

Texas Department of Housing and Community Affairs



Board Book

Thursday, April 10, 2025

10:00 AM

**Dewitt C. Greer State Highway Building
125 E. 11th Street
Williamson Board Room
Austin, TX 78701**

Governing Board

*Leo Vasquez III, Chair
Kenny Marchant, Vice-Chair
Ajay Thomas, Member
Anna Maria Farias, Member
Holland Harper, Member
Cindy Conroy, Member*

**Texas Department of Housing and Community Affairs
Programmatic Impact Fiscal Year 2025**

CY 25 9% LIHTC Program

- Total Pre-Applications Rec'd: 235
- Total Market Rate Units Proposed: 852
- Total Low-Income Units Proposed: 18,390
- Total HTCs Requested: \$379,713,107

Construction Type:

- Total Proposed New Construction Projects: 201
- Total Proposed Reconstruction Projects: 7
- Total Proposed Rehab Projects: 27

CY 25 4% LIHTC Program

Active or Approved Applications:

- Total Applications: 34
- Total Units Proposed: 7,254

Closed Applications:

- Total Applications: 0
- Number of Low-Income Units Proposed: 0

Construction Type

- Total Proposed New Construction Projects: 0
- Total Proposed Rehab/Reconstruction Projects: 0

Owner Financing and Down Payment

- 30-year, fixed interest rate mortgage loans
- Mortgage credit certificates
- Down payment, closing cost assistance
- Homebuyer education

Programs:

- Single Family Homeownership

Expended Funds: \$248,244,341
Total Households Served: 1,058

Energy Related Assistance

- Utility bill payment assistance
- Energy consumption education
- Weatherization for energy efficiency

Programs:

- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP)

Expended CEAP Funds: \$36,246,063
Total Households Served: 26,124

Homelessness Services

- Shelter building rehabilitation, conversion, operations
- Essential services e.g., health services, transportation, job training, employment services

Programs:

- Emergency Solutions Grant Program (ESG)
- Homeless Housing and Services Program (HHSP)

Expended Funds: \$1,478,989
Total Individuals Served: 6,367

Rental Assistance

- Short, long term rent payment help
- Assistance linked with services, Transitional assistance

Programs:

- Tenant-Based Rental Assistance (TBRA)
- Section 8 Housing Choice Vouchers
- Section 811

Expended Funds: \$6,069,975
Total Households Served: 1,984

Owner Rehabilitation Assistance

- Home rehabilitation, reconstruction
- Manufactured housing unit replacement
- Accessibility modifications e.g., ramp, grab bar installation

Programs:

- Homeowner Reconstruction Assistance Program (HRA)*
- Amy Young Barrier Removal Program Expended

Funds: \$2,470,576
Total Households Served: 34

Supportive Services

Provides administrative support for essential services for low-income individuals through Community Action Agencies

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: \$8,532,163
Total Individuals Served: 42,779

Single Family Development

- Single family development, reconstruction, rehabilitation
- NSP, Do-it-yourself, "sweat equity" construction (bootstrap), rehabilitation, Contract for Deed refinance

Programs:

- Single Family Development Program (SFD)*
- Contract for Deed (CFD)

Expended Funds: \$544,500
Total Households Served: 11

Total Expended Funds: \$331,747,146

Total Households Served: 81,165

All FY2025 data as reported in TDHCA's 2025 performance measures.

Note: Some households may have been served by more than one TDHCA program. For some programs, allocation is used as a proxy for expenditures. Because of timing of funds request, the funds expended for the quarter may be readjusted substantially by year end.

Reporting Period: 9/1/2024-11/30/2024 (4% Program figures as of 1/27/2025; 9% LIHTC Program figures as of 1/13/2025)

* Administered through the federally funded HOME Investment Partnerships Program

CALL TO ORDER**ROLL CALL****CERTIFICATION OF QUORUM**

Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

RESOLUTIONS

Resolution Recognizing May as Community Action Month

Resolution Recognizing April as Fair Housing Month

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Tex. Gov't Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

EXECUTIVE

1. Presentation, discussion, and possible action on the Board meeting minutes summary for March 6, 2025 Beau Eccles

ASSET MANAGEMENT

2. Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cleveland Square (HTC #23081) Rosalio Banuelos
3. Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for The Ridge at Lancaster (HTC #21421) Rosalio Banuelos

BOND FINANCE

4. Presentation, discussion, and possible action on Resolution No. 25-018 regarding the annual approval of the Department's Investment Policy Scott Fletcher
5. Presentation, discussion, and possible action on Resolution No. 25-019 regarding the annual approval of the Department's Interest Rate Risk Management Policy Scott Fletcher

COMMUNITY AFFAIRS

6. Presentation, discussion, and possible action on release of the draft 2026 Low Income Home Energy Assistance Program State Plan for public comment Gavin Reid
7. Presentation, discussion, and possible action on release of the draft Federal Fiscal Years 2026-2027 Community Services Block Grant State Plan for public comment Gavin Reid

RULES

8. Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §1.15, Integrated Housing Rule; an order adopting new 10 TAC §1.15, Integrated Housing Rule; and directing their publication in the Texas Register Brooke Boston
9. Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401 Effective Date and Definitions, §1.403 Single Audit Requirements, §1.404 Purchase and Procurement Standards, and §1.407 Inventory Report; and directing its publication in the Texas Register Brooke Boston
10. Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; an order adopting new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; and directing their publication in the Texas Register Brooke Boston
11. Presentation, discussion, and possible action on an order adopting the repeal and proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and an order directing their publication in the Texas Register Andre Adams

CONSENT AGENDA REPORT ITEMS

12. Media Analysis and Outreach Report, February 2025 Michael Lyttle
13. Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures Scott Fletcher
14. Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act Joe Guevara

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions

EXECUTIVE

15. Executive Director's Report Bobby Wilkinson

FUNDING ANNOUNCEMENTS AND AWARDS

16. Presentation, discussion, and possible action on Inducement Resolution No. 25-016 Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Waters at Waterchase (#24613) Teresa Morales
17. Presentation, discussion, and possible action on Resolution No. 25-017 amending previously adopted resolution relating to the Issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Taxable Bonds Series 2025B Teresa Morales
18. Presentation, discussion, and possible action on the 2025 Department of Energy Weatherization Assistance Program State Plan and Awards Gavin Reid

ACTION REPORT ITEMS

19. Report on the closing of the Department's Residential Mortgage Revenue Bonds 2025 Series A (Non-AMT) Scott Fletcher
20. Presentation and discussion regarding the pending issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2025 B (Non-AMT) and Series 2025 C (Taxable) Scott Fletcher

HOME-ARP

21. Presentation, discussion and possible action regarding a HOME-ARP Allocation Plan Third Amendment to adjust the criteria for nonprofit capacity building/operating cost assistance and align the 2025 Nonprofit Capacity Building and Operating Notice of Funding Availability Naomi Cantu

SINGLE FAMILY & HOMELESS PROGRAMS

22. Presentation, discussion, and possible action regarding a waiver of 10 TAC §23.50(f)(1) relating to the cumulative limitation on Tenant-Based Rental Assistance Abigail Versyp

RULES

23. Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 23, §23.50, Tenant-Based Rental Assistance General Requirements, and directing their publication for public comment in the Texas Register Abigail Versyp

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| 24. | Presentation, discussion, and possible action on an order adopting the amended 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication for adoption in the Texas Register | Rosalio Banuelos |
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MULTIFAMILY FINANCE

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| 25. | Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.3(e) for Fair Park Landing (25047) | Cody Campbell |
| 26. | Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.9(d)(5) for Residences at Seley Park (25188) | Cody Campbell |

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS

The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;

Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;

Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;

Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or

Pursuant to Tex. Gov't Code §2306.039(c) the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION

If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.texas.gov or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on X (Twitter).

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Danielle Leath, 512-475-4606, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Danielle Leath, al siguiente número 512-475-4606 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

There is not a remote online or telephone option for public participation in this meeting, so those wishing to make public comment during the meeting must appear in person. This meeting will, however, be streamed online for public viewing.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 011

Agenda Date: 4/10/2025

Agenda #:

Resolution Recognizing May as Community Action Month

WHEREAS, Community Action Agencies are nonprofit and unit of local government organizations designated under the Economic Opportunity Act of 1964 to serve to ameliorate the effects of poverty and help persons experiencing poverty to transition to self-sufficiency;

WHEREAS, Community Action builds and promotes economic stability and enhances stronger communities and the opportunity to live in dignity;

WHEREAS, nationally, Community Action has enhanced the lives of millions by providing essential, life-changing services and opportunities;

WHEREAS, Community Action serves 99% of America's counties in rural, suburban, and urban communities, and works toward the goal of ending poverty in our lifetime;

WHEREAS, Texas has a strong and vibrant network of Community Action Agencies to deliver Community Action to Texans in need;

WHEREAS, Community Action will continue to implement innovative and cost-effective programs to improve the lives and living conditions of the impoverished and continue to provide support and opportunities for all eligible households in need of assistance; and

WHEREAS, the Texas Department of Housing and Community Affairs and the State of Texas support the Community Action network in Texas in working to improve communities and make Texas a better place to live not only during Community Action Month in May, but throughout the entire year;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate May 2025, as Community Action Month in Texas, and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the hard work and dedication of Texas Community Action agencies.

Signed this tenth day of April 2025.



Leo Vasquez, Chair

Kenny Marchant, Vice Chair

Holland Harper, Member

Anna Maria Farias, Member

Ajay Thomas, Member

Cindy Conroy, Member

Bobby Wilkinson, Executive
Director



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 975

Agenda Date: 4/10/2025

Agenda #:

Resolution Recognizing April as Fair Housing Month

RESOLUTION

WHEREAS, April 2025 is Fair Housing Month, and marks 57 years since the passage of the federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968), signed by U.S. President Lyndon Baines Johnson on April 11, 1968;

WHEREAS, the Fair Housing Act provides that no person shall be subjected to discrimination because of race, color, national origin, religion, sex, disability, or familial status in the sale, rental, financing, or advertising of housing and charges the Secretary of the U.S. Department of Housing and Urban Development (HUD) with administering HUD programs in a manner that meets the requirements of the law and purposes of the Fair Housing Act;

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) administers HUD and other housing programs that promote the development and supply of safe, decent, affordable housing for qualifying Texans;

WHEREAS, it is the policy of the Department to support equal housing opportunity in the administration of all of its programs and services, including encouraging equitable lending practices for its homebuyer programs and ensuring compliance with Fair Housing rules and guidelines for its multifamily developments;

WHEREAS, the Department, through its programs, workshops, trainings, and materials seeks to educate property managers, consultants, program administrators, architects, contractors, developers, engineers, lenders, real estate professionals, and others about the importance of their adherence to the requirements of the Fair Housing Act;

WHEREAS, the Department encourages the development of educational fair housing programs in local communities throughout the State and is seeking to build new opportunities for fair housing education and training; and

WHEREAS, the Department and the State of Texas support equal housing opportunity and housing choice in accordance with the Fair Housing Act not only during Fair Housing Month in April, but throughout the entire year;

NOW, THEREFORE, it is hereby

RESOLVED, that the Texas Department of Housing and Community Affairs -

- (1) recognizes the significance of Fair Housing Month as an important time to acknowledge, better understand, and support equal housing opportunity, and encourages the continued commitment to fair housing in the State of Texas; and
- (2) recognizes that in the pursuit of the goal and responsibility of providing affordable housing and equal housing opportunities for all, the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate April 2025 as Fair Housing Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in this observance of the impact and importance of affordable housing and equal housing opportunity to the success of all Texans.

Signed this tenth day of April 2025.



Leo Vasquez, Chair

Kenny Marchant, Vice Chair

Holland Harper, Member

Anna Maria Farias, Member

Ajay Thomas, Member

Cindy Conroy, Member

Bobby Wilkinson, Executive
Director



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 980

Agenda Date: 4/10/2025

Agenda #: 1.

Presentation, discussion, and possible action on the Board meeting minutes summary for March 6, 2025

RECOMMENDED ACTION

Approve the Board meeting minutes summary for March 6, 2025

RESOLVED, that the Board meeting minutes summary for March 6, 2025, is hereby approved as presented.

**Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
March 6, 2025**

On Thursday, the sixth day of March 2025, at 10:00 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) was held at the Dewitt C. Greer State Highway Building, Williamson Board Room, 125 E. 11th Street, Austin, Texas 78701.

The following members, constituting a quorum, were present and voting:

- Leo Vasquez, III, Chair
- Cindy Conroy
- Holland Harper
- Ajay Thomas

Mr. Vasquez served as Chair, and James “Beau” Eccles served as Secretary.

- 1) The Board unanimously approved the Consent Agenda (items 1-5) and Consent Agenda Report Items (items 6-7) as presented.
- 2) Action Item 8 – the Executive Director’s Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.
- 3) Action Item 9 – Report on the Meeting of the Internal Audit and Finance Committee – was presented by Ajay Thomas, Committee Chair, TDHCA Governing Board. The Board heard the report and took no further action.
- 4) Action Item 10 – Review and possible acceptance of the State Auditor’s Office audit of the TDHCA Fiscal Year 2024 Financial Statements – was presented by Michael Clayton and Alex Summers from the State Auditor’s Office. The Board unanimously approved staff recommendation to accept the audit and associated financial statements.
- 5) Action Item 11 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Riverview Manor – was presented by Cody Campbell, TDHCA Director of Multifamily Finance. The Board unanimously adopted staff recommendation to approve the loan and force majeure request.
- 6) Action Item 12 – Presentation, discussion, and possible action on a loan approval and a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Trailside Estates – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously adopted staff recommendation to approve the loan and force majeure request.

- Ryan Garcia, representing Trailside Estates, provided comments on the item

7) Action Item 13 – Presentation, discussion, and possible action on State Fiscal Year 2025 Youth and Young Adult Homeless Program Award, including a request to waive 10 TAC §7.6(a) – was presented by Rosy Falcon, TDHCA Manager of Homeless Programs. The Board unanimously approved staff recommendation to issue the award and grant the waiver as referenced in the item.

8) Action Item 14 – Presentation, discussion, and possible action on the reprogramming of Program Year 2024 Community Services Block Grant Administrative funds – was presented by Gavin Reid, TDHCA Manager of Planning, Community Affairs division. The Board unanimously adopted staff recommendation to approve the reprogramming of CSBG administrative funds.

9) Action Item 15 – Presentation, discussion, and possible action regarding the approval of a Tax Credit Assistance Program Repayment Funds Invitation to Apply for multifamily Developments – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the invitation to apply.

10) Mr. Reid presented Action Item 16 – Presentation, discussion, and possible action on awards for the 2025 Community Services Block Grant discretionary fund Reentry Assistance Program. The Board unanimously adopted staff recommendation to approve the recommended awards.

11) Action Item 17 – Presentation, discussion and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(vii) of the Qualified Allocation Plan (QAP) relating to the percentage of efficiency and/or one-bedroom units for Mesa Hills I (#25451) – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. The Board unanimously adopted staff recommendation to approve the waiver request.

12) Action Item 18 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Santa Fe Place (HTC #23178/24266) – was presented by Rosalio Banuelos, TDHCA Director of Asset Management, with additional information from Mr. Wilkinson. Following public comment (listed below), the Board by a 3-0 vote (Chairman Vasquez abstained) adopted staff recommendation to approve the material amendment request.

- Michael Lyttle, TDHCA Director of External Affairs, read a letter into the record in support of staff recommendation from the Honorable Carl Tepper, State Representative, Texas House District 84
- Kent Hance, representing Santa Fe Place, provided comments in support of staff recommendation
- Matt Gillam, Overland Property Group, provided comments on the item

13) Action Item 19 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application, changes to the ownership structure, and a waiver of 10 TAC §11.9(b)(2)(A) for Park at Dogwood (HTC #24079) – was presented by Mr. Banuelos with additional information from Mr. Campbell. Following public comment (listed below), the Board unanimously approved the material amendment request (staff recommendation was neutral) and concurred with staff recommendation to approve the ownership structure changes and rule waiver request.

- Byron Burkhalter, Park Development Group and representing Park at Dogwood, provided comments on the item

14) Action Item 20 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Park at Dogwood – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the force majeure request.

15) Action Item 21 – Presentation, discussion, and possible action regarding changes to the ownership structure and a waiver of 10 TAC §11.9(b)(2)(A) for Parkside on Carrier (HTC #21093/23920) – was presented by Mr. Banuelos with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the ownership structure changes and rule waiver request.

16) Action Item 22 – Presentation, discussion, and possible action on recommendation to adopt an Agreed Final Order assessing an administrative penalty relating to The Life at Sterling Woods (HTC 04478 / CMTS 4176) – was presented by Sascha Stremmer, TDHCA Assistant General Counsel. The Board unanimously approved staff recommendation to adopt the agreed final order on the penalty.

17) Action Item 23 – Presentation, discussion, and possible action on recommendation to debar multiple parties due to the foreclosures of The Life at Clearwood (HTC 01485 / CMTS 487) and The Life at Westland (HTC 02485 / CMTS 3284) – was presented by Sascha Stremmer, TDHCA Assistant General Counsel, with additional information from Mr. Wilkinson. Following public comment (listed below), the Board adopted staff recommendation to approve the debarment order as referenced in the item.

- Cynthia Bast, Baker Hostetler attorney, provided comments on the item

17) Mr. Campbell presented Action Item 24 – Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Skyway Gardens II. The Board unanimously adopted staff recommendation to approve the force majeure request.

18) Action Item 25 – Presentation, discussion, and possible action on a waiver of 10 TAC §13.11(c)(14)(I) for Boulevard 61 – was presented by Mr. Campbell. Staff recommended approval of the waiver request and the Board unanimously concurred.

19) Action Item 26 – Presentation, discussion, and possible action on a staff-initiated waiver of specific provisions of 10 TAC §11.9(e)(6)(B) for Applicants in the 2025 9% Housing Tax Credit round – was presented by Mr. Campbell with additional information from Mr. Eccles. Following public comment (listed below), the Board unanimously approved staff recommendation to grant the waiver and extend the referenced deadline to April 15, 2025.

- Megan Lasch, O-SDA Industries, provided comments on the item

20) Action Item 27 – Presentation, discussion, and possible action on a waiver of 10 TAC §11.9(d)(5) related to Community Support from State Representative for GardenWalk of West Columbia (#25185) – was presented by Mr. Campbell with additional information from Mr. Wilkinson and Mr. Eccles. Following public comment (listed below), the Board unanimously approved the waiver request despite staff recommendation to deny.

- Derrick Hamilton, Belmont Development and representing GardenWalk of West Columbia, provided comments in opposition to staff recommendation
- Sarah Anderson, S. Anderson Consulting, provided comments on the item

21) During the time for public comment on matters other than items for which there were posted agenda items, the following persons made comment:

- Zachary Krochtengel, Sycamore Strategies, provided comments regarding waivers before the Board
- Sarah Anderson, S. Anderson Consulting, provided comments requesting an agenda item for the next meeting which would allow the development community to discuss the financial health of their respective deals
- Megan Lasch, O-SDA Industries, provided comments in concurrence with Ms. Anderson’s comments above

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 12:23 p.m. The next meeting is scheduled for Thursday, April 10, 2025.

Secretary

Approved:

Chair



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 933

Agenda Date: 4/10/2025

Agenda #: 2.

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cleveland Square (HTC #23081)

RECOMMENDED ACTION

WHEREAS, Cleveland Square (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2023 for the rehabilitation of 48 units for the general population in Cleveland, Liberty County;

WHEREAS, due to the City of Cleveland granting parking area to the Development, Cleveland Square Housing, Ltd. (the Development Owner or Owner) requests approval to increase the size of the Development site from 1.4876 acres identified at Application to 2.018 acres, that is an increase of 0.5304 acre and results in a 26.28% decrease in residential density, from approximately 32.267 units per acre to 23.786 units per acre;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested change does not materially alter the Development in a negative manner, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

RESOLVED, that the requested amendment of the Application for Cleveland Square is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Cleveland Square received an award of 9% Housing Tax Credits in 2023 for the acquisition and rehabilitation of 48 units for the general population in Cleveland, Liberty County. In a letter dated January 23, 2025, Robbye G. Meyer, the representative for the Owner, requested approval for a material amendment to the Application.

The requested amendment is for a 26.28% decrease in the residential density, from

approximately 32.267 units per acres to 23.786 units per acre. Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712 (d)(6) and 10 TAC §10.405(a)(4)(F). The change is a result of an increase in the Development site acreage from 1.4876 to 2.018 acres, an increase of 0.5304 acre. The Owner states that during the process of acquisition, it was discovered that the existing parking spaces along the site on Waco and Travis Streets were outside of the Development's boundaries and within encumbrances of the City of Cleveland (the City). The Owner explains that this presented a challenge to the Development to remain compliant with accessibility requirements because the City was not maintaining the parking area. Therefore, it was the City's preference to grant the acreage containing the parking areas to the Development to remove their maintenance and compliance obligations.

The Owner confirmed that there will be no change to the accessible parking originally identified at Application. Additionally, the Owner states that this amendment was unforeseeable because the boundary and encumbrance issues were not known until all due diligence was completed through the purchase process.

Staff has reviewed the original Application against this amendment request and has concluded that the change described above would not have affected the award. The final tax credit recommendation will be determined upon finalization of the cost certification review process.

Staff recommends approval of the requested material amendment to the Application.



Arx Housing Initiatives, LLC

Robbye G. Meyer
1305 Dusky Thrush Trail
Austin, Texas 78746
(512) 963-2555
robbye@arxadvantage.net

January 23, 2025

Sussette Kenney
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Dear Ms. Kenney,

We are representing the Cleveland Square Housing, Ltd. (the "Owner") with the attached amendment request for the Cleveland Square development (Application #23081).

The Owner submitted an application for 2023 Housing Tax Credits and received an award in July 2023 for the proposed development.

During the process of acquisition, it was discovered that the existing development parking spaces along Waco and Travis Streets were outside of the development boundaries within encumbrances of the City of Cleveland. The City was not maintaining the parking spaces which presented challenges to the development to be able to provide the required ADA compliance. It was the City's preference to grant the parking area to the development to remove any maintenance and compliance obligations.

Due to this granting of parking to the development, it has increased the site acreage of 0.5304 acres and reduction in density of 8.5%. In accordance with §10.405(a)(4)(F) of the Asset Management Rules, we are requesting a material amendment for this change. Exhibits accompanying this request are: Exhibit A-the original survey with application; Exhibit B-the special warranty deed and Exhibit C-the City Ordinance granting the abandonment to the owner.

Additionally, the increase in site acreage is necessary for the owner to keep the development in compliance with ADA requirements, which is the good cause for the change. This was unforeseeable by the owner until all due diligence was completed through the purchase process.

Should you have any questions or you need additional information, please feel free to contact me.

Sincerely,

Robbye G. Meyer
Arx Housing Initiatives, Managing Member

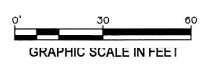
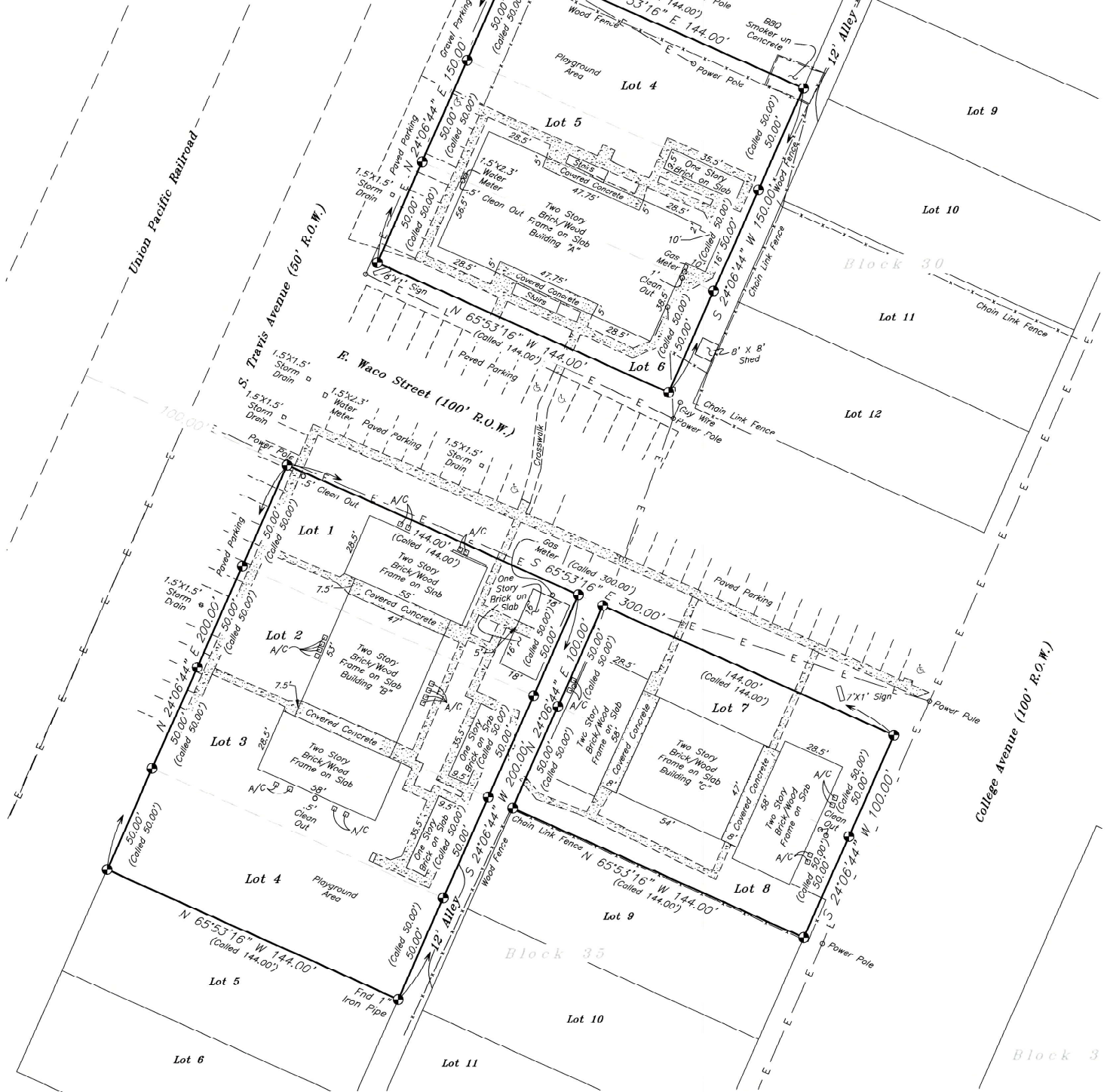
Notes:
 Only those items noted in the title commitment issued by:
 Old Republic National Title Insurance Company
 G.F.No.: 184379
 Effective Date: December 2, 2022

Exhibit A

According to Schedule B of the above noted title commitment, the following may apply to the subject tracts.

C.) Easements as set forth on Plat recorded in Vol. 206, Pg. 168 DRLC as shown hereon.

Basis of Bearings is the Texas State Plane Coordinate System, Texas Central Zone NAD83



LEGEND	
Fence Line	— X —
Overhead Powerline	— E —
Building Line	— —
Utility Easement	— —
Set 3/8" Iron Rod (Unless Noted)	— ● —

The undersigned does hereby certify that this survey was made on the ground of the property legally described hereon and was correct at the time of the survey, and that there are no visible and/or apparent discrepancies, conflicts, boundary line conflicts, encroachments, overlapping of improvements, easements, rights-of-ways or utility easements, except as shown hereon and that said property has access to and from a dedicated roadway.

Dated this, the 13th day of January, 2023.

Kenneth E. Savoy



KENNETH E. SAVOY
 REGISTERED PROFESSIONAL
 LAND SURVEYOR NO. 5730

MAP OF SURVEY OF

THREE TRACTS OF LAND TOTALING 1.4876 ACRES, SITUATED IN THE J. S. DODDIE SURVEY, A-139, LIBERTY COUNTY, TEXAS, BEING ALL OF LOTS ONE (1), TWO (2), THREE (3), FOUR (4), SEVEN (7) AND EIGHT (8), OF BLOCK THIRTY-FIVE (35) AND LOTS FOUR (4), FIVE (5) AND SIX (6), OF BLOCK THIRTY (30), OF THE COX ADDITION, ACCORDING TO THAT MAP OR PLAT THEREOF RECORDED IN VOLUME 206, PAGE 168 IN THE DEED RECORDS OF LIBERTY COUNTY, WITH ALL BEARINGS BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, TEXAS CENTRAL ZONE NAD83

WASHBURN COMPANY

LAND SURVEYORS
 Residential, Commercial, Construction,
 Industrial, Alta Surveys, Flood Certificates

P.O. Box 460 January 13, 2023
 Cleveland, Texas 77328 Book: 512
 P: 281-432-1665 Page: 11
 F: 281-432-1462 File: 22110041 WASHBURN
 awashburnsurvey@gmail.com Firm No. 10104100

Exhibit B

**SPECIAL WARRANTY DEED
WITH ASSUMPTION**

(Cleveland Square Apartments)

Addresses:

- 101 East Waco Street, Cleveland, Liberty County, Texas
- 104 East Waco Street, Cleveland, Liberty County, Texas
- 405 South Travis Avenue, Cleveland, Liberty County, Texas

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
 COUNTY OF LIBERTY §

THAT **CLEVELAND SQUARE, LTD.**, a Texas limited partnership, owning property in Liberty County, State of Texas, hereinafter each and collectively called "**Grantor**" (whether one or more), for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration to Grantor in hand by **CLEVELAND SQUARE HOUSING, LTD.**, a Texas limited partnership, hereinafter called "**Grantee**" (whether one or more) whose mailing address is P.O. Box 489 New Caney, TX 77357, the receipt of which is hereby acknowledged, AND FURTHER CONSIDERATION that the Grantee hereby assumes and promises to pay, according to the terms thereof all of the following (each and collectively, the "**USA Note**"):

- (i) all principal and interest now remaining unpaid on the following two promissory notes, being: (1) that certain Promissory Note dated November 6, 1989 in the original principal amount of \$454,000.00, and (2) that certain Promissory Note dated February 15, 1990 in the original principal amount of \$417,700.00, each executed by Grantor, payable to the order of **THE UNITED STATES OF AMERICA, ACTING THROUGH THE FARMERS HOME ADMINISTRATION, United States Department of Agriculture**, and secured by the following deeds of trust: (a) that certain Real Estate Deed of Trust for Texas dated November 6, 1989, in favor of J. Lynn Futch, as Trustee, as recorded in Volume 1299, Page 798 of the Official Public Records of Liberty County, Texas; (b) that certain Deed of Trust and Security Agreement dated November 6, 1989, in favor of Orrin M. Gowen, as Trustee for the benefit of Midland Mortgage Investment Corporation, as recorded under Vol. 1299, page 804 of the Official Public Records of Liberty County, Texas, as assigned to **THE UNITED STATES OF AMERICA, ACTING THROUGH THE FARMERS HOME ADMINISTRATION, United States Department of Agriculture** by that certain Assignment of Deed of Trust, Promissory Note, and Assignment of Rents, Leases, and Profits dated February 14, 1990, and as recorded under Vol. 1312, Page 339 of the Official Public Records of Liberty County, Texas ; and (c) that certain Deed of Trust filed for record February 20, 1990, recorded in/under Volume 1312, Page 341 of the Official Public Records of Liberty County, Texas, executed by Cleveland Square, Ltd., a Texas limited partnership, securing the payment of notes in the principal amounts of \$454,000.00 and 417,700.00, bearing interest and payable as therein provided to the order of

STEWART TITLE
 24000330133/pm/33

United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (as to Tract 1 and Tract 2);

- (ii) and for the further consideration of the execution and delivery by said Grantee of that one certain Assumption Agreement in the original principal amount of \$346,667.82 of even date herewith, payable to the order of the **UNITED STATES OF AMERICA, ACTING THROUGH THE RURAL HOUSING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, or its successor Agency** (hereinafter called "**Mortgagee**"), bearing interest at the rate stated therein and with said Assumption Agreement containing an attorney's fee clause and various acceleration of maturity clauses in case of default, and being secured by a vendor's lien and superior title retained herein in favor of Grantor and assigned to Mortgagee, and also being secured by a Deed of Trust of even date herewith from Grantee to United States of America acting through Rural Housing Service, Director of Multifamily Housing Asset Management Division, **Mike Resnik**, or assignee, Area Technician for USDA Rural Development, with an address of 1305 South Main Street, #103, Henderson, Texas 75654, as **Trustee** (as to Tracts 1 & 2).

WHEREAS, Mortgagee has, at the special instance and request of Grantee, paid to Grantor a portion of the purchase price of the Property hereinafter described, as evidenced by the above described USA Note, said Vendor's Lien and Superior Title against said property securing the payment of said USA Note is hereby assigned, transferred and delivered without recourse to Mortgagee, Grantor hereby conveying to said Mortgagee the said Superior Title to said Property, subrogating said Mortgagee to all the rights and remedies of Grantor in the premises by virtue of said lien;

WHEREAS, as additional consideration for the purchase and development of the Property (defined below), Grantee has executed and delivered that certain Promissory Note of even date herewith (the "**Bank Note**") payable to the order of BOKF, NA, a national banking association d/b/a Bank of Texas whose address is P.O. Box 2300, Tulsa, Oklahoma 74102 (the "**Lender**"), in the original principal amount of up to **\$6,115,000.00** which Bank Note is secured by (a) a vendor's lien herein retained, and (b) that certain Multifamily Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date executed by Grantee to Lisa E. Albers, as Trustee ("**Trustee**"), for the benefit of Lender covering the Property, and in connection with the Bank Note

- (a) it is expressly agreed that the vendor's lien associated with the Bank Note, as well as the Superior Title in and to the Property, is retained against the Property until the above described Bank Note and all interest thereon is fully paid according to the face, tenor, effect and reading thereof when this Special Warranty Deed shall become absolute. The vendor's lien associated with the Bank Note is hereby assigned by Grantor to Lender without recourse or warranty.
- (b) It is further expressly agreed that the vendor's lien associated with the Bank Note herein retained shall secure the Bank Note, and in the event of default in the payment of the Bank Note (or default in any covenant or condition of any instrument securing payment of the Bank Note), the Lender shall have the right and privilege of foreclosing the vendor's lien reserved in its favor herein

And Grantor has GRANTED, SOLD AND CONVEYED, and by these present does GRANT, SELL AND CONVEY, unto said Grantee, the following described real property including all improvements

thereon, consisting of contiguous and adjoining tracts of land as more fully described below and in the Exhibits attached hereto and made a part hereof for all purposes, together with (a) all improvements located thereon, (b) all rights, benefits, privileges, easements, tenements, hereditaments and appurtenances there unto belonging or in any way, pertaining thereto, and (c) all of Grantor's right, title and interest in and to adjacent strips, gores, streets, roads, driveways, rights-of-way, and alleys (collectively, the "**Property**"), to-wit;

Tract 1:

Lots 1, 2, 3, 4, 7 and 8 in Block 35 of COX ADDITION, an addition in the City of Cleveland, Liberty County, Texas, according to the map or plat thereof recorded in Volume 206, Page 168 of the Deed Records of Liberty County, Texas; and being commonly known by its street addresses as: (i) 405 South Travis Avenue, Cleveland, Texas; and (ii) 104 East Waco Street, Cleveland, Texas; and as shown or depicted in the survey attached hereto as **Exhibit "A"** and incorporated by this reference for all purposes; and

Tract 2:

Lots 4, 5, and 6 in Block 30 of COX ADDITION, an addition in the City of Cleveland, Liberty County, Texas, according to the map or plat thereof recorded in Volume 206, Page 168 of the Deed Records of Liberty County, Texas; and being commonly known by its street address as 101 East Waco Street, Cleveland, Texas; and as shown or depicted in the survey attached hereto as **Exhibit "A"** and incorporated by this reference for all purposes; and

Parcel A (called Tract A on the survey attached as Exhibit "D")

All of that area of land situated south of E. Waco Street and west of S. Travis street containing 15,127.5 square feet (0.3473 acres) of land, more or less, lying and being situated in the Cox Subdivision of the J.S. Boothe Survey in Liberty County, Texas as more particularly described in **EXHIBIT "B"**, and depicted in the survey plat attached hereto as **Exhibit "D"**, each attached hereto and made a part hereof for all intents and purposes; and

Parcel B (called Tract B on the survey attached as Exhibit "D")

All of that area of land situated north of E. Waco Street and west of S. Travis street containing 7,978.5 square feet (0.1831 acres) of land, more or less, lying and being situated in the Cox Subdivision of the J.S. Boothe Survey in Liberty County, Texas as more particularly described by metes and bounds in **EXHIBIT "C"**, and depicted in the survey plat attached hereto as **Exhibit "D"**, each attached hereto and made a part hereof for all intents and purposes.

