed during PY 2013 that meet the low/moderate income national objective. Not included in the table below are the 24 contracts which met the urgent need or slum/blight national objectives, including the Downtown Revitalization and Main Street Program contracts in the Texas Capital Fund and certain Disaster Relief contracts, and are not included in the table below.

**Income Status of Actual Beneficiaries,  
Contracts Closed in PY 2013 under the LMI National Objective\***

Programs	Total Beneficiaries	Total LMI Beneficiaries
Community Development Fund	316,812	189,262
Colonia Construction Fund	2,120	2,054
CEDAP	1,119	1,119
Colonia Self Help Centers	12,031	11,673
Colonia Fund-Planning	9,468	5,981
Disaster Relief / Urgent Need	109,264	58,958
Planning / Capacity Building Fund	22,435	12,292
STEP Fund	6,787	4,398
Texas Capital Fund	79,670	40,404
NBC	22	20
HIF	66	39
Pilot Programs	13,482	7,218
Others	1,212	1,212
<b>Total</b>	<b>588,488</b>	<b>334,630</b>

Reported beneficiaries include only contracts meeting the low/moderate income national objective.

**Racial and Ethnic Status of Persons Assisted**

The racial and ethnic status of persons receiving assistance for contracts closed in PY 2013 is reported below.

**Racial and Ethnic Status of Beneficiaries, Contracts Closed in PY 2013**

Race / Ethnicity	Persons Assisted	Persons Assisted	Total	Percent
	Non-Hispanic	Hispanic		
White	259,321	188,608	447,929	77.97%
Black / African American	47,862	769	48,631	8.47%
Asian	2,705	92	2,797	0.49%
American Indian/Alaska Native	2,283	885	3,168	0.55%
Native Hawaiian/Other Pacific Islander	208	53	261	0.05%
Black/African American and White	774	56	830	0.14%
Asian and White	298	41	339	0.06%
American Indian/Alaska Native and White	1,070	152	1,222	0.21%
American Indian/Alaska Native and Black/African American	138	23	161	0.03%
Asian/Pacific Islander	0	0	0	0.00%
Other Race or Multi-Race	26,670	42,480	69,150	12.04%
<b>Total</b>	<b>341,329</b>	<b>233,159</b>	<b>574,488</b>	<b>100.00%</b>

## ACCOMPLISHMENTS IN HIGH PRIORITY AREAS

This section demonstrates how activities undertaken during the program year address identified areas of high priority and objectives.

### Non-Housing Community Development Priority Needs Summary Table

Priority Community Development Needs	Priority Need Level
PUBLIC FACILITY NEEDS	Medium
INFRASTRUCTURE IMPROVEMENT	High
Solid Waste Disposal Improvements	Medium
Drainage and Flood Control Improvements	High
Water System Improvements	High
Street and Bridge Improvements	High
Sewer System Improvements	High
PUBLIC SERVICE NEEDS	Medium
ECONOMIC DEVELOPMENT NEEDS	High
OTHER COMMUNITY DEVELOPMENT NEEDS	Medium
PLANNING	High

### Specific Accomplishments

The following goals address the high priority needs identified above. Activities undertaken during the PY 2013 period that accomplish these goals are described below.

#### INFRASTRUCTURE IMPROVEMENTS

Encourage projects that address basic human needs such as water, sewer and housing; projects that provide a first-time public facility or service; and projects designed to bring existing services up to at least state minimum standards as set by the applicable regulatory agency.

Overall, 64% of funds awarded by CDBG (excluding local administrative costs) address basic human needs. CDBG funded 158 projects under the Community Development Fund in PY 2013, obligating 56% of the total annual CDBG funding. Over 79% CD funds awarded address basic human needs.

The STEP Fund is designed to make a large impact by leveraging local resources and self-help volunteer labor to install needed water and sewer facilities at a cost that is affordable for the assisted communities. All STEP construction funds address basic human needs. CDBG awarded 6 STEP grants during this reporting period, obligating \$2,006,406 for projects to benefit 2,511 persons of which 1,874 or 70% are low and moderate income persons.

## Program Performance

### Community Development

#### Contracts Awarded in PY 2013 by Activity – Selected Funds

Activity	CD Funds	% of CD Funds	STEP Funds	% of STEP Funds
Water/Sewer Facilities	\$33,331,975	77.79%	\$1,685,452	84.00%
Housing Rehabilitation	\$339,122	0.79%	\$98,572	4.91%
Drainage	\$372,535	0.87%		
Streets	\$5,504,243	12.85%		
Other Facilities	\$168,637	39.00%		
Administration	\$3,133,230	7.31%	\$222,382	11.08%
<b>Total</b>	<b>\$42,849,742</b>		<b>\$2,006,406</b>	
Basic Human Needs	\$33,671,097	78.58%	\$1,784,024	88.92%
All Construction Dollars	\$39,716,512	84.78%	\$1,784,024	88.92%

#### ECONOMIC DEVELOPMENT

Provide funds for economic development and business expansion in rural communities. Fund economic development projects that create or retain jobs.