AND there is also conveyed to Grantee all tax, insurance and other escrow funds, if any, now held in connection with the above identified liens by the respective lienholders.

This Special Warranty Deed and the conveyance hereinabove set forth is executed by Grantor and accepted by Grantee subject to the following matters (collectively, the "**Permitted Encumbrances**"): (i) all zoning laws, regulations, restrictions and ordinances of municipal or other governmental authorities, if any, but only to the extent same are valid and subsisting; and (ii) any and all rights and interest to any mineral leases or royalty interests of the mineral estate.

This conveyance is made and accepted subject to all restrictions, covenants, conditions, rights-of-way, easements and oil, gas and other mineral reservations, if any, that are valid, existing, and properly of record.

Taxes for the current year have been prorated as of the effective date hereof and Grantee fully assumes and agrees to pay the same.

TO HAVE AND TO HOLD the above described Property, together with all and singular, the rights and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns, forever. And Grantor does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the said Property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by through or under Granter but not otherwise, subject to the Permitted Exceptions.

When the context requires, singular nouns and pronouns include the plural.

By delivery and recording of this Special Warranty Deed, Grantee hereby irrevocably accepts this Special Warranty Deed and acknowledges, consents and agrees to the terms and conditions of this instrument for all purposes.

NEXT PAGE IS THE SIGNATURE PAGE.

**Signature Page to
SPECIAL WARRANTY DEED WITH ASSUMPTION**

EXECUTED, EFECTIVE AND DELIVERED as of July 30, 2024.

GRANTOR:
CLEVELAND SQUARE, LTD.,
a Texas limited partnership

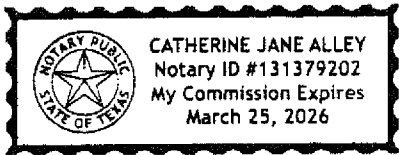
By: Lucky Lindy Development Corp.
Its: General Partner

By: Ronald E. Hill
Name: Ronald E. Hill, President

Acknowledgement

THE STATE OF TEXAS §
 §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on the 30 day of July, 2024, by Ronald E. Hill, as President of Lucky Lindy Development Corp., as the General Partner of Cleveland Square, Ltd., a Texas limited partnership, on behalf of said PARTNERSHIP.



[Signature]
Notary Public, State of Texas
My commission expires: March 25, 2024
Notary's Name (printed): Catherine Alley

ATTACHMENTS:

- Exhibit "A" – Survey of Tracts 1 and 2
- Exhibit "B" – Legal Description for Parcel A (0.3473 acres- street abandonment)
- Exhibit "C" – Legal Description for Parcel B (0.1831 acres – street abandonment)
- Exhibit "D" – Survey Plat of Parcels A and B (street abandonments)

AFTER RECORDING, RETURN TO:

Jason L. Davis
Jason L. Davis & Associates, LLC
1500 Winding Way
Friendswood, Texas 77546

Exhibit "A" Survey of Tracts 1 and 2

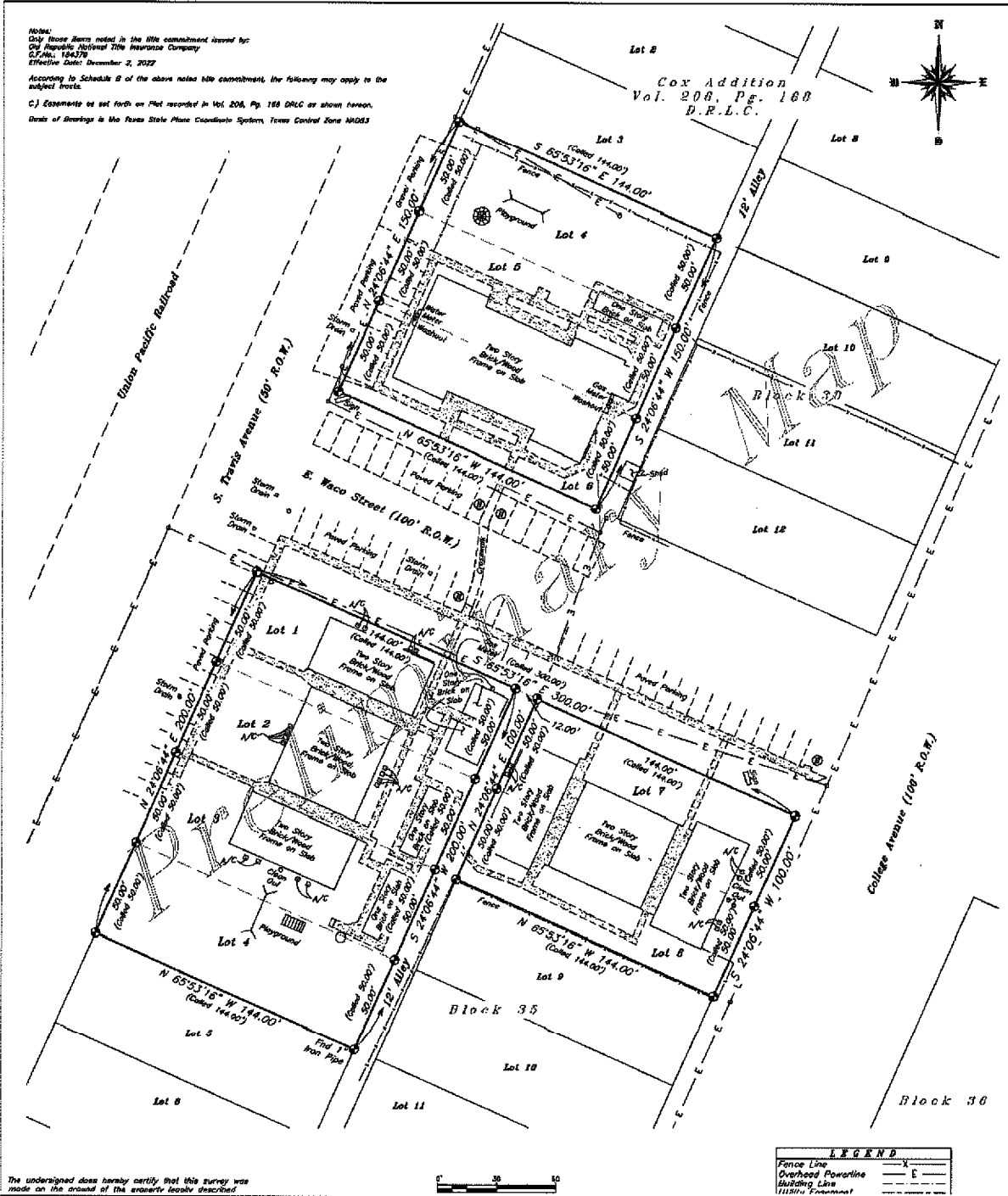


Exhibit "B"

Parcel A - Property Legal Description

METES AND BOUNDS DESCRIPTION
0.3473 ACRES
"TRACT A" or Parcel A
J.S. BOOTHE SURVEY, ABSTRACT No. 139
LIBERTY COUNTY, TEXAS

BEING a 0.3473 acre tract of land, situated in the J.S. Boothe Survey, Abstract No. 139, Liberty County, Texas, being a portion of the right-of-way of East Waco Street (100' R.O.W.) lying between Blocks Thirty (30) and Thirty-Five (35) of the Cox Addition according to that map or plat thereof recorded in Volume 206, Page 168, of the Deed Records of Liberty County, and being a portion of the right-of-way of South Travis Avenue (50' R.O.W.) lying between said Block 35 and the Union Pacific Railroad, being more fully described by metes and bounds as follows with all bearings based on the Texas State Plane Coordinate System, Texas Central Zone, NAD83:

BEGINNING at a set 5/8 inch iron rod being the north corner of said Block 35, same being the north corner of Lot One (1) of said Block 35 and an internal ell corner and **POINT OF BEGINNING** of the herein described tract;

THENCE South 24°06'44" West, along and with the southeast right-of-way line of South Travis Avenue and the northwest line of said Block 35, at 50.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 1 and the north corner of Lot Two (2) of said Block 35, at 100.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 2 and the north corner of Lot Three (3) of said Block 35, at 150.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 3 and the north corner of Lot Four (4) of said Block 35, in all a total distance of 200.00 feet to a set 5/8 inch iron rod being the west corner of said Lot 4 and the north corner of Lot Five (5) of said Block 35, same being the most southerly corner of the herein described tract;

THENCE North 65°53'16" West, departing the northwest line of said Block 35, over and across the right-of-way of said South Travis Avenue, 15.00 feet to a point situated within said right-of-way of South Travis Avenue being the most westerly corner of the herein described tract;

THENCE North 24°06'44" East, over and across the right-of-way of said South Travis Avenue, 238.50 feet to a point situated within said right-of-way of South Travis Avenue and within the right-of-way of East Waco Street, being the most northerly corner of the herein described tract;

THENCE South 65°53'16" East, over and across the right-of-way of said East Waco Street, 315.00 feet to a point situated within the right-of-way of said East Waco Street and being the most easterly corner of the herein described tract;

THENCE South 24°06'44" West, over and across the right-of-way of said East Waco Street, 38.50 feet to a set 5/8 inch iron rod being the east corner of said Block 35 and the east corner of Lot Seven (7) of said Block 35, same being an external ell corner of the herein described tract;

THENCE North 65°53'16" West, along and with the southwest right-of-way line of said East Waco Street and the northeast line of said Block 35, at 144.00 feet pass a set 5/8 inch iron rod being the north corner of said Lot 7, at 156.00 feet pass the east corner of said Lot 1, in all a total distance of 300.00 feet to the **POINT OF BEGINNING**, containing a computed area of 0.3473 acres of land within this metes and bounds description.

Kenneth E. Savoy, R.P.L.S. 5730

07 March, 2024

Washburn & Company

Land Surveyors

P.O. Box 460

Cleveland, Texas

Exhibit "C"

Parcel B - Property Legal Description

METES AND BOUNDS DESCRIPTION
0.1831 ACRES
"TRACT B" or Parcel B
J.S. BOOTHE SURVEY, ABSTRACT No. 139
LIBERTY COUNTY, TEXAS

BEING a 0.1831 acre tract of land, situated in the J.S. Boothe Survey, Abstract No. 139, Liberty County, Texas, being a portion of the right-of-way of East Waco Street (100' R.O.W.) lying between Blocks Thirty (30) and Thirty-Five (35) of the Cox Addition according to that map or plat thereof recorded in Volume 206, Page 168, of the Deed Records of Liberty County, and being a portion of the right-of-way of South Travis Avenue (50' R.O.W.) lying between said Block 35 and the Union Pacific Railroad, being more fully described by metes and bounds as follows with all bearings based on the Texas State Plane Coordinate System, Texas Central Zone, NAD83:

BEGINNING at a set 5/8 inch iron rod being the west corner of said Block 30, same being the west corner of Lot Six (6) of said Block 30 and an internal ell corner and **POINT OF BEGINNING** of the herein described tract;

THENCE South 65°53'16" East, along and with the northeast right-of-way line of said East Waco Street and the southwest line of said Block 30, at 144.00 feet pass the south corner of said Lot 6, in all a total distance of 156.00 feet to a point being the west corner of Lot Twelve (12) of said Block 30 and the most easterly corner of the herein described tract;

THENCE South 24°06'44" West, departing the southwest line of said Block 30, over and across the right-of-way of said East Waco Street, 33.50 feet to a point situated within the right-of-way of said East Waco Street being the most southerly corner of the herein described tract;

THENCE North 65°53'16" West, over and across the right-of-way of said East Waco Street, 171.00 feet to a point situated within said right-of-way of South Travis Avenue and within the right-of-way of East Waco Street, being the most westerly corner of the herein described tract;

THENCE North 24°06'44" East, over and across the right-of-way of said South Travis Avenue, 183.50 feet to a point situated within the right-of-way of said South Travis Avenue and being the most northerly corner of the herein described tract;

THENCE South 65°53'16" East, over and across the right-of-way of said South Travis Avenue, 15.00 feet to a set 5/8 inch iron rod being the west corner of Lot Three (3) of said Block 30 and the north corner of Lot Four (4) of said Block 30, same being an external ell corner of the herein described tract;

THENCE South $24^{\circ}06'44''$ West, along and with the southeast right-of-way line of said South Travis Avenue and the northwest line of said Block 30, at 50.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 4 and the north corner of Lot Five (5) of said Block 30, at 100.00 feet pass a set 5/8 inch iron rod being the west corner of said Lot 5 and the north corner of Lot Six (6) of said Block 30, in all a total distance of 150.00 feet to the **POINT OF BEGINNING**, containing a computed area of 0.1831 acres of land within this metes and bounds description.

Kenneth E. Savoy, R.P.L.S. 5730

07 March, 2024

Washburn & Company

Land Surveyors

P.O. Box 460

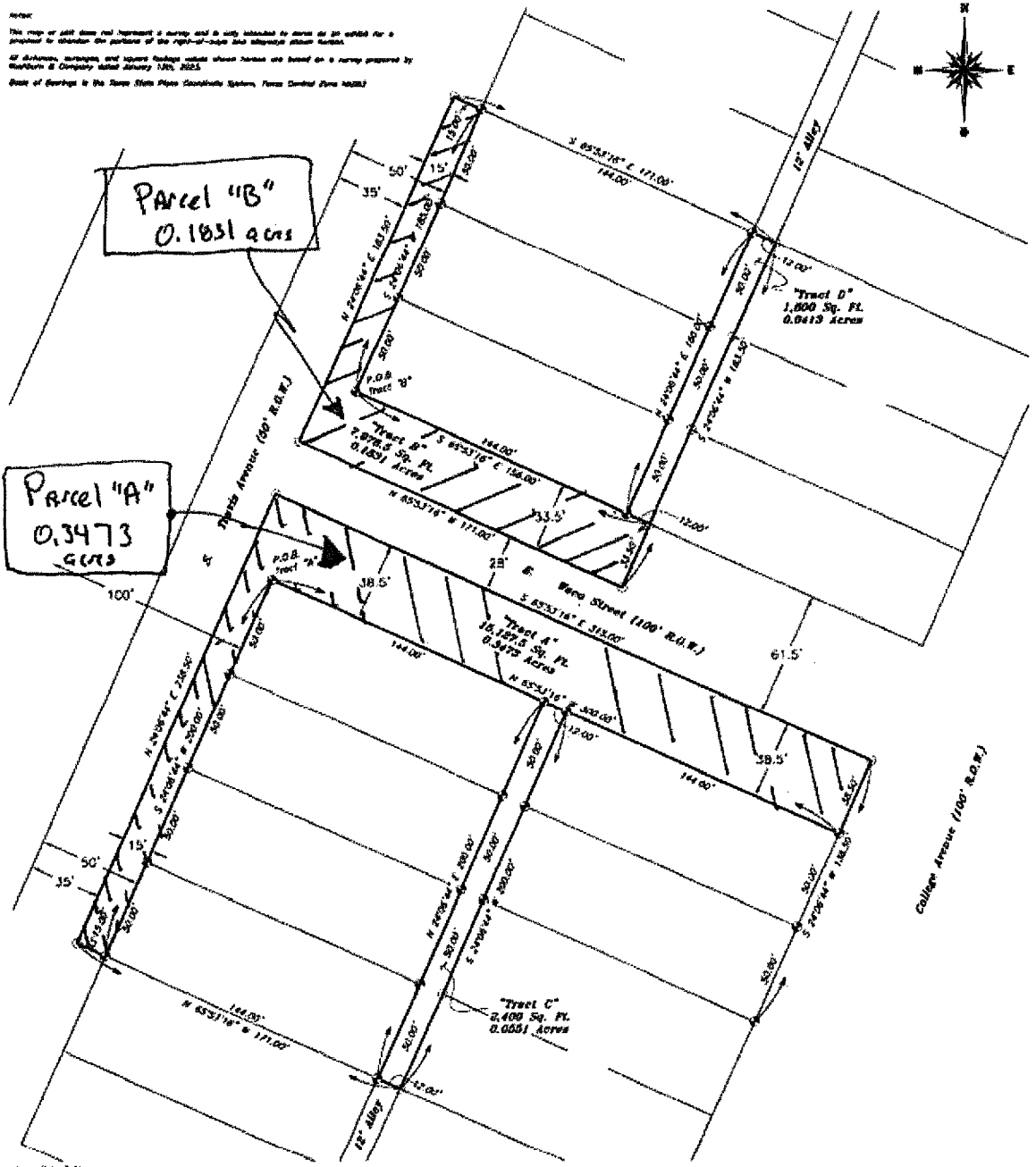
Cleveland, Texas

Exhibit "D"

Survey Plat of Parcels A and B

(See Attached)

Notes:
 This map or plan does not represent a survey and is only intended to serve as a guide for a purchaser to determine the purchase of the right-of-way and adjacent street frontage.
 All dimensions, bearings, and square footage values shown herein are based on a survey prepared by Washburn & Company dated January 19th, 2025.
 State of Bearings to the Texas State Plane Coordinate System, Texas Central Zone 1402B.



Area Calculations:
 Tract "A": 16,177.8 Sq. Ft. (0.3473 Acres)
 Tract "B": 4,396.5 Sq. Ft. (0.1031 Acres)
 Tract "C": 2,400 Sq. Ft. (0.0051 Acres)
 Tract "D": 1,800 Sq. Ft. (0.0413 Acres)
 Total Area: 24,774.3 Sq. Ft. (0.5668 Acres)
 Total Area in North North Direction: 6,500 Sq. Ft.
 Total Area in East West Street: 16,770 Sq. Ft.
 Total Area in Alleyway: 1,504.3 Sq. Ft.

LEGEND	
Face Line	---
Overhead Powerline	---
Building Line	---
Utility Easement	---
Set 1/2" Iron Rod (When Indicated)	⊙

EXHIBIT SHOWING

FOUR TRACTS OF LAND TOTALING 0.5668 ACRES (24,774.3 SQ. FT.), LOCATED IN THE A. S. BLOOM SURVEY, A-123, LIBERTY COUNTY, TEXAS BEING A PORTION OF THE NORTH-1/4-1/4 OF EAST MAIN STREET (1100' R.O.W.) BETWEEN BLOCKS TWENTY (20) AND THIRTY-ONE (31) OF THE OLD ADDITION ACCORDING TO MAP AND ON PLAT THEREOF RECORDED IN PUBLIC BOOK PAGE 186 OF THE PUBLIC RECORDS OF LIBERTY COUNTY, A PORTION OF THE NORTH-1/4-1/4 OF SOUTH MAIN AVENUE (100' R.O.W.) LYING BETWEEN SAID BLOCKS 20 AND 31 AND THE UNION PACIFIC RAILROAD, A PORTION OF THE ALLEYWAY LYING BETWEEN LOTS FOUR THROUGH SIX (4-6) AND LOTS TEN THROUGH TWELVE (10-12) OF SAID BLOCK 20, AND A PORTION OF THE ALLEYWAY LYING BETWEEN LOTS ONE THROUGH FOUR (1-4) AND LOTS SEVEN THROUGH TEN (7-10) OF SAID BLOCK 20, WITH ALL BEARINGS, BASED ON TEXAS STATE PLANE

WASHBURN & COMPANY

LAND SURVEYORS
 Residential, Commercial, Construction,
 Industrial, And Survey, Platting Certificates
 P.O. Box 480 March 7, 2024
 Cleveland, Texas 77320 Book: N/A
 P: 281-412-1463 Page: 14/A
 F: 281-412-1463 Fax: 2403300 LCA Companies
 washburnsurvey@gmail.com Plat No. 101504150

**THE STATE OF TEXAS
COUNTY OF LIBERTY**

I hereby certify that this instrument was FILED on the date and the time stamped hereon by me and was duly RECORDED in the Records of Liberty County, Texas.

2024025983 DEED

07/31/2024 04:36:14 PM Total Fees: \$69.00



Lee Haidusek Chambers, County Clerk
Liberty County, Texas

Exhibit C

ORDINANCE NO. 2024-04-16-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CLEVELAND, TEXAS, MAKING CERTAIN FINDINGS VACATING AND ABANDONING PORTIONS OF E. WACO AND S. TRAVIS STREETS; RETAINING A UTILITY EASEMENT AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT MATTER.

WHEREAS, the City Council of the City of Cleveland, Texas (“City”), has received a request from Cleveland Square, Ltd., the immediately adjacent landowner of multiple lots located at or near the intersection of E. Waco and S. Travis streets in the City (“Landowner”), and which entity has requested the abandonment and vacation of a portion of said streets from the City; and

WHEREAS, the portions of E. Waco and S. Travis streets for which Landowner requests abandonment and vacation is as further described as Tracts A and B in Exhibit “A” attached hereto and incorporated herein (the “Roadway”); and

WHEREAS, in order for the City to consider such request, it will need a utility easement for placement of infrastructure related to certain types utilities and facilities; and

WHEREAS, the City Council of the City of Cleveland, Texas, (“City”) has considered this and now desires to abandon and vacate the afore-described portions of public streets under the terms and conditions set forth in this Ordinance; now therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLEVELAND, TEXAS:

PART 1: The facts and recitations set forth in the preamble of this Ordinance are declared true and correct.

PART 2: Subject to the provisions of this Ordinance, the City Council finds and determines there is no current nor anticipated future need to maintain the City’s interest in the Roadway described in Exhibit “A” and the City herein abandons and vacates its interest in the Roadway as set forth in this Ordinance.


PART 3: Abandonment of City’s interest in the Roadway shall be subject to and must meet the following conditions before going into effect:

- a. Landowner grants City a Utility Easement in the form attached hereto as Exhibit “B”; and

- b. Upon granting the Utility Easement described in above, the City Council herein authorizes the Mayor to sign and the City Secretary to acknowledge the Deed without Warranty as set forth in Exhibit "C" attached hereto abandoning the City's interest in the Property.

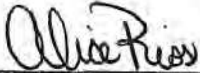
PASSED, ADOPTED and APPROVED this 16th day of April, 2024.

APPROVED:



Danny Lee, Mayor

ATTEST:



Alice Rios, City Secretary



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 981

Agenda Date: 4/10/2025

Agenda #: 3.

Presentation, discussion, and possible action regarding an increase to the Housing Tax Credit amount for The Ridge at Lancaster (HTC #21421)

RECOMMENDED ACTION

WHEREAS, The Ridge at Lancaster (the Development) received a 4% Housing Tax Credit (HTC) award in 2021 for the construction of 300 units, of which 270 are low-income units, for the general population in Dallas, Dallas County;

WHEREAS, construction of the Development has been completed, and LDG The Ridge at Lancaster, LP (the Development Owner or Owner) requests at cost certification to increase the annual HTC amount from \$2,707,319, the amount reflected in the Determination Notice, to \$3,292,947, a difference of \$585,628, which represents a 21.63% increase;

WHEREAS, §42(m)(2) of the Internal Revenue Code allows an increase of tax credits for a bond financed project when the increase is determined necessary as demonstrated through the submission of the cost certification package;

WHEREAS, 10 TAC §10.401(d) requires approval by the Board if an increase to the amount of tax credits exceeds 120% of the amount of credit reflected in the Determination Notice; and

WHEREAS, a review of the cost certification package submitted by the Development Owner supports the need for the additional tax credits requested, and staff has determined that the increase is necessary for the viability of the transaction;

NOW, therefore, it is hereby

RESOLVED, that the housing tax credit increase for The Ridge of Lancaster requested by the Development Owner is approved as presented to this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

The Ridge of Lancaster received a 4% HTC award in 2021 for new construction of 300 units, of which 270 are low-income units, for the general population in Dallas, Dallas County. On February 26, 2021, a Determination Notice was issued reflecting an annual tax credit amount of \$2,707,319. The residential buildings in the Development placed in service between November

15, 2023, and April 25, 2024, and the cost certification documentation is currently under review by the Department.

The cost certification documentation reflects a requested annual tax credit amount of \$3,292,947, which represents an increase of \$585,628 (21.63%) from the amount reflected in the Determination Notice. In a letter dated October 3, 2024, Jason Trevino, the representative for the Development Owner, formally requested the additional credits and explained that this is due to unavoidable obstacles and increased costs during the construction of the Development.

A comparison of the development costs from the time of the Application, in 2021, to Cost Certification indicates that total development costs increased approximately \$10.6 million (15.77%), from \$67,545,802 to \$78,199,028. The Owner explained that direct construction costs were underestimated at the time of application, as the applicant did not have actual construction bids at that time. Additionally, there were several change orders and material price escalations for lumber/trim. There was also a soil stabilization redesign to utilize shotcrete, which increased design costs and delayed construction, and there was a redesign of the grading and retaining walls, which required additional retaining walls for the project. Sanitary sewer and dry utility systems were redesigned post-closing, and there were improvements to paving and to the perimeter fence. Oncor electrical design changes were also required, and water plan changes required additional irrigation pumps. The City of Dallas changed the offsite utility tie-in plan multiple times due to an unstable creek crossing, which resulted in a delay of more than five months. The City of Dallas also required wastewater line upgrades not associated with the permit before they released permanent water service. General Conditions and overhead costs increased due to the lengthened schedule. Construction delays also caused an increase to construction interest. Developer fee also increased, but the final amount is not at the maximum limit of 15% of the Development's eligible costs.

Staff's analysis of this transaction at cost certification has concluded that the Development supports an annual tax credit allocation of \$3,292,947, and that the requested increase is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. This results in a 21.63% increase from \$2,707,319, the original annual HTC amount in the Determination Notice. In accordance with 10 TAC §10.401(d), Board approval is required because the requested tax credit amount exceeds 120% of the HTC amount reflected in the Determination Notice. The Development Owner will be required to submit the Tax-Exempt Bond Credit Increase Request Fee required in 10 TAC §11.901(8) for the increase to the HTC amount prior to issuance of Forms 8609. Additionally, all required pending documentation for the cost certification review must be provided for the issuance of 8609s.

Staff recommends approval of the increase in the tax credit award as presented herein.

UNIT MIX/RENT SCHEDULE

The Ridge at Lancaster, Dallas, # 21421

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
PROGRAM REGION:	3

UNIT DISTRIBUTION			
# Beds	# Units	% Total	Income
Eff			# Units
1	48	16.0%	20%
2	120	40.0%	30%
3	108	36.0%	40%
4	24	8.0%	50%
			60%
			70%
			80%
			MR
			TOTAL
			Average Income:
			60.00%

Applicable Programs
4% Housing Tax Credits

PRO FORMA ASSUMPTIONS	
REVENUE GROWTH:	2.00%
EXPENSE GROWTH:	3.00%
HIGH COST ADJUSTMENT:	130%
APPLICABLE FRACTION:	89.83%
APP % - ACQUISITION:	
APP % - CONSTRUCTION:	4.00%
AVERAGE SF	1,162

UNIT MIX / MONTHLY RENT SCHEDULE																				
HTC		Unit Mix				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS					TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Pd UA's (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	Market Rent	Rent per NRA	TDHCA Savings to Market	
TC60%	\$1,160	29	1	1	851	\$1,160	\$75	\$1,085	\$0	\$1.27	\$1,085	\$31,465	\$31,465	\$1,085	\$1.27	\$0		0.00		
TC60%	\$1,160	10	1	1	857	\$1,160	\$75	\$1,085	\$0	\$1.27	\$1,085	\$10,850	\$10,850	\$1,085	\$1.27	\$0		0.00		
TC60%	\$1,160	3	1	1	851	\$1,160	\$75	\$1,085	\$0	\$1.27	\$1,085	\$3,255	\$3,255	\$1,085	\$1.27	\$0		0.00		
TC60%	\$1,160	2	1	1	857	\$1,160	\$75	\$1,085	\$0	\$1.27	\$1,085	\$2,170	\$2,170	\$1,085	\$1.27	\$0		0.00		
TC60%	\$1,392	100	2	1	1,097	\$1,392	\$84	\$1,308	\$0	\$1.19	\$1,308	\$130,800	\$130,800	\$1,308	\$1.19	\$0		0.00		
TC60%	\$1,392	8	2	1	1,097	\$1,392	\$84	\$1,308	\$0	\$1.19	\$1,308	\$10,464	\$10,464	\$1,308	\$1.19	\$0		0.00		
TC60%	\$1,608	76	3	2	1,279	\$1,608	\$90	\$1,518	\$0	\$1.19	\$1,518	\$115,368	\$115,368	\$1,518	\$1.19	\$0		0.00		
TC60%	\$1,608	8	3	2	1,279	\$1,608	\$90	\$1,518	\$0	\$1.19	\$1,518	\$12,144	\$12,144	\$1,518	\$1.19	\$0		0.00		
TC60%	\$1,608	12	3	2	1,401	\$1,608	\$90	\$1,518	\$0	\$1.08	\$1,518	\$18,216	\$18,216	\$1,518	\$1.08	\$0		0.00		
TC60%	\$1,794	16	4	2	1,517	\$1,794	\$99	\$1,695	\$0	\$1.12	\$1,695	\$27,120	\$27,120	\$1,695	\$1.12	\$0		0.00		
TC60%	\$1,794	6	4	2	1,517	\$1,794	\$99	\$1,695	\$0	\$1.12	\$1,695	\$10,170	\$10,170	\$1,695	\$1.12	\$0		0.00		
MR		4	1	2	851	\$0	\$75		NA	\$1.41	\$1,200	\$4,800	\$4,800	\$1,200	\$1.41	NA	\$1,200	1.41	\$0	
MR		12	2	2	1,097	\$0	\$84		NA	\$1.23	\$1,350	\$16,200	\$16,200	\$1,350	\$1.23	NA	\$1,350	1.23	\$0	
MR		12	3	2	1,279	\$0	\$90		NA	\$1.20	\$1,530	\$18,360	\$18,360	\$1,530	\$1.20	NA	\$1,530	1.20	\$0	
MR		2	4	2	1,517	\$0	\$99		NA	\$1.23	\$1,865	\$3,730	\$3,730	\$1,865	\$1.23	NA	\$1,865	1.23	\$0	
TOTALS / AVERAGE		300			348,564				\$0	\$1.19	\$1,384		\$415,112	\$415,112	\$1,384	\$1.19	\$0	\$144	\$0.12	(\$1,240)

ANNUAL POTENTIAL GROSS RENT:													\$4,981,344	\$4,981,344						
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PRO FORMA ANALYSIS & DEVELOPMENT COSTS

POTENTIAL GROSS RENT

				TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF	
Secondary Income	Per Unit/Month	\$20.00		\$4,981,344	\$4,197,000	0%	\$4,197,000	\$4,981,344	\$0	\$0.00 Per Unit Per Month
Other Income:	Garage & Carpets and W/D			\$72,000	\$72,000	-100%	\$72,000	\$0	(\$72,000)	\$15.85 Per Unit Per Month
Other Income:	Late, Pet & application Fees					#DIV/0!	\$0	\$57,072	\$57,072	\$28.65 Per Unit Per Month
POTENTIAL GROSS INCOME				\$5,053,344	\$4,269,000	2%	\$4,269,000	\$5,141,556	\$88,212	
Vacancy & Collection Loss	% of PGI	-7.5%		(\$379,001)	(320,175)	2%	(320,175)	(385,617)	(\$6,616)	-7.5% % of PGI
EO/Non-Rental Units/Concessions				\$0	-	#DIV/0!	-	-	\$0	
EFFECTIVE GROSS INCOME				\$4,674,343	\$3,948,825	1.75%	\$3,948,825	\$4,755,939	\$81,596	

EXPENSES

	% of EGI	Per Unit	Per SF	TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF	Per SF	Per Unit	% of EGI
General & Administrative	3.58%	\$558	\$0.48	\$167,425	\$129,344	-33%	\$112,500	\$112,500	(\$54,925)	\$0.32	\$375	2.37%
Management	2.50%	\$390	\$0.34	\$116,859	\$138,209	2%	\$141,441	\$119,000	\$2,141	\$0.34	\$397	2.50%
Payroll & Payroll Tax	8.50%	\$1,324	\$1.14	\$397,240	\$390,000	17%	\$390,000	\$465,000	\$67,760	\$1.33	\$1,550	9.78%
Repairs & Maintenance	4.38%	\$682	\$0.59	\$204,614	\$180,000	12%	\$210,000	\$230,000	\$25,386	\$0.66	\$767	4.84%
Electric/Gas	2.14%	\$333	\$0.29	\$99,898	\$52,717	8%	\$104,000	\$107,500	\$7,602	\$0.31	\$358	2.26%
Water, Sewer, & Trash	5.00%	\$780	\$0.67	\$233,933	\$270,840	-23%	\$166,000	\$181,000	(\$52,933)	\$0.52	\$603	3.81%
Property Insurance	2.57%	\$400	\$0.34	\$120,000	\$124,744	0%	\$120,000	\$120,000	\$0	\$0.34	\$400	2.52%
Property Tax	0%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Reserve for Replacements	1.60%	\$250	\$0.22	\$75,000	\$75,000	0%	\$75,000	\$75,000	\$0	\$0.22	\$250	1.58%
Cable TV	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0.00	\$0	0.00%
Supportive service contract fees	0.67%	\$104	\$0.09	\$31,333	\$12,000	60%	\$12,000	\$50,000	\$18,667	\$0.14	\$167	1.05%
TDHCA Compliance fees	0.23%	\$36	\$0.03	\$10,800	\$10,800	0%	\$12,000	\$10,800	\$0	\$0.03	\$36	0.23%
TDHCA Bond Administration Fees (TDHCA as Bond I)	0.00%	\$0	\$0.00	\$0	\$30,000	#DIV/0!	\$30,000	\$0	\$0	\$0.00	\$0	0.00%
Security	0.21%	\$32	\$0.03	\$9,731	\$3,500	23%	\$3,500	\$12,000	\$2,269	\$0.03	\$40	0.25%
Other	1.17%	\$182	\$0.16	\$54,500	\$0	0%	\$0	\$54,500	\$0	\$0.16	\$182	1.15%
TOTAL EXPENSES	32.55%	\$5,071	\$4.36	\$1,521,333	\$1,417,154	1.0%	\$1,376,441	\$1,537,300	\$15,967	\$4.41	\$5,124	32.32%
NET OPERATING INCOME	67.45%	\$10,510	\$9.05	\$3,153,010	\$2,531,671	2.1%	\$2,572,384	\$3,218,639	\$65,629	\$9.23	\$10,729	67.68%

DEBT

	TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF
First Lien: Redstone	\$2,309,300	\$2,258,251	0%	\$2,233,397	\$2,309,300	\$0
Other:			#VALUE!	\$0	\$0	#VALUE!
TOTAL DEBT SERVICE	\$2,309,300	\$2,258,251	0%	\$2,233,397	\$2,309,300	\$0
NET CASH FLOW	\$843,710	\$273,420	8%	\$338,987	\$909,340	\$65,629
AGGREGATE DEBT COVERAGE RATIO	1.37	1.12		1.15	1.39	
RECOMMENDED DEBT COVERAGE RATIO					1.39	

CONSTRUCTION COST

	% of TOTAL	Per Unit	Per SF	TDHCA CC	TDHCA -Prior	% DIFF	APP - Orig	Owner CC	\$ DIFF	Per SF	Per Unit	% of TOTAL
Land Acquisition	4.09%	\$10,667	\$9.18	\$3,200,000	\$3,200,000	0%	\$3,200,000	\$3,200,000	\$0	\$9	\$10,667	4.09%
Building Acquisition	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0	\$0	0.00%
Closing costs & acq. legal fees	0.00%	\$0	\$0.00	\$0	\$0	#DIV/0!	\$0	\$0	\$0	\$0	\$0	0.00%
Off-Sites	2.61%	\$6,814	\$5.86	\$2,044,152	\$2,000,000	0%	\$2,000,000	\$2,044,152	(\$0)	\$6	\$6,814	2.61%
Sitework	11.81%	\$30,796	\$26.51	\$9,238,844	\$5,400,000	15%	\$5,400,000	\$10,660,616	\$1,421,772	\$31	\$35,535	13.63%
Site Amenities				\$425,000			\$425,000					
Other Construction Cost				\$0		#DIV/0!	\$0		\$0			
Building Costs	41.46%	\$108,079	\$93.02	\$32,423,843	\$26,684,107	-4%	\$27,537,000	\$31,002,071	(\$1,421,772)	\$89	\$103,340	39.65%
Contingency				\$1,991,409		#DIV/0!	\$1,991,409		\$0			
Contractor's Fees	7.80%	\$20,336	\$17.50	\$6,100,690	\$4,891,180	0%	\$4,891,180	\$6,100,690	\$0	\$18	\$20,336	7.80%
Indirect Construction	6.24%	\$16,269	\$14.00	\$4,880,750	\$4,148,195	0%	\$4,148,195	\$4,880,750	\$0	\$14	\$16,269	6.24%
Developer's Fees	13.96%	\$28,783	\$24.77	\$8,635,047	\$7,500,615	0%	\$7,547,999	\$8,635,047	\$0	\$25	\$28,783	11.04%
Financing	13.25%	\$34,541	\$29.73	\$10,362,344	\$9,068,455	0%	\$9,068,455	\$10,362,344	\$0	\$30	\$34,541	13.25%
Reserves	1.68%	\$4,378	\$3.77	\$1,313,358	\$1,336,564	0%	\$1,336,564	\$1,313,358	\$0	\$4	\$4,378	1.68%
TOTAL COST	100%	\$260,663	\$224	\$78,199,028	\$66,645,525	0%	\$67,545,802	\$78,199,028	\$0	\$224	\$260,663	100%
Construction Cost Recap	55.89%	\$145,689	\$125.39	\$43,706,839			\$43,706,839		\$0	\$125.39	\$145,689	55.89%

SOURCES OF FUNDS

	% IDC	RECOMMENDED	Developer Fee Available
First Lien: Redstone	58%	\$45,035,000	
Other:	0%	\$0	\$8,635,047
HIC Equity: Enterprise Housing Partners	37%	\$28,813,564	
Timing Adjusters - Enterprise Housing Partners	-2%	(\$1,927,407)	
LDG The Ridge at Lancaster GP, LLC	0%	\$100	
LDG The Ridge at Lancaster, SLP, LLC	0%	\$100	
Deferred Developer Fee: LDG Multifamily	8%	\$6,277,671	% of Dev. Fee Deferred 73%
Additional (Excess) Funds Req'd	0%	\$0	15-Yr Cumulative Cash Flow
TOTAL SOURCES	100%	\$78,199,028	\$19,171,844

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Ridge at Lancaster, Dallas, # 21421

PROPOSED PAYMENT COMPUTATION

First Lien: Redstone	\$45,035,000	Amort	480
Int Rate	4.15%	DCR	1.37
Other:	\$0	Amort	0
Int Rate	0.00%	DCR	1.37

RECOMMENDED FINANCING STRUCTURE: APPLICANT'S NOI

First Lien: Redstone	\$2,309,300
Other:	0
TOTAL DEBT SERVICE	\$2,309,300

First Lien: Redstone	\$45,035,000	Amort	480
Int Rate	4.15%	DCR	1.39
Other:	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.39

LONG TERM OPERATING PRO FORMA

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30	YEAR 35	YEAR 40
EFFECTIVE GROSS INCOME	\$4,755,939	\$4,851,058	\$4,948,079	\$5,047,041	\$5,147,982	\$5,683,788	\$6,275,361	\$6,928,506	\$7,649,630	\$8,445,810	\$9,324,856	\$10,295,395
LESS: TOTAL EXPENSES	1,537,300	1,582,125	1,628,376	1,675,991	\$1,725,009	1,992,654	\$2,302,190	2,660,210	3,074,353	3,553,462	4,107,783	4,749,179
NET OPERATING INCOME	\$3,218,639	\$3,268,933	\$3,319,703	\$3,371,050	\$3,422,973	\$3,691,133	\$3,973,171	\$4,268,295	\$4,575,277	\$4,892,347	\$5,217,074	\$5,546,215
LESS: DEBT SERVICE	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300	2,309,300
NET CASH FLOW	\$909,340	\$959,633	\$1,010,403	\$1,061,750	\$1,113,673	\$1,381,834	\$1,663,871	\$1,958,996	\$2,265,978	\$2,583,048	\$2,907,774	\$3,236,916
CUMULATIVE NET CASH FLOW	\$909,340	\$1,868,973	\$2,879,376	\$3,941,126	\$5,054,800	\$11,421,985	\$19,171,844	\$28,371,549	\$39,083,040	\$51,360,536	\$65,247,474	\$80,772,767
DEFERRED DEVELOPER FEE BALANCE	\$5,368,331	\$4,408,698	\$3,398,295	\$2,336,544	\$1,222,871	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCR ON UNDERWRITTEN DEBT (Must-Pay)	1.39	1.42	1.44	1.46	1.48	1.60	1.72	1.85	1.98	2.12	2.26	2.40
EXPENSE/EGI RATIO	32.32%	32.61%	32.91%	33.21%	33.51%	35.06%	36.69%	38.40%	40.19%	42.07%	44.05%	46.13%

HTC ALLOCATION ANALYSIS - The Ridge at Lancaster, Dallas, # 21421

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	\$3,200,000	\$3,200,000				
Purchase of buildings	\$0	\$0				
Closing costs & Acq. Legal Fees	\$0	\$0				
Off-Site Improvements	\$2,044,152	\$2,044,152			\$2,044,152	\$2,044,152
Sitework	\$10,660,616	\$9,238,844			\$10,660,616	\$9,238,844
Building Costs	\$31,002,071	\$32,423,843			\$30,513,950	\$31,935,722
Contingency	\$0	\$0				
Contractor's Fees	\$6,100,690	\$6,100,690			\$6,050,620	\$6,050,620
Indirect Construction	\$4,880,750	\$4,880,750	\$0	\$0	\$4,835,358	\$4,835,358
Interim Financing	\$10,362,344	\$10,362,344	\$0	\$0	\$7,756,517	\$7,756,517
Developer Fees						
Developer Fees	\$8,635,047	\$8,635,047	\$0	\$0	\$8,635,047	\$8,635,047
Development Reserves	\$1,313,358	\$1,313,358				
TOTAL DEVELOPMENT COSTS	\$78,199,028	\$78,199,028	\$0	\$0	\$70,496,260	\$70,496,260

Deduct from Basis:						
	\$0					
Describe:						
Describe:						
Describe:						
Describe:					\$0	\$0
TOTAL ELIGIBLE BASIS			\$0	\$0	\$70,496,260	\$70,496,260
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$0	\$0	\$91,645,138	\$91,645,138
Applicable Fraction			89.83%	89.83%	89.83%	89.83%
TOTAL QUALIFIED BASIS			\$0	\$0	\$82,323,678	\$82,323,677
Applicable Percentage			0.00%	0.00%	4.00%	4.00%
TOTAL AMOUNT OF TAX CREDITS			\$0	\$0	\$3,292,947	\$3,292,947

Syndication Rate	0.8750	\$0	\$0	\$28,813,565	\$28,813,565
Total Tax Credits (Eligible Basis Method)				\$3,292,947	\$3,292,947
Syndication Proceeds				\$28,813,565	\$28,813,565
Approved Tax Credits				\$3,292,947	
Syndication Proceeds				\$28,813,564	
Requested Tax Credits				\$3,292,947	
Syndication Proceeds				\$28,813,564	
Gap of Syndication Proceeds Needed				\$35,091,235	
Total Tax Credits (Gap Method)				\$4,010,388	
Recommended Tax Credits				3,292,947	
Syndication Proceeds				\$28,813,564	

10/3/2024

Rosalio Banuelos, Director of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Re: The Ridge at Lancaster #21421 (20493) – Request for Additional Tax Credits

Mr. Banuelos,

The Determination Notice issued on 3/29/2021 for the above referenced application reflected an Annual Tax Credit Amount of \$2,707,319. The final Eligible Basis of \$70,496,267 (Adjusted \$91,645,147 and Qualified of \$82,323,685) now calculates an Annual Tax Credit amount of \$3,292,947 which is approximately 21.63% higher. These figures are supported by an Independent Auditor's Report which has been included in the Cost Certification Package. Per TDHCA rules any increase over 20% from the initial Tax Credit amount must be approved by the board. Therefore, LDG is formally requesting the additional credits due to unavoidable obstacles and increased costs during the construction of this development.

Below are some of the main reasons for the cost increases since the time of the initial application:

Construction Costs:

- Direct construction costs were underestimated at the time of application as we did not have actual construction bids at that time. Therefore, Building Costs and Site Work Costs had significant variances from the time of initial application. Additionally, there were several change orders and material price escalations which also increased the direct construction costs. These change orders are included within the Cost Cert package.
- Lumber/Trim had a significant price escalation during this timeframe.
- Soil Stabilization Redesign: a new stabilized design utilizing shotcrete increased design costs and delayed construction.
- The following redesigns significantly increased materials costs and labor costs:
 - Civil Engineering redesign of the grading and retaining walls required additional retaining walls to the project
 - Sanitary sewer and dry utility systems were redesigned post-closing
 - Paving and Perimeter Fence required improvements
 - Oncor electrical design changes were required
 - Water plan changes required additional irrigation pumps
- General Conditions and Overhead costs increased due to lengthened schedule/construction delays from issues described in the following paragraph:

Construction Delays:

- Civil Engineering redesign of the grading and retaining walls required additional retaining walls to the project (+2 months delay)
- The City of Dallas changed the offsite utility tie-in plan multiple times due to an unstable creek crossing (+5 months delay)
- The City of Dallas required wastewater line upgrades not associated with our permit before they released permanent water service. (+5 months delay)

Financing Costs:

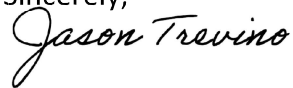
- Construction delays caused an increase to financing costs such as construction interest and financing fees.

Developer Fees:

- Developer fees are calculated at 15% of the project's eligible costs and this increase is a direct result of the increases detailed above.

Please let us know if you need any further information to process this request.

Sincerely,



Jason Trevino
LDG Development, LLC
512-578-8488



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-018

Agenda Date: 04/10/2025

Agenda #: 4.

Presentation, discussion, and possible action on Resolution No. 25-018 regarding the annual approval of the Department's Investment Policy

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-019

Agenda Date: 4/10/2025

Agenda #: 5.

Presentation, discussion, and possible action on Resolution No. 25-019 regarding the annual approval of the Department's Interest Rate Risk Management Policy

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

The Department adopted an Interest Rate Risk Management Policy (formerly the Swap Policy) on September 9, 2004, to establish guidelines for the use and administration of interest rate management agreements, including but not limited to, interest rate swaps, caps, collars, and floors acquired in connection with the issuance of debt obligations. The Swap Policy is reviewed and approved annually. It underwent substantial changes in 2009, and had minor edits since.

Modifications for 2025 clarify the Department's ability to manage interest rate risk related to assets (mortgage loans and pipeline risk), in addition to liabilities (issuance of debt obligations). The proposed Interest Rate Risk Management Policy, blacklined against the prior Swap policy, contains these edits, and updates pursuant to state law.

Staff, in conjunction with the Department's Swap Advisor and Bond Counsel, has reviewed the proposed Interest Rate Risk Management Policy and recommends approval and adoption of Resolution 25-019.

RESOLUTION NO. 25-019

RESOLUTION OF THE GOVERNING BOARD APPROVING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE RISK MANAGEMENT POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Governing Board") desires to approve the Department's Interest Rate Risk Management Policy in the form presented to the Governing Board;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval of the Department's Interest Rate Risk Management Policy. The Interest Rate Risk Management Policy in the form presented to the Governing Board is hereby authorized and approved.

Section 1.2 ISDA Dodd-Frank Protocols. Each Authorized Representative is hereby severally authorized to take such actions as are necessary or desirable to enable the Board to adhere to any protocols promulgated by the International Swaps and Derivatives Association, Inc. ("ISDA") in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, which adherence may (i) include the use of documents intended to address the subject matter of any such protocol but not using forms promulgated by ISDA, and (ii) be with respect to such counterparties as an Authorized Representative determines in his or her judgment are appropriate.

Section 1.3 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of April, 2025.

**TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS**

INTEREST RATE RISK MANAGEMENT POLICY

As presented to the Board on April 10, 2025

2025

April 10, 2025

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE RISK MANAGEMENT POLICY

The Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (the “Act”), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the “Governing Board”) from time to time) at prices they can afford.

The Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the “State”); (b) to issue its bonds, for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds.

I. Introduction

The purpose of this Interest Rate Risk Management Policy (“Policy”) of the Texas Department of Housing and Community Affairs (the “Department”) is to establish guidelines for the use and management of all interest rate risk management agreements (collectively referred to herein as “Agreements”), executed or incurred in connection with the issuance of the Department’s debt obligations or to manage interest rate risk associated with mortgage loan origination and pipeline management in connection with or incidental to such debt obligations. Such Agreements include, but are not limited to interest rate swaps (“Swaps”), swaptions, treasury rate locks, TBA MBS transactions, caps, collars, and floors. This Policy sets forth the manner of execution of Agreements and provides for security and payment provisions, risk considerations, and certain other relevant provisions.

II. Authority

The Department is authorized by Sections 1371.056 and 2306.351 of the Texas Government Code to enter into Agreements from time to time to better manage assets and liabilities, to take advantage of market conditions to lower overall costs, and to reduce interest rate risk.

This Policy shall govern the Department’s use and management of all Agreements. While adherence to this Policy is required in applicable circumstances, the Department recognizes that changes in the capital markets, agency programs, and other unforeseen circumstances may from time to time produce situations that are not covered by this Policy and will require modifications or exceptions approved or authorized by the Governing Board to achieve policy goals.

The Director of Administration and the Director of Bond Finance are the designated administrators of the Department's Policy. The Bond Finance Division shall have the day-to-day responsibility for structuring, implementing, and managing Agreements, which includes, with the approval of the Executive Director, the execution of the Department's right to optional termination of Swaps to avoid being overswapped (having a higher notional amount of Swaps outstanding than par amount of related bonds), for economic benefit to the Department, or to achieve other goals of the Department.

The Department shall be authorized to enter into Swaps only with qualified Swap counterparties as defined herein. The Director of Bond Finance, in consultation with the Director of Administration, or a Department designee, shall have the authority to recommend counterparties, so long as the criteria set forth in this Policy are met.

The Director of Administration and the Director of Bond Finance shall review this Policy on an annual basis and recommend any necessary changes to the Governing Board.

III. Purpose

The incurring of obligations by the Department involves a variety of interest rate payments and other risks for which a variety of financial instruments are available to offset, hedge, or reduce. It is the policy of the Department to utilize Agreements to better manage its assets and liabilities. The Department may execute Agreements if the transaction can be expected to result in one of, but not limited to, the following:

- Reduce exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from the Department's overall asset/liability balance.
- Result in a lower net cost of borrowing with respect to the Department's debt, a higher return on assets, and/or a stronger balance sheet.
- Manage variable interest rate exposure consistent with prudent debt practices.
- Achieve flexibility in meeting overall financial and programmatic objectives that cannot be achieved in conventional markets.
- Lock in fixed rates in current markets for use at a later date.
- Manage the Department's exposure to the risk of changes in the legal or regulatory treatment of tax-exempt bonds.
- Manage the Department's credit exposure to financial institutions.

The Department will not use Agreements that:

- Are purely speculative or incorporate extraordinary leverage;
- Lack adequate liquidity to terminate without incurring a significant bid/ask spread;
- Are characterized by insufficient pricing transparency and therefore make reasonable valuation difficult.

IV. Evaluation of Risks Associated with Swaps

Before entering into a Swap, the Department shall evaluate the risks inherent in the transaction. The risks to be evaluated will include basis risk, tax risk, counterparty risk, credit risk, termination risk, rollover risk, liquidity risk, remarketing risk, amortization mismatch risk, mortgage yield risk, non-origination risk, and PAC band risk. The following table outlines these various risks and the Department's evaluation methodology for those risks.

Risk	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.	The Department will review historical trading differentials between the variable rate bonds and the index.
Tax Risk	The risk created by potential tax events that could affect Swap payments or their relationship to future bond payments.	The Department will review the tax events in proposed Swap agreements. The Department will evaluate the impact of potential changes in tax law on Swaps that hedge tax-exempt bonds where the index is a taxable index.
Counterparty Risk	The failure of the counterparty to make required payments or the occurrence of an event modifying the credit rating of the counterparty.	The Department will monitor exposure levels, ratings thresholds, and collateralization requirements.
Termination Risk	The need to terminate the transaction in a market that dictates a termination payment by the Department.	The Department will compute its termination exposure for all existing and proposed Swaps at market value and under a worst-case scenario.
Rollover Risk	The mismatch of the maturity of the Swap and the maturity of the underlying bonds.	The Department will determine its capacity to service variable rate bonds that may be outstanding after the maturity of the Swap.
Liquidity Risk	The inability to continue or renew a liquidity facility, and the risk that the cost of a facility will increase beyond expectations.	The Department will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt, if any.
Remarketing Risk	The risk that a remarketing agent may be unable to remarket VRDBs.	The Department will obtain a standby bond purchase facility to provide the funds necessary to purchase the VRDBs.
Amortization Mismatch Risk	The mismatch of outstanding Swap notional amount versus the outstanding bond principal subject to the hedge.	The Department may incorporate one or a combination of the following features: par termination options, PAC or lockout bonds.

Mortgage Yield Risk	The bond issue may not comply with yield restrictions if the Swap is terminated.	The Department will obtain legal opinions and or certificates as appropriate.
Non-origination Risk	The bond proceeds may not originate within the prescribed timeframe and require an unused proceeds call and possible termination payment.	The Department will evaluate bond and mortgage market conditions and quantify the potential termination payment due upon non-origination.
PAC Band Break Risk	The targeted PAC bonds may amortize faster than anticipated based on the PAC amortization schedule.	The Department will rely upon credit rating agency cashflows to ensure adequate PAC/companion bond structural integrity.
Collateral Posting Risk	The risk that the Department may be required to post liquid collateral to the Counterparty. Inability to post such liquid collateral upon short notice may result in the early termination of a Swap transaction.	The Department will seek to structure Swap Agreements so that the need to post collateral is highly unlikely. This can be accomplished by using high posting thresholds or low rating triggers.
Accounting Risk	The risk that the Department may be required to record changes in fair value of a derivative transaction as a gain or loss in its annual financial statements.	The Department, when feasible, should aim to structure Transactions that would expect to qualify as effective hedges under GASB 53.

The Department will diversify its exposure to counterparties. To that end, before entering into a transaction, the Department will determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect that exposure. The exposure will not be measured solely in terms of notional amount, but rather how changes in interest rates would affect the Department’s exposure (“Maximum Net Termination Exposure”). For purposes of these limits, “Maximum Net Termination Exposure” shall equal the aggregate termination payment for all existing and projected Swaps that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to the reasonably expected worse case termination payment of all existing Swaps plus the proposed transaction.

The Department will base the Maximum Net Termination Exposure on all outstanding derivative transactions. Limits will be established for each counterparty as well as the relative level of risk associated with each existing and projected Swap. In order to lessen counterparty risk, the Department will diversify exposure among multiple counterparties (when possible) and avoid excessive concentration to any one counterparty. In situations where the Department may execute a swap transaction that would result in offsetting counterparty risk with an existing counterparty, the Department should seek to utilize that counterparty.

The Director of Bond Finance shall determine the appropriate term for a Swap on a case-by-case basis. The slope of the Swap curve, the marginal change in Swap rates from year to year along the

Swap curve, and the impact that the term of the Swap has on the overall exposure of the Department shall be considered in determining the appropriate term of any Swap. The term of a Swap between the Department and a qualified Swap counterparty shall not extend beyond the final maturity date of the associated debt, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.

The Department will review the use of forward-starting Swaps and determine the duration based on market condition and the risk associated with using a forward-starting Swap. The Department does not have any Swaps with a knock-out option which could expose the Department to higher interest rates. The Department will advise the Board prior to entering into either a forward-starting Swap or knock-out option.

The Department will inform the Board if the Swap is a fixed notional value Swap or a declining notional value Swap. The Director of Bond Finance will review proposed Swaps to ensure that the use of fixed notional value Swaps does not place the Department at risk of incurring an incrementally higher expense if the related bond principal is paid off early.

The total “net notional amount” of all Swaps related to a bond issue should not exceed the amount of outstanding bonds, or bonds anticipated to be issued. For purposes of calculating the net notional amount, credit shall be given to any Swaps that offset another Swap for a specific bond transaction.

V. Long Term Financial Implications

In evaluating a particular transaction involving the use of derivatives, the Department shall review long-term implications associated with entering into derivatives, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, liquidity capacity, opportunities to refund related debt obligations and other similar considerations.

Impact of Use of Liquidity

The Department shall consider the impact of any variable rate demand bonds issued in combination with a Swap on the availability and cost of liquidity support for other Department variable rate programs.

Call Option Value considerations

When considering the relative advantage of a Swap versus fixed rate bonds, the Department will take into consideration the value of any call option on fixed rate bonds.

Qualified Hedges

The Department understands that, (1) if payments on and receipts from the Agreement are to be taken into account in computing the yield on the related bonds, the Agreement must meet the requirements for a “qualified hedge” under federal tax law (sometimes referred to as an “integrated Swap”); and (2) if one of the goals of entering into the Agreement is to convert variable yield bonds into fixed yield bonds (sometimes referred to as a “super integrated Swap”), then certain additional requirements must be met. In both of these situations, the terms of the

Agreement and the process for entering into the Agreement must be reviewed and approved in advance by tax counsel.

VI. Form of Swap Agreements

Each Swap executed by the Department shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. (“ISDA”) Master Agreement, including any schedules and confirmations. The Swaps between the Department and each qualified Swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Director of Bond Finance deems necessary, desirable, or consistent with industry best practices.

VII. Qualified Swap Counterparties

The Department will make its best efforts to work with qualified Swap counterparties that (i) have, or has a credit support counterparty that has, a general credit rating of at least “A2” with respect to ratings by Moody’s Investors Service, Inc. (“Moody’s”) or “A” with respect to ratings by S&P Global Ratings (“S&P”) or Fitch Ratings.

In addition to the rating criteria specified herein, the Department may seek additional credit enhancement and safeguards in the form of:

- i. Contingent credit support or enhancement;
- ii. Collateral consistent with the policies contained herein; and/or
- iii. Ratings downgrade triggers.

In addition, the Department will take into consideration a Swap counterparty’s track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

In addition to credit-related requirements, Swap counterparties and other providers of derivative products must comply with the following requirements to be eligible to enter into a contract with the Department in connection with, and at the time of, each applicable transaction:

No Boycott of Israel. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan and Foreign Terrorist Organizations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

No Discrimination Against Fossil-Fuel Companies. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2276 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) not boycott energy companies and (ii) will not boycott energy companies during the term for which they provide services to the Department. As used in the foregoing, the term “boycott energy companies” shall have the meaning given to such term in Section 2276.001(1), Texas Government Code.

No Discrimination Against Firearm Entities and Firearm Trade Associations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2274 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and (ii) will not discriminate against a firearm entity or firearm trade association during the term for which they provide services to the Department. As used in the foregoing, the terms “discriminate against a firearm entity or firearm trade association”, “firearm entity” and “firearm trade association” shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

Disclosure of Interested Parties. Swap counterparties and other providers of derivative products are required to comply with the requirements of Section 2252.908 of the Texas Government Code. Counterparties or providers that make a written representation to the Department that their firm is a publicly traded business entity or a wholly owned subsidiary of publicly traded business entity are exempt from Section 2252.908 of the Texas Government Code.

Prohibition on Certain Bids and Contracts Related to Persons Involved in Human Trafficking. Swap counterparties and providers of derivative products are required to comply with the requirements of Chapter 2155 of the Texas Government Code. Swap counterparties and providers of derivative products must certify their firm is not ineligible under Section 2155.0061 of the Texas Government Code.

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The Director of Bond Finance, in consultation with the Director of Administration, shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department’s Swaps if the provider (or its credit support provider) fails to maintain either:

1. A credit rating of at least Baa2 from Moody’s; or
2. A credit rating of at least BBB from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Director of Bond Finance, in consultation with the Director of Administration, shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for two-way mark-to-market breakage. Swaps may use the 2002 form of the ISDA Master Agreement.

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the Director of Administration and Director of Bond Finance may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2 (Moody's)/A (S&P) to Baa1 (Moody's)/BBB+ (S&P).
- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.
- Collateral shall be deposited with an eligible third-party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined periodically at a frequency consistent with industry standard.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The Director of Bond Finance, in consultation with the Director of Administration, shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" with Moody's or "A" with S&P.

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.
- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.

- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Such swap advisory firm shall act as the "qualified independent representative" ("QIR") of the Department for purposes of CFTC Rule 23.450 (b) (1) to advise the Department on Swaps, provided that such firm provide certification to the Department addressing why such firm meets the requirements to act as a QIR pursuant to CFTC Regulation 23.450(b)(1). Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

Prior to or at execution of any new swap transaction, the swap dealer and/or swap advisor, as the case may be, shall provide information to the Department consistent with the rules and regulations in effect at the time. Such rules would include the Business Conduct Standards for Swap Dealers and Major Swap Participants as published and enacted by the Commodity Futures Trading Commission. In addition the swap dealer should represent to the Department that it is in compliance with such rules including pay-to-play restrictions.

The Department will determine that the swap transaction will conform to this Policy after reviewing a report of the Director of Bond Finance that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;
- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;

- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Bond Finance Division will monitor the performance of the QIR on an on-going basis.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to be ineffective will result in the change in fair value being recorded as a gain or loss. While the long term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative
2. Significant Terms
3. Fair Value
4. Associated Debt

5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, and Foreign Currency Risk.

With the adoption of GASB 72, the Department will be required to report the fair value of its Swaps in its annual financial statements, as more fully described in GASB 72. The Department will follow these guidelines and may engage a third party to assist in the required calculations.

The Director of Administration and the Director of Bond Finance will review this Policy on an annual basis.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INTEREST RATE ~~SWAP~~-RISK MANAGEMENT POLICY

As presented to the Board on ~~April 11, 2024~~ April 10, 2025

~~2024~~ 2025

~~April 11, 2024~~
April 10, 2025

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS INTEREST RATE ~~SWAP~~RISK MANAGEMENT POLICY

The Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (the "Act"), as amended from time to time, for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford.

The Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds.

I. Introduction

The purpose of this Interest Rate ~~Swap Risk Management~~Risk Management-Policy ("Policy") of the Texas Department of Housing and Community Affairs (the "Department") is to establish guidelines for the use and management of all interest rate risk management agreements ~~(collectively referred to herein as "Agreements", executed or incurred in connection with the issuance of the Departments debt obligations or to manage interest rate risk associated with mortgage loan origination and pipeline management in connection with or incidental to such debt obligations. Such agreements include, but are not limited to, including, but not limited to,~~ interest rate swaps ("swaps"), swaptions, treasury rate locks, TBA MBS transactions, caps, collars and floors. ~~(collectively "Swaps" or "Agreements") incurred in connection with the issuance of debt obligations.~~ This Policy sets forth the manner of execution of Swaps Agreements and provides for security and payment provisions, risk considerations, and certain other relevant provisions.

II. Authority

The Department is authorized by Sections 1371.056 and 2306.351 of the Texas Government Code to enter into Swaps Agreements from time to time to better manage assets and liabilities, ~~and to~~ take advantage of market conditions to lower overall costs, ~~and to~~ reduce interest rate risk.

This Policy shall govern the Department's use and management of all ~~Swaps Agreements~~. While adherence to this Policy is required in applicable circumstances, the Department recognizes that changes in the capital markets, agency programs, and other unforeseen circumstances may from

time to time produce situations that are not covered by this Policy and will require modifications or exceptions approved or authorized by the Governing Board to achieve policy goals.

The Director of Administration and the Director of Bond Finance are the designated administrators of the Department's Policy. The Bond Finance Division shall have the day-to-day responsibility for structuring, implementing, and managing SwapsAgreements, which includes, with the approval of the Executive Director, the execution of the Department's right to optional termination of SwapsAgreements to avoid being overswapped (having a higher notional amount of swap outstanding than par amount of related bonds), for economic benefit to the Department, or to achieve other goals of the Department.

The Department shall be authorized to enter into Swaps only with qualified Swap counterparties as defined herein. The Director of Bond Finance, in consultation with the Director of Administration, or a Department designee, shall have the authority to recommend counterparties, so long as the criteria set forth in this Policy are met.

The Director of Administration and the Director of Bond Finance shall review this Policy on an annual basis and recommend any necessary changes to the Governing Board.

III. Purpose

The incurring of obligations by the Department involves a variety of interest rate payments and other risks for which a variety of financial instruments are available to offset, hedge, or reduce. It is the policy of the Department to utilize SwapsAgreements to better manage its assets and liabilities. The Department may execute SwapsAgreements if the transaction can be expected to result in one of, but not limited to, the following:

- Reduce exposure to changes in interest rates on a particular financial transaction or in the context of the management of interest rate risk derived from the Department's overall asset/liability balance.
- Result in a lower net cost of borrowing with respect to the Department's debt, a higher return on assets, and/or a stronger balance sheet.
- Manage variable interest rate exposure consistent with prudent debt practices.
- Achieve flexibility in meeting overall financial and programmatic objectives that cannot be achieved in conventional markets.
- Lock in fixed rates in current markets for use at a later date.
- Manage the Department's exposure to the risk of changes in the legal or regulatory treatment of tax-exempt bonds.
- Manage the Department's credit exposure to financial institutions.

The Department will not use Agreements that:

- Are purely speculative or incorporate extraordinary leverage;
- Lack adequate liquidity to terminate without incurring a significant bid/ask spread;
- Are characterized by insufficient pricing transparency and therefore make reasonable valuation difficult.

IV. Evaluation of Risks Associated with Swaps

Before entering into a Swap, the Department shall evaluate the risks inherent in the transaction. The risks to be evaluated will include basis risk, tax risk, counterparty risk, credit risk, termination risk, rollover risk, liquidity risk, remarketing risk, amortization mismatch risk, mortgage yield risk, non-origination risk, and PAC band risk. The following table outlines these various risks and the Department’s evaluation methodology for those risks.

Risk	Description	Evaluation Methodology
Basis Risk	The mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.	The Department will review historical trading differentials between the variable rate bonds and the index.
Tax Risk	The risk created by potential tax events that could affect Swap payments or their relationship to future bond payments.	The Department will review the tax events in proposed Swap agreements. The Department will evaluate the impact of potential changes in tax law on Swaps that hedge tax-exempt bonds where the index is a taxable index.
Counterparty Risk	The failure of the counterparty to make required payments or the occurrence of an event modifying the credit rating of the counterparty.	The Department will monitor exposure levels, ratings thresholds, and collateralization requirements.
Termination Risk	The need to terminate the transaction in a market that dictates a termination payment by the Department.	The Department will compute its termination exposure for all existing and proposed Swaps at market value and under a worst-case scenario.
Rollover Risk	The mismatch of the maturity of the Swap and the maturity of the underlying bonds.	The Department will determine its capacity to service variable rate bonds that may be outstanding after the maturity of the Swap.
Liquidity Risk	The inability to continue or renew a liquidity facility, and the risk that the cost of a facility will increase beyond expectations.	The Department will evaluate the expected availability of liquidity support for swapped and unhedged variable rate debt, if any.
Remarketing Risk	The risk that a remarketing agent may be unable to remarket VRDBs.	The Department will obtain a standby bond purchase facility to provide the funds necessary to purchase the VRDBs.
Amortization Mismatch Risk	The mismatch of outstanding Swap notional amount versus the outstanding bond principal subject to the hedge.	The Department may incorporate one or a combination of the following features: par termination options, PAC or lockout bonds.

Mortgage Yield Risk	The bond issue may not comply with yield restrictions if the Swap is terminated.	The Department will obtain legal opinions and or certificates as appropriate.
Non-origination Risk	The bond proceeds may not originate within the prescribed timeframe and require an unused proceeds call and possible termination payment.	The Department will evaluate bond and mortgage market conditions and quantify the potential termination payment due upon non-origination.
PAC Band Break Risk	The targeted PAC bonds may amortize faster than anticipated based on the PAC amortization schedule.	The Department will rely upon credit rating agency cashflows to ensure adequate PAC/companion bond structural integrity.
Collateral Posting Risk	The risk that the Department may be required to post liquid collateral to the Counterparty. Inability to post such liquid collateral upon short notice may result in the early termination of a Swap transaction.	The Department will seek to structure Swap Agreements so that the need to post collateral is highly unlikely. This can be accomplished by using high posting thresholds or low rating triggers.
Accounting Risk	The risk that the Department may be required to record changes in fair value of a derivative transaction as a gain or loss in its annual financial statements.	The Department, when feasible, should aim to structure Transactions that would expect to qualify as effective hedges under GASB 53.

The Department will diversify its exposure to counterparties. To that end, before entering into a transaction, the Department will determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect that exposure. The exposure will not be measured solely in terms of notional amount, but rather how changes in interest rates would affect the Department’s exposure (“Maximum Net Termination Exposure”). For purposes of these limits, “Maximum Net Termination Exposure” shall equal the aggregate termination payment for all existing and projected Swaps that would be paid by an individual counterparty. For purposes of this calculation, the aggregate termination payment is equal to the reasonably expected worse case termination payment of all existing Swaps plus the proposed transaction.

The Department will base the Maximum Net Termination Exposure on all outstanding derivative transactions. Limits will be established for each counterparty as well as the relative level of risk associated with each existing and projected Swap. In order to lessen counterparty risk, the Department will diversify exposure among multiple counterparties (when possible) and avoid excessive concentration to any one counterparty. In situations where the Department may execute a swap transaction that would result in offsetting counterparty risk with an existing counterparty, the Department should seek to utilize that counterparty.

The Director of Bond Finance shall determine the appropriate term for a Swap on a case-by-case basis. The slope of the Swap curve, the marginal change in Swap rates from year to year along the

Swap curve, and the impact that the term of the Swap has on the overall exposure of the Department shall be considered in determining the appropriate term of any Swap. The term of a Swap between the Department and a qualified Swap counterparty shall not extend beyond the final maturity date of the associated debt, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.

The Department will review the use of forward-starting ~~swaps~~ Swaps and determine the duration based on market condition and the risk associated with using a forward-starting ~~swap~~ Swap. The Department does not have any ~~s~~ Swaps with a knock-out option which could expose the Department to higher interest rates. The Department will advise the Board prior to entering into either a forward-starting ~~swap~~ Swap or knock-out option.