In PY 2013, CDBG funded 30 contracts under the Texas Capital Fund for a total of \$14,873,609 in CDBG assistance. The \$13,699,109 obligated for real estate and infrastructure projects is expected to create or retain 1,399 jobs in rural communities, with at least 51% of those jobs created or retained by low- and moderate-income workers. The estimated average cost per job created or retained through these contracts is \$9,792.10. An additional \$1,174,500 was awarded to contracts under the Main Street Program and the Downtown Revitalization Program to stimulate economic development in rural Texas downtown areas.

For existing contracts that were closed during the reporting period, the Texas Capital Fund provided economic development assistance to 26 communities expending \$10,561,350 in CDBG funds and \$17,464,532 in matching funds.

Thirteen (13) of the closed contracts provided \$7,080,966.53 for infrastructure or real estate to create or retain 763 jobs with 579 of the new jobs created or retained by low or moderate income workers. Contracts funded under CDBG economic development are required to create or retain one job for every \$25,000 in CDBG funds expended. The 13 contracts closed during PY 2013 expended \$9,280.40 for each job created.

In addition to job creation activities, the Texas Capital Fund expended \$1,225,174.47 in nine (9) communities under the Downtown Revitalization Program, and \$567,912.92 in 4 communities under the Main Street Program.

## **HOUSING IMPROVEMENTS**

Provide assistance to low to moderate income households by providing direct housing rehabilitation and infrastructure to support affordable housing.

CDBG administers housing assistance contracts that provide rehabilitation, acquisition, clearance, new construction, and provision of other facilities through the Community Development Fund and the Colonia Fund. These contracts include a maximum cost of \$25,000 for each rehabilitated housing unit according to Texas CDBG program requirements. For PY 2013, CDBG did not receive any applications for housing rehab. Housing rehabilitation remains an eligible activity and the RRCs are encouraged to set aside funds for housing rehabilitation projects. However, for PY 2013, CDBG did not receive any applications or make any awards for this activity.

Displacement for these contracts is limited to voluntary participants and displacement costs are not eligible for reimbursement or included in project narratives. All households, businesses, or other entities impacted by a CDBG-assisted housing project, along with their needs and preferences, were identified by the locality during the homeowner application process, and only those homeowners choosing to participate were displaced in any way.

Provision of yardlines for first-time water or sewer services is the most common housing rehabilitation activity in the Texas CDBG program. During PY 2013, CDBG funded 29 contracts through three different grant programs to provide water or sewer services on private property, including installing new water and sewer yardlines, replacing yardlines, and installing on-site sewer facilities. The \$1,924,793.00 in CDBG assistance is expected to benefit 1,638 low to moderate income persons. Private property improvements installed to benefit persons that are not low to moderate income may be included in the project but must be funded through local or other private funds.

## **COLONIA IMPROVEMENTS**

Provide support for colonia communities, including funding for public improvements through a Colonia Construction Fund and Colonia Economically Distressed Areas Program, funding for planning through a Colonia Planning Fund, and Self-Help Centers established in border counties.

The Colonia Fund is the second largest program administered by Texas CDBG. In 2013 CDBG funded eleven (11) Colonia Fund-Construction (CFC) projects totaling \$5,550,000 which will benefit 2,349 persons, of which 2,208 are low- to moderate income persons.

All CFC funds awarded in PY 2013, excluding local administrative costs, address basic human needs. Eleven (11) of the CFC contracts provided \$ 1,561,499 in housing rehabilitation activities including first time public water or public sewer facilities replacement of failing on-site sewer facilities, and housing repairs. These eleven contracts are expected to benefit 2,208 low to moderate income persons.

A rider to TDA's state appropriation retains 2.5% of the total CDBG appropriation for the operation of colonia self-help centers in seven border counties, in addition to the 10% federally mandated colonia set-aside. The activities of the self-help centers are overseen by the Texas Department of Housing and Community Affairs Office of Colonia Initiatives (TDHCA-OCI). Separately, three border field offices, operated by TDHCA-OCI staff and supported in part by CDBG funds, are located in El Paso, Edinburg

## Program Performance

### Community Development

and Laredo to provide technical assistance to area residents and other interested parties. The TDHCA-OCI staff provides technical assistance and disseminates information regarding available programs administered by TDHCA that could assist in addressing colonia issues and other local priority needs.