The Department will inform the Board if the ~~swap~~ Swap is a fixed notional value ~~swap~~ Swap or a declining notional value ~~swap~~ Swap. The Director of Bond Finance will review proposed ~~swap~~ Swaps to ensure that the use of fixed notional value ~~swap~~ Swaps does not place the Department at risk of incurring an incrementally higher expense if the related bond principal is paid off early.

The total “net notional amount” of all Swaps related to a bond issue should not exceed the amount of outstanding bonds, or bonds anticipated to be issued. For purposes of calculating the net notional amount, credit shall be given to any Swaps that offset another Swap for a specific bond transaction.

V. Long Term Financial Implications

In evaluating a particular transaction involving the use of derivatives, the Department shall review long-term implications associated with entering into derivatives, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, liquidity capacity, opportunities to refund related debt obligations and other similar considerations.

Impact of Use of Liquidity

The Department shall consider the impact of any variable rate demand bonds issued in combination with a Swap on the availability and cost of liquidity support for other Department variable rate programs.

Call Option Value considerations

When considering the relative advantage of a Swap versus fixed rate bonds, the Department will take into consideration the value of any call option on fixed rate bonds.

Qualified Hedges

The Department understands that, (1) if payments on and receipts from the Agreement are to be taken into account in computing the yield on the related bonds, the Agreement must meet the requirements for a “qualified hedge” under federal tax law (sometimes referred to as an “integrated Swap”); and (2) if one of the goals of entering into the Agreement is to convert variable yield bonds into fixed yield bonds (sometimes referred to as a “super integrated Swap”),

then certain additional requirements must be met. In both of these situations, the terms of the Agreement and the process for entering into the Agreement must be reviewed and approved in advance by tax counsel.

VI. Form of Swap Agreements

Each Swap executed by the Department shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. (“ISDA”) Master Agreement, including any schedules and confirmations. The Swaps between the Department and each qualified Swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Director of Bond Finance deems necessary, desirable, or consistent with industry best practices.

VII. Qualified Swap Counterparties

The Department will make its best efforts to work with qualified Swap counterparties that (i) have, or has a credit support counterparty that has, a general credit rating of at least “A2” with respect to ratings by Moody’s Investors Service, Inc. (“Moody’s”) or “A” with respect to ratings by S&P Global Ratings (“S&P”) or Fitch Ratings.

In addition to the rating criteria specified herein, the Department may seek additional credit enhancement and safeguards in the form of:

- i. Contingent credit support or enhancement;
- ii. Collateral consistent with the policies contained herein; and/or
- iii. Ratings downgrade triggers.

In addition, the Department will take into consideration a Swap counterparty’s track record of successfully executing Swap transactions. The Department will only execute Swap transactions with qualified Swap counterparties.

In addition to credit-related requirements, Swap counterparties and other providers of derivative products must comply with the following requirements to be eligible to enter into a contract with the Department in connection with, and at the time of, each applicable transaction:

No Boycott of Israel. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2270 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not boycott Israel and (ii) will not boycott Israel during the term for which they provide services to the Department.

Iran, Sudan and Foreign Terrorist Organizations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2252 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is not an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

No Discrimination Against Fossil-Fuel Companies. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2276 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) not boycott energy companies and (ii) will not boycott energy companies during the term for which they provide services to the Department. As used in the foregoing, the term “boycott energy companies” shall have the meaning given to such term in Section 2276.001(1), Texas Government Code.

No Discrimination Against Firearm Entities and Firearm Trade Associations. Swap counterparties and other providers of derivative products are required to comply with the requirements of Chapter 2274 of the Texas Government Code. Compliance includes an unqualified written verification in the Agreement by each counterparty or provider that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) (i) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and (ii) will not discriminate against a firearm entity or firearm trade association during the term for which they provide services to the Department. As used in the foregoing, the terms “discriminate against a firearm entity or firearm trade association”, “firearm entity” and “firearm trade association” shall have the meanings given to each such term in Section 2274.001, Texas Government Code.

Disclosure of Interested Parties. Swap counterparties and other providers of derivative products are required to comply with the requirements of Section 2252.908 of the Texas Government Code. Counterparties or providers that make a written representation to the Department that their firm is a publicly traded business entity or a wholly owned subsidiary of publicly traded business entity are exempt from Section 2252.908 of the Texas Government Code.

Prohibition on Certain Bids and Contracts Related to Persons Involved in Human Trafficking. Swap counterparties and providers of derivative products are required to comply with the requirements of Chapter 2155 of the Texas Government Code. Swap counterparties and providers of derivative products must certify their firm is not ineligible under Section 2155.0061 of the Texas Government Code.

VIII. Termination Provisions

The Department shall include in all Swaps provisions granting the Department the right to optionally terminate a Swap at any time at market over the term of the Agreement. The Director of Bond Finance, in consultation with the Director of Administration, shall determine if it is financially advantageous for the Department to terminate a Swap.

A ratings-based additional termination event shall be included in all of the Department’s Swaps if the provider (or its credit support provider) fails to maintain either:

1. A credit rating of at least Baa2 from Moody’s; or
2. A credit rating of at least BBB from S&P; or,
3. An equivalent rating determined above by a nationally recognized ratings service acceptable to both parties.

A termination payment to or from the Department may be required in the event of termination of a Swap due to a default or a decrease in credit rating of either the Department or the counterparty. If the cause of the termination is a counterparty downgrade, termination payments will be calculated on the side of the bid-offer spread that favors the Department. Additionally, the termination amount of the Swap should seek to compensate the Department, as allowed under the ISDA Agreement, all other costs for creating a replacement transaction of like terms and conditions.

It is the intent of the Department not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Director of Bond Finance, in consultation with the Director of Administration, shall evaluate whether it is financially advantageous for the Department to obtain a replacement counterparty to avoid making such termination payment or finance the termination payment through a long-term financing product.

For payments on early termination and optional termination, Market Quotation and the Second Method will apply, allowing for ~~two-two~~-way mark-to-market breakage (assuming the Swaps are documented under the 1992 form of the ISDA Master Agreements). Swaps may use the 2002 form of the ISDA Master Agreement.

IX. Security and Source of Repayment

The Department may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged or carried by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Department's payments and/or termination payment under the Swap. The use of the same security and source of repayment (pledged revenues) is subject to the respective bond indenture's covenants and the prior approval of the Department's bond counsel.

X. Specified Indebtedness

The specified indebtedness related to credit events in any Swap should be narrowly defined and refer only to indebtedness of the Department that could have a materially adverse effect on the Department's ability to perform its obligations under the Swap. Debt should typically only include obligations within the same lien as the Swap obligation.

XI. Governing Law

Governing law for Swaps will be the State of Texas. Issues relating to jurisdiction, venue, waiver of jury trial and sovereign immunity will be subject to prevailing law and approval of the Texas Attorney General Office. Preference will be given to language providing that the counterparty will consent to jurisdiction in the Texas courts with respect to enforcement of the Agreement.

XII. Events of Default

Events of default of a Swap counterparty shall include, but are not limited to the counterparty's:

1. Failure to make payments when due;
2. Breach of representations and warranties;
3. Illegality;
4. Failure to comply with downgrade provisions; and
5. Failure to comply with any other provisions of the Agreement after a specified notice period.

XIII. Collateral Requirements

As part of any Swap, the Department may require the counterparty or the counterparty may require the Department to post collateral or other credit enhancement to secure any or all Swap payment obligations. As appropriate, the Director of Administration and Director of Bond Finance may require collateral or other credit enhancement to be posted by each Swap counterparty under the following circumstances:

- Each counterparty to the Department may be required to post collateral if the credit rating of the counterparty or parent falls below a certain rating threshold, which varies by counterparty. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the credit support annex to each Swap with the Department. At the current time, collateral posting rating triggers by the counterparties would range from A2 (Moody's)/A (S&P) to Baa1 (Moody's)/BBB+ (S&P).
- Collateral shall consist of cash, U.S. Treasury securities, or other mutually acceptable highly liquid securities.
- Collateral shall be deposited with an eligible ~~third~~-party custodian, or as mutually agreed upon between the Department and each counterparty.
- The market value of the collateral shall be determined ~~on at least a weekly basis~~; periodically at a frequency consistent with industry standard.
- The Department will determine reasonable threshold limits for increments of collateral posting based on a sliding scale reflective of credit ratings.
- The Director of Bond Finance, in consultation with the Director of Administration, shall determine on a case-by-case basis whether a form of credit enhancement in lieu of, or in addition to, collateral is more beneficial to the Department.
- The Department shall seek to not post collateral to the counterparty unless the Department's ratings fall below "A2" with Moody's or "A" with S&P.

XIV. Other Criteria

The Department may use a competitive or a negotiated process to select a Swap counterparty and price a Swap as it believes business, market or competitive conditions justify such a process. The conditions under which a negotiated selection is best used are provided below.

- Marketing of the Swap will require complex explanations about the security for payment or credit quality.
- Demand is weak among Swap counterparties.

- Market timing is important, such as for refundings.
- Coordination of multiple components of the financing is required.
- The Swap has non-standard features.
- The par amount is large enough to move the market in a manner adverse to the Department's interests.
- Counterparties are likely to demand individual changes in bid documents.

If a transaction is awarded through a negotiated process, the counterparty will provide the Department with:

- A statement that, in the counterparty's judgment, the difference in basis points between the rate of the transaction and the mid-market rate for a comparable transaction falls within the commonly occurring range for comparable transactions.
- A statement of the amount of the difference as determined by the counterparty.
- If the counterparty does not know of a comparable transaction or mid-market rate, a statement of another suitable measure of pricing acceptable to the counterparty.

The Department will use a swap advisory firm to assist in the price negotiation. Such swap advisory firm shall act as the "qualified independent representative" ("QIR") of the Department for purposes of CFTC Rule 23.450 (b) (1) to advise the Department on ~~swaps~~Swaps, provided that such firm provide certification to the Department addressing why such firm meets the requirements to act as a QIR pursuant to CFTC Regulation 23.450(b)(1). Also, the Department may obtain an opinion from an independent party that the terms and conditions of any derivative entered into reflect a fair market value of such derivatives as of the execution date.

The counterparty must provide to the Department disclosure of any payments the counterparty made to another person to procure the transaction.

Prior to or at execution of any new swap transaction, the swap dealer and/or swap advisor, as the case may be, shall provide information to the Department consistent with the rules and regulations in effect at the time. Such rules would include the Business Conduct Standards for Swap Dealers and Major Swap Participants as published and enacted by the Commodity Futures Trading Commission. In addition the swap dealer should represent to the Department that it is in compliance with such rules including pay-to-play restrictions.

The Department will determine that the swap transaction will conform to this Interest Rate Swap Policy after reviewing a report of the Director of Bond Finance that identifies with respect to the transaction:

- its purpose;
- the anticipated economic benefit and the method used to determine the anticipated benefit;
- the use of the receipts of the transaction;
- the notional amount, amortization, and average life compared to the related obligation;
- any floating indices;
- its effective date and duration;

- the identity and credit rating of the counterparties;
- the cost and anticipated benefit of transaction insurance;
- the financial advisors and the legal advisors and their fees;
- any security for scheduled and early termination payments;
- any associated risks and risk mitigation features; and
- early termination provisions.

XV. Ongoing Monitoring and Reporting Requirements

Written records noting the status of all Swaps will be maintained by the Bond Finance Division and shall include the following information:

- Highlights of all material changes to Swaps or new Swaps entered into by the Department since the last report.
- Market value of each of the Swaps.
- The net impact of a 50 or 100 basis point parallel shift or other relevant shift in the appropriate Swap index or curve.
- For each counterparty, the total notional amount, the average life of each Swap and the remaining term of each Swap.
- The credit rating of each Swap counterparty and credit enhancer insuring Swap payments.
- Actual collateral posting by Swap counterparty, if any, in total by Swap counterparty.
- A summary of each Swap, including but not limited to the type of Swap, the rates paid by the Department and received by the Department, indices, and other key terms.
- Information concerning any default by a Swap counterparty to the Department, and the results of the default, including but not limited to the financial impact to the Department, if any.
- A summary of any Swaps that were terminated.

The Department will monitor its Swaps exposure on a periodic basis, as necessary, and will look for ways to reduce the cost of a Swap(s) or the overall Swap exposure.

The Bond Finance Division will monitor the performance of the QIR on an on-going basis.

The Department shall report its Swaps exposure in its annual financial statements and will reflect the use of derivatives in accordance with GASB requirements. With the adoption of GASB 53, the Department will be required to test hedge effectiveness on an annual basis. Any hedge deemed to be ineffective will result in the change in fair value being recorded as a gain or loss. While the long term economic value of the transaction should be more important when structuring a derivative, the Department should seek to structure transactions that are expected to be effective and would not result in changes in fair value affecting net income. For example, while a transaction structured to meet the Consistent Critical Terms method of GASB 53 would ensure hedge effectiveness, the Department should consider the tradeoffs of utilizing a transaction structure that may provide greater expected economic benefits at the expense of potentially not meeting hedge effectiveness. The disclosure requirements include:

1. Objective of the Derivative

2. Significant Terms
3. Fair Value
4. Associated Debt
5. Risks including but not limited to Credit Risk, Termination Risk, Interest Rate Risk, Basis Risk, Rollover Risk, Market Access Risk, and Foreign Currency Risk.

With the adoption of GASB 72, the Department will be required to report the fair value of its Swaps in its annual financial statements, as more fully described in GASB 72. The Department will follow these guidelines and may engage a third party to assist in the required calculations.

The Director of Administration and the Director of Bond Finance will review this Policy on an annual basis.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 977

Agenda Date: 4/10/2025

Agenda #: 6.

Presentation, discussion, and possible action on release of the draft 2026 Low Income Home Energy Assistance Program State Plan for public comment

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Health and Human Services (USHHS) requires that the Texas Department of Housing and Community Affairs (the Department) submit a State Plan every year in order to receive its allotment of Low Income Home Energy Assistance Program (LIHEAP) funds;

WHEREAS, the Department has prepared a draft 2026 LIHEAP State Plan (the Plan); and

WHEREAS, USHHS requires that a draft Plan be released for public comment and the State requires four public hearings prior to the submission of the Plan to USHHS;

NOW, therefore, it is hereby

RESOLVED, that the draft Plan, in the form presented to this meeting, is hereby approved to be released for public comment and posted on the Department's website and published in the *Texas Register*;

FURTHER RESOLVED, that if USHHS releases different guidance after Board approval, the Board authorizes staff to make needed conforming changes and non-substantive changes to the Plan, and to change the public hearing dates and the comment period; and

FURTHER RESOLVED, that the final Plan with consideration of final grant guidance, public comment and technical corrections made by staff, along with award recommendations for subrecipients, will be presented to the Board no later than July 2025.

BACKGROUND

USHHS requires that the State of Texas submit a LIHEAP State Plan each year on or before September 1 in order to receive its allotment of LIHEAP funds. In response to this requirement, the Department has prepared a draft 2026 LIHEAP State Plan. Subrecipients had two previous opportunities to provide input into the drafting of this Plan. The first opportunity included a 17-day timeframe in December 2024 to provide comments on what they wanted changed from the 2025 LIHEAP State Plan, and the second opportunity included an 18-day period in March 2025 to comment on the draft 2026 Plan before presenting it to the Board at this meeting.

The draft Plan, upon approval by the Board, will be posted on the Department's website, published in the

Texas Register, released for public comment and public hearings will be held.

An announcement of the availability of the draft Plan and details regarding the timeframe to accept comments from the public and the public hearing will be posted on the Department's website upon Board approval and published in the *Texas Register* on April 25, 2025. The period to accept comments from the public regarding the Plan will be open from April 25, 2025, through May 21, 2025, at 5:00 p.m. Central time. Written comments concerning the Plan may be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division-Gavin Reid, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.texas.gov. Comments are due no later than 5:00 p.m. Central time on May 21, 2025.

The Department will also conduct four public hearings throughout the state. Meeting dates, times and locations are:

- Tuesday, May 13, 2025, 5:30 pm - 6:00 p.m. at Texas Department of Housing and Community Affairs, 221 East 11th Street, 1st Floor, Austin, TX 78701.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at BakerRipley, First Floor Education Center, 3838 Aberdeen Way, Houston, TX 77025.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at Northside Community Center, 1100 NW 18th Street, Room R44133, Fort Worth, TX 76164.
- Thursday, May 15, 2025, at 5:30 p.m. - 6:00 p.m. at West Texas Opportunities, 1415 East 2nd Street, Odessa, TX 79761.

Upon completion of the public comment period and public hearings, staff will modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance and necessary technical corrections made by staff. Staff anticipates presenting the revised Plan, along with recommendations for subrecipient awards, to the Board for review and final approval no later than July.

LIHEAP funds, as reflected in the Plan, are utilized in the following three ways:

- The Department allocates at least 75% of the LIHEAP funds to the Comprehensive Energy Assistance Program (CEAP), which provides utility assistance to eligible households, including crisis assistance and services to reduce home energy needs.
- The Department allocates up to 15% of the LIHEAP funds to the Weatherization Assistance Program. There is generally greater flexibility with LIHEAP weatherization funds than U.S. Department of Energy (DOE) weatherization funds, so continuing to allocate some portion of these funds for this activity allows households to receive more comprehensive assistance than if they were to be served solely by DOE WAP funds.
- The Department allocates 10% of LIHEAP funds for Department and subrecipient planning and administrative costs.

In review of the Plan, attached, it should be noted that the Plan follows a template and series of required responses pre-determined by USHHS with character limitations and specific instructions.

The full text of the draft 2026 LIHEAP State Plan may be viewed at the Department's website: <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public may also receive a copy of the draft

2026 LIHEAP State Plan by contacting Gavin Reid at gavin.reid@tdhca.texas.gov.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

MODEL PLAN

PUBLIC LAW 97-35, AS AMENDED

FEDERAL FISCAL YEAR 2026

GRANTEE: Texas Department of Housing and Community Affairs

EIN: 17426105429

ADDRESS: P.O. Box 13941

Austin, Texas 78711-3941

LIHEAP COORDINATOR: Michael DeYoung

EMAIL: michael.deyoung@tdhca.state.tx.us

TELEPHONE: (512) 475-2125 **FAX: (512) 475-3935**

CHECK ONE: TRIBE / TRIBAL ORGANIZATION _____ STATE X _____ INSULAR AREA _____

**Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Washington, DC 20447**

August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01

OMB Approval No. 0970-0075

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Assurances

The Texas Department of Housing and Community Affairs agrees to:

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs, and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which one or more individuals are receiving--

(i) assistance under the State program funded under part A of title IV of the Social Security Act;

(ii) supplemental security income payments under title XVI of the Social Security Act;

(iii) food stamps under the Food Stamp Act of 1977; or

(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed an amount equal to 150 percent of the poverty level for such State; or

(i) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a Federal fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-

income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the Federal fiscal year preceding the Federal fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to--

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that--

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a Federal fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) beginning in Federal fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

* This assurance is applicable only to States, and to territories whose annual regular LIHEAP allotments exceed \$200,000. Neither territories with annual allotments of \$200,000 or less nor Indian tribes/tribal organizations are subject to Assurance 15.

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

Certification to the Assurances: As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: _____

Title: Executive Director, Texas Department of Housing and Community Affairs

Date: August 2026 (*The exact date to be notated in USHHS OLDC system at time of submission.*)

The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.

The Unique Entity ID (SAM) of the Texas Department of Housing & Community Affairs, which receives the grant funds, appears on the cover of this application.

In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

Section 1

NOTE: Capitalized terms are defined in Title 10, Chapters 1, 2, or 6 (as applicable) of the Texas Administrative Code or by federal law.

Program Components, 2605(a), 2605(b)(1) – Assurance 1, 2605(c)(1)(C)

1.1 Check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)

Dates of Operation

NOTE: Identification of these periods does not limit the payment of assistance on any “seasonal” basis.

- Heating assistance Start date: 10/01/2025 End date: 09/30/2027
- Cooling assistance Start date: 10/01/2025 End date: 09/30/2027
- Crisis assistance Start date: 10/01/2025 End date: 09/30/2027
- Weatherization assistance Start date: 10/01/2025 End date: 09/30/2027

Estimated Funding Allocation, 2604(c), 2605(k)(1), 2605(b)(9), 2605(b)(16) – Assurances 9 and 16

1.2 Estimate what amount of available LIHEAP funds will be used for each component that you will operate: **The total of all percentages must add up to 100%**

15% heating assistance

50% cooling assistance

10% crisis assistance

Up to 15% weatherization assistance NOTE: If 15% is not used for weatherization assistance, the balance will be added to heating, cooling, or crisis assistance as needed.

0% carryover to the following Federal fiscal year

10% administrative and planning costs

0% services to reduce home energy needs including needs assessment (Assurance 16)

0% used to develop and implement leveraging activities

100% **TOTAL**

Alternate Use of Crisis Assistance Funds, 2605(c)(1)(C)

1.3 The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:

- Heating assistance
- Weatherization assistance
- Cooling assistance
- Other (specify): funds are utilized for all eligible components

Categorical Eligibility, 2605(b)(2)(A) – Assurance 2, 2605(c)(1)(A), 2605(b)(8A) – Assurance 8

1.4 Do you consider households categorically eligible if at least one household member receives at least one of the following categories of benefits in the left column below? Yes No

Program	Cooling	Heating	Crisis	Weatherization
Temporary Assistance for Needy Families	Yes	Yes	Yes	Yes
Supplemental Security Income	Yes	Yes	Yes	Yes
Supplemental Nutrition Assistance Program	Yes	Yes	Yes	Yes
Means-tested Veterans Programs	Yes	Yes	Yes	Yes

1.4a. - Provide your definition of categorical eligibility.

Categorical Eligibility for CEAP benefits exists when at least one person in the Household receives assistance from:

- (1) SSI payments from the Social Security Administration;
- (2) Means Tested Veterans Program payments. See paragraph (37) of §6.2 of this chapter (relating to Definitions);
- (3) Supplemental Nutrition Assistance Program (SNAP); or
- (4) Temporary Assistance for Needy Families (TANF).

1.5 Do you automatically enroll households without a direct annual application?
 Yes No

1.6 How do you ensure there is no difference in the treatment of categorically eligible households from those not receiving other public assistance when determining eligibility and benefit amounts? Texas provides Categorical Eligibility for SNAP, TANF, SSI, and Means-Tested Veterans Programs. State rules have a provision that there is to be no difference in the treatment of Categorically Eligible Households. The Department has a system for persons to submit complaints, and the monitoring reviews would also note any differences in treatment of persons that are or are not Categorically Eligible.

SNAP Nominal Payments

1.7 Do you allocate LIHEAP funds toward a nominal payment for SNAP households? If you answered “yes” to question 1.7a you must provide a response to 1.7b, 1.7c, 1.7d.

- a. Yes No
- b. Amount of Nominal Assistance: \$ ___ NA _____
- c. Frequency of Assistance:
 - Once per year
 - Once every five years
 - Other (describe): _____ NA _____
- d. How do you confirm that the household receiving a nominal payment has an energy cost or need?

Determination of Eligibility – Countable Income

1.8 In determining a household’s income eligibility for LIHEAP, do you use gross income or net income?

- Gross Income (except for self-employment or farm income or gambling/lottery winnings)
- NOTE: Exceptions on use of gross income are provided for in 10 TAC §6.4.
- Net Income

1.9. Select all of the applicable forms of countable income used to determine a household’s income eligibility for LIHEAP.

- Wages (except as prohibited by the Workforce Investment Act of 1998)
- Self-employment income
- Contract income
- Payments from mortgage or sales contracts
- Unemployment Insurance
- Strike pay
- Social Security Administration (SSA) benefits
 - Including MediCare deduction
 - Excluding MediCare deduction
- Supplemental Security Income (SSI)
- Retirement / pension benefits
- General Assistance benefits (except as excluded by federal law or 10 TAC §6.4)
- Temporary Assistance for Needy Families (TANF) benefits (except for one-time payments)
- Supplemental Nutrition Assistance Program (SNAP) benefits
- Women, Infants, and Children Supplemental Nutrition Program (WIC) benefits
- Loans that need to be repaid
- Cash gifts
- Savings account balance
- One-time lump-sum payments, such as rebates/credits, refund deposits, etc.
- Jury duty compensation
- Rental income
- Income from employment through Workforce Investment Act (WIA)
- Income from work study programs
- Alimony
- Child support
- Interest, dividends, or royalties
- Commissions
- Legal settlements

- Insurance payments made directly to the insured
- Insurance payments made specifically for the repayment of a bill, debt, or estimate
- Veterans Administration (VA) benefits (except for 38 USC 1315, 1521, 1541, 1542)
- Earned income of a child under the age of 18
- Balance of retirement, pension, or annuity accounts where funds cannot be withdrawn without a penalty.
- Income tax refunds
- Stipends from senior companion programs, such as VISTA
- Funds received by household for the care of a foster child
- AmeriCorps Program payments for living allowances, earnings, and in-kind aid (except if the CEO of the CNCS has made a determination that it be included income).
- Reimbursements (for mileage, gas, lodging, meals, etc.)
- Other Any item not excluded in 10 TAC §6.4 or by other federal law

1.10 Do you have an online application process

- Yes No

1.10 a. If yes, describe the types of online application (Select all that apply)

- A PDF version of the application available online and can be downloaded, filled out and mailed in for processing.
- A state-wide online application that allows a customer to complete data entry and submit an application electronically for processing.
- One or more locally available online applications that allows a customer to complete data entry and submit an application electronically for processing.
- Online application that is also mobile friendly
- Other, please describe

NOTE: Some subrecipients have an online application that is form fillable or downloadable off their website, and can be submitted either electronically or by mail.

1.10b Can all program components be applied for online?

- Yes No

If no, explain which components can and cannot be applied for online.

Some of the State's subrecipients/contractors have an application to download from their website. A few subrecipients have an on-line application system.

1.11 Do you have a process for conducting and completing applications by phone

- Yes No

1.12 Do you or any of your subrecipients require in person appointments in order to apply

- Yes No

If yes, please provide more information regarding why in-person appointments are required and in what circumstances they are required.

1.13 How can applicants submit documentation for verification? Select all that apply:

- In person
- Mail
- Email
- Portal application
- Other, please describe: The responses relate to the State's subrecipients/contractors.

Section 2 - HEATING ASSISTANCE

Eligibility, 2605(b)(2) – Assurance 2

2.1 Designate the income eligibility threshold used for the heating component:

<i>Household Size</i>	<i>Eligibility Guidelines</i>	<i>Eligibility Threshold</i>
All Household Sizes	USHHS Poverty Guidelines	150%

2.2 Do you have additional eligibility requirements for **HEATING ASSISTANCE**?

(NOTE: 10 TAC §6.307(f) states: “A Dwelling Unit cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter (relating to Definitions); (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility.”)

Yes No

2.3 Check the appropriate boxes below and describe the policies for each.

- | | Yes | No |
|--|--------------------------|-------------------------------------|
| ● Do you require an assets test? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Do you have additional/differing eligibility policies for: | | |
| ● Renters? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Renters living in subsidized housing? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Renters with utilities included in the rent? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

(NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent.)

- Do you give priority in eligibility to:
- | | | |
|--|-------------------------------------|--------------------------|
| ● Older Adults (60 years or older)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Individuals with a disability? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Young children? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Households with high energy burdens? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Other? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- Households with high energy consumption

Explanations of policies for each “yes” checked above for Older Adults and for individuals with a disability, young children, high energy burden, and high energy consumption:

10 TAC §6.307(e) states “Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria.” The state will provide a written procedure to a statewide or regional contractor.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.4 Describe how you prioritize the provision of heating assistance to vulnerable households, e.g., benefit amounts, application period, etc.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Households with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. Households with the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and Households with Young Children do not have a limit on the number of benefit payments, but adhere to the same benefit amounts. The maximum benefit amount is determined per program year based on the Household's heating and cooling need and is not required to be applied equally to heating and cooling costs.

2.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- Income
- Family (household) size
- Home energy cost or need:
 - Fuel type
 - Climate/region
 - Individual bill
 - Dwelling type
 - Energy burden (% of income spent on home energy)
 - Energy need
 - Other (Describe:)

Other: Subrecipient must make utility payments on behalf of Households based on the previous 12 month's home energy consumption history, including allowances for cost inflation. If a 12 month's home energy consumption history is unavailable, Subrecipient must base payments on a Department approved alternative billing method. If neither a 12 month's home energy consumption history nor an approved alternative billing method exists, then Subrecipient may base payments on current bill. Subrecipient will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility company. The Department recommends an ABM where the Subrecipient determines the average consumption amount (kWh, therms, MCF, gallons, etc.) per month, for each household size and type based on a minimum sample size of 30 files that contain complete billing histories; however, if it is not possible for subrecipients to obtain the recommended 30 file per household sample size to create an average consumption amount, Subrecipients should use all the applicable files to determine the average consumption and document the lack of files for that household size. Subrecipients can propose other types of ABMs. The state will provide statewide or regional contractors other types of ABMs, if required. The ABM proposed by the Subrecipient must be approved by the Department prior to utilization.

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

2.6 Describe estimated benefit levels for FY 2024:

\$1 Minimum benefit \$12,600 Maximum benefit

Note: The State of Texas does not have a minimum benefit amount. The amount of benefit/assistance indicates \$1.00 because the OLDC system requires that a figure be inserted in the minimum amount.

The maximum benefit amount per household is \$12,600 per program year and could be reached if a household received up to \$1,800 in Crisis Assistance, \$1,800 in Utility Assistance, and a \$9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of \$1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of \$1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of \$1,200 per Component; and there is a maximum of up to \$9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

2.7 Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?

Yes No -- If yes, describe.

Per 10 TAC §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life Threatening Crisis as defined under 10 TAC §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

Section 3: COOLING ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

3.1 Designate the income eligibility threshold used for the cooling component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%

3.2 Do you have additional eligibility requirements for **COOLING ASSISTANCE**

Yes No

NOTE: 10 TAC §6.307(f) states: "A Dwelling Unit cannot be served if the meter is utilized by another Household that is not part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if: (1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter (relating to Definitions); (2) the members of the separate structures that share a meter submit one application as one Household; and (3) all persons and applicable income from each structure are counted when determining eligibility."

3.3 Check the appropriate boxes below and describe the policies for each.

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|-------------------------------------|
| ● Do you require an assets test? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Do you have additional/differing eligibility policies for: | | |
| ● Renters? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Renters living in subsidized housing? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Renters with utilities included in the rent? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent.

- | | | |
|---|-------------------------------------|--------------------------|
| ● Do you give priority in eligibility to: | | |
| ● Elderly? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Disabled? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Young children? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Households with high energy burdens? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Other? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Households with high energy consumption | | |

Explanations of policies for each "yes" checked above for Older Adults, individuals with a disability, young children, high energy burden, and high energy consumption:

10 TAC §6.307(e) states "Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria." The state will provide a written procedure to a statewide or regional contractor.

3.4 Describe how you prioritize the provision of cooling assistance to vulnerable households, e.g., benefit amounts, application periods, etc.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Benefit amounts are determined on a sliding scale based on the Household's income. Households with the presence of a vulnerable member such as the Elderly, Persons with Disabilities, and

Households with Young Children do not have a limit on the number of benefit payments, but adhere to the same benefit amounts. The maximum benefit amount is determined per-program year based on Household’s heating and cooling needs and is not required to be applied equally to heating and cooling costs.

Determination of Benefits, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.5 Check the variables you use to determine your benefit levels. (Check all that apply):

- Income
- Family (household) size
- Home energy cost or need
 - Fuel type
 - Climate/region
 - Individual bill
 - Dwelling type
 - Energy burden (% of income spent on home energy)
 - Energy need
 - Other (describe)

Other: Subrecipient must make utility payments on behalf of Households based on the previous 12 month's home energy consumption history, including allowances for cost inflation. If a 12 month's home energy consumption history is unavailable, Subrecipient must base payments on a Department approved alternative billing method. If neither a 12 month’s home energy consumption history nor an approved alternative billing method exists, then Subrecipient may base payments on current bill. Subrecipient will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility company. The Department recommends an ABM where the Subrecipient determines the average consumption amount (kWh, therms, MCF, gallons, etc.) per month, for each household size and type based on a minimum sample size of 30 files that contain complete billing histories; however, if it is not possible for subrecipients to obtain the recommended 30 file per household sample size to create an average consumption amount, Subrecipients should use all the applicable files to determine the average consumption and document the lack of files for that household size. Subrecipients can propose other types of ABMs. The ABM proposed by the Subrecipient must be approved by the Department prior to utilization.

Benefit Levels, 2605(b)(5) – Assurance 5, 2605(c)(1)(B)

3.6 Describe benefit levels:

\$1 Minimum benefit \$12,600 Maximum benefit

Note: The State of Texas does not have a minimum benefit amount. The amount of benefit/assistance indicates \$1.00 because the OLDC system requires that a figure be inserted in the minimum amount.

The maximum benefit amount per household is \$12,600 per program year and could be reached if a household received up to \$1,800 in Crisis Assistance, \$1,800 in Utility Assistance, and a \$9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or

hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of \$1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of \$1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of \$1,200 per Component; and there is a maximum of up to \$9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows payment of 100% of a customer’s annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

3.7 Do you provide in-kind (e.g., fans, air conditioners) and/or other forms of benefits?

Yes No -- If yes, describe.

Per 10 TAC §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life-Threatening Crisis as defined under 10 TAC §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

Section 4: CRISIS ASSISTANCE

Eligibility - 2604(c), 2605(c)(1)(A)

4.1 Designate the income eligibility threshold used for the crisis component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%

4.2 Provide your LIHEAP program’s definition for determining a crisis.

Crisis Assistance can be provided to persons who have already lost service or are in immediate danger of losing service only under one of the following conditions, as defined in 10 TAC §6.301 (relating to Background and Definitions):

- (1) Extreme Weather Conditions, with assistance provided within 48 hours;
- (2) Disaster, with assistance provided within 48 hours; or
- (3) Life Threatening Crisis, with assistance provided within 18 hours.

4.3 What constitutes a life-threatening crisis?

A Life Threatening Crisis exists when the life of at least one person in the applicant Household who is a U.S. Citizen, U.S. National, or a Qualified Alien would likely, in the opinion of a reasonable person, be endangered if utility assistance or heating and cooling assistance is not provided. Examples of life endangerment include, but are not limited to, a Household member who needs electricity for life-sustaining equipment (e.g., kidney dialysis machines, oxygen concentrators, medicinal refrigeration and cardiac monitors); a Household member whose medical professional has prescribed that the ambient air temperature be maintained at a certain temperature; a Household member whose life is endangered if absence of heating or cooling were to continue; or the presence of noxious gases as a result of heating or cooling the Dwelling Unit. In cases concerning an applicant's medical condition or need for life-sustaining equipment, documentation must not be requested about the medical condition of the applicant but the applicant must affirm that such a device is required in the Dwelling Unit because of a life threatening illness or risk of death.

Crisis Requirements, 2604(c)

4.4 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households? 48 Hours

4.5 Within how many hours do you provide an intervention that will resolve the energy crisis for eligible households in life-threatening situations? 18 Hours

NOTE: Pursuant to §2604(c)(2) of the LIHEAP Statute, the Department provides “some form of assistance that will resolve the energy crisis” not later than 18 hours after a household applies for crisis benefits if such household is eligible to receive such benefits and is in a life-threatening situation.

Crisis Eligibility, 2605(c)(1)(A)?

4.6 Do you have additional eligibility requirements for **CRISIS ASSISTANCE**?

Yes No

4.7 Check the appropriate boxes below and describe the policies for each.

- | | <u>Yes</u> | <u>No</u> |
|---|-------------------------------------|-------------------------------------|
| ● Do you require an assets test? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ● Do you give priority in eligibility to: | | |
| ● Older Adults (60 years and older)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Individuals with a disability? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Young children? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Households with high energy burdens? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Other? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Households with high energy consumption | | |
| ● In order to receive crisis assistance: NOTE: The program has different requirements depending on whether the household contains a member of a priority group. | | |
| ● Must the household have received a shut-off notice or have a near empty tank? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| ● Must the household have been shut off or have an empty tank? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- Must the household have exhausted their regular heating benefit?
- Must renters with heating costs included in their rent have received an eviction notice?
- Must heating/cooling be medically necessary?
- Must the household have non-working heating or cooling equipment?
- Other?

Explanation for Other: Crisis Assistance can be provided to persons who have already lost service or are in immediate danger of losing service only under one of the following conditions, as defined in 10 TAC §6.301 (relating to Background and Definitions):

- (1) Extreme Weather Conditions, with assistance provided within 48 hours;
- (2) Disaster, with assistance provided within 48 hours; or
- (3) Life Threatening Crisis, with assistance provided within 18 hours.

● Do you have additional/differing eligibility policies for:

- Renters?
- Renters living in subsidized housing?
- Renters with utilities included in the rent?

NOTE: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from client's rent.

Explanation for “yes” responses: The maximum benefit amount per household is \$12,600 per program year and could be reached if a household received up to \$1,800 in Crisis Assistance, \$1,800 in Utility Assistance, and a \$9,000 purchase, repair or replacement of a heating or cooling unit or crisis-related purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits. The initial assistance payment that would include arrears does not count towards the annual benefit cap for a household.

The amount of benefit/assistance that an applicant is eligible for is based on their level of household income. Per 10 TAC §6.309(e), Households with incomes 0-50% of Federal Poverty Income Guidelines (FPIG) have a maximum of \$1,800 for the Utility Assistance Component and the Crisis Assistance Component; Households with incomes more than 50% but at or below 75% FPIG have a maximum of \$1,500 per Component; Households with incomes more than 75% but at or below 150% FPIG have a maximum of \$1,200 per Component; and there is a maximum of up to \$9,000 for the purchase, service or repair of heating and cooling units, replacement of irreparable existing heating and cooling unit components, or the purchase of portable cooling and/or hearing units/window units/evaporative coolers/mini splits depending on the classification of the household as vulnerable or non-vulnerable and whether a crisis exists. Subrecipients should attempt to repair individual components of a system; if a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient can replace the component(s) in order to repair the heating or cooling system. The Department allows

payment of 100% of a customer's annual usage in one lump sum payment. See 10 TAC §6.309, §6.310, and §6.311 for details.

Determination of Benefits

4.8 How do you handle crisis situations?

Separate component

Fast Track

Other

4.9 If you have a separate component, how do you determine crisis assistance benefits?

Amount to resolve crisis, up to a maximum of \$1,800

Other
Heating and cooling equipment repair or replace up to \$9,000

Crisis Requirements, 2604(c)

4.10 Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served?

Yes No

Explain: In addition to what is already stated in Section 2604(c)(3) of the LIHEAP Statute regarding the requirement that each Subrecipient accept applications at sites that are geographically accessible to all Households in the area to be served, 10 TAC §6.313(c) states "Subrecipient shall handle Reasonable Accommodation requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations)." 10 TAC §1.204 (b) General Considerations in Handling of Reasonable Accommodations. An applicant, participant, or occupant who has a disability may request an accommodation and, depending on the program funding the property or activity and whether the accommodation requested is a reasonable accommodation, their request must be timely addressed."

4.11 Do you provide individuals who have physical disabilities the means to:

■ Submit applications for crisis benefits without leaving their homes?

Yes No If no, explain.

Applications can be mailed in. In some cases, applications may be completed online or the organization will go to the applicant's home to take the application.

In addition to what is already stated in Section 2604(c)(3) of the LIHEAP Statute regarding the requirement that each Subrecipient accept applications at sites that are geographically accessible to all Households in the area to be served, 10 TAC §6.313(c) states "Subrecipient shall handle Reasonable Accommodation requests, in accordance with §1.204 of this title (relating to Reasonable Accommodations)." 10 TAC §1.204 (b) General Considerations in Handling of Reasonable Accommodations. An applicant, participant, or occupant who has a disability may request an accommodation and, depending on the program funding the property or activity and whether the accommodation requested is a reasonable accommodation, their request must be timely addressed."

■ Travel to the sites at which applications for crisis assistance are accepted?

Yes No If yes, explain.

If you answered "No" to both questions 4.11, please explain alternative means of intake to those who are homebound or physically disabled.

Benefit Levels, 2605(c)(1)(B)

4.12 Indicate the maximum benefit for each type of crisis assistance offered.

Winter Crisis \$ 0 maximum benefit

Summer Crisis \$ 0 maximum benefit

Year-round Crisis \$1,800 maximum benefit

4.13 Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?

Yes No If yes, describe.

If a component(s) of the heating or cooling system cannot be repaired using parts, the Subrecipient and statewide or regional contractors can replace the component(s) in order to repair the heating or cooling system under the Utility Assistance Component for Vulnerable Households or Crisis Assistance Component for Non-Vulnerable Households. Where replacement is required, use of Energy Star heating and/or cooling units must be prioritized. Manual J procedures will be used to confirm that the units are appropriately sized.

LIHEAP will allow home energy related expenditures as described in 10 TAC §6.310(c).

All Households experiencing a Life-Threatening Crisis may be eligible to receive portable cooling and/or heating units/window units/evaporative coolers/mini splits (portable electric heaters are allowable only as a last resort).

Per §6.310(d), eligible households may receive temporary shelter not to exceed the annual household expenditure limit for the duration of the contract period in the limited instances when Disasters result in energy supply shortages or other energy-related emergencies. Additionally, eligible households that have lost service or are in immediate danger of losing service and fall under an Extreme Weather Condition, a Disaster, or a Life Threatening Crisis as defined under §6.310(a), may receive other types of assistance such as emergency deliveries of fuel up to 250 gallons per crisis per Household, blankets, fans, and generators, if necessary.

4.14 Do you provide for equipment repair or replacement using crisis funds?

Yes No

4.15 Check appropriate boxes below to indicate type(s) of assistance provided:

Type of Assistance	Winter Crisis	Summer Crisis	Year-round Crisis
Heating system repair			X
Heating system replacement (only components of a central HVAC system)			X
Cooling system repair			X
Cooling system replacement (only components of a central HVAC system)			X
Wood stove purchase			
Pellet stove purchase			
Solar panel(s)			
Utility poles / Gas line hook-ups			
Other (Specify: Households which include a member of a Vulnerable Population with an inoperable heating or cooling unit may be eligible for service and repair of their existing heating or cooling unit. Purchase of a heating and/or cooling unit up to \$9,000 is allowable if a heating or cooling system is nonexistent. For Households who do not have a member of a Vulnerable Population, such assistance is limited to times when a Crisis exists as defined in 10 TAC §6.310(a). In a Life Threatening Crisis, all Households may be eligible to receive portable cooling and/or heating units/window units/evaporative coolers/mini splits (portable electric heaters are allowable only as a last resort).			X

4.16 Do any of the utility vendors you work with enforce a winter moratorium on shut offs? If you respond "Yes" to question 4.16, you must respond to question 4.17. Yes No

4.17 Describe the terms of the moratorium and any special dispensation received by LIHEAP clients during or after the moratorium period.

Specific to energy assistance clients, §25.483(i) of the Texas Public Utilities Commission rules provides that a Retail Electric Provider (REP) shall not authorize a disconnection for nonpayment of electric service to a delinquent residential customer for a billing period in which the REP receives a pledge, letter of intent, purchase order, or other notification that the energy assistance provider is forwarding sufficient payment

to continue service provided that such pledge, letter of intent, purchase order, or other notification is received by the due date stated on the disconnection notice, and the customer, by the due date on the disconnection notice, either pays or makes payment arrangements to pay any outstanding debt not covered by the energy assistance provider. Additionally, the rule provides that if an energy assistance provider has requested monthly usage data pursuant to §25.472(b)(4) (relating to Privacy of Customer Information), the REP shall extend the final due date on the disconnection notice, day for day, from the date the usage data was requested until it is provided; and that a REP shall allow at least 45 days for an energy assistance provider to honor a pledge, letter of intent, purchase order, or other notification before submitting the disconnection request to the TDU.

There are protections for several other categories of clients and situations applicable to LIHEAP clients served:

§25.483(g) provides that a REP shall not authorize a disconnection for nonpayment of electric service at a permanent, individually metered dwelling unit of a delinquent Critical Care Residential Customer when that customer establishes that disconnection of service will cause some person at that residence to become seriously ill or more seriously ill.

§25.483(h) provides that a REP shall not authorize a disconnection for nonpayment of electric service at a permanent, individually metered dwelling unit of a delinquent customer when that customer has been designated as a Chronic Condition Residential Customer pursuant to 25.497 with noted rule exceptions.

§25.483(j) provides that a REP shall not authorize a disconnection for nonpayment of electric service for any customer in a county in which an extreme weather emergency occurs. A REP shall offer residential customers a deferred payment plan upon request by the customer that complies with the requirements of 25.480 (relating to Bill Payment and Adjustments) for bills that become due during the weather emergency. The term “extreme weather emergency” shall mean a day when:

(A) the previous day’s highest temperature did not exceed 32 degrees Fahrenheit, and the temperature is predicted to remain at or below that level for the next 24 hours anywhere in the county, according to the nearest National Weather Service (NWS) reports; or

(B) the NWS issues a heat advisory for a county, or when such advisory has been issued on any one of the preceding two calendar days in a county.

4.18 If you experience a natural disaster, do you intend to utilize LIHEAP crisis funds to address disaster related crisis situations?

Yes No

Subrecipients are able to utilize LIHEAP for assistance during a Disaster in compliance with 10 TAC §6.310:

(d) When Disasters result in energy supply shortages or other energy-related emergencies or have lost service or are in immediate danger of losing service, CEAP will allow home energy related expenditures for:

(1) Temporary Shelter in the limited instances that supply of power to the Dwelling Unit is disrupted or in immediate danger of losing services causing a temporary evacuation.

(2) Cost to temporary Shelter or house individuals in hotel, apartments or other living situations in which homes have been destroyed or damaged when health and safety is endangered by loss of access to heating and cooling.

(3) Costs for transportation (e.g., cars, shuttles, buses) to move the individuals away from the crisis area to Shelters when health and safety is endangered by loss of access to heating and cooling.

Section 5: WEATHERIZATION ASSISTANCE

Eligibility, 2605(c)(1)(A), 2605(b)(2) – Assurance 2

5.1 Designate the income eligibility threshold used for the weatherization component:

#	Household Size	Eligibility Guidelines	Eligibility Threshold
1	All Household Sizes	USHHS Poverty Guidelines	150%
2		State	

5.2 Do you enter into an interagency agreement to have another government agency administer a **WEATHERIZATION component?** Yes No

5.3 If yes, name the agency. N/A

5.4 Is there a separate monitoring protocol for weatherization? Yes No

WEATHERIZATION - Types of Rules

5.5 Under what rules do you administer LIHEAP weatherization? (Check only one.)

Entirely under LIHEAP (not DOE) rules

Entirely under DOE WAP (not LIHEAP) rules

Mostly under LIHEAP rules with the following DOE WAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

Income Threshold

Weatherization of entire multi-family housing structure is permitted if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days.

Weatherization of shelters temporarily housing primarily low-income persons (excluding nursing homes, prisons, and similar institutional care facilities).

Other (describe):

- Adhere to language from the Consolidated Appropriations Act of 2021 that Paragraph (2) of Section 415(c) of the Energy Conservation and Production Act (42 USC 6865(c)) is amended to allow re-weatherization for a dwelling unit not previously weatherized using federal funds until the date that is 15 years after the date such previous weatherization has passed.

- 10 TAC Part 1, Chapter 6, Subchapter D, Weatherization Assistance Program, is one area where the LIHEAP funded weatherization program adheres to DOE regulations.
- TDHCA uses a priority list for LIHEAP households at 150% or below USHHS poverty income level. A Department approved LIHEAP Priority list or a DOE approved Priority List updated when applicable, which provides the prescribed method to be used by Subrecipients when addressing weatherization measures.
- Energy-related home repair: TDHCA will allow the use of LIHEAP weatherization funds for incidental repairs only if required to enable effective weatherization.
- If LIHEAP funds are included in a DOE unit, the energy audit, or applicable priority list(s), must be used to justify all measures.
- TDHCA will allow, with written permission, LIHEAP WAP funds to be used in the weatherization of DOE Identified HUD and USDA properties using DOE income calculation requirements and Income Determination (i.e., 200% Federal Poverty Income Guidelines).
- If Subrecipient leverages LIHEAP with any DOE weatherization funds, all federal and state rules and current Weatherization Program Notice (WPN) requirements will apply, including but not limited to: income calculation requirements as outlined in applicable DOE WPNs or updated Income Determination Notices in accordance with State Rules.

Mostly under DOE WAP rules, with the following LIHEAP rule(s) where LIHEAP and WAP rules differ: (Check all that apply.)

- Income Threshold.
- Weatherization not subject to DOE WAP maximum statewide average cost per dwelling unit.
- Weatherization measures are not subject to DOE Savings to Investment Ratio (SIR) standards.
- Other (describe)

Eligibility, 2605(b)(5) – Assurance 5

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|-------------------------------------|
| 5.6 Do you require an assets test? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5.7 Do you have additional/differing eligibility policies for: | | |
| • Renters? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Renters living in subsidized housing? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Renters with utilities included in the rent? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

5.8 Do you give priority in eligibility to:

- Older Adults?
- Individuals with a disability?
- Young children?
- Households with high energy burdens?
- Other?

Explanation: Households with high energy consumption

Explanation for Yes responses:

10 TAC §6.406(c) states “Subrecipients must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria.” The state will provide a written procedure to a statewide or regional contractor.

Subrecipients and statewide or regional contractors use a rating system which determines priority based on persons in Households who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

Benefit Levels

5.9 Do you have a maximum LIHEAP weatherization benefit/expenditure per household?

Yes No

5.9a. If yes, what is the maximum? \$12,000

5.10 Do you use an Average Cost per Unit (ACPU)?

Yes No

5.10a. If yes, what is ACPU amount? NA

NOTE: unless additional expenditure is authorized in writing by the Department.

Types of Assistance, 2605(c)(1), (B) & (D)

5.11 What LIHEAP weatherization measures do you provide? (Check all categories that apply.)

- Weatherization needs/assessments/audits
- Caulking and insulation
- Storm windows

Furnace/heating system modifications/repairs

Furnace replacement

Cooling system modifications/repairs

Water conservation measures

Compact fluorescent light bulbs

Energy related roof repair

Major appliance repairs

Major appliance replacement

Windows/sliding glass doors

Doors

Water Heater

Cooling system replacement

Roof top solar

Community solar projects

Other (describe)

Solar screens or window film. Smart thermostats, incidental repairs up to \$500 only if required to enable effective weatherization; Window screens to help prevent exposure to the Zika virus for Households with pregnant women.

If an appropriate measurable savings in energy expenditures by Low-Income Households can be achieved, LIHEAP weatherization funds may be used for the installation of solar panels for eligible Households.

If any of the questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 6: Outreach, 2605(b)(3) – Assurance 3, 2605(c)(3)(A)

6.1 Select all outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:

- Place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.
- Publish articles in local newspapers or broadcast media announcements.
- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.
- Mass mailing(s) to prior-year LIHEAP recipients.
- Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.
- Execute interagency agreements with other low-income program offices to perform outreach to target groups.
- Web posting
- Email
- Texting
- Events
- Social Media
- Other (specify): LIHEAP Subrecipients are to conduct outreach related to the utility assistance program and other assistance provided with the LIHEAP grant. The Department encourages Subrecipients to conduct outreach through various methods to inform people without internet services about the LIHEAP utility assistance program. Entities to be informed include, but is not limited to, units of government, local non-profits, charitable organizations, and churches. Other ways that persons are to be informed is through utility vendors who include information in client bills about the LIHEAP utility assistance program and the State's phone number to contact if they need utility assistance. Some utility vendors may inform customers and persons who are pending disconnection or who have had their services disconnected about the LIHEAP provider serving their area or provide them with the State phone number to contact. LIHEAP Subrecipients also are to use social media and periodically run radio announcements and newspaper ads.

Section 7: Coordination, 2605(b)(4) – Assurance 4

7.1 Describe how you will ensure that the LIHEAP program is coordinated with other programs available to low-income households (TANF, SSI, WAP, etc.)

- Joint application for multiple programs. Explanation: LIHEAP subrecipients have a single intake for their programs.

- Intake referrals to/from other programs. Explanation: Community Services Block Grant (CSBG) refers programs and other programs administered.
- One-stop intake centers
- Other – describe:

Section 8: Agency Designation, 2605(b)(6) – Assurance 6

8.1 How would you categorize the primary responsibility of your State agency?

- Administration Agency
- Commerce Agency
- Community Services Agency
- Energy/Environment Agency
- Housing Agency
- Welfare Agency
- Other – describe:

Alternate Outreach and Intake, 2605(b)(15) – Assurance 15

8.2 How do you provide alternate outreach and intake for **HEATING ASSISTANCE**?

Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

8.3 How do you provide alternate outreach and intake for **COOLING ASSISTANCE**?

Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

8.4 How do you provide alternate outreach and intake for **CRISIS ASSISTANCE**?

In instances of Disasters, subrecipients and statewide or regional contractors coordinate with other assistance organizations (shelters, Red Cross, etc.). Report of available services at various workgroup meetings with community stakeholders (disability, health services, homeless, etc), and presentation at area events.

Question 8.5	Heating	Cooling	Crisis	Weatherization
8.5a. Who determines client eligibility?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments , CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Non-profits, Statewide or Regional Contractors
8.5b. Who processes benefit payments to gas and electric vendors?	Local governments, CAAs and Other	Local governments, CAAs and	Local governments , CAAs and	N/A

	Nonprofits, Statewide or Regional Contractors	Other Nonprofits, Statewide or Regional Contractors	Other Nonprofits, Statewide or Regional Contractors	
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Question 8.5	<u>Heating</u>	<u>Cooling</u>	<u>Crisis</u>	<u>Weatherization</u>
8.5c. Who processes benefit payments to bulk fuel vendors?	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments, CAAs and Other Nonprofits, Statewide or Regional Contractors	Local governments , CAAs and Other Nonprofits, Statewide or Regional Contractors	N/A
8.5d. Who performs installation of weatherization measures?	N/A	N/A	N/A	Local governments, CAAs and Other Nonprofits-most subcontract with local contractors, Statewide or Regional Contractors

Note for 8.5: In the USHHS-OLDC system where the State Plan is entered, it only allows states to select one type of entity. The Department will select Nonprofits; although we will also contract with Units of government and CAAs.

8.6 What is your process for selecting local administering agencies?

The Department ensures that to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of Title 42 U.S.C. §§8621, et seq. special consideration is given to any local public or private nonprofit agency which was receiving CSBG or LIHEAP funds.

(1) The Department before giving such special consideration, determines that the agency involved meets program and fiscal requirements established by law and by the Department; and

(2) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Department gives special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

Currently, the Department administers all aspects of program delivery through subrecipients and statewide/regional contractors that have demonstrated they are operating the program in accordance with the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981, as amended (42 U.S.C. §§8621, et seq.), and Department rules. If subrecipients and statewide/regional contractors are successfully administering the program, the Department may offer to renew the contract.

However, in order to achieve full expenditure of funding, the Department may reallocate funds that have been voluntarily relinquished or deobligated in compliance with TAC rule §6.304. Additionally, if the State receives a large supplemental appropriation for LIHEAP, the Department may allocate some or all of the funds to a statewide or regional contractor.

If the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if a Subrecipient fails to administer the program correctly, the Department may proceed with the process provided for in Department rules of removing funds and reassign the service area or a portion to another existing Subrecipient or conduct solicitation or selection of a new Subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981. The affected Subrecipient may request a hearing in accordance with §2105.204 of the Texas Government Code.

However, the Department retains the right to go through a procurement process for some or all aspects of the LIHEAP program.

8.7 How many local administering agencies do you use? 35

8.8 Have you changed any local administering agencies from last year? Yes No

8.9 If so, why?

- Agency was in noncompliance with grantee requirements for LIHEAP
- Agency is under criminal investigation
- Added agency
- Agency closed
- Other – describe – voluntary relinquishment

Explanation: N|A

8.10 If a subrecipient is no longer providing LIHEAP, are you aware of prior-year LIHEAP funds being mismanaged or misspent? Yes No

8.10a If yes, please explain.

8.10b If you are aware, were other federal programs impacted such as CSBG, SSBG, Head Start, TANF, and Department of Energy Weatherization funding, etc.

8.10c If yes, please explain.

Section 9: Energy Suppliers, 2605(b)(7) – Assurance 7

9.1 Do you make payments directly to home energy suppliers?

Heating Yes No

Cooling Yes No

Crisis Yes No

Are there exceptions? Yes No

If yes, describe: Per 10 TAC §6.309(i)(7), Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from client's rent.

9.2 How do you notify the client of the amount of assistance paid?

The administering Subrecipient/contractor informs them once the determination is made.

9.3 How do you assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment?

Vendor agreements are used in all components. The Department provides Subrecipients and statewide or regional contractors with a Department approved Vendor Agreement to utilize. The document can be found at the Department's website at <https://www.tdhca.state.tx.us/community-affairs/ceap/guidance.htm>

9.4 How do you assure that no household receiving assistance under this title will be treated adversely because of their receipt of LIHEAP assistance?

Vendor Agreements are used in all components. The Department provides Subrecipients and statewide or regional contractors with a Department approved Vendor Agreement to utilize. The document can be found at the Department's website at <https://www.tdhca.state.tx.us/community-affairs/ceap/guidance.htm>

9.5 Do you make payments contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households? Yes No. If so, describe the measures unregulated vendors may take. Attach a copy of the template statewide vendor agreement or a policy that indicates local agreements must adhere to statewide policies and assurances.

For Section 9, if any of the above questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here. N/A

Section 10: Program, Fiscal Monitoring, and Audit, 2605(b)(10) – Assurance 10

10.1. How do you ensure good fiscal accounting and tracking of LIHEAP funds?

1. Review annual audits
2. Monitor fiscal records
3. Review current and prior year monthly expenditure and performance reports

10.1a. Provide your definitions of the following:

Obligation: Funds become obligated upon approval of an award to Subrecipient by the Department's Governing Board, unless the Department does not receive sufficient funding from the cognizant federal entity.

Expenditures: Funds that have been accrued or remitted for purposes of the award.

Expenditure timeframe: The contract time period.

Administrative costs: Staff salaries and fringe benefits and overhead costs (such as office space, supplies, equipment, communication costs, travel, etc.) related to staff performing general program and planning duties and not related to direct program service delivery. General program administration and program planning activities include, but are not limited to:

- outreach/targeting activities; program activities, processes, implementation, etc.; budgeting; establishing staff goals and objectives;
- Program personnel management
- Updating/maintaining vendor agreements
- Financial and Performance reporting; accounting processes
- General program work, work related to preparing monitoring responses

Audit Process

10.2. Is your LIHEAP program audited annually under the Single Audit Act and OMB Circular A-133? Yes No

10.2a. if yes, describe your auditor selection process.

The State Auditor's Office (SAO) is responsible for carrying out the duties of the Single Audit and OMB A-133. The SAO currently outsources this portion of the statewide audit to the audit firm of Clifton Larson Allen (CLA).

10.3 Describe any audit findings rising to the level of material weakness or reportable condition cited in the A-133 audits, Grantee monitoring assessments, inspector general reviews, or other government agency reviews of the LIHEAP agency from the most recently audited federal fiscal year. (Document referenced: Statewide Single Audit Report for the Year Ended August 31, 2023 (issued Feb 2023 – Report No. 24-318)

Finding	Type	Brief Summary	Resolved?	Action Taken
2022-024	Significant Deficiency in Internal Control over Compliance and Noncompliance	<p>During our testing of special reporting for FFATA, we noted there is no review and approval process in place over the submitted reports to ensure accuracy and completeness. Additionally, we noted the following instances of noncompliance: TDHCA submits the Annual Report on Households Assisted by LIHEAP (Annual Report), which includes key line items in Section 1 and 2 of the report. During our testing of Annual Report submitted for Federal Fiscal Year 2021, we noted several variances between the Annual Report and supporting detail provided.</p>	<p>The household report portion of the internal control deficiency was resolved. The Department is still working on resolving the other internal control deficiencies.</p>	<p>Corrective Action Plan: For FFATA, Community Affairs Division (CAD)</p> <p>CAD Response: The noted Reporting control deficiency is accurate. Community Affairs Division (CAD) is currently updating Standard Operating Procedure (SOP) to include two review and approval processes that will take place prior to the submission in the FSFR system. The two additional review and approval processes will be performed by the Team Lead, Laura White in CAD and Elizabeth Yevich in the Housing Resource Center (HRC). The two additional reviews will aid in the process to ensure accurate and timely submission of monthly FFATA reporting. An updated SOP will be in place by the March 2023 FFATA submission.</p> <p>Corrective Action Plan: The noted Reporting control deficiency is accurate. CAD is currently working with the Information System Division (IS) to correct issues identified in the data pulls to the summary sheets. CAD has identified that issues began when separating the information by the different grants types. In order to address the identified issues, CAD and IS will continue to correct the data queries and formulas to ensure accurate reporting is achieved.</p>

10.4 Audits of Local Administering Agencies

What types of annual audit requirements do you have in place for local administering agencies/district offices?

Local agencies/district offices are required to have an annual audit in compliance with Single Audit and OMB Circular A-133, 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).NOTE: Subrecipients will follow the audit requirements in 45 CFR 75 Subpart F, as applicable, and the requirements in the Texas Single Audit Act.

Local agencies/district offices are required to have an annual audit (other than A-133, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)).

10.4 (continued)

Local agencies/district offices A-133, 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or other independent audits are reviewed by Grantee as part of compliance process.

Grant recipient conducts fiscal and program monitoring of local agencies/district offices.

Local agencies and district offices are required to have an annual audit in compliance with Single Audit Act and OMB Circular A-133

Compliance Monitoring

10.5 Describe the Grantee's strategies for monitoring compliance with the Grantee's and Federal LIHEAP policies and procedures by:

Grantee employees:

Internal program review

Departmental oversight

Secondary review of invoices and payments

Other program review mechanisms are in place. Describe: Cross Division peer review of documents

Local Administering Agencies/District Offices:

On-site evaluation

Annual program review

Monitoring through Central Database

Desk reviews

Client File Testing/Sampling

Other program review mechanisms are in place. Describe: Desk review of 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal

Awards (Uniform Guidance); A review of the Subrecipient's resolution of prior monitoring or Single Audit reports is performed prior to awarding new contracts.

10.6 Explain, or attach a copy of your local agency monitoring schedule and protocol. Response: See attached monitoring schedule.

10.7 Describe how you select local agencies for monitoring reviews?

On-site monitoring visits and desk reviews are mechanisms used for in-depth investigation and overall assessment, respectively. The Department will conduct on-site monitoring reviews and desk reviews of contracts based on an assessment of risk of non-compliance with program requirements. Monitors review necessary program documents and financial records through desk reviews and on-site reviews. LIHEAP Subrecipients and statewide or regional contractors are monitored (for prior year funding) at least once every three years. This is a component of the risk assessment score. If a Subrecipient also has Community Service Block Grant funds, the LIHEAP monitoring may be done at the same time. Subrecipients and statewide or regional contractors that leverage LIHEAP funds with DOE funds for weatherization are subject to a programmatic, fiscal, and unit inspection review according to the DOE monitoring schedule (once a year). Contracts may also be selected for monitoring based on other factors, such as prior monitoring findings, issues noted in the Single Audit, complaints, and/or special requests.

10.8 How often is each local agency monitored? At least once every three years.

10.9 How many local agencies are currently on corrective action plans? (Number only) 0

If any of the above questions require further explanation or clarification that could not be made in the fields provided, attach a document with said explanation here.

Section 11: Timely and Meaningful Public Participation, 2605(b)(12) – Assurance 12, 2605(c)(2)

11.1 How did you obtain input from the public in the development of your LIHEAP plan?

Check all that apply:

- Tribal Council meeting(s)
- Public Hearing(s)
- Draft Plan posted to website and available for comment
- Hard copy of plan is available for public view and comment
- Comments from applicants are recorded
- Request for comments on draft Plan is advertised
- Stakeholder consultation meeting(s)
- Comments are solicited during outreach activities
- Other, describe:

Public Hearings, 2605(a)(2)

11.2 List the date(s) and location(s) that you held public hearing(s) on the proposed use and distribution of your LIHEAP funds?

Date	Event Description
------	-------------------

Tuesday, May 13, 2025, 5:30PM–6PM	Texas Department of Housing and Community Affairs 221 East 11 th Street, 1 st Floor Austin, TX 78701
Wednesday, May 14, 2025, 1:00PM-1:30PM	BakerRipley First Floor Education Center 3838 Aberdeen Way Houston, TX 77025
Wednesday, May 14, 2025, 1:00PM-1:30PM	Northside Community Center 1100 NW 18 th Str, Room R44133 Fort Worth, TX 76164
Thursday, May 15, 2025, 5:30PM-6PM	West Texas Opportunities 1415 East 2 nd Street Odessa, TX 79761

11.3 How many parties commented on your plan at the hearing(s)? Pending

11.4 Summarize the comments you received at the hearing(s). Pending

11.5 What changes did you make to your LIHEAP plan as a result of the comments received at the public hearing(s)? Pending

Section 12: Fair Hearings, 2605(b)(13) – Assurance 13

12.1 How many fair hearings did the grantee have in the prior Federal fiscal year?
None

12.2 How many of those fair hearings resulted in the initial decision being reversed? N/A

12.3 Describe any policy and/or procedural changes made in the last Federal fiscal year as a result of fair hearings? None

12.4 Describe your fair hearing procedures for households whose applications are denied and or not acted upon in a timely manner.

An Applicant requests a hearing with the Subrecipient and statewide or regional contractors initially. If not satisfied with the results of the Subrecipient’s and statewide or regional contractor’s hearing, the Applicant then appeals to the Texas Department of Housing and Community Affairs to conduct a review of the subrecipient’s decision. If still not satisfied, the applicant can then request a contested hearing under Tex. Gov’t Code, Chapter 2001 which is conducted by the State Office of Administrative Hearings on behalf of the Department.

Subrecipient contracts include the following section:

APPEALS PROCESS

In compliance with the LIHEAP Act, Subrecipient must provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied, terminated or not acted upon in a timely manner. Subrecipient must establish a denial of service complaint procedure in accordance with 10 TAC §6.8 of the State Rules. The rule states:

(b) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/customers. At a minimum, the procedures described in paragraphs (b)(1) - (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) calendar days of the determination. Such a determination is defined as a denial of assistance, but does not include a level of assistance lower than the possible program limits or a reduction in assistance, as long as such process is in accordance with the Subrecipient's written policy. This notification shall include written notice of the right of a hearing and specific reasons for the denial by program. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) days of receipt of the denial notice.

(2) A Subrecipient must establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their customer files.

(3) Subrecipients shall hold a private appeal hearing (unless otherwise required by law) by phone or in person in an accessible location within ten (10) business days after the Subrecipient received the appeal request from the applicant and must provide the applicant notice in writing of the time/location of the hearing at least seven (7) calendar days before the appeal hearing.

(4) Subrecipient shall record the hearing.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the third calendar day following the decision (three day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) - (7) of this subsection do not apply and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing.

(c) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision.

(d) Applicants/customers who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Tex. Gov't Code, Chapter 2001.

(e) The hearing under subsection (d) shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient, for which the procedures are further described in §1.13, relating to Contested Case Hearing Procedures, of this title.

(f) If the applicant/customer appeals to the Department, the funds should remain encumbered until the Department completes its decision.

These requirements will also be incorporated into statewide or regional contractor Contracts.

- 12.5 When and how are applicants informed of these rights?
 Applicants are informed of their rights either by 1) informing them on the application itself, 2) handing them a document with such information at the time of application, 3) displaying posters at intake offices, or 4) providing them the information in the denial of LIHEAP assistance letter that is mailed to the applicant.

Section 13: Reduction of home energy needs, 2605(b)(16) – Assurance 16

- 13.1 Describe how you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance?
 N/A-The State does not use funds under Assurance 16.
- 13.2 How do you ensure that you don't use more than 5% of your LIHEAP funds for these activities?
 NA-The State does not use funds under Assurance 16.
- 13.3 Describe the impact of such activities on the number of households served in the previous Federal fiscal year.
 NA-The State does not use funds under Assurance 16.
- 13.4 Describe the level of direct benefits provided to those households in the previous Federal fiscal year.
 NA-The State does not use funds under Assurance 16.
- 13.5 How many households received these services?
 NA-The State does not use funds under Assurance 16.

Section 14: Leveraging Incentive Program, 2607A

- 14.1 Do you plan to submit an application for the leveraging incentive program?
 Yes No
- 14.2 Describe instructions to any third parties and/or local agencies for submitting LIHEAP leveraging resource information and retaining records. NA
- 14.3 For each type of resource and/or benefit to be leveraged in the upcoming year that will meet the requirements of 45 C.F.R. § 96.87(d)(2)(iii), describe the following:

Resource	What is the type of resource or benefit?	What is the source(s) of the resource?	How will the resource be integrated and coordinated with LIHEAP?
NA	NA	NA	NA

Section 15: Training

15.1 Describe the training you provide for each of the following groups:

a. Grantee recipient Staff:

- Formal training on grantee policies and procedures

How often?

- Annually
 Biannually
 As needed
 Other – Describe:

- Employees are provided with policy manual

- Other – Describe:

Employees are provided with all the information necessary to administer the LIHEAP. The Department training team provides new staff with programmatic orientation training and are invited to observe and participate in Subrecipient trainings as well.

b. Local Agencies:

- Formal training conference

How often?

- Annually
 Biannually
 As needed

Other – Describe: The Department offers a manager training for newly hired managers or Executive Directors, as needed, which is then followed up with individualized technical assistance. The Department hosts meetings and training events on an as needed basis with Subrecipients and statewide or regional contractors to conduct necessary training and/or make announcements. The Department collaborates with the Texas Association of Community Action Agencies to coordinate training for Subrecipients. Training for Subrecipients occurs at an annual conference sponsored by the Texas Association of Community Action Agencies each year. The Department provides a template for developing the Annual Service Delivery Plan and a guide for developing it. The Department develops data tools and trains agencies as needed on how to analyze their data to improve efficiency and productivity. Emails, Go-To-Webinars, MS Teams for virtual TTA, and phone calls are common communication means with which the Department trains, assists, and communicates with LIHEAP Subrecipients and statewide or regional contractors.

- On-site training

How often?

- Annually
 Biannually
 As needed
 Other –

The Department identifies key areas for training needs based upon monitoring reports, new regulations, and Subrecipient and statewide or regional contractors requests. The Department has effective virtual training courses to address Subrecipient TTA needs. The Department provides training as needed to individual

agencies and network wide trainings on a variety of topics such as: process mapping, production, data analysis, intake, client file documentation, weatherization assessments, audits, final inspections, working with contractors, reporting, and technical assistance for service delivery. Onsite training is provided as warranted. The Department also supplies Subrecipients with online resources, training centers, and conference information to obtain skills and certifications.

Employees are provided with policy manual

Other – Describe: The Department uses an online portal (i.e., Wufoo) that agencies use daily for quick responses to questions or for requesting training. As needed, the Department schedules meetings to provide information, training, and technical assistance to the local agencies. Emails, the online portal, Go-To-Webinar, MS Teams for virtual TTA, and phone calls are the common methods used by the Department to train, assist, and communicate with LIHEAP Subrecipients and statewide or regional contractors. The Department creates tools, guides, cheat sheets, and FAQs that are posted on program webpages. The Department hosts quarterly Go-To-Webinar calls for the LIHEAP Subrecipients to provide relevant training on an ongoing basis.

c. Vendors

Formal training conference

How often?