#### Colonia Fund Activities, Contracts Awarded in PY2013

Activity	CFC	CFP	CEDAP	Colonia Fund Total	% of Colonia Fund Total
Water/Sewer Facilities	\$ 3,466,588			\$3,466,588	62.75%
Housing Rehabilitation	\$ 1,561,499		\$ 559,965	\$2,121,464	38.40%
Other		\$ 24,250		\$24,250	
Administration	\$ 471,913		\$ 59,700	\$531,613	9.62%
<b>Total</b>	\$ 5,500,000	\$24,250	\$619,665	\$5,524,250	
Basic Human Needs	\$5,028,087		\$ 559,965	\$5,588,052	
All Construction Dollars	\$5,028,087		\$ 559,965	\$5,588,052	

#### DISASTER RELIEF / URGENT NEED

Provide assistance for the recovery from natural disasters and fund projects that resolve threats to the public health and/or safety of local residents in rural areas.

During this reporting period, 29 grants were awarded for Disaster Relief/Urgent Need Fund projects. The \$9,407,233 obligated for these contracts will provide urgently needed assistance or alleviate the impacts of natural disasters for 132,248 Texans. An estimated 75,060 of the total beneficiaries for these projects are persons with low and moderate income.

#### PLANNING

Provide assistance to local governments in rural areas, emphasizing planning activities that primarily address problems in the areas of public works and housing assistance.

Texas CDBG awarded 15 grants totaling \$560,495 for planning and capacity building projects. These projects are expected to benefit 37,412 persons including 20,130 low- and moderate-income persons. The 2013 planning projects primarily address public works and housing planning elements and leverage an estimated \$88,234 in other funding.

#### **Persons with Disabilities**

TDA accomplished the following to address the needs of persons with disabilities during PY 2013:

- Localities wishing to address the needs of persons with disabilities may include removal of architectural barriers as an eligible activity in an application for assistance under the CD Fund.
- In PY 2013, funds awarded under the TCF Main Street and Downtown Revitalization Program provided accessible ramps and sidewalks among other improvements, and certain housing rehabilitation projects included improvements to make the beneficiary's home accessible.
- Texas CDBG and all grantees are required to comply with federal and state non-discrimination regulations and monitored for Section 504 compliance.

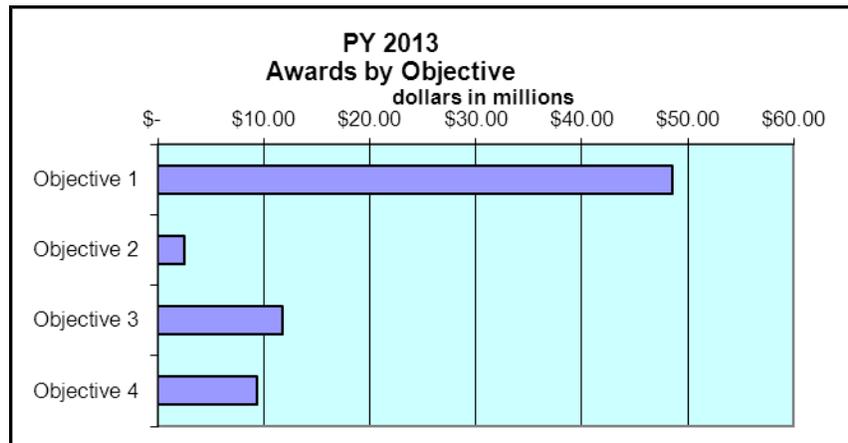
## RELATIONSHIP BETWEEN USE OF FUNDS AND PROGRAM OBJECTIVES

The purpose of the Texas Community Development Block Grant Program (CDBG) continues to be the development of viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. The funding allocations among the CDBG programs and the activities funded within those programs reflect the following state development objectives and priorities:

The objectives of the Texas Community Development Block Grant Program are as follows:

- Objective 1: To improve public facilities to meet basic human needs, principally for low and moderate income persons.
- Objective 2: To improve housing conditions, principally for persons of low and moderate income.
- Objective 3: To expand economic opportunities by creating or retaining jobs, principally for low and moderate income persons.
- Objective 4: To provide assistance and public facilities to eliminate conditions hazardous to the public health and of an emergency nature.

The graph below charts CDBG funds according to the objective(s) met by funded activities\*.



\* Activities may meet more than one objective.

The largest percentage of the funds obligated during this period were used to address Objective 1, the *basic human needs* of water, sewer, and housing.

Objective 2 *housing conditions* is addressed through several funds according to local priorities.

Objective 3 *job creation and retention* was addressed under the Texas Capital Fund.

Through the Disaster Relief/Urgent Need Fund, the State continues to address Objective 4 *disaster relief* to provide assistance to meet the needs resulting from the disaster situations that impact Texas during each program year.

## **CHANGES IN PROGRAM OBJECTIVES**

The proposed 2014 Action Plan for the Texas Community Development Block Grant (CDBG) Program was presented for public comment at one (1) public hearing that took place in Austin.

No public comments were received for the proposed 2014 Action Plan. The Texas Department of Agriculture (TDA) does not intend to make any changes to the program objectives described above for PY 2014. The State of Texas is currently preparing its five-year consolidated plan; any program changes proposed for the 2015 Action Plan will be included in this process.

## **PROGRAM CHANGES BASED ON EXPERIENCES**

The following changes were implemented during the program year to further improve the program:

### **Coordinated Approach for all TxCDBG programs**

Prior to October 1, 2011, the Texas Capital Fund was administered by the Texas Department of Agriculture while the majority of the TxCDBG program was housed by the Texas Department of Rural Affairs. Since the Texas legislature joined the two agencies and brought these sections of the TxCDBG program under one roof, TDA has worked to coordinate documentation requirements and streamline procedures for the entire program. In PY 2013, this coordination has included revised program requirements, coordinated staff assignments, and development of new tools to assist staff in efficient reviews.

### **Challenges Associated with Compliance Errors**

During PY 2013, TDA has been faced with several unusual challenges relating to communities that failed to comply with one or more federal, state, or program requirements. TDA developed several strategies to resolve these situations and potential future situations that may occur:

- Formalized structure and timeline for resolving monitoring findings;
- Grant implementation training that includes advising recipients and administrators that significant findings of non-compliance may result in disallowed costs for all or part of the grant project; and
- Additional grant contract language related to noncompliance, including penalties that may be applied to the administrative line item.

### **Changes Underway**

The following changes are underway or represent potential changes from existing initiatives:

- Positive working relationships with program stakeholders.
  - CDBG staff is part of several interagency workgroups with a focus on infrastructure improvement grants across Texas. The groups work toward greater cooperation among funding agencies on complex projects requiring funding or approval from two or more sources.

- The program continued to provide technical assistance to the Regional Review Committees that score the CD applications, working with the RRCs and HUD to develop a method of local scoring that meets all HUD requirements.
- Technical Assistance. CDBG staff provided training for communities and administrative consultants throughout the state, including:
  - Drought- focused Disaster Relief Fund application workshop with other state agencies;
  - Application Workshops for Colonia Fund Construction and Texas Capital Fund;
  - 2013 Implementation and Administrator Certification Workshops; and
  - Policy Issuances to the TxCDBG Project Implementation Manual, related to financial documentation, economic development documentation, and other procedural improvements.
- Closeout of Program Years
  - With the PY 2013 PER, TDA will request the closeout of PY 1999 and PY 2000. The closeout request will include the return of a very small amount of funds that had been deobligated from a previous contract.
  - Sub-recipient Repayments: Certain grant recipients have been required to return some or all grant funds, which must then be re-obligated and expended to close the program year. Closeout of PY 1996 is pending one repayment agreement, to be completed in 2014.

## HUD PERFORMANCE MEASURES

Texas CDBG has implemented the HUD Performance Outcome Measurement System Applications submitted for PY 2013 application and closeout documents submitted during PY 2013 were required to identify the Objective (1. Creating Suitable Living Environments; 2. Providing Decent Affordable Housing; or 3. Creating Economic Opportunities) and the Outcome (1. Availability/Accessibility; 2. Affordability; or 3. Sustainability) addressed by the project.

The table below shows the performance measures identified for activities awarded in PY 2013:

**Performance Measures, Activities Awarded in PY 2013**

Performance Measure Identified	Proportion of Activities - Projected	Proportion of Activities - Actual
Activities to create Suitable Living Environments	<b>88.80%</b>	<b>87%</b>
through Availability/Accessibility	42.20%	60%
through Affordability	16.80%	1%
through Sustainability	29.90%	26%
Activities to provide Decent Housing	<b>0.40%</b>	-
through Affordability	0.40%	-
Activities to create Economic Opportunities	<b>10.80%</b>	<b>14%</b>
through Availability/Accessibility	4.50%	-
through Affordability	1.90%	-
through Sustainability	4.50%	13%

## **MINORITY OUTREACH**

The Texas Department of Agriculture and its individual units have been successful in hiring qualified minority staff.

- The minority labor force percentage for all Statewide Agencies, provided by the biennial report -- Texas Workforce Commission 2011-2012 Equal Employment Opportunity and Minority Hiring Practices Report (January 2013) is 52.3 percent; the Texas Department of Agriculture percentage of minority employees is 41.48 percent.
- The female labor force percentage for all Statewide Agencies is 56 percent; the Texas Department of Agriculture percentage of female employees is 51 percent.

### ***Summary of Minority Business Enterprise Activities***

The Texas Facilities Commission (TFC) provides business services including maintaining the Centralized Master Bidders List, which includes the Historically Underutilized Businesses (HUB) List, as well as a list dedicated only to HUB listings. All Contractor localities can obtain a copy of this list of minority-owned businesses through TFC. These businesses have been certified through the State's TFC program. Contact numbers and website addresses are included in the TxCDBG Implementation Manual.