Annually

Biannually

As needed

Other – Describe:

Policies communicated through vendor agreements

Policies are outlined in a vendor manual

Other – Describe:

15.2 Does your training program address fraud reporting and prevention?

Yes

No

Section 16: Performance Goals and Measures, 2605(b)

16.1 Describe your progress toward meeting the data collection and reporting requirements of the four required LIHEAP performance measures. Include timeframes and plans for meeting these requirements and what you believe will be accomplished in the coming federal fiscal year.

The Department was able to meet the four LIHEAP performance measures.

The Department currently requires Subrecipients and statewide or regional contractors to upload data related to the four performance measures into our State reporting system. The Department has made this reporting a contractual requirement for all LIHEAP Subrecipients and statewide or regional contractors. The Department periodically reviews uploaded summary reports and offers technical assistance to Subrecipients and statewide or regional contractors who may not understand what to report or may not upload the data in a timely fashion.

The Department will review the outcomes of the performance data reports to determine any training needs or changes to programs design that are needed.

Section 17: Program Integrity, 2605(b)(10)

17.1 Fraud Reporting Mechanisms

- a. Describe all mechanisms available to the public for reporting cases of suspected waste, fraud, and abuse. Select all that apply.

- Online Fraud Reporting
- Dedicated Fraud Reporting Hotline
- Report directly to local agency/district office or Grantee office
- Report to State Inspector General or Attorney General
- Forms and procedures in place for local agencies/district offices and vendors to report fraud, waste, and abuse.
- Other – describe:

Note: TDHCA’s website has a webpage named “Report Fraud, Waste, and Abuse by TDHCA Management and Staff” directing persons who suspect fraud, waste, and abuse by TDHCA management and staff to report to the State Auditor’s Office at <https://sao.fraud.texas.gov/ReportFraud/>. Subrecipients are required to establish fraud, waste, and abuse procedures. The state will provide a fraud, waste, and abuse procedures to statewide or regional contractors.

- b. Describe strategies in place for advertising the above-referenced resources. Select all that apply.

- Printed outreach materials
- Posted in local administering agencies offices
- Addressed on LIHEAP application
- Website
- Other - Describe

17.2 Identification Documentation Requirements

a. Indicate which of the following forms of identification are required or requested to be collected from LIHEAP applicants or their household members.

Type of Identification Collected	Collected from Whom?		
	Applicant Only	All Adults in HH	HH Members Seeking Assistance*
Social Security Card is photocopied and retained	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Social Security Number (without actual card)	Required <input type="checkbox"/>	Required <input type="checkbox"/>	Required <input type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>
Government-issued identification card (e.g.,: driver's license, state ID, Tribal ID, passport, etc.)	Required <input checked="" type="checkbox"/>	Required <input checked="" type="checkbox"/>	Required <input checked="" type="checkbox"/>
	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>	Requested <input type="checkbox"/>

#	Other	Applicant Only Required	Applicant Only Requested	All Adults in Household Required	All Adults in Household Requested	All Household Members Required	All Household Members Requested
1	Other: clients provide identification to the subrecipients and statewide or regional contractors at the time of application. See attachment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

*Households may include members who are not seeking assistance and may not be included in the household count. A live in aide or attendant is not considered part of the Household for purposes of determining Household income, but is considered for a benefit based on the size of the Household.

b. Describe any exceptions to the above policies: NA

17.3 Citizenship/Legal Residency Verification

What are your procedures for ensuring LIHEAP recipients are U.S. citizens or qualified non-citizens who are eligible to receive LIHEAP benefits? Select all that apply.

- Clients sign an attestation of citizenship or U.S. Citizen or Qualified Non-Citizen
- Clients' submission of certain Social Security Administration cards is accepted as proof of U.S. Citizen or Qualified Non-Citizen
- Non-Citizens must provide documentation of immigration status
- Citizens must provide a copy of their birth certificate, naturalization papers, or passport
- Noncitizens are verified through the SAVE system

- Tribal members are verified through Tribal enrollment records/Tribal ID card
- Other – describe: U.S. Nationals will have to provide documentation of that status.

	Other	Applicant Only Required	Applicant Only Requested	All Adults in Household Required	All Adults in Household Requested	All Household Members Required	All Household Members Requested
1	Other: clients provide identification to the subrecipients and statewide or regional contractors at the time of application.					<input checked="" type="checkbox"/>	

17.4 Income Verification

What methods does your agency utilize to verify household income?

- Require documentation of income for all adult household members
- Pay stubs
- Social Security award letters
- Bank statements
- Tax statements
- Zero-income statements
- Unemployment Insurance letters
- Other – describe: Court Documents or government benefit statements as applicable.

Computer data matches:

- Income information matched against state computer system (e.g., SNAP, TANF)
- Proof of unemployment benefits verified with state Department of Labor
- Social Security income verified with SSA
- Utilize state directory of new hires

Other – describe:

17.5 Identification Verification

Describe what methods are used to verify the authenticity of identification documents provided by clients or household members. Select all that apply.

- Verify SSNs with Social Security Administration
- Match SSNs with death records from Social Security Administration or state agency
- Match SSNs with state eligibility/management system (e.g., SNAP, TANF)
- Match with state Department of Labor system
- Match with state and/or federal corrections system
- Match with state child support system
- Verification using private software (e.g., The Work Number)
- In-person certification by staff (for tribal grantees only)

- Match SSN/Tribal ID number with tribal database or enrollment records (for tribal grantees only)
- Other – describe:
Subrecipients or statewide/regional contractors verify the authenticity of identification documents provided by clients who are not U.S. citizens or nationals. That verification is made through the Systematic Alien Verification for Entitlements (SAVE) system.

17.6 Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

- Policy in place prohibiting release of information without written consent
- Grant recipient LIHEAP database includes privacy/confidentiality safeguards
- Employee training on confidentiality for:
 - Grant recipient employees
 - local agencies/district offices
- Employees must sign confidentiality agreement
 - Grant recipient employees
 - local agencies/district offices
- Physical files are stored in a secure location
- Electronic files are protected in a secure location.
- Other – describe: Grantee contracts include the following section:

17.6 Other – Describe:

17.6 Protection of Privacy and Confidentiality

Describe the financial and operating controls in place to protect client information against improper use or disclosure.

Policy in place prohibiting release of information without written consent

Grantee LIHEAP database includes privacy/confidentiality safeguards

Employee training on confidentiality for:

Grantee employees

local agencies/district offices

Employees must sign confidentiality agreement

Physical files are stored in a secure location

RECORD KEEPING REQUIREMENTS

Subrecipients and statewide or regional contractors acknowledge that any information created or exchanged with the State of Texas pursuant to this Contract, must be available in a format that is accessible by the public at no additional charge to the State of Texas. A request for public information shall be communicated to the Department's contact identified in this Contract, by the close of business on the following business day after the request is received. Subrecipient/Vendor shall not provide to the requestor any information that was written, produced, collected, assembled, or maintained under this Contract, but shall respond to the requestor that the request has been forwarded to the Department for processing. After gathering all information that is responsive to the request, but in no event later than five (5) business days after receiving the information request, Subrecipient/Vendor shall send the information to the Department and shall timely contact the Department if there will be any delay in sending the information request or responsive documents to the Department.

Texas Administrative Code, Title 10 Chapter 1, Subchapter D §1.409 requires that:

(a) Client Records including Multifamily Development Owners. The Department requires subrecipient organizations to document client services and assistance. Subrecipient organizations must arrange for the security of all program-related computer files through a remote, online, or managed backup service. Confidential client files must be maintained in a manner to protect the privacy of each client and to maintain the same for future reference. Subrecipient organizations must store physical client files in a secure space in a manner that ensures confidentiality and in accordance with Subrecipient organization policies and procedures. To the extent that it is financially feasible, archived client files should be stored offsite from Subrecipient a headquarters, in a secure space in a manner that ensures confidentiality and in accordance with organization policies and procedures.

(b) Records of client eligibility must be retained for five (5) years starting from the date the Household activity is completed, unless otherwise provided in federal regulations governing the program.

(c) Other records must be maintained as described in the Contract or the LURA, and in accordance with federal or state law for the programs described in the Chapters of this Part.

These requirements will also be incorporated into statewide and regional contractor Contracts.

17.7 Verifying the Authenticity of Energy Vendors

What policies are in place for verifying vendor authenticity?

- All vendors must register with the State/Tribe
- All vendors must supply a valid SSN or TIN/W-9 form
- Vendors are verified through energy bills provided by the household
- Grantee and/or local agencies/district offices perform physical monitoring of vendors
- Other – describe, and note any exceptions to policies above:

17.8 Benefits Policy – Gas and Electric Utilities

What policies are in place to protect against fraud when making benefit payments to gas and electric utilities on behalf of clients? Select all that apply.

- Applicants required to submit proof of physical residency
- Applicants must submit current utility bill
- Data exchange with utilities that verifies:
 - Account ownership

- Consumption
- Balances
- Payment history
- Account is properly credited with benefit
- Other – describe:
- Centralized computer system/database tracks payments to all utilities
- Centralized computer system automatically generates benefit level
- Separation of duties between intake and payment approval
- Payments coordinated among other heating assistance programs to avoid duplication of payments
- Payments to utilities and invoices from utilities are reviewed for accuracy
- Computer databases are periodically reviewed to verify accuracy and timeliness of payments made to utilities
- Direct payment to households are made in limited cases only
- Procedures are in place to require prompt refunds from utilities in cases of account closure
- Vendor agreements specify requirements selected above, and provide enforcement mechanism
- Other – describe:

17.9 Benefits Policy — Bulk Fuel Vendors

What procedures are in place for averting fraud and improper payments when dealing with bulk fuel suppliers of heating oil, propane, wood, and other bulk fuel vendors? Select all that apply.

- Vendors are checked against an approved vendors list
- Centralized computer system/database is used to track payments to all vendors
- Clients are relied on for reports of non-delivery or partial delivery
- Two-party checks are issued naming client and vendor
- Direct payment to households are made in limited cases only
- Vendors are only paid once they provide a delivery receipt signed by the client
- Conduct monitoring of bulk fuel vendors
- Bulk fuel vendors are required to submit reports to the Grantee
- Vendor agreements specify requirements selected above, and provide enforcement mechanism
- Other – describe:

17.10 Investigations and Prosecutions

Describe the Grantee's procedures for investigating and prosecuting reports of fraud, and any sanctions placed on clients/staff/vendors found to have committed fraud. Select all that apply.

- Refer to state Inspector General
- Refer to local prosecutor or state Attorney General
- Refer to US DHHS Inspector General (including referral to OIG hotline)
- Local agencies/district offices or Grantee conduct investigation of fraud complaints from public
- Grantee attempts collection of improper payments. If so, describe the recoupment process.
- Clients found to have committed fraud are banned from LIHEAP assistance. For how long is a household banned?
- Contracts with local agencies require that employees found to have committed fraud are reprimanded and/or terminated
- Vendors found to have committed fraud may no longer participate in LIHEAP

- Other — describe: A Subrecipient and statewide or regional contractors may be referred to the Department's Enforcement Committee or proposed for debarment.

Section 18: Certification Regarding Debarment, Suspension, and Other Responsibility Matters

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it

determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters--Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its

certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--Lower Tier Covered Transactions

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

By checking this box, the prospective primary participant is providing the certification set out above.

Section 19: Certification Regarding Drug-Free Workforce Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of Subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about --(1)The dangers of drug abuse in the workplace;
(2) The grantee's policy of maintaining a drug-free workplace;
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted -

- (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
 - (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).
- (B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

221 East 11th Street

Austin, Travis County, Texas, 78701

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

- (a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;
- (b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

By checking this box, the prospective primary participant is providing the certification set out above.

Section 20: Certification Regarding Lobbying

The submitter of this application certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

By checking this box, the prospective primary participant is providing the certification set out above.

REQUIRED ATTACHMENTS

The following documents must be attached to this application:

- Assurances signature page (submitted as separate document)
- Designation letter for signature to Assurances is required if someone other than the Governor or Tribal Chairperson signs the Assurances. (submitted as separate document)
- Heating component benefit matrix. (Attachment 3)
- Cooling component benefit matrix. (Attachment 3)
- Local Agency Monitoring Schedule (Attachment 4)

Attachment 3

Benefit Matrix

Program rules found at 10 Texas Administrative Code, §6.309(e):

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=309](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=309) . .

All benefits are determined based on a sliding scale.

(e) Benefit determinations for the Utility Assistance Component and the Crisis Assistance Component cannot exceed the sliding scale described in paragraphs (1) - (3) of this subsection:

(1) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount not to exceed \$1,800 per Component;

(2) Households with Incomes more than 50% but at or below 75% of Federal Poverty Guidelines may receive an amount not to exceed \$1,500 per Component; and

(3) Households with Incomes more than 75% but at or below 150% of Federal Poverty Guidelines may receive an amount not to exceed \$1,200 per Component; and

(f) Service and Repair of existing heating and cooling units: Households may receive up to \$9,000 for service and repair of existing heating and cooling units, replacement of irreparable existing heating and cooling unit components, when the Household has an inoperable heating or cooling system based on requirements in §6.310 and §6.311.

(g) Purchase of heating and cooling units. Households may receive up to \$9,000 for the purchase of a heating and cooling unit when a heating or cooling system is nonexistent based on requirements in §6.310 of this subchapter (relating to Crisis Assistance Component) for Non-Vulnerable Population Households and §6.311 of this subchapter (relating to Utility Assistance Component) for Vulnerable Population Households.

(h) Assistance with purchase of portable cooling and/or heating units, window units, evaporative coolers, and mini splits cannot exceed \$9,000. Refer to §6.310(c)(5) of this subchapter for requirements relating to purchase of these types of units.

Attachment 4

Monitoring Schedule for FY 2026

	SUBRECIPIENT	REVIEW TYPE	FY Date of Next Monitoring Review	DATE OF LAST FULL ONSITE REVIEW (IF APPLICABLE)
1	Alamo Area Council of Governments	On-Site	2026	December 2024
2	Aspermont Small Business Development Center, Inc.	On-Site	2025	December 2022
3	BakerRipley	On-Site	2025	June 2024
4	Bexar County Community and Development Programs	On-Site	2026	January 2023
5	Brazos Valley Community Action Programs	On-Site	2025	July 2024
6	City of Fort Worth Neighborhood Services Department	On-Site	2025	November 2023
7	City of Lubbock Community Development Department	On-Site	2025	August 2021
8	Combined Community Action, Inc.	On-Site	2026	October 2024
9	Community Action Corporation of South Texas	On-Site	2025	January 2024
10	Community Action Inc. of Central Texas	On-Site	2026	March 2023
11	Community Council of South Central Texas, Inc.	On-Site	2025	April 2024
12	Community Services Northeast Texas, Inc.	On-Site	2027	March 2024
13	Concho Valley Community Action Agency	On-Site	2026	October 2024
14	Cornerstone Community Action Agency	On-Site	2027	March 2024
15	County of Hidalgo Community Services Agency	On-Site	2027	August 2024
16	Crossroads Community Action	On-Site	2025	November 2024
17	Dallas County Health and Human Services	On-Site	2025	April 2024
18	Economic Action Committee of the Gulf Coast	On-Site	2026	January 2023
19	Economic Opportunities Advancement Corporation of Planning Region XI	On-Site	2025	November 2023
20	El Paso Community Action Program-Project BRAVO	On-Site	2025	April 2024
21	Greater East Texas Community Action Program	On-Site	2025	March 2024
22	Hill Country Community Action Association, Inc.	On-Site	2025	November 2023
23	Kleberg County Human Services	On-Site	2027	October 2024
24	Nueces County Community Action Agency	On-Site	2026	October 2024
25	Panhandle Community Services	On-Site	2025	July 2024
26	Pecos County Community Action Agency	On-Site	2027	April 2024
27	Rolling Plains Management Corporation	On-Site	2025	November 2023
28	South Plains Community Action Association, Inc.	On-Site	2025	February 2024
29	South Texas Development Council	On-Site	2025	October 2022
30	Texas Neighborhood Services	On-Site	2025	March 2022
31	Texoma Council Of Governments	On-Site	2025	May 2024
32	Travis County Health and Human Services	On-Site	2025	August 2024
33	Tri-County Community Action, Inc.	On-Site	2024	August 2024
34	Webb County Community Action Agency	On-Site	2028	January 2025
35	West Texas Opportunities, Inc.	On-Site	2025	August 2024
36	Yardi Systems, Inc. (2022-2023 Statewide Contractor)	On-Site	2026	February 2023



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 978

Agenda Date: 4/10/2025

Agenda #: 7.

Presentation, discussion, and possible action on release of the draft Federal Fiscal Years 2026-2027 Community Services Block Grant State Plan for public comment

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Health and Human Services (USHHS) requires that the Texas Department of Housing and Community Affairs (the Department) submit a State Plan every two years in order to receive its allotment of Community Services Block Grant (CSBG) funds;

WHEREAS, the Department has prepared a draft Federal Fiscal Years (FFY) 2026-2027 CSBG State Plan (the Plan); and

WHEREAS, USHHS requires that a draft Plan be released for public comment and the State requires four public hearings prior to the submission of the Plan to USHHS;

NOW, therefore, it is hereby

RESOLVED, that the draft Plan, in the form presented to this meeting, is hereby approved to be released for public comment, public hearings, posted on the Department's website and published in the *Texas Register*;

FURTHER RESOLVED, that if USHHS releases different guidance after Board approval, the Board authorizes staff to make needed conforming changes and non-substantive changes to the Plan, and if necessary to change the public hearing dates and the comment period; and

FURTHER RESOLVED, that the final Plan with consideration for final grant guidance, public comment and technical corrections made by staff, along with award recommendations for eligible entities, will be presented to the Board no later than July 2025.

BACKGROUND

USHHS requires that the State of Texas submit a CSBG State Plan every two years on or before September 1 in order to receive its allotment of CSBG funds. In response to this requirement, the Department has prepared a draft FFY 2026-2027 CSBG State Plan. Eligible Entities had two previous opportunities to provide input into the drafting of this Plan. The first opportunity included a 17-day timeframe in December 2024 to provide comments on what they wanted changed from the 2024-2025 CSBG State Plan, and the second opportunity included an 18-day period in March 2025 to comment on this draft 2026-2027 Plan before presenting it to the Board at this meeting.

The Plan, upon approval by the Board, will be posted on the Department’s website, published in the *Texas Register*, released for public comment, and public hearings will be held.

An announcement of the availability of the draft Plan and details regarding the timeframe to accept comments from the public and the public hearing will be posted on the Department’s website upon Board approval and published in the *Texas Register* on April 25, 2025. The period to accept comments from the public regarding the Plan will be open from April 25, 2025, through May 21, 2025, at 5:00 p.m. Central time. Written comments concerning the Plan may be submitted to the Texas Department of Housing and Community Affairs, Community Affairs Division-Gavin Reid, P.O. Box 13941, Austin, TX 78711-3941, or by email to gavin.reid@tdhca.texas.gov. Comments are due no later than 5:00 p.m. Central time on May 21, 2025.

The Department will also conduct four public hearings throughout the state. Meeting dates, times and locations are:

- Tuesday, May 13, 2025, 5:30 pm - 6:00 p.m. at Texas Department of Housing and Community Affairs, 221 East 11th Street, 1st Floor, Austin, TX 78701.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at BakerRipley, First Floor Education Center, 3838 Aberdeen Way, Houston, TX 77025.
- Wednesday, May 14, 2025, at 1:00 p.m. - 1:30 p.m. at Northside Community Center, 1100 NW 18th Street, Room R44133, Fort Worth, TX 76164.
- Thursday, May 15, 2025, at 5:30 p.m. - 6:00 p.m. at West Texas Opportunities, 1415 East 2nd Street, Odessa, TX 79761.

Upon completion of the public comment period and public hearings, staff will modify the Plan, if appropriate, based on public comment. Staff will also include any changes required by federal guidance and necessary technical corrections made by staff. Staff anticipates presenting the revised Plan, along with recommendations for eligible entity awards, to the Board for review and final approval no later than July.

As listed in Section 7.9 and 7.11 of the Plan, 5% of the Department’s CSBG allocation is reserved for discretionary activities and can be used for a variety of CSBG related purposes. Examples of these purposes can include training and technical assistance for subrecipients and awarding funds to organizations conducting community development activities or neighborhood innovation projects. Recipients of CSBG discretionary funds may, but are not required to, be eligible entities. The table below reflects the discretionary activities and funding levels for the current biennium as a point of comparison, followed by what the plan will reflect for the 2026-2027 biennium. The two primary changes are no longer funding the Housing Voucher Program Support Fund (which was funds set aside to support the central administration of the Section 8 Program and had not been used in several years), and an increase to the disaster recovery fund.

CSBG-Discretionary Activity	2024-2025	2026-2027	Difference
Re-Entry Assistance Program	\$400,000	\$400,000	\$0
Network Training and Technical Assistance	\$150,000	\$150,000	\$0
Organizational Capacity Improvements	\$50,000	\$50,000	\$0

3 rd Party T&TA/Assessment Services	\$100,000	\$100,000	\$0
Network Transition Fund	\$50,000	\$50,000	\$0
Migrant Seasonal Farmworker & Native American Populations Employment and Educational Initiatives	\$300,000	\$300,000	\$0
Housing Voucher Program Support Fund	\$150,000	\$0	(\$150,000)
Disaster Recovery Fund	\$500,000	\$750,000	\$250,000
Balance of State Continuum of Care and Related Statewide Homelessness Initiatives	\$75,000	\$50,000	(\$25,000)
Subtotal	\$1,775,000	\$1,850,000	\$75,000*

*Reflects a moderate estimated increase of the annual allocation amounts.

In review of the Plan, attached, it should be noted that the Plan follows a template and series of prompts pre-determined by USHHS with character limitations and specific instructions.

The full text of the draft 2026-2027 CSBG State Plan may be viewed at the Department's website: <https://www.tdhca.texas.gov/tdhca-public-comment-center>. The public may also receive a copy of the draft 2026-2027 CSBG State Plan by contacting Gavin Reid at gavin.reid@tdhca.texas.gov.

**STATE OF TEXAS FFY 2026 and FFY 2027
COMMUNITY SERVICES BLOCK GRANT APPLICATION
AND STATE PLAN**

To be Submitted to

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

August 2025

by the

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Street Address: 221 East 11th Street, Austin, TX 78701
Mailing Address: PO Box 13941, Austin, TX 78711
Main Number: 512-475-3800 Toll Free: 1-800-525-0657
Email: info@tdhca.state.tx.us Web: www.tdhca.state.tx.us

Table of Contents

SECTION 1	3
SECTION 2 State Legislation and Regulation.....	6
SECTION 3 State Plan Development and Statewide Goals	8
SECTION 4 CSBG Hearing Requirements.....	12
SECTION 5 CSBG Eligible Entities	15
SECTION 6 Organizational Standards for Eligible Entities.....	19
SECTION 7 State Use of Funds	22
SECTION 8 State Training and Technical Assistance	30
SECTION 9 State Linkages and Communication.....	36
SECTION 10 Monitoring, Corrective Action, and Fiscal Controls	42
SECTION 11 Eligible Entity Tripartite Board.....	50
SECTION 12 Individual and Community Income Eligibility Requirements	52
SECTION 13 Results Oriented Management and Accountability (ROMA) System	54
SECTION 14 CSBG Programmatic Assurances and Information Narrative.....	57
SECTION 15 Federal Certifications	64
ATTACHMENTS.....	73

SECTION 1

CSBG Administrative Information

1.1. Identify whether this is a one-year or a two-year plan.

Two Year Plan

1.1a. Provide the federal fiscal years this plan covers: 2026 and 2027

1.2. Lead Agency and Authorized Official: Update the following information in relation to the lead agency designated to administer CSBG in the State, as required by Section 676(a) of the CSBG Act. Information should reflect the responses provided on the Application for Federal Assistance, SF-424M.

Has the information regarding the state lead agency and authorized official changed since the last submission of the State Plan? Yes No

If yes, select the fields that have changed. [\[Check all the apply\]](#)

- | | | |
|--|--|--|
| <input type="checkbox"/> Lead Agency | <input type="checkbox"/> Department Type | <input type="checkbox"/> Department Name |
| <input type="checkbox"/> Authorized Official | <input type="checkbox"/> Street Address | <input type="checkbox"/> City |
| <input type="checkbox"/> Zip Code | <input type="checkbox"/> Office Number | <input type="checkbox"/> Fax Number |
| <input type="checkbox"/> Email Address | <input type="checkbox"/> Website | |

1.2a. Lead agency [Texas Department of Housing and Community Affairs]

1.2b. Cabinet or administrative department of this lead agency [Check One and narrative where applicable]

- Community Affairs Department
- Community Services Department
- Governor's Office
- Health Department
- Housing Department
- Human Services Department
- Social Services Department
- Other, describe:

1.2c. Cabinet or Administrative Department Name: Provide the name of the cabinet or administrative department of the CSBG authorized official [**Community Affairs Division**]

1.2d. Authorized official of the lead agency [**Mr. Bobby Wilkinson, Executive Director**]

Instructional note: The authorized official could be the director, secretary, commissioner etc. as assigned in the designation letter (attached under item 1.3). The authorized official is the person indicated as authorized representative on the SF-424M and the official recipient of the Notice of Award per Office of Grant Management requirements.

Name: Bobby Wilkinson

Title: Executive Director

- 1.2e. Street address [221 East 11th Street]
- 1.2f. City [Austin]
- 1.2g. State [Texas]
- 1.2h. Zip [78701]
- 1.2i. Telephone number and extension [512-475-3800]
- 1.2j. Fax number [512-475-3935]
- 1.2k. Email address [bobby.wilkinson@tdhca.state.tx.us]
- 1.2l. Lead agency website [www.tdhca.state.tx.us]

1.3. Designation Letter: Attach the state’s official CSBG designation letter. A new designation letter is required if the chief executive officer of the state and/or designated agency has changed. (Attach a document.)

Guidance: The designation letter should be updated whenever there is a change to the designee.

Instructional Note: The letter should be from the chief executive officer of the State and include, at minimum, the designated State CSBG lead agency (office, department, or bureau) and title of the authorized official of the lead agency who is to administer the CSBG grant award.

Per state law, programmatic designations to a State Agency from the Governor remain in effect unless rescinded.

1.4. CSBG Point of Contact: Provide the following in relation to the designated state CSBG point of contact. The state CSBG point of contact should be the person that will be the main point of contact for CSBG within the state.

Has the information regarding the state point of contact changed since the last submission of the State Plan? Yes No

If yes, select the fields that have changed. [\[Check all the apply\]](#)

- | | | | |
|--|---|---|-------------------------------------|
| <input type="checkbox"/> Agency Name | <input type="checkbox"/> Point of Contact | <input type="checkbox"/> Street Address | <input type="checkbox"/> City |
| <input type="checkbox"/> State | <input type="checkbox"/> Zip Code | <input type="checkbox"/> Office Number | <input type="checkbox"/> Fax Number |
| <input type="checkbox"/> Email Address | <input type="checkbox"/> Website | | |

1.4a. Agency name [**Texas Department of Housing and Community Affairs**]

1.4b. Point of Contact Name [**Michael DeYoung**], Title: **Director, Community Affairs Division**

1.4c. Street address [**221 East 11th Street**]

1.4d. City [**Austin**]

1.4e. State [**Texas**]

1.4f. Zip Code [**78701**]

1.4g. Telephone Number [**512-475-2125**]

1.4h. Fax number [**512-475-3935**]

1.4i. Email Address [**michael.deyoung@tdhca.state.tx.us**]

1.4j. Agency Website [**www.tdhca.texas.gov**]

1.5 Provide the following information in relation to the State Community Action Association.

There is currently a state Community Action Association within the state.

Yes No

Has information regarding the state Community Action Association changed since the last submission of the State Plan?

Yes No

If yes, select the fields that have changed. [\[Check all the apply\]](#)

- | | | | |
|--|---|---|-------------------------------------|
| <input type="checkbox"/> Agency Name | <input type="checkbox"/> Executive Director | <input type="checkbox"/> Street Address | <input type="checkbox"/> City |
| <input type="checkbox"/> State | <input type="checkbox"/> Zip Code | <input type="checkbox"/> Office Number | <input type="checkbox"/> Fax Number |
| <input type="checkbox"/> Email Address | <input type="checkbox"/> Website | <input type="checkbox"/> RPIC Lead | |

1.5a. *Agency name: Texas Association of Community Action Agencies, Inc.*

1.5b. **Executive Director or Point of Contact** [\[Narrative, 50 characters each\]](#)

Name Amanda Shelton

Title Executive Director

1.5c. **Street Address** 1250 S Capital of Texas Highway Building 3, Ste 400

1.5d. **City:** Austin

- 1.5e. State: [Texas](#)
- 1.5f. Zip Code: 78746
- 1.5g. Telephone Number: 512-462-2555
- 1.5h. Fax Number
- 1.5i. Email Address: amandashelton@taca.org
- 1.5j. State Association Website: <https://tacaatx.org/>
- 1.5k. State Association currently serves as the Regional Performance Innovation Consortia (RPIC) lead
- Yes No

SECTION 2

State Legislation and Regulation

- 2.1. CSBG State Legislation: State has a statute authorizing CSBG? Yes No
- 2.2. CSBG State Regulation: State has regulations for CSBG? Yes No
- 2.3. If yes was selected in item 2.1 or 2.2, attach a copy (or copies) of legislation and/or regulations or provide a hyperlink(s), as appropriate. **[Attach a document and/or provide a link] Link:**

Texas Government Code, Section 2105:

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2105.htm>

Texas Government Code, Title 10 General Government, Subtitle G, Chapter 2306, Sections 2306.092 and 2306.097:

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

Texas Administrative Code, 10 TAC, Chapter 1, Administration:

[https://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=1](https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=1)

Texas Administrative Code, 10 TAC, Chapter 2, Enforcement:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=2](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=2)

Texas Administrative Code, 10 TAC, Chapter 6, Subchapter A, General Provisions:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sc h=A&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sc h=A&rl=Y)

Texas Administrative Code, 10 TAC, Chapter 6, Subchapter B, Community Services Block Grant:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sc h=B&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=6&sc h=B&rl=Y)

Texas Grant Management Standards 2.0:

<https://comptroller.texas.gov/purchasing/grant-management/>

2.4. State Authority: Select a response for each of the following items about the State statute and/or regulations authorizing CSBG:

2.4a. Authorizing Legislation: State legislature enacted authorizing legislation or amendments to an existing authorizing statute last federal fiscal year?

Yes No

2.4b. State established or amended regulations for CSBG last federal fiscal year?

Yes No

SECTION 3

State Plan Development and Statewide Goals

3.1. CSBG Lead Agency Mission and Responsibilities: Briefly describe the mission and responsibilities of the State agency that serves as the CSBG lead agency. **[Narrative:**

The mission of the Texas Department of Housing and Community Affairs is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which helps Texas communities to thrive.

The Department accomplishes its mission largely by acting as a conduit for federal assistance for housing and community services. However, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

Ensuring compliance with the many state and federal laws that govern housing programs is another important part of the Department's mission. This ensures the health and safety of TDHCA's housing portfolio and guarantees state and federal resources are expended in an efficient and effective manner.

TDHCA also serves as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is a resource for educational materials and technical assistance for housing, housing related, and community services matters. **3.2. State Plan Goals:** Describe the State's CSBG-specific goals for State administration of CSBG under this State Plan.

Guidance: States should consider feedback from OCS, their eligible entities, and the ACSI survey completed by eligible entities when creating their State Plan goals.

[Narrative: The Agency’s Strategic Plan for Fiscal Years 2025-2029 includes the following measures related to CSBG:

Objective: Ease hardships and homelessness for 16% percent of the population of very low income persons each year.

Strategy 1: Administer poverty-related funds through a Network of Agencies.

Outcome Measures:

% of Eligible Population that Received Homeless & Poverty Related Assistance

% of Persons Assisted that Achieve Incomes above Poverty Level

Output Measures:

1. Number of persons assisted that achieve incomes above poverty level
2. Number of persons assisted by the Community Services Block Grant Program

Instructional Note: For examples of “goals,” see State Accountability Measure 1Sa(i).

Note: This information is associated with State Accountability Measure 1Sa(i) and may pre-populate the State’s Annual Report, Module 1, Item B.1.

3.3. State Plan Development: Indicate the information and input the State accessed to develop this State Plan.

3.3a. Analysis of state-level tools [Check all that applies and provide additional information where applicable]

- State Performance Indicators and/or National Performance Indicators (NPIs)
- U.S. Census data
- State performance management data (e.g., accountability measures, ACSI survey information, and/or other information from annual reports)
- Monitoring Visits/Assessments
- Tools Not Identified Above (specify) (Narrative, 500 characters) Describe:

[Narrative, 2500 characters]

3.3b. Analysis of local-level tools [Check all that applies and provide additional information where applicable]

- Eligible Entity Community Needs Assessments

- Eligible Entity Community Action Plans
- Public Hearings/Workshops
- Tools Not Identified Above (e.g. state required reports) (specify) Narrative (500 character max)

3.3c. Consultation with [Check all that applies and provide additional information where applicable]

- Eligible Entity (e.g., meetings, conferences, webinars; not including the public hearing)
- State Association for State Community Services Programs (NASCS)association
- Community Action Partnership (NCAP)
- Community Action Program Legal Services (CAPLAW)
- CSBG Tribal Training and Technical Assistance (T/TA) provider
- Regional Performance Innovation Consortium (RPIC)
- Association for Nationally Certified ROMA Trainers (ANCRT)
- Federal CSBG Office
- Organizations not identified above (specify) **[Narrative:** The Department invites consultation with partners and stakeholders through our Executive Board Meeting, intra-agency councils, workgroups, and public hearings. State employees also attend state association conferences and Board meetings.]

3.4. Eligible Entity Involvement

3.4a. State Plan Development: Describe the specific steps the State took in developing the State Plan to involve the eligible entities. **[Narrative:** Prior to the development of the State Plan, the Department sent an e-mail to the eligible entities and the State Association to offer an initial opportunity to provide comments on the plan. Additionally, the State included CSBG eligible entities and the State Association in the development of the Plan and the use of CSBG funds by providing the eligible entities and the State Association with the draft Plan prior to presenting it to the TDHCA Governing Board. The plan was then presented to the Department’s Board so that it could be released as the draft Plan for an official public comment period. This period provided the eligible entities and the State Association with a third opportunity to comment on the Plan. There were also four public hearings held in different regions of the state, two during business hours and two after business hours, to provide input to the Plan.]

Note: This information is associated with State Accountability Measures 1Sa(ii) and may pre-populate the State’s annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

3.4b. Performance Management Adjustment: Describe how has the State adjusted its State Plan development procedures under this State Plan, as compared to previous State plans, in order to 1) encourage eligible entity participation and 2) ensure the State Plan reflects input from eligible entities? Any adjustment should be based on the State’s analysis of past performance in these areas, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail.

[The State thoroughly reviewed the results of the most recent ACSI Survey results (at time of development of Draft Plan, the 2021 ACSI Survey-pending results of 2024 ACSI Survey) in developing the Plan. One of the areas of feedback was that eligible entities asked to be able to provide input on the CSBG State Plan prior to the draft being released. In response to that suggestion, prior to beginning revisions, Department sent an e-mail to the eligible entities and the State Association to offer an initial opportunity to provide comments on the plan. The network of eligible entities also requested that the draft Plan be provided to them prior to publication showing the tracked changes and the Department has done so. The State also released a copy of the draft Plan to garner input prior to it being approved by the Board and released for public comment. The State continues to consider the input in the development of training and technical assistance in the areas of development of the Community Needs Assessment and the implementation of ROMA Next Generation. Other input in the most recent ACSI Survey related to concerns over a lack of coordination with the Department’s Compliance Division and the Community Affairs Division Training Section. The two sections are aware of these concerns and continuously strive to communicate and coordinate their communications and guidance to the network to ensure consistent interpretation of state and federal regulations. The State will continue to utilize input from the Network throughout the period covered by this Plan.]

Note: This information is associated with State Accountability Measures 1Sb(i) and (ii) and may pre-populate the State’s annual report form.

3.5. Eligible Entity Overall Satisfaction: Provide the State’s target for eligible entity Overall Satisfaction during the performance period: **Year One [78] Year Two [_78_]**

Instructional Note: The State’s target score will indicate improvement or maintenance of the States’ Overall Satisfaction score from the most recent American Customer Survey Index (ACSI) survey of the State’s eligible entities.

Note: Item 3.5 is associated with State Accountability Measure 8S and may pre-populate the State’s annual report form.

SECTION 4

CSBG Hearing Requirements

- 4.1. Public Inspection:** Describe the steps taken by the State to disseminate this State Plan to the public for review and comments prior to the public hearing, *pending scheduling and conducting hearings* as required under Section 676(e)(2) of the Act. **[Narrative:** The Draft Application and State Plan was made available for review at the April 10, 2025, meeting of the TDHCA Governing Board. Subsequently, a public comment period occurred from April 25, 2025, through May 21, 2025, whereby input into the Plan could be provided. The State held four public hearings, two during business hours and two after business hours in different regions of the state. The draft Plan was also posted on the Department’s website on April 11, 2025, and a link to the website posting was published in the *Texas Register* on April 25, 2025. Both the Department’s website and the *Texas Register* publication announced the public comment period and the public hearing information.]
- 4.2. Public Notice/Hearing:** Describe how the State ensured there was sufficient time and statewide distribution of notice of the public hearing(s) to allow the public to comment on the State Plan, as required under 676(a)(2)(B) of the CSBG Act. **[Narrative:** The State posted notice of the public hearings and the public comment period on the Department’s website April 11, 2025. CSBG eligible entities and the State Association were also notified by e-mail that same day. Notice of Public Hearings and the Public Comment period were also published in the *Texas Register* on April 25, 2025.]
- 4.3. Public and Legislative Hearings:** In the table below, specify the date(s) and location(s) of the public and legislative hearing(s) held by the designated lead agency for this State Plan, as required under Section 676(a)(2)(B) and Section 676(a)(3) of the Act.

Instructional Note: A public hearing is required for each new submission of the State Plan. The date(s) for the public hearing(s) must have occurred in the year prior to the first Federal fiscal year covered by this plan. Legislative hearings are held at least every three years, and must have occurred within the last three years prior to the first federal fiscal year covered by this plan.

Date	Location	Type of Hearing [Select an option]	If a Combined Hearing was held confirm that the public was invited.
<p>Legislative Hearings:</p> <p>House Appropriations Committee on February 24, 2025</p> <p>Senate Committee on Finance on February 12, 2025</p>	<p>Texas House of Representatives House Appropriations Committee Meeting Texas State Capitol, Room E2.036 Austin, Texas</p> <p>Texas Senate Senate Finance Committee Meeting Texas State Capitol, Room E1.036 Austin, Texas</p>	<p><input type="checkbox"/> Public</p> <p><input checked="" type="checkbox"/> Legislative</p> <p><input type="checkbox"/> Combined</p>	<p><input type="checkbox"/></p>
<p>Public Hearings:</p> <p>Tuesday, May 13, 2025, from 5:30 p.m.-6:00 p.m.</p> <p>Wednesday, May 14, 2025, from 1:00 p.m.-1:30 p.m.</p> <p>Wednesday, May 14, 2025, from 1:00 p.m.-1:30 p.m.</p> <p>Thursday, May 15, 2025, from 5:30 p.m.-6:00 p.m.</p>	<p>TX Department of Housing and Community Affairs, 221 East 11th Street, 1st floor, Austin, TX 78701</p> <p>BakerRipley 3838 Aberdeen Way, First Floor Education Center Houston, Texas 77025</p> <p>Northside Community Center, 1100 NW 18th Street, room R44133, Fort Worth, TX 76164</p> <p>West Texas Opportunities 1415 East 2nd Odessa, TX 79761</p>	<p><input checked="" type="checkbox"/> Public</p> <p><input type="checkbox"/> Legislative</p> <p><input type="checkbox"/> Combined</p>	<p>•</p>

ADD a ROW function Note: rows will be able to be added for each additional hearing

4.4. Attach supporting documentation or a hyperlink for the public and legislative hearings. **[Attach supporting documentation or provide a hyperlink.]**

Texas Register Notice: PENDING

SECTION 5

CSBG Eligible Entities

5.1. CSBG Eligible Entities: In the table below, list each eligible entity in the State, and indicate public or private, the type(s) of entity, and the geographical area served by the entity. (This table should include every CSBG Eligible Entity to which the State plans to allocate 90 percent funds, as indicated in the table in item 7.2. Do not include entities that only receive remainder/discretionary funds from the State or tribes/tribal organizations that receive direct funding from OCS under Section 677 of the CSBG Act.)

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
1	Aspermont Small Business Development Center, Inc.	Nonprofit	CAA	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton
2	Austin, City of, Health and Human Services Department	Public	Local Government	Travis
3	Brazos Valley Community Action Programs	Nonprofit	CAA	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington
4	Cameron and Willacy Counties Community Projects, Inc.	Nonprofit	CAA	Cameron, Willacy
5	Cornerstone Community Action Agency	Nonprofit	CAA	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels
6	Combined Community Action, Inc.	Nonprofit	CAA	Austin, Bastrop, Colorado, Fayette, Lee, Fort Bend, Wharton
7	Crossroads Community Action	Nonprofit	CAA	Aransas, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Refugio, Victoria
8	Community Action Corporation of South Texas	Nonprofit	CAA	Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, San Patricio
9	Community Action Inc. of Central Texas	Nonprofit	CAA	Blanco, Caldwell, Hays
10	Community Action Social Services & Education	Nonprofit	CAA	Maverick
11	Community Council of South Central Texas, Inc.		CAA	Atascosa, Bandera, Brewster, Comal, Culberson, Dimmit, Edwards, Frio, Gillespie,

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
		Nonprofit		Guadalupe, Hudspeth, Jeff Davis, Karnes, Kendall, Kerr, Kinney, LaSalle, Live Oak, McMullen, Medina, Presidio, Real, Uvalde, Val Verde, Wilson, Zavala
12	Community Services of Northeast Texas, Inc.	Nonprofit	CAA	Bowie, Camp .Cass, Delta, Franklin, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus
13	Community Services, Inc.	Nonprofit	CAA	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt
14	Concho Valley Community Action Agency	Nonprofit	CAA	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green
15	Community Council of Greater Dallas	Nonprofit	CAA	Dallas
16	Economic Action Committee of the Gulf Coast	Nonprofit	CAA	Matagorda
17	Economic Opportunities Advancement Corporation of Planning Region XI	Nonprofit	CAA	Bosque, Falls, Freestone, Hill, Limestone, McLennan
18	El Paso Community Action Program-Project BRAVO	Nonprofit	CAA	El Paso
19	Fort Worth, City of, Neighborhood Services Department	Public	Local Government	Tarrant
20	Greater East Texas Community Action Program	Nonprofit	CAA	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood
21	Gulf Coast Community Services Association	Nonprofit	CAA	Harris, Brazoria, Galveston
22	Hidalgo County Community Services Agency	Public	Local Government	Hidalgo
23	Hill Country Community Action Association, Inc.	Nonprofit	CAA	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba
24	Guadalupe Economic Services Corporation	Nonprofit	CAA	Lubbock

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
25	Nueces County Community Action Agency	Nonprofit	CAA	Nueces
26	Panhandle Community Services	Nonprofit	CAA	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
27	Pecos County Community Action Agency	Nonprofit	CAA	Crane, Pecos, Terrell
28	Rolling Plains Management Corporation	Nonprofit	CAA	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Mitchell, Montague, Taylor, Shackelford, Stephens, Wichita, Wilbarger, Young
29	San Antonio, City of, Department of Community Initiatives	Public	Local Government	Bexar
30	South Plains Community Action Association, Inc.	Nonprofit	CAA	Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Motley, Terry, Yoakum
31	South Texas Development Council	Public	Local Government	Jim Hogg, Starr, Zapata
32	Southeast Texas Regional Planning Commission	Public	Local Government	Hardin, Jefferson, Orange
33	Texas Neighborhood Services	Nonprofit	CAA	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise
34	Texoma Council of Governments	Public	Local Government	Cooke, Fannin, Grayson
35	Tri-County Community Action, Inc.	Nonprofit	CAA	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
36	Webb County Community Action Agency	Public	Local Government	Webb
37	West Texas Opportunities, Inc.	Nonprofit	CAA	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Loving, Martin, Midland, Nolan, Reeves, Scurry, Upton, Ward, Winkler

	CSBG Eligible Entity	Public or Nonprofit	Type of Agency	CSBG Counties Served
38	Opportunities for Williamson and Burnet Counties	Nonprofit	CAA	Burnet, Williamson

Note: Table 5.1. pre-populates the Annual Report, Module 1, Table C.1.

5.2. Total number of CSBG eligible entities: 38 **[This will automatically update based on chart in 5.1]**

5.3. Changes to Eligible Entities List: Has the list of eligible entities under item 5.1 changed since the State’s last State Plan submission? If yes, briefly describe the changes.

Yes No **[If yes is selected – Narrative:** In May 2023, CSBG eligible entity Big Bend Community Action Committee, Inc. (BBCAC) voluntarily relinquished its CSBG Eligible Entity status, thereby leaving Brewster, Culberson, Hudspeth, Jeff Davis, and Presidio counties without an Eligible Entity to provide poverty prevention services. On March 22, 2024, the Governor approved the designation of Community Council of South Central Texas to serve as the CSBG Eligible Entity for Brewster, Culberson, Hudspeth, Jeff Davis, and Presidio counties.

Additionally, there were 2 eligible entity name changes since the 2024-2025 CSBG State Plan: 1) Central Texas Opportunities, Inc changed their name to Cornerstone Community Action Agency and 2) Community Action Committee of Victoria, Texas changed their name to Crossroads Community Action. At the time we submitted the 2024-2025 CSBG State Plan, we included notice of such and were preparing to release a Request for Applications for a CSBG Eligible Entity to provide CSBG services in the counties that had been served by BBCAC. On September 23, 2023, the Texas Department of Housing and Community Affairs’ Governing Board approved the staff recommendation to recommend that the Governor designate Community Council of South Central Texas (CCSCT) as the Eligible Entity for Brewster, Culberson, Hudspeth, Jeff Davis, and Presidio counties. On March 22, 2024, the Governor of Texas signed the designation letter.]

Instructional Note: Limited Purpose Agency refers to an eligible entity that was designated as a limited purpose agency under title II of the Economic Opportunity Act of 1964 for fiscal year 1981, that served the general purposes of a community action agency under title II of the Economic Opportunity Act, that did not lose its designation as a limited purpose agency under title II of the Economic Opportunity Act as a result of failure to comply with that Act and that has not lost its designation as an eligible entity under the CSBG Act.

Instructional Note: 90 percent funds are the funds a State provides to eligible entities to carry out the purposes of the CSBG Act, as described under Section 675C of the CSBG Act. A State must provide “no less than 90 percent” of their CSBG allocation, under Section 675B, to the eligible entities.

SECTION 6

Organizational Standards for Eligible Entities

Note: Reference IM 138, *State Establishment of Organizational Standards for CSBG Eligible Entities*, for more information on Organizational Standards. Click [HERE](#) for IM 138.

6.1. Choice of Standards: Confirm whether the state will implement the CSBG Organizational Standards Center for Excellence (COE) organization standards (as described in IM 138) or an alternative set during the federal fiscal year(s) of this planning period. (Select one)

- COE CSBG Organizational Standards Center of Excellence
- Modified Version of COE CSBG Organizational Standards
- Alternative set of organizational standards

Note: Item 6.1. pre-populates the Annual Report, Module 1, Item D.1.

6.1a. Modified Organizational Standards: In the case that the state is requesting to use modified COE-developed organizational standards, provide the proposed modification for the FFY of this planning period including the rationale. [\[Narrative, 2500 characters\]](#) [The state has administrative rules, the Texas Administrative Code (TAC), to address state requirements and implement the organizational standards under the TAC. The rule was put into place in January 2016, as amended on January 1, 2025. Minor modifications to the TAC included the state law requirement that eligible entities follow the Texas Grant Management Standards and the State of Texas Single Audit Circular, unless there has been a federal exemption. Additionally, where the word bylaws is used the Department has modified the standards to read Certificate of Formation/Articles of Incorporation or bylaws, as needed to comply with state law.]

6.1b. Alternative Organizational Standards: If using an alternative set of organizational standards, attach the complete list of alternative organizational standards. [\[Attachment \(as applicable\)\]](#)

6.1c. Alternative Organizational Standards: If using an alternative set of organizational standards: 1) provide any changes from the last set provided during the previous State Plan submission; 2) describe the reasons for using alternative standards; and 3) describe how they are at least as rigorous as the COE- developed standards.

There were no changes from the previous State Plan submission [\[If not selected, provide a narrative, 2500 characters\]](#)

Provide reason for using alternative standards [\[Narrative, 2500 characters\]](#)

Describe rigor compared to COE-developed Standards [\[Narrative, 2500 characters\]](#)

6.2. Implementation: Check the box that best describes how the State officially adopt(ed) organizational standards for eligible entities in the State in a manner consistent with the State’s administrative procedures act? If “Other” is selected, provide a timeline and additional information, as necessary. **[Check all that applies and narrative where applicable]**

- Regulation
- Policy
- Contracts with eligible entities
- Other, describe: **[Narrative, 2500 characters]**

6.3. Organizational Standards Assessment: Describe how will the State will assess eligible entities against organizational standards this federal fiscal year(s).? **[Check all that applies]**

- Peer-to-peer review (with validation by the State or State-authorized third party)
- Self-assessment (with validation by the State or State-authorized third party)
- Self-assessment/peer review with State risk analysis
- State-authorized third party validation
- Regular, on-site CSBG monitoring
- Other (desk and monitoring reviews)

6.3a. Assessment Process: Describe the planned assessment process.

[Narrative:

The Texas Department of Housing and Community Affairs assesses eligible entities’ compliance with organizational standards by using a software tool which allows eligible entities to upload documents to substantiate compliance with organizational standards. It allows eligible entities to upload documents throughout the federal fiscal year, except during the time period after the submission deadline has passed (i.e., September 30) at which time the Department reviews the documents to assess compliance. Eligible entities can log into their account and see which organizational standards they have met and not met and are sent any related comments via email and are permitted five days to cure unmet standards.

The assessment of organizational standards occurs at the end of the federal fiscal year after which all eligible entities have uploaded their documentation showing compliance with each of the organizational standards. If an eligible entity does not upload any documentation or the proper documentation by the deadline (i.e., September 30 of each year), then that entity will be placed in a “not met” category for the particular organizational standard and given five days to cure all unmet organizational standards to reverse the “not met” for any standards that are cured.

The Department places a high emphasis on Organizational Standards and staff are available to provide technical assistance throughout the year. In the event that an eligible entity does not meet a standard, the Department will determine whether that entity requires intensive technical assistance to meet the standard(s) and what other steps are necessary. Department staff will continue to provide technical

assistance and, if necessary, develop a Technical Assistance Plan or Quality Improvement Plan with the entity until the standards have been met.]

6.4. Eligible Entity Exemptions: Will the State make exceptions in applying the organizational standards for any eligible entities due to special circumstances or organizational characteristics (as described in IM 138)? Yes No

Guidance: You will only need to respond to the following question if you responded “yes” to 6.4.

6.4a. Provide the specific eligible entities the state will exempt from meeting organizational standards and provide a description and a justification for each exemption. Total Number of Exempt Entities: **[Narrative: No eligible entities are exempt.]**

CSBG Eligible Entity	Description/Justification

6.5. Performance Target: Provide the percentage of eligible entities that the State expects to meet all the state-adopted organizational standards for the FFY(s) of this planning period. **[Insert a percentage. 40%]**

Note: Note: Item 6.5. is associated with State Accountability Measures 6Sa and pre-populates the Annual Report, Module 1, Table D.2.

SECTION 7

State Use of Funds

Eligible Entity Allocation (90 Percent Funds) [Section 675C(a) of the CSBG Act]

7.1 Formula: Select the method (formula) that best describes the current practice for allocating CSBG funds to eligible entities. **[Check one and narrative where applicable]**

- Historic
- Base + Formula
- Formula Alone
- Formula with Variables
- Hold Harmless + Formula
- Other **[Narrative:]**

7.1a. Formula Description: Describe the current practice for allocating CSBG funds to eligible entities. [\[Narrative, \(4000 characters\)\]](#). The Department distributes CSBG funds to CSBG eligible entities based on a distribution formula which incorporates the most recent U.S. Census Bureau Decennial Census and data from the American Community Survey (ACS) for information on persons at 125% of poverty; a \$50,000 base; a \$150,000 floor; 98% weighted factor for poverty population; and a 2% weighted factor for the inverse ratio of population density. The formula is applied as follows: each eligible entity receives a base award; then the weighted factors of poverty population and population density are applied to the state's balance of the 90% funds. If the base and application of the weighted factors do not yield sufficient funds for the minimum floor per entity, then the minimum floor amount is reserved for each of those CSBG eligible entities under the floor figure. Then, the formula is re-applied to the balance of the 90% funds for distributing the remaining funds to the remaining CSBG eligible entities. Following the use of the decennial Census data, then on a biennial basis, the Department will use the most recent ACS 5 year estimate data that is available. To the extent that there are significant reductions in CSBG funds received by the Department, the Department may revise the CSBG distribution formula through a rulemaking process.]

7.1b. Does the State statutory or regulatory authority specify the terms or formula for allocating the 90 percent funds among eligible entities? Yes No

7.2. Planned Allocation: Specify the percentage of your CSBG planned allocation that will be funded to eligible entities and in accordance to the "not less than 90 percent funds" requirement as

described under Section 675C(a) of the CSBG Act. In the table, provide the planned allocation for each eligible entity receiving funds for the fiscal year(s) covered by this plan.

The estimated allocations are based on FY 2024 CSBG funding levels.

	CSBG Eligible Entity	Estimated 2024 Allocation	Estimated 2025 Allocation
1	Aspermont Small Business Development Center, Inc.	150,000	150,000
2	Brazos Valley Community Action Programs	1,311,839	1,311,839
3	Cameron and Willacy Counties Community Projects, Inc.	901,855	901,855
4	City of Austin Health and Human Services Department	1,140,731	1,140,731
5	City of Fort Worth Neighborhood Services Department	1,808,343	1,808,343
6	City of San Antonio Department of Community Initiatives	2,236,842	2,236,842
7	Combined Community Action, Inc.	698,152	698,152
8	Crossroads Community Action	299,607	299,607
9	Community Action Corporation of South Texas	453,623	453,623
10	Community Action Inc. of Central Texas	341,788	341,788
11	Community Action Social Services and Education	153,364	153,364
12	Community Council of Greater Dallas	2,962,537	2,962,537
13	Community Council of South Central Texas, Inc.	857,122	857,122
14	Community Services of Northeast Texas, Inc.	436,850	436,850
15	Community Services, Inc.	1,712,760	1,712,760
16	Concho Valley Community Action Agency	225,074	225,074
17	Cornerstone Community Action Agency	163,286	163,286
18	Economic Action Committee of the Gulf Coast	150,000	150,000
19	Economic Opportunities Advancement Corporation of Planning Region XI	518,505	518,505
20	El Paso Community Action Program-Project BRAVO	1,319,346	1,319,346
21	Greater East Texas Community Action Program	918,046	918,046
22	Guadalupe Economic Services Corporation	439,919	439,919
23	Gulf Coast Community Services Association	6,198,022	6,198,022
24	Hidalgo County Community Services Agency	1,882,114	1,882,114
25	Hill Country Community Action Association, Inc.	598,993	598,993

	CSBG Eligible Entity	Estimated 2024 Allocation	Estimated 2025 Allocation
26	Nueces County Community Action Agency	507,778	507,778
27	Opportunities for Williamson and Burnet Counties	376,737	376,737
28	Panhandle Community Services	564,657	564,657
29	Pecos County Community Action Agency	150,000	150,000
30	Rolling Plains Management Corporation	474,448	474,448
31	South Plains Community Action Association, Inc.	270,118	270,118
32	South Texas Development Council	269,491	269,491
33	Southeast Texas Regional Planning Commission	517,279	517,279
34	Texas Neighborhood Services	467,089	467,089
35	Texoma Council of Governments	242,515	242,515
36	Tri-County Community Action, Inc.	380,486	380,486
37	Webb County Community Action Agency	547,715	547,715
38	West Texas Opportunities, Inc.	666,382	666,382
	Total	31,603,512	31,603,512

Note: This information pre-populates the state’s Annual Report, Module 1, Table E.2.

7.3. Distribution Process: Describe the specific steps in the State’s process for distributing 90 percent funds to the eligible entities and include the number of days each step is expected to take. Please include information about State legislative approval or other types of administrative approval (such as approval by a board or commission). **[Narrative:** The Texas State Legislature meets biennially during which time the budgets of all state agencies are considered. The CSBG budget is included in the review and appropriation of the Department’s overall budget. Prior to obtaining approval from its Governing Board to release funding contracts, the Department conducts an internal Previous Participation Review and Approval Process of the individual funding contracts for the eligible entities. After approval, the Department posts an agenda seven days prior to a monthly Board meeting to include an item seeking approval of the CSBG State Plan, which includes obtaining Board approval to release funding contracts to the eligible entities. The Department distributes funding utilizing an electronic contract and reporting system. Upon receipt of Notice of Grant Award from USHHS, the Department generates contracts to allocate the 90% pass-through funding to the CSBG eligible entities. This process can take up to 30 days.]

7.3a. Distribution Method: Select the option below that best describes the distribution method the state uses to issue CSBG funds to eligible entities:

- Reimbursement
- Advance
- Hybrid
- Other [Narrative, 4000 characters]

7.4. Distribution Timeframe: Does the State plan make funds available to eligible entities no later than 30 calendar days after OCS distributes the Federal award?

- Yes No

7.4a. Distribution Consistency: If no, describe State procedures to ensure funds are made available to eligible entities consistently and without interruption. **[Narrative:** The Department will make the funds available within 30 calendar days after Federal and State authority was provided, with the exception of the 1st quarter because of the State’s CSBG contract year beginning January 1st.]

Note: Item 7.4 is associated with State Accountability Measure 2Sa and may pre-populate the State’s annual report form.

If this is the first year filling out the automated State Plan, skip the following question.

7.5. Distribution of Funds Performance Management Adjustment: Describe the state’s strategy for improving grant and/or contract administration procedures under this State Plan as compared to past plans? Any improvements should be based on analysis of past performance and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any improvements, provide further detail. **[Narrative:** Because of feedback in the past from the network of eligible entities (e.g., most recent ACSI Survey), and an analysis of internal standard operating procedures, the State strives to improve its internal contract administration process and legal Department review process to ensure that the CSBG contracts are executed prior to the start date of the contract year. The State is always open to input from the network regarding its contract administration process.]

Note: This information is associated with State Accountability Measure 2Sb and may pre-populate the State’s annual report form.

Administrative Funds [Section 675C(b)(2) of the CSBG Act]

7.6. Allocated Funds: Specify the percentage of your CSBG planned allocation for administrative activities for the FFY(s) covered by this State Plan? Enter percentage. **[5%]**

Note: This information pre-populates the state’s Annual Report, Module 1, Table E.4.

7.7. State Staff: Provide the number of staff positions to be funded in whole or in part with CSBG funds for the FFY(s) covered by this State Plan?

[12.9] year one [12.9] year two

7.8. State FTEs: Provide the number of state Full Time Equivalents (FTEs) that will be funded with CSBG funds for the FFY covered by this State Plan? **[12.9] year one [12.9] year two**

Use of Remainder/Discretionary Funds [Section 675C(b) of the CSBG Act]

7.9. Remainder/Discretionary Funds Use: Does the State have remainder/discretionary funds as described in Section 675C(b) of the CSBG Act? Yes No

If yes was selected, describe how the State plans to use remainder/discretionary funds in the table below.

Note: This response will link to the corresponding assurance, item 14.2.

Instructional Note: The assurance under 676(b)(2) of the Act (item 14.2 of this State Plan) specifically requires a description of how the State intends to use remainder/discretionary funds to “support innovative community and neighborhood-based initiatives related to the purposes of [the CSBG Act].” Include this description in row “f” of the table below and/or attach the information.

If a funded activity fits under more than one category in the table, allocate the funds among the categories. For example, if the State provides funds under a contract with the State Community Action Association to provide training and technical assistance to eligible entities and to create a statewide data system, the funds for that contract should be allocated appropriately between row 7.9a. and 7.9 row c. If allocation is not possible, the State may allocate the funds to the main category with which the activity is associated.

Note: This information is associated with State Accountability Measures 3Sa and pre-populates the State’s Annual Report, Module 1, Table E.7.

Remainder of Discretionary Fund Uses (See 675C(b)(1) of the CSBG Act)	Year One Planned \$	Year One Planned %	Year Two Planned \$	Year Two Planned %	Brief description of services/activities
a. Training and Technical Assistance to eligible entities	\$150,000	8.57%	\$150,000	8.57%	T&TA provided by staff or an outsourced provider in areas such as ROMA, Org Standards, Case Management,

Remainder of Discretionary Fund Uses (See 675C(b)(1) of the CSBG Act)	Year One Planned \$	Year One Planned %	Year Two Planned \$	Year Two Planned %	Brief description of services/activities
					Board, Reporting, community action plans, needs assessments, strategic planning, data analysis, and other areas as requested.
b. Coordination of State-operated programs and/or local programs	\$0		\$0		
c. Statewide coordination and communication among eligible entities	\$0		\$0		
d. Analysis of distribution of CSBG funds to determine if targeting greatest need (briefly describe)	\$0		\$0		
e. Asset building programs (briefly describe)	\$0		\$0		
f. Innovative programs/activities by eligible entities or other neighborhood groups (briefly describe)	\$0		\$0		
g. State charity tax credits (briefly describe)	\$0		\$0		
h. Other activities specify (see below for details)	\$1,700,000	91.43%	\$1,700,000	91.43%	See notes below
Totals	\$1,850,000	100%	\$1,850,000	100%	

h. Other Activities. Specify: The planned uses may change as directed by the Governing Board. Expected uses: 1) \$50,000 towards Organizational Capacity Improvements to assist eligible entities in improving

their organizational performance including, but not limited to, efforts to meet organizational standards such as the development of Community Needs Assessments and Strategic Plans, staff compensation to attract qualified employees and reduce turnover, training for staff to become certified ROMA trainers, equipment, software, or repairs); 2) \$400,000 towards a Reentry Assistance Program which will allow nonprofit and local government organizations with established experience in serving the reentry population, to assist previously incarcerated individuals obtain rental housing through landlord incentives, security deposits and other reentry activities related to housing; 3) \$100,000 towards the provision of training and technical assistance services through an outside provider to assess eligible entity operations and provide training and technical assistance; 4) \$50,000 towards a Network Transition Fund which helps CSBG eligible entities with transitional expenses when they absorb other CSBG services areas; 5) \$300,000 towards Migrant and Seasonal Farm Worker and Native American Populations Employment and Education Initiatives; 6) \$750,000 towards a Disaster Recovery Fund; and 7) \$50,000 towards the provision of training and technical assistance related to homelessness in the Balance of State Continuum of Care and related statewide homelessness initiatives.

As a result of this State Plan being approved by the TDHCA Governing Board, the Requests for Applications and awards for the Organizational Capacity Improvements will be released by Department staff without further Board approval.

If any of the categories above are not fully expended during the contract term the Department may reprogram the unexpended funds to other discretionary categories that it determines are best suited to receive the funds at the time or to the network of eligible entities to be used for CSBG eligible activities.

If funding to the State from HHS is less than projected in the first or second year, the reduced amount of the discretionary funds will be first taken from the Organizational Capacity Improvements activity and then reduced proportionally among the other discretionary categories.

If funding is more than projected in the first or second year, some of the increased amount of the discretionary funds will be given to the Reentry Assistance Program, and may also be programmed into other discretionary categories that are best suited to receive the funds at the time or to the network of eligible entities to be used for CSBG eligible activities.

7.10. Remainder/Discretionary Funds Partnerships: Select the types of organizations, if any, the State intends to work with (by grant or contract using remainder/discretionary funds) to carry out some or all of the activities in table 7.9. **[Check all that apply and narrative where applicable]**

- The State Directly Carries Out All Activities (No Partnerships)
- The State Directly Carries Out Some Activities (No Partnerships)
- CSBG eligible entities (up to 38) (if checked, provide the expected number of CSBG eligible entities to receive funds)
- Other community-based organizations
- State Community Action association
- Regional CSBG technical assistance provider(s)
- National technical assistance provider(s)

- Individual consultant(s)
- Tribes and Tribal Organizations
- Other [**Migrant and Seasonal Farm Worker Organizations, Homelessness Organization, Reentry Organizations**]

Note: This response will link to the corresponding CSBG assurance, item 14.2.

If this is the first year filling out the automated State Plan, skip the following question.

7.11. Use of Remainder/Discretionary Funds Performance Management Adjustment: Describe any adjustments the state will make to the use of remainder/discretionary funds under this State Plan as compared to past State Plans? Any adjustment should be based on the State’s analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. [**Narrative:**

The Department anticipates a slight increase in CSBG funding for 2026 and 2027 as compared to the 2024 and 2025 CSBG State Plan. Within the Other Activities category the State will: 1) Continue to fund a Reentry Assistance Program to assist previously incarcerated individuals obtain housing at \$400,000; 2) Maintain the amount allocated to Organizational Capacity Improvements and Training & Technical Assistance Services through an Outside Provider; 4) Remove the amount allocated to the Housing Voucher Program Support Fund; 5) Increase the amount allocated to the Disaster Recovery Fund; 6) Decrease the amount allocated to the Balance of State Continuum of Care T&TA and Related Homeless Initiatives from \$75,000 to \$50,000; and 7) make no changes to the amount allocated to the Network Transition Fund and Migrant and Seasonal Farmworker and Native American Populations Employment and Education Initiatives.

If funding is less or more than projected, reductions/increases will be implemented as described in Section 7.9.

Note: This information is associated with State Accountability Measures 3Sb, and may pre-populate the State’s annual report form.

SECTION 8

State Training and Technical Assistance

8.1. Training and Technical Assistance Plan: Describe the State’s plan for delivering CSBG-funded training and technical assistance to eligible entities under this State Plan by completing the table

below. The T/TA plan should include all planned CSBG-funded T/TA activities funded through the administrative or remainder/discretionary funds of the CSBG award (as reported in Section 7). The CSBG T/TA plan should include training and technical assistance conducted directly by the state or through partnerships (as specified in 8.3). Add a row for each activity: indicate the timeframe; whether it is training, technical assistance, or both; and the topic. Add a row for each activity: indicate the timeframe; whether it is training, technical assistance or both; and the topic. (CSBG funding used for this activity is referenced under item 7.9(a), Use of Remainder/Discretionary Funds.)

Note: 8.1 is associated with State Accountability Measure 3Sc and pre-populates the State’s Annual Report, Module 1, Table F.1..

Fiscal Year (Y) Quarter (Q) / Timeframe	Training (T), Technical Assistance (TA), or Both (B)	Topic	Brief Description of Other
FY1 - Q1	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, CA, SP, M, CM, NPI	Department staff provides technical assistance as identified by our T&TA Plan that was developed by the state office, state association, and RPIC. The T&TA plan was developed from eligible entity requests, monitoring reports, workgroups, surveys, and performance analysis. The State has an on-line system to request T&TA or to submit questions for TA. T&TA is conducted by the following means: on-site and virtual training, conferences, regional training series, webinars, teleconferences, workshops, videos, Best Practices, FAQs, and online tools/resources. Training is customized to the needs of the eligible entity. ROMA is embedded into all trainings, guidance, and materials. CM training is provided on-site and/or via virtual trainings. Individualized TA for CM will be provided as a continuation to CA trainings and guides previously provided. GTB trainings are provided when requested, along with online Board training resources. TA on reporting is provided monthly by Department reporting staff and performance analysis is provided by trainers. F, OS-G, OS-US, T&TA will be provided as requested and as needed;

Fiscal Year (Y) Quarter (Q) / Timeframe	Training (T), Technical Assistance (TA), or Both (B)	Topic	Brief Description of Other
			although aspects of each are incorporated into trainings as appropriate. CA, SP, CSD, M, TA will be provided as needed. Training and Technical Assistance Services through a third party will be provided to entities identified as “at-risk”.
FY1 - Q2	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY1 – Q3	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY1 – Q4	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q1	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q2	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q3	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1
FY2 – Q4	B	F, GTB, OS-G, OS-US, CSD, R, ROMA, M, CM, NPI	Same as FY1-Q1

Topic:

- Fiscal (F)
- Governance/Tripartite Boards (GTB)
- Organizational Standards-General (OS-G)
- Organizational Standards (OS-US)– for eligible entities with unmet standards on Technical Assistance Plans or Quality Improvement Plans
- Correcting Significant Deficiencies Among Eligible Entities (CSD)

- Reporting (R)
- ROMA
- Community Assessment (CA)
- Strategic Planning (SP)
- Monitoring (M)
- Communications (C)
- Technology (T)
- National Performance Indicators (NPI)
- Other – Case Management (CM)

8.1a. Training and Technical Assistance Budget: The planned budget for the training and technical assistance (as indicated in the Remainder/Discretionary Funds table in item 7.9): **[150,000]**

8.1b. Training and Technical Assistance Collaboration: Describe how the state will collaborate with the State Association and other stakeholders in the planning and delivery of training and technical assistance? [Narrative, 2500 characters]: The Department consistently collaborates with the state association, the eligible entity network, and RPIC to try and consider the most effective ways to plan and deliver training and technical assistance. The Department uses information from eligible entity requests, monitoring reports, workgroups, surveys, and performance analysis, from within the state network and the state association to drive T&TA topics and implementation. Additionally, the Department hosts quarterly calls with the eligible entity network and Department staff is available to lead sessions at the state association’s annual conference. Feedback from outside sources is key in developing T&TA assistance, so the Department is always available for additional feedback to improve effective training sessions and materials.

If this is the implementation year for organizational standards, skip question 8.2.

8.2. Organizational Standards Technical Assistance: Does the State have Technical Assistance Plans (TAPs) in place for all eligible entities with unmet organizational standards, if appropriate?

Yes No (The Department reviews all submitted documentation of Organizational Standards, and provides technical assistance and detailed guidance for all standards that are not met. The Department continues to train and assist the network of eligible entities which, as a whole, are still in the process of putting systems in place to achieve Organizational Standards compliance, and maintain applicable documentation on a regular and timely basis enabling them to upload related documents throughout the year. Improvements are made each succeeding year.

Eligible entities who meet 30%-69.99% of Organizational Standards will be required to work with the Department to develop a TAP which will include targeted training and technical assistance and a timeframe for the entity to meet the standards. Failure to show progress in meeting TAP targets may result in an entity being placed on a QIP. Eligible entities who achieve 70%-99.99% will be provided with technical assistance with the goal of achieving 100% compliance in the following year. Eligible entities who have met less than 30% of the Organizational Standards in consecutive years may be placed on a Quality Improvement Plan, which will establish a timeframe and benchmarks for improvement. Additionally, any entity not showing progress in

meeting Organizational Standards for three consecutive years may also result in an entity being placed on a QIP. Failure to show progress in meeting QIP targets as well as significant and repetitive issues identified in monitoring reviews may result in the State proceeding to take additional actions including termination of CSBG funding per CSBG Information Memorandum 116 and state rules.