The directory can assist CDBG contractors in identifying minority- and women-owned businesses that provide goods and services in their immediate area and in the state. The online directory also provides an opportunity for local minority- and women-owned businesses to sign-up for HUB certification through the Internet.

The Texas Community Development Block Grant Program continues to require that all grantees submit Minority Business Enterprise information, including gender information, on each contract over \$10,000 as those contracts are executed. Instructions for reporting CDBG contractors are provided in the TxCDBG Project Implementation Manual. The information from these reports is compiled and reported annually to the HUD Regional Office in Fort Worth.

The state reviews the performance of all CDBG grantees and monitors the compliance with the required civil rights laws. All bid documents and contracts must contain equal opportunity provisions and Section 504 requirements must be in place to avoid discrimination on the basis of disability. The state also enhanced the existing oversight and reporting of Section 3 requirements during PY2011 and provided continued technical assistance on these requirements in PY 2013.

CDBG staff closely monitors the Contractor files for the following program requirements:

- Were equal opportunity guidelines followed in advertising vacancies, such as posting job vacancies and including equal opportunity language?
- Does the city/county have a written Section 3 Policy (or equivalent)? Is it followed? Has Section 3 information been properly reported?
- Did the city/county implement procedures that allow individuals with disabilities to obtain information concerning the existence and location of accessible services, activities and facilities?

## Program Performance

### Community Development

- Did the city/county adopt 504 grievance procedures that incorporate due process standards and allow for prompt resolution of complaints?
- Has the city/county adopted and enforced a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individual engaged in nonviolent civil rights demonstrations, and a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration within its jurisdiction?
- Has the city/county provided in the closeout reports the final beneficiaries for the project beneficiaries broken out, by race, ethnicity, gender, and low/moderate income status?

If evidence of the above program requirements was not found in the files, the locality is allowed 30 days to provide the information, or complete the activity and submit proof of compliance.

#### **Minority Business Enterprise Participation October 1, 2012 to September 30, 2013\***

<b>Funds/Contracts</b>	<b>Subcontracted by CDBG Grant Recipients</b>	<b>Subcontracted to MBEs</b>	<b>% Subcontracted to MBEs</b>
Amount of Funds	<b>\$64,519,598</b>	<b>\$12,652,230</b>	<b>19.6%</b>
Number of Contracts	688	108	15.7%

\* Reported on a fiscal year basis

## OTHER ACTIONS

This section describes actions by the Texas Department of Agriculture (TDA) to address the following: Obstacles to Meeting Underserved Needs and Developing Affordable Housing, Public Housing Resident Initiatives, Lead-Based Paint Hazards, Poverty-Level Households, Compliance, Gaps in Institutional Structure, Enhancing Coordination, Reducing and Ending Homelessness, and Furthering Fair Housing.

## MEETING UNDERSERVED NEEDS AND DEVELOPING AFFORDABLE HOUSING

TDA has identified various obstacles that may affect the ability to meet underserved needs in Texas. They include the lack of affordable housing, lack of organization capacity, lack of organizational outreach, local opposition to affordable housing, regulatory barriers to affordable housing, and area income characteristics (particularly in rural areas). TDA takes actions to mitigate these obstacles such as effectively using existing resources to administer programs, providing information resources to individuals and local areas, and coordinating resources. The following paragraphs outline specific actions taken by the program areas to meet underserved needs and develop affordable housing.

Texas CDBG encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the state level.

Currently, the primary method of promoting and supporting affordable housing is by providing the water and wastewater infrastructure for residential housing. The CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through CDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing.

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the CDBG program serves. Rural areas may also have difficulty finding interested contractors who have the financial stability to wait a minimum of two weeks for payment after the work is complete. Contractors can earn more working in metropolitan areas with larger projects and without the location costs required to transport materials and equipment to rural communities. Texas CDBG staff offers technical assistance to communities and works with regulatory agencies as appropriate to resolve issues and promote successful CDBG projects.

The physical size and the diversity of the State of Texas can present challenges to understanding and meeting underserved needs in local communities. The TDA Field Offices have been established to better serve these communities by providing technical assistance and support Nacogdoches, Houston, Kountze,

Lockney, Bédias, Marfa, San Juan, Uvalde, Woodsborough and San Angelo. In addition, the Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

## PUBLIC HOUSING RESIDENT INITIATIVES

The future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDA does not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain relationships with these service providers. Texas CDBG serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

## LEAD-BASED PAINT HAZARDS

The health risks posed by lead-based paint to young children are the most significant health issue facing the housing industry today. Lead-based paint can be found in housing built prior to 1978. According to the 2006-2010 American Community Survey, there are approximately 4.5 million homes in Texas built before 1980. This makes up approximately 47 percent of the total housing stock in Texas. Because these homes are older housing stock, they are typical to low-income neighborhoods, and the potential for exposure increases as homeowners and landlords defer maintenance. This older housing stock is the target of rehabilitation efforts and is often the desired “starter home” of a family buying their first home.

In accordance with CDBG state regulations and the Lead-Based Paint Poisoning Prevention Act, Texas CDBG has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the Texas CDBG. In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work write-up documentation for all homes built prior to 1978 that will be rehabilitated, as outlined in the Texas CDBG Project Implementation Manual.

## POVERTY-LEVEL HOUSEHOLDS

According to the American Community Survey for 2007 to 2011, Texas had a poverty rate of 17.0 percent during this time period compared to the national poverty rate of 14.3 percent. The federal government defined the poverty threshold in 2013 is \$23,050 for a family of four. Many of these poverty-level households can have worst-case housing needs such as severe cost burden, substandard housing and involuntary displacement. Poverty can be self-perpetuating, creating barriers to education, employment, health, and financial stability.

A substantial majority of Texas CDBG funds are obligated to cities and counties under the funding competitions meeting the national objective to “principally benefit low and moderate income persons”.

## *Other Actions*

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Texas CDBG encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects funded under this national objective are required to serve 51% low to moderate income persons. In addition, the CDBG allocation formula used to distribute Community Development funds among regions includes a variable for poverty in the community distress scoring. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward communities with the greatest need.

In PY 2013, Texas CDBG awarded 254 contracts under the National Objective of benefiting primarily low to moderate income persons. The \$75,871,400 in funds obligated for this National Objective in PY 2013 benefits 397,972 persons, of whom 230,757 are low to moderate income persons.

The Texas CDBG economic development funds are instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, CDBG can be a very effective anti-poverty tool. Providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care can further maximize the potential benefits. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

In accordance with 24 CFR §135.1, known as Section 3 of the Housing and Urban Development Act of 1968, as amended, Grant Recipients using CDBG funding for housing or other public construction are required, to the greatest extent feasible, to provide training and employment opportunities to lower income residents and contracting opportunities to businesses in the project area when those opportunities are “triggered” by HUD funding. Texas CDBG provides Technical Assistance and program guidance on methods to be employed to attain Section 3 goals and monitors closely the results of those efforts. During PY 2011, Texas CDBG enhanced the oversight and reporting of Section 3 requirements, with reporting now required both on an annual basis as well as when construction and non-construction contracts are executed.

## COMPLIANCE

TDA ensures compliance with program and comprehensive planning requirements through various compliance measures.

The monitoring function of TDA has four components: project implementation, contract management, audit, and monitoring compliance.

**Project Implementation:** Prior to the award of funds, each community is evaluated for compliance in prior contracts. The application scoring process at the state level includes a scoring factor for past performance on CDBG contracts. In addition, once a funding recommendation has been made the contract is routed through the Program Development, Operations, Legal, and Fiscal Operations Departments to verify that no outstanding issues in previously awarded contracts prevent the contract execution for the recommended award.

**Contract Management:** All open CDBG projects are assigned to a specific Regional Coordinator who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Regional Coordinators monitor progress and compliance

through formal reporting procedures. Program Specialists for Labor Standards and Environmental compliance also exist under the Project Management function. Additionally, all reimbursement requests require complete supporting documentation before payment is made.

**Audit:** The audit function is authorized by OMB A-133, which requires that governmental units and nonprofit organizations spending more than \$500,000 in either federal or state funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. A Single Audit is required for desk review by TDA regardless of whether there are findings noted in the audit pertaining to CDBG funds, since it is an additional monitoring tool used to evaluate the fiscal performance of grantees.

**Monitoring Compliance:** The on-site programmatic reviews are conducted on every CDBG contract prior to close-out to ensure the contractual obligations of each grant are met. In September 2011, the CDBG program implemented a new risk assessment methodology covering compliance monitoring of funded projects. The new process uses an objective risk assessment tool to evaluate the programmatic compliance risk of CDBG-funded projects.

Contracts scored according to the risk assessment tool will be grouped into a range of three categories: High Risk, Medium Risk, and Low Risk. Monitoring staff will conduct a risk assessment of CDBG contracts to determine whether monitoring reviews are to be performed onsite or as desk reviews. All High Risk contracts are to be monitored onsite. Medium Risk and Low Risk contracts are to be monitored as desk reviews, unless otherwise directed by TxCDBG management.

In addition, the risk category is used to determine the timeframe for monitoring the project. Contracts will be selected for monitoring according to their risk category and according to the approximate percentage of total CDBG funds drawn.

The areas reviewed include procurement procedures paid with CDBG funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

In addition to the formal monitoring function described above, the staff of the Compliance unit communicates with the staff of the Project Management unit as needed to evaluate issues throughout the contract implementation phase of CDBG contracts in order to identify and possibly resolve contract issues prior to the monitoring phase of the project.

## INSTITUTIONAL STRUCTURE

Understanding that no single entity will be able to address the enormous needs of the State of Texas, TDA supports the formation of partnerships in the provision of housing, housing-related, and community

## *Other Actions*

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development endeavors. This is especially important considering that the limited amount of financial resources available for affordable housing, community service, and community development activities can be a major obstacle for a single agency to try to address the needs of the state, partnering with other organizations, as well as fund layering and leveraging, helps to stretch those funds that are available.

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG program is required through its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the Texas CDBG and invite their input into the project selection process. Texas CDBG continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues, and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

## REDUCING AND ENDING HOMELESSNESS

HUD's interim rule released in December 2011 directly relates to the replacement of the Emergency Shelter Grants Program with the Emergency Solutions Grant Program. However, part of the new regulations affect the other three programs, such as the requirement to report on efforts to reduce and end homelessness (24 CFR §91.520(c)). These reporting requirements include (1) Reaching Out to Homeless Persons, (2) Emergency and Transitional Housing Needs, (3) Transition to Permanent Housing, and (4) Efforts to Avoid Homelessness.

### *Reaching out to Homeless Persons (especially unsheltered persons) and assessing their individual needs*

Texas CDBG addresses several national priorities including supporting the needs of the low-moderate income populations. However, the program is not designed to specifically reach out to homeless persons. In order to maximize the available resources and prevent program duplication, TxCDBG remains focused on its specific objectives recognizing there exist other programs better suited and developed to address this important and sensitive issue.

### *Addressing the emergency shelter and transitional housing needs of homeless persons*

Texas CDBG addresses several national priorities including supporting the needs of the low-moderate income populations. However, the program is not designed to specifically address emergency and transitional housing needs. In order to maximize the available resources and prevent program duplication, TxCDBG remains focused on its specific objectives recognizing there exist other programs better suited and developed to address this important and sensitive issue.

### *Transition to Permanent Housing*

Texas CDBG addresses several national priorities including supporting the needs of the low-moderate income populations. However, the program is not designed to specifically address the transition to permanent housing. In order to maximize the available resources and prevent program duplication,

TxCDBG remains focused on its specific objectives recognizing there exist other programs better suited and developed to address this important and sensitive issue.

*Efforts to avoid homelessness*

Texas CDBG addresses several national priorities including supporting the needs of the low-moderate income populations. However, the program is not designed to specifically address efforts to avoid homelessness. In order to maximize the available resources and prevent program duplication, TxCDBG remains focused on its specific objectives recognizing there exist other programs better suited and developed to address this important and sensitive issue.

## FAIR HOUSING ACTIVITIES

In compliance with 24 CFR §570.487, other applicable laws and related program requirements, the state has completed the required actions to affirmatively further fair housing. The State of Texas conducts training and provides educational material to the participating units of general local government on federal and state fair housing laws and procedures, including technical assistance. The following are examples of this performance:

### **State of Texas Fair Housing Month**

Governor Rick Perry proclaimed April 2013 to be Fair Housing Month in the State of Texas. Many CDBG communities follow suit and also declare April as Fair Housing Month in their local jurisdictions.

### **Contractor Certifications**

All applicants for the CDBG funds must certify that they will take action to affirmatively further fair housing. This certification must be signed and submitted with the initial application for funding and is also included in the contract, if awarded. This certification is discussed at the application workshops and is clearly noted in the application guides.

### **Planning Activities**

Contracts awarded under the Planning and Capacity Building Fund are required to include fair housing elements in several planning components, including housing inventory analysis, capital improvement needs planning, analysis of zoning ordinances, and overall planning strategies.

### **Civil Rights and Fair Housing Technical Assistance**

The Texas CDBG program has assigned a staff member to be responsible for the fair housing and civil rights requirements of the program. Staff addresses questions from the grantees and general public regarding civil rights and makes any appropriate referrals on an on-going basis.

### **Project Implementation Manual**

A copy of the TxCDBG Project Implementation Manual was made available to all new grantees to assist them in the administration of project activities and to inform them of all the applicable laws and regulations. This manual includes a chapter regarding fair housing and a chapter on equal opportunity

## *Other Actions*

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with detailed information, forms and checklists to ensure compliance with all regulations. This manual includes clear instructions so that city and county employees are able to understand and complete the necessary forms and requirements. TxCDBG Project Implementation Manual workshops held across the state provided opportunities for grantees and administrative consultants to clarify these requirements as needed. Beginning in PY 2009, administrative consultants must have attended a TxCDBG Project Implementation Manual Workshop in order to be certified to administer TxCDBG contracts.

### **Pre-Funding Site Visits**

TDA staff conducted pre-funding site visits to all localities that were recommended for funding under the Community Development Fund. All CDBG grantees (contractor localities) are informed that they are required to conduct at least one fair housing activity during the contract period. During this personal visit the localities are informed of the Project Implementation Manual available on the TDA website. A list of acceptable fair housing activities, samples of Fair Housing Ordinances (also contained in the manual) and a checklist of reporting and record keeping requirements of the CDBG program are provided in the Manual. Grantees are encouraged to pass fair housing ordinances and to update existing fair housing ordinances to include all federally protected classes. The fair housing ordinance must include a penalty clause and the locality must have the staff and the capacity to enforce the ordinance.

### **Availability of Fair Housing Brochures**

The Texas Community Development Block Grant Program are willing to provide copies of civil rights laws, various samples of public service announcements and fair housing ordinances, fair housing brochures, and technical assistance upon request.

### **Fair Housing Expenses**

The CDBG utilizes funds from the technical assistance funding for the cost of providing fair housing technical assistance. This includes the cost of reproducing/printing fair housing brochures and memorandums; related postage; and the purchase of office supplies and materials. Additional funds were utilized on travel expenses to conferences and workshops as well as staff time.

### **Monitoring of Civil Rights Requirements**

Texas CDBG administers on average between 800 and 1,000 open CDBG contracts throughout the year. Program Monitors review each contractor for civil rights requirements using a detailed checklist on civil rights and fair housing requirements. A review of the files includes, but is not limited to, the following:

- All bid documents and contracts must contain equal employment opportunity provisions including an equal opportunity plan.
- All Grant Recipients are required to publish a notice of non-discrimination in a general circulation newspaper in the affected community and complete a Section 504 self-evaluation review.
- Grant Recipients with 15 or more employees must have appointed a Section 504 coordinator, adopted grievance procedures, and notified all CDBG project participants that they must not discriminate on the basis of an individual's disability.
- The Texas Community Development Block Grant Program requires that each Grant Recipient appoint a Fair Housing/Equal Opportunity Officer to be responsible for the fair housing and civil rights program requirements, and to take any possible complaints and make referrals, as necessary.
- Each Grant Recipients is monitored closely to ensure that at least one fair housing activity was completed within the contract period.

- The project completion report must include a description of the fair housing activities conducted during the contract period.
- The project completion report also contains the documentation of beneficiaries by income level, gender, race, and ethnicity.

Evidence of the civil rights and fair housing activities performed must be well-documented and available for review at the locality. This evidence is reviewed by Program Monitors when conducting on-site monitoring visits. If documentation of these activities is not available at the time of the monitoring visit, the locality is provided with a written request for these documents and instructed to provide the evidence within 30 days. Contracts are not administratively closed until the civil rights and fair housing requirements are met.

### **Staff Outreach, Training, Conferences, and Workshops**

The Texas Health and Human Services Commission's Civil Rights Office has the responsibility to investigate claims of discrimination; to conduct new, periodic, and special compliance reviews of offices, programs and contractors; to provide training and guidance; and to take other appropriate steps to ensure that programs and services do not discriminate.

The staff members of the TDA Field Offices attended various events to provide technical assistance regarding TDA programs and fair housing issues. These staff members provide technical assistance in housing, community and economic development, and capacity building, and provide health-care related information for the rural areas. The staff members also provide limited information on TDHCA's housing programs and refer communities to the appropriate office.

In addition to TDA Field Offices, Border Field Offices, operated by TDHCA's Office of Colonia Initiatives (OCI) and supported in part by CDBG funds, promote fair housing in border counties. The OCI staff provides one-on-one training and technical assistance on their housing and community affairs programs and services including Contract for Deed Conversion, Texas Bootstrap Loan Program, First-Time Homebuyer, and Contract for Deed Consumer Education. Furthermore, CDBG provides grants for colonia self-help centers in seven border counties. The centers provide on-site technical assistance and conduct community development activities, housing activities, public service activities, infrastructure improvements, outreach and education.

## *Goals and Objectives*

### *Community Development*

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## **GOALS AND OBJECTIVES**

This section describes those goals and objectives that pertain to the Community Development, Homeless, Housing activities. Non-Homeless Special Needs goals and objectives are included in Part II of this document.

### **COMMUNITY DEVELOPMENT GOALS AND OBJECTIVES: CDBG**

The following includes the reported outputs of key and non-key measures for CDBG goals as reported to the Legislative Budget Board for Fiscal Year 2013.

Number of new community and economic development contracts awarded.

FY 2013 Target:	284
FY 2013 Actual:	245

Number of projected beneficiaries from new contracts awarded.

FY 2013 Target:	485,100
FY 2013 Actual:	480,100

Number of programmatic monitoring visits conducted.

FY 2013 Target:	392
FY 2013 Actual:	357

Number of jobs created/retained through contracts awarded.

This Performance measure was deleted

Number of Single Audit reviews conducted.

This Performance measure was deleted