8.2a. Address Unmet Organizational Standards: Describe the state’s plan to provide T/TA to eligible entities to ensure they address unmet Organizational Standards. [\[Narrative, 2500 characters\]](#):

The Department reviews all submitted documentation of Organizational Standards and provides technical assistance and detailed guidance for all standards that are not met. The Department has resources readily available to train and assist the network of eligible entities with compliance with Organizational Standards and with guidance on how to maintain applicable documentation and provides such on a regular and timely basis. The goal is that improvements are made each succeeding year.

Note: 8.2 is associated with State Accountability Measure 6Sb. The State should put a TAP in place to support eligible entities with one or more unmet organizational standards (as needed).

8.3. Training and Technical Assistance Organizations: Indicate the types of organizations through which the State intends to provide training and/or technical assistance as described in item 8.1, and briefly describe their involvement? (Check all that apply.) **[Check all that applies and narrative where applicable]**

- All T/TA is conducted by the state
- CSBG eligible entities (if checked, provide the expected number of CSBG eligible entities to receive funds) **[Narrative]**
- Other community-based organizations
- State Community Action association
- Regional CSBG technical assistance provider(s)
- National technical assistance provider(s)
- Individual consultant(s)
- Tribes and Tribal Organizations
- Other **[Narrative, 1,000 characters]**]

If this is the first year filling out the automated State Plan, skip the following question.

8.4. CSBG-Funded T/TA Performance Management Adjustment: Describe adjustments the state made to the training and technical assistance plan under this State Plan as compared to past plans? Any adjustment should be based on the State’s analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is

not making any adjustments, provide further detail. **[Narrative:** Texas has developed its T/TA Plan in partnership with the state association and RPIC (as laid out in the T/TA Template). Texas has increased network input through workgroups, and online T&TA surveys/evaluations. Each Eligible Entity (EE) is assigned a trainer as their point-of-contact. Each trainer tracks all performance/expenditures, T&TA needs, and provides EEs with data analysis, TAPs, and other needs. The State uses the ACSI Survey results when developing the Joint State TTA Plan with the State Association. Pending the 2025 ACSI Survey results, the most recent ACSI Survey results available are the 2021 Survey. The State training team decided to address the two ACSI Survey drivers that had scores lower than the National scores.

In response to our score of 59 in the Monitoring and Corrective Action driver, the State implemented the following:

- Compliance monitors copy training staff on all eligible entity communications.
- The training team provides monitors with performance and expenditure dashboards for each eligible entity prior to the onsite visit.
- After each visit, the trainers meet with the monitors to discuss findings and/or concerns, and as appropriate, develop a TTA plan.
- The training team meets with monitors pre and/or post monitoring to review issues and ensure alignment.
- Technical assistance is provided to eligible entities related to monitoring findings.

In response to our score of 74 in the Communication driver, the State implemented the following:

- The training team disseminates announcements, changes and/or new requirements in a timely manner to the CSBG network.
- Network emails are sent out whenever new or updated guides, best practices, or tools are released. Webinars, virtual meetings and trainings are conducted whenever training is required for use of new or updated materials.
- A contact list with name, email, and phone number of State staff to contact regarding contracts, reporting, fiscal, and training was sent to each eligible entity. State staff are listed on the main page of the Community Affairs website, along with organizational charts indicating each staff member and their responsibilities. Each trainer has a back-up trainer to promote greater staff availability.
- The Department has continued its use of the online submission of questions that are answered by staff within 72 hours, typically within the day.
- Streamlined Community Action Plan and Organizational Standard documentation to reduce burden, yet meet requirements.

]

Note: This information is associated with State Accountability Measures 3Sd and may pre-populate the State’s annual report form.

SECTION 9

State Linkages and Communication

Note: This section describes activities that the State may support with CSBG remainder/discretionary funds, described under Section 675C(b)(1) of the CSBG Act. The State may indicate planned use of remainder/discretionary funds for linkage/communication activities in Section 7, State Use of Funds, items 7.9(b) and (c).

9.1. State Linkages and Coordination at the State Level: Describe the linkages and coordination at the State level that the State intends to create or maintain to ensure increased access to CSBG services to low-income people and communities under this State Plan and avoid duplication of services (as required by the assurance under Section 676(b)(5)). Describe or attach additional information as needed. **[Check all that apply from the list below and provide a Narrative.** The Department administers the CSBG grant along with LIHEAP and Weatherization, and all are administered by the Community Affairs Division. The Department also administers the State’s housing programs.

The Department is the administrative agency for the Texas Inter-Agency Council for the Homeless (TICH). The TICH membership includes representatives from the Governor’s Office, Texas Department of Family and Protective Services, Texas Education Agency, Texas Workforce Commission, Health and Human Services Commission, Texas Department of Criminal Justice, Texas Department of Juvenile Justice, Texas Homeless Network, Texas Veterans Commission, Texas Department of State Health Services, and other housing and homeless advocacy organizations. The Department will continue to strengthen its collaboration with the Texas Workforce Commission to facilitate improved coordination with local Workforce Boards and eligible entities. The Department chairs the TICH. At the May 21, 2024, meeting, the TICH was provided information about the CSBG program and the eligible entities across the state.

The Department also chairs the State’s Housing and Health Services Coordination Council which is composed of several State agencies including the Texas Department of Health and Human Services Commission, Texas Department of State Health Services, Texas Department of Agriculture, Office of Rural Affairs, Texas State Affordable Housing Corporation, and the Texas Veterans Commission. At the May 15, 2024, meeting, the HHSCC was provided information about the CSBG program and the eligible entities across the state.

As a participating member of the State of Texas Reentry Task Force, TDHCA gives periodic updates on the status of the CSBG-D Reentry Program.

Note: This response will link to the corresponding CSBG assurance, item 14.5. In addition, this item is associated with State Accountability Measure 7Sa and pre-populates the State’s Annual Report , Module 1, Item G.1.

- State Low Income Home Energy Assistance Program (LIHEAP) office
- State Weatherization office
- State Temporary Assistance for Needy Families (TANF) office
- Head Start State Collaboration offices
- State public health office
- State education department
- State Workforce Innovation and Opportunity Act (WIOA) agency
- State budget office
- Supplemental Nutrition Assistance Program (SNAP)
- State child welfare office
- State housing office
- Other

9.2. State Linkages and Coordination at the Local Level: Describe the linkages and coordination at encouraging partnerships and collaborations at the state level with public and private sector organizations, to assure the effective delivery and coordination of CSBG services to transform low-income communities and avoid duplication of services (as required by assurances under Section 676(b)(5) – (6)). **[Narrative:** The Department administers the CSBG in a state whose territory is both vast and varied. As such, the Department’s strategy centers on ensuring local coordination through the local service providers. The Department requires CSBG eligible entities to coordinate funds and services at the local level. The Community Action Plan from each entity has to describe the eligible entities’ coordination efforts with city, county, schools, non-profits, and other local or regional organizations. CSBG eligible entities coordinate services and work to avoid duplication of services with other providers. CSBG eligible entities are encouraged to participate in local social service and homeless coalitions whose goal is to coordinate services. The Department has stressed the importance of CSBG eligible entities coordinating with WIOA agencies to assist persons to obtain employment and other benefits through WIOA and have their Community Action Plan provide information on how they work with WIOA. To assist in this coordination, the Department will continue to build upon the working relationship with the Texas Workforce Commission (TWC) and obtain from TWC contact data for local Workforce Development Boards throughout the state and encourage eligible entities to contact the local workforce boards and their contractors who operate services and programs in order to be able to link CSBG clients to available WIOA programs so that their employment and education needs can be better served. This coordination effort will also be of benefit to WIOA in helping them target persons most in need.]

Note: This response will link to the corresponding CSBG assurances, items 14.5 and 14.6. and pre-populates the Annual Report, Module 1, Item G.2.

9.3. Eligible Entity Linkages and Coordination

9.3a State Assurance of Eligible Entity Linkages and Coordination: Describe how the State will assure that the eligible entities will partner and collaborate with public and private sector organizations to assure the effective delivery of CSBG services to low-income people and communities and avoid duplication of services (as required by the assurance under Section 676(b)(5)). Attach additional information as needed. **[Narrative:** The State requires CSBG eligible entities to coordinate funds at the local level. Their Community Action Plan has to describe their coordination efforts with city, county, schools, non-profits, and other organizations. CSBG eligible entities coordinate services and work to avoid duplication of services with other providers. Most CSBG eligible entities participate in local social service and homeless coalitions whose goal is to coordinate services.]

Note: This response will link to the corresponding CSBG assurance, item 14.5 and pre-populates the Annual Report, Module 1, Item G.3a.

9.3b State Assurance of Eligible Entity Linkages to Fill Service Gaps: Describe how the eligible entities will develop linkages to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations, according to the assurance under Section 676(b)(3)(B) of the CSBG Act. **[Narrative:** The Department requires a Community Action Plan be submitted annually, which includes a section wherein eligible entities describe any gaps in services, and their strategy to address those gaps. If a gap is not currently being addressed or not being sufficiently addressed, eligible entities are to develop and implement a strategy to work with other organizations in their local communities to address the gaps in services.]

Note: This response will link to the corresponding CSBG assurance, item 14.3b. and pre-populates the Annual Report, Module 1, Item G.3b.

9.4. Workforce Innovation and Opportunity Act (WIOA) Employment and Training Activities: Does the State intend to include CSBG employment and training activities as part of a WIOA Combined State Plan, as allowed under the Workforce Innovation and Opportunity Act (as required by the assurance under Section 676(b)(5) of the CSBG Act)?

Yes No

Note: This response will link to the corresponding CSBG assurance, item 14.5.

9.4a WIOA Combined Plan: If the State selected “yes” under item 9.4, provide the CSBG-specific information included in the State’s WIOA Combined Plan. This information includes a description of how the State and the eligible entities will coordinate the provision of employment and training activities through statewide and local WIOA workforce development systems. This information may also include examples of innovative employment and training programs and activities conducted by community action agencies or other neighborhood-based organizations as part of a community antipoverty strategy. **[Narrative, 2500 Characters]**

9.4b. Employment and Training Activities: If the State selected “no” under item 9.4, describe the coordination of employment and training activities, as defined in Section 3 of WIOA, by the State and by eligible entities providing activities through the WIOA system. **[Narrative:** In 2021, the State began to have virtual meetings with management at the Texas Workforce Commission to develop a plan to better coordinate CSBG and WIOA programs at the State level in order to help facilitate coordination at the local level between CSBG eligible entities and local Workforce Boards and their contractors. In the fall of 2022, the Texas Workforce Commission adopted revisions to their State rules to require that Workforce Boards engage with all required local partners, including CSBG eligible entities with employment and training programs. This was to begin no later than then end of 2023.

The Department has also obtained from the Texas Workforce Commission the contact names and contact information for local Workforce Boards and provided such to CSBG eligible entities and encourages them to establish formal relationships with their regional WIOA providers and the Workforce Board contractors so that they can better coordinate services and collaborate to assist persons to transition out of poverty. Texas has twenty-eight Workforce Development Boards serving the State’s two-hundred and fifty-four counties.

Each Workforce Board determines how to administer the WIOA grants and selects their contractors to provide employment training and education. Therefore, close working relationships should be established at the local level by each CSBG eligible entity with both the Workforce Boards and their contractors, especially eligible entities who have employment and training programs. The State is available, upon request, to facilitate any CSBG eligible entity’s collaborative efforts with their local WIOA office. As part of the Community Action Plan, eligible entities will continue to provide information related to employment and training activity coordination with their local WIOA office. Additional information on WIOA in Texas can be found at <https://twc.texas.gov/>

9.5. Emergency Energy Crisis Intervention: Describe how the State will assure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to Low-Income Home Energy Assistance) are conducted in each community in the State, as required by the assurance under Section 676(b)(6) of the CSBG Act). **[Narrative:** The Department administers the LIHEAP grant, which funds the Comprehensive Energy Assistance Program (CEAP). The CEAP provides utility assistance to low-income persons and includes an energy crisis component. LIHEAP also supports the Department’s weatherization program. The majority of the CSBG eligible entities administer both the CEAP and weatherization programs. The Department programs a portion of CSBG discretionary funds for assistance in the case of declared natural disasters. The funds may be used to provide emergency energy crisis intervention and meet other emergency needs.]

Note: This response will link to the corresponding CSBG assurance, item 14.6.

9.6. State Assurance: Faith-based Organizations, Charitable Groups, Community Organizations: Describe how the State will assure local eligible entities will coordinate and form partnerships with other organizations, including faith-based organizations, charitable groups, and community organizations, according to the State’s assurance under Section 676(b)(9) of the CSBG Act. **[Narrative:** Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of the plan, CSBG eligible entities describe the organizations with which they coordinate services including faith-based organizations, charitable groups, and community organizations. Close coordination and referral takes place with these organizations. Training further reinforces this coordination.]

Note: this response will link to the corresponding assurance, item 14.9

9.7 Coordination of Eligible Entity 90 Percent Funds with Public/Private Resources: Describe how the eligible entities will coordinate CSBG 90 percent funds with other public and private resources, according to the assurance under Section 676(b)(3)(C) of the CSBG Act. **[Narrative:** Annually, CSBG eligible entities must submit a Community Action Plan to the Department. As part of the plan, CSBG eligible entities describe the organizations with which they coordinate services, including private and public organizations. Many of the CSBG eligible entities obtain either in-kind assistance or funds from local governments to support the programs that they administer, including donations of space in local government facilities to be utilized by eligible entities to provide CSBG supported services.]

Note: this response will link to the corresponding assurance, item 14.3c.

9.8. Coordination among Eligible Entities and State Community Action Association: Describe State activities for supporting coordination among the eligible entities and the State Community Action Association. **[Narrative:** The Department works closely with the state association, the Texas Association of Community Action Agencies (TACAA). The Department meets with the association and their board to discuss ways that the Department can better meet the needs of the eligible entities. The Department receives their input on the development of the CSBG State Plan, training and technical assistance needs, rule revisions, among other issues. The state association holds an annual conference for CSBG eligible entities and the Department provides staff to present training to CSBG eligible entities. When necessary, the Department also works with TACAA to form CSBG work groups to help the Department develop strategies on key issues. It should be noted that because not all eligible entities are members of TACAA, the Department ensures that all non-member eligible entities are included in all opportunities.] **Note:** This information will pre-populate the Annual Report, Module 1, Item G.5.

9.9 Communication with Eligible Entities and the State Community Action Association: In the table below, describe the State’s plan for communicating with eligible entities, the State Community Action Association, and other partners under this State Plan.

For any topic that is not applicable, select *Not Applicable* under Expected Frequency.

Communication Plan

Topic	Expected Frequency	Format (drop down)	Brief Description of "Other"
Upcoming Public and/or Legislative Hearings	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Daily • <input type="checkbox"/> Weekly • <input type="checkbox"/> Twice-Monthly • <input type="checkbox"/> Monthly • <input type="checkbox"/> Quarterly • <input type="checkbox"/> Semi-Annually • <input type="checkbox"/> Annually • <input checked="" type="checkbox"/> Other (Periodically) 	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Newsletter • <input type="checkbox"/> Mailing • <input type="checkbox"/> Meetings/Presentation • <input type="checkbox"/> Blog • <input checked="" type="checkbox"/> Email • <input checked="" type="checkbox"/> Website • <input type="checkbox"/> Social Media • <input type="checkbox"/> Other 	
State Plan Development	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Daily • <input type="checkbox"/> Weekly • <input type="checkbox"/> Twice-Monthly • <input type="checkbox"/> Monthly • <input type="checkbox"/> Quarterly • <input type="checkbox"/> Semi-Annually • <input type="checkbox"/> Annually • <input checked="" type="checkbox"/> Other (Periodically) 	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Newsletter • <input type="checkbox"/> Mailing • <input type="checkbox"/> Meetings/Presentation • <input type="checkbox"/> Blog • <input checked="" type="checkbox"/> Email • <input checked="" type="checkbox"/> Website • <input type="checkbox"/> Social Media • <input checked="" type="checkbox"/> Other (public hearings) 	Texas Government Code 2105 requires four public hearings.
Organizational Standards Progress	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Daily • <input type="checkbox"/> Weekly • <input type="checkbox"/> Twice-Monthly • <input type="checkbox"/> Monthly • <input type="checkbox"/> Quarterly • <input type="checkbox"/> Semi-Annually • <input checked="" type="checkbox"/> Annually • <input type="checkbox"/> Other (Periodically) 	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Newsletter • <input type="checkbox"/> Mailing • <input type="checkbox"/> Meetings/Presentation • <input type="checkbox"/> Blog • <input checked="" type="checkbox"/> Email • <input type="checkbox"/> Website • <input type="checkbox"/> Social Media • <input checked="" type="checkbox"/> Other 	
State Accountability Measures Progress	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Daily • <input type="checkbox"/> Weekly • <input type="checkbox"/> Twice-Monthly • <input type="checkbox"/> Monthly • <input type="checkbox"/> Quarterly • <input type="checkbox"/> Semi-Annually • <input type="checkbox"/> Annually • <input checked="" type="checkbox"/> Other (Periodically) 	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Newsletter • <input type="checkbox"/> Mailing • <input type="checkbox"/> Meetings/Presentation • <input type="checkbox"/> Blog • <input checked="" type="checkbox"/> Email • <input type="checkbox"/> Website • <input type="checkbox"/> Social Media • <input type="checkbox"/> Other 	

Topic	Expected Frequency	Format (drop down)	Brief Description of "Other"
Community Needs Assessments/Community Action Plans	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Daily • <input type="checkbox"/> Weekly • <input type="checkbox"/> Twice-Monthly • <input type="checkbox"/> Monthly • <input type="checkbox"/> Quarterly • <input type="checkbox"/> Semi-Annually • <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Other (Periodically) 	Dropdown Options: <ul style="list-style-type: none"> • <input type="checkbox"/> Newsletter • <input type="checkbox"/> Mailing • <input type="checkbox"/> Meetings/Presentation • <input type="checkbox"/> Blog • <input checked="" type="checkbox"/> Email • <input checked="" type="checkbox"/> Website • <input type="checkbox"/> Social Media <input type="checkbox"/> Other 	

9.10. Feedback to Eligible Entities and State Community Action Association: Describe how the State will provide feedback to local entities and State Community Action Associations regarding performance on State Accountability Measures. **[Narrative:** The Department will, within 60 calendar days of receiving feedback from OCS, provide eligible entities and the State Association, via an e-mail communication, the results of the ACSI Survey. The Department will also provide a synopsis of key concerns identified by eligible entities. The Department will also communicate with the State Association to discuss survey results and develop a plan to address concerns.]

Note: This information is associated with State Accountability Measure 5S(iii) and will pre-populate the Annual Report, Module 1, Item G.6.

9.11. Communication Plan Performance Management Adjustment: Describe any adjustments to the Communication plan in this State Plan as compared to past plans. Any adjustment should be based on the State’s analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. **[Narrative:** The Department continually assesses the need to form workgroups with either the State Association or with eligible entities or both in order to receive input to rules, plans, guidance, or T&TA needs. Other ways the Department obtains the Network’s input is surveys and e-mail communications. One of the comments in the most recent ACSI survey (2023) was the need for the Department to have consistent messages from program staff in the Community Affairs Division and monitors in the Compliance Division. In response to that input the Community Affairs Division, which administers the CSBG grant, has strengthened their coordination with the Compliance Division to share the results of monitoring reviews, and to develop and deliver training and technical assistance to address identified issues. FAQs are updated as needed with an email announcement of posting and new FAQs.]

Note: This information is associated with State Accountability Measures 7Sb; this response may pre-populate the State’s annual report form.

SECTION 10

Monitoring, Corrective Action, and Fiscal Controls

Monitoring of Eligible Entities (Section 678B(a) of the CSBG Act)

- 10.1.** Specify the proposed schedule for planned monitoring visits including: full on-site reviews; on-site reviews of newly designated entities; follow-up reviews – including return visits to entities that failed to meet State goals, standards, and requirements; and other reviews as appropriate.

This is an estimated schedule to assist States in planning. States may indicate “no review” for entities the State does not plan to monitor in the performance period.

Note: This information is associated with State Accountability Measure 4Sa(i); this response pre-populates the Annual Report, Module 1, Table H.1.

Guidance: Monitoring that is specific to organizational standards should be referenced within Section 6, Item 6.3a.

Monitoring Schedule

CSBG Eligible Entity	Review Type	Target Date FY25-FY26(Quarter) (Note: the dates may change based on risk)	Date of Last Full Onsite Review (if applicable)	Brief Description of “Other”
El Paso Community Action program, Project BRAVO, Inc.	Full on-site	FY27Q3	April 6, 2024	Risk Based and can change accordingly
Panhandle Community Services	Full on-site	FY25Q1	July 6, 2021	Risk Based and can change accordingly
Brazos Valley Community Programs	Full on-site	FY26Q3	February 13, 2023	Risk Based and can change accordingly
Rolling Plains Management Corp.	Full on-site	FY26Q2	October 30, 2023	Risk Based and can change accordingly
Combined Community Action, Inc.	Full on-site	FY27Q3	October 7, 2024	Risk Based and can change accordingly
Hidalgo County Community Services Agency	Full on-site	FY27Q4	August 14, 2024	Risk Based and can change accordingly
Community Action Social Services and Education	Full on-site	FY27Q3	August 26, 2024	Risk Based and can change accordingly
South Texas Development Council	Full on-site	FY25Q3	December 12, 2022	Risk Based and can change accordingly
Gulf Coast Community Services Association	No Review	FY28Q1	January 21, 2025	Risk Based and can change accordingly
Austin, City of, Health and Human Service Department	Full on-site	FY25Q3	November 2021	Risk Based and can change accordingly
Community Council of Greater Dallas	Full on-site	FY27Q2	November 4, 2024	Risk Based and can change accordingly
Crossroads Community Action (previously Community Action Committee of Victoria, Texas)	Full on-site	FY26Q3	July 10, 2023	Risk Based and can change accordingly

CSBG Eligible Entity	Review Type	Target Date FY25-FY26(Quarter) (Note: the dates may change based on risk)	Date of Last Full Onsite Review (if applicable)	Brief Description of "Other"
Cameron and Willacy Counties Community Projects, Inc.	Full on-site	FY27Q1	April 17, 2023	Risk Based and can change accordingly
Tri-County Community Action, Inc.	Full on-site	FY27Q2	April 12, 2024	Risk Based and can change accordingly
Community Services, Inc.	Full on-site	FY27Q3	May 2, 2023	Risk Based and can change accordingly
Pecos County Community Action Agency	Full on-site	FY27Q4	April 23, 2024	Risk Based and can change accordingly
Economic Opportunities Advancement Corp of PR XI	Full on-site	FY27Q3	November 13, 2023	Risk Based and can change accordingly
Texas Neighborhood Services	Full on-site	FY25Q3	March 28, 2022	Risk Based and can change accordingly
Aspermont Small Business Development Center, Inc.	Full on-site	FY25Q3	December 5, 2022	Risk Based and can change accordingly
West Texas Opportunities, Inc.	Full on-site	FY28Q2	August 5, 2024	Risk Based and can change accordingly
Greater East Texas Community Action Program	Full on-site	FY25Q3	July 6, 2022	Risk Based and can change accordingly
Southeast Texas Regional Planning Commission	Full on-site	FY27Q3	May 15, 2023	Risk Based and can change accordingly
City of San Antonio Department of Community Initiatives	Full on-site	FY26Q2	March 6, 2023	Risk Based and can change accordingly
Cornerstone Community Action Agency	Full On-site	FY27Q3	April 16, 2024	Risk Based and can change accordingly
Concho Valley Community Action Agency	Full On-site	FY27Q4	February 12, 2024	Risk Based and can change accordingly
Community Action Inc. of Central Texas	Full On-site	FY26Q1	March 27, 2023	Risk Based and can change accordingly
Community Services of Northeast Texas, Inc.	Full On-site	FY24Q1	April 15, 2024	Risk Based and can change accordingly
South Plains Community Action Association, Inc.	No Review	FY27Q4	October 28, 2024	Risk Based and can change accordingly
City of Fort Worth Neighborhood Services Department	Full On-site	FY26Q2	November 6, 202	Risk Based and can change accordingly
Economic Action Committee of the Gulf Coast	Full on-site	FY26Q3	January 23, 2023	Risk Based and can change accordingly
Webb County Community Action Agency	Full on-site	FY28Q1	January 6, 2025	Risk Based and can change accordingly
Opportunities for Williamson and Burnet Counties	Full on-site	FY27Q3	April 14, 2024	Risk Based and can change accordingly

CSBG Eligible Entity	Review Type	Target Date FY25-FY26(Quarter) (Note: the dates may change based on risk)	Date of Last Full Onsite Review (if applicable)	Brief Description of "Other"
Community Action Corporation Of South Texas	Full on-site	FY27Q3	January 29, 2024	Risk Based and can change accordingly
Community Council of South Central Texas, Inc.	Full on-site	FY27Q1	April 22, 2024	Risk Based and can change accordingly
Guadalupe Economic Services Corporation	Full on-site	FY25Q4		Initial monitoring review
Hill Country Community Action Association, Inc.	Full on-site	FY25Q3	September 10, 2021	Risk Based and can change accordingly
Nueces County Community Action Agency	Full on-site	FY27Q2	October 15, 2024	Risk Based and can change accordingly
Texoma Council of Governments	Full on-site	FY25Q3	December 3, 2021	Risk Based and can change accordingly

* If the eligible entity removal process is complete, the Department will conduct a close-out monitoring within 90 days.

10.2. Monitoring Policies: Provide a copy of State monitoring policies and procedures by attaching and/or providing a hyperlink. [Refer to Attachment A - The FY2025 and FY2026 monitoring schedule is aggregate in nature. The schedule is created on an at-risk assessed basis determined every quarter. The schedule is maintained on the Compliance Subrecipient Monitoring Tracking Database and Performance Records. The proposed schedule above can change each quarter depending on risk.]

10.3. Initial Monitoring Reports: According to the State’s procedures, by how many calendar days must the State disseminate initial monitoring reports to local entities? [It is the Department’s goal to submit CSBG monitoring reports within 30 calendar days from the last day of the monitoring visit. However, if extenuating circumstances are present, the CSBG monitoring report will be submitted within 60 days of the completion of the monitoring review with the exception of those few reports requiring executive and legal review due to deficiencies.]

Note: This item is associated with State Accountability Measure 4Sa(ii) and may pre-populate the State’s annual report form.

Corrective Action, Termination and Reduction of Funding and Assurance Requirements (Section 678C of the Act)

10.4. Closing Findings: Are State procedures for addressing eligible entity findings/deficiencies, and the documenting of closure of findings included in the State monitoring policies attached under 10.2? Yes No

10.4a. Closing Findings Procedures: If no, describe State procedures for addressing eligible entity findings/deficiencies, and the documenting of closure of findings. [Narrative, 2500 characters]

10.5. Quality Improvement Plans (QIPs): Provide the number eligible entities currently on QIPs, if applicable. [0]

Note: The QIP information is associated with State Accountability Measures 4Sc.

10.6. Reporting of QIPs: Describe the State’s process for reporting eligible entities on QIPs to the Office of Community Services within 30 calendar days of the State approving a QIP? **[Narrative:** The Department will contact the Office of Community Services either by phone or through e-mail to inform them of eligible entities on a Quality Improvement Plan.]

Note: This item is associated with State Accountability Measure 4Sa(iii)).

10.7. Assurance on Funding Reduction or Termination: the State assures that received CSBG funding the previous fiscal year will not have its funding terminated or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in Section 678C(b) per Section 678C(b)(8) of the CSBG Act.” Yes No

Note: This response will link with the corresponding assurance under item 14.8.

Policies on Eligible Entity Designation, De-designation, and Re-designation

10.8. Eligible Entity Designation: Does the State CSBG statute and/or regulations provide for the designation of new eligible entities? Yes No

10.8a. New Designation Citation: If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for the designation of new eligible entities. **[Narrative:** Texas Administrative Code

10 TAC §6.208

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208)]

10.8b. New Designation Procedures: If no, describe state procedures for the designation of new eligible entities and how the procedures were made available to eligible entities and the public. **[Narrative:**]

10.9. Eligible Entity Termination: Does the state CSBG statute and/or regulations provide for termination of eligible entities? Yes No Choose an item.

10.9a. Termination Citation: If yes, provide the citation(s) of the law and/or regulation. **[Narrative,**

10 TAC §1.411

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411)

10 TAC §2.203

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=203](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=203)]

10 TAC §2.204

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=204](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=204)

10.9b. Termination Procedures: If no, describe state procedures for termination of new eligible entities and how the procedures were made available to eligible entities and the public. [Narrative, 4000 characters]

10.10. Does the State CSBG statute and/or regulations provide for de-designation of an existing eligible entities? Yes No

10.10a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for de-designation of new eligible entities. [Narrative: Texas Administrative Code:

10 TAC §1.411

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411)

10 TAC §2.203

[https://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=2&sch=B&rl=Y](https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=2&sch=B&rl=Y)

10 TAC §2.204

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=204](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=2&rl=204)

10 TAC §6.208

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208)

10.10. Does the State CSBG statute and/or regulations specify a process the State CSBG agency must follow to re-designate an existing eligible entity? Yes No

10.10a. If yes, provide the citation(s) of the law and/or regulation. If no, describe State procedures for re-designation of existing eligible entities. **[Narrative:** Texas Administrative Code

10 TAC §1.411

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=1&rl=411)

10 TAC §2.203

[https://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=2&sch=B&rl=Y](https://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=2&sch=B&rl=Y)

10 TAC §6.208

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=208)

10.10b. Re-Designation Procedures: If no, describe state procedures for re-designation of existing eligible entities and how the procedures were made available to eligible entities and the public. **[Narrative, 4000 characters]**

Fiscal Controls and Audits and Cooperation Assurance

10.11. Fiscal Controls and Accounting: Describe how the State’s fiscal controls and accounting procedures will a) permit preparation of the SF-425 Federal fiscal reports (FFR) and b) permit the tracing of expenditures adequate to ensure funds have been used appropriately under the block grant, as required by Block Grant regulations applicable to CSBG at 45 CFR 96.30(a). **[Narrative:** All expenditures are recorded in the Department’s PeopleSoft accounting system. Indexes, grant numbers and fund numbers allow for identification of charges to a specific grant and cost categories. Policies and Procedures are in place to ensure compliance with statutes and regulations. Independent annual financial audit and single audit are performed for the Department.

Every draw is reviewed by program staff upon submittal by contractor localities. All drawdowns must be consistent within the most current approved budget. Draws are then processed by accountants and approved by senior accountant or team leader. Back up to support draws are reviewed during on site monitoring.

The general ledger is the source for the SF-425 Federal fiscal reports. They are prepared by the grant accountant, reviewed by the financial team leader and approved by management prior to submittal. Reports are prepared according to program rules and regulations.]

10.12. Single Audit Management Decisions: Describe State procedures for issuing management decisions for eligible entity single audits, as required by Block Grant regulations applicable to CSBG at 45 CFR 75.521. **[Narrative:** The Department requires each eligible entity to complete an Audit Certification

form within 60 days from the end of the Entity’s fiscal year. This is used to determine if a Single Audit is required. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings, it is reviewed and discussed by the director of Internal Audit, the Director of Compliance, the Director of Subrecipient Monitoring and staff to determine the appropriate steps to address any CSBG issues identified in the audit report or management letter. The Department may issue correspondence to the entity, identifying applicable corrective action measures and/or requiring support documentation addressing program deficiencies. The entity will be provided a time frame to respond to the correspondence.

Except for non-discretionary CSBG funds, the Department will not execute new contracts with the entity until issues with the single audit are resolved, unless the issue is a late audit submittal and the entity has provided documentation of an extension received from the federal cognizant agency.]

Note: This information is associated with State Accountability Measure 4Sd.

10.13. Assurance on Federal Investigations: The State “permit and cooperate with Federal investigations undertaken in accordance with Section 678D” of the CSBG Act, as required by the assurance under Section 676(b)(7) of the CSBG Act? Yes No

Note: This response will link with the corresponding assurance, item 14.7

10.13a. Federal Investigations Policies: Are state procedures for permitting and cooperating with federal investigations included in the state monitoring policies attached under 10.2? Yes No

10.14. Monitoring Procedures Performance Management Adjustment: Describe any adjustments to monitoring procedures in this State Plan as compared to past plans? Any adjustment should be based on the State’s analysis of past performance, and should consider feedback from eligible entities, OCS, and other sources, such as the public hearing. If the State is not making any adjustments, provide further detail. **[Narrative:** The Department closely reviewed the responses to the 2021 ACSI Survey (Pending the results for the 2025 ACSI Survey) related to monitoring and the Department’s Director of Subrecipient Monitoring continues to make concerted efforts to maintain a good working relationship with CSBG eligible entities. The Director ensures that monitoring staff receive directives and audit training as the need arises. Staff meetings are held regularly to promote consistency and increase knowledge between the monitoring staff. Community Affairs Training and Technical Assistance staff receive all monitoring reports from compliance monitors and work closely with each other so that training and technical assistance staff can provide eligible entities follow-up tips and resources to address findings or concerns identified in the monitoring reports.]

Note: This item is associated with State Accountability Measure 4Sb and may pre-populate the State’s annual report form.

SECTION 11

Eligible Entity Tripartite Board

11.1. Tripartite Board Verification: Verify which of the following measures are taken to ensure that the State verifies CSBG Eligible Entities are meeting Tripartite Board requirements under Section 676B(a)(2) of the CSBG Act? **[Check all that applies and narrative where applicable]**

- Attend Board meetings
- Organizational Standards Assessment
- Monitoring
- Review copies of Board meeting minutes
- Track Board vacancies/composition
- Other: [The Department reviews board rosters and Board member election/selection material. We also get information on board vacancies on their CSBG Monthly Performance Report. Through CSBG organizational standards reviews, we get information on board vacancies/composition also. Lastly, Department staff attends some Board meetings of entities.]

11.2. Tripartite Board Updates: Provide how often does the State requires eligible entities (which are not on TAPs or QIPs) to provide updates regarding their Tripartite Boards. This includes but is not limited to copies of meeting minutes, vacancy alerts, changes to bylaws, low-income member selection process, etc. [\[Select one and provide a narrative where applicable\]](#) regarding their Tripartite Boards?

- Annually
- Semiannually

- Quarterly
- As It Occurs
- Monthly
- Other [Information concerning board vacancies and new hires must be received by the Department within 30 days of such occurrence. Eligible entities must also report board vacancies by sector in its CSBG Monthly Performance Reports. Organizational Standards, a yearly requirement, also indicates board vacancies and composition.]

11.3. Tripartite Board Representation Assurance: Describe how the State will verify that eligible entities have policies and procedures by which individuals or organizations can petition for adequate representation on an eligible entity's Tripartite Board as required by the assurance under Section 676(b)(10) of the CSBG Act.. **[Narrative:** The Department has instituted a rule, in the Texas Administrative Code, that requires an entity to have written procedures under which a low-income individual, community organization, religious organization, or representative of such may petition for adequate representation on the board of the eligible entity.]

Note: This response will link with the corresponding assurance, item 14.10.

11.4. Tripartite Board Alternative Representation: Does the State permit public eligible entities to use, as an alternative to a Tripartite Board, “another mechanism specified by the State to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs” as allowed under Section 676B(b)(2) of the CSBG Act.

Yes No

11.4a. If yes, describe the mechanism used by public eligible entities as an alternative to a Tripartite Board. **[Narrative:** Public agencies have advisory boards and develop bylaws for the advisory board.

Texas Administrative Code, Chapter 6, Subchapter B, Community Services Block Grant, RULE §6.210 Board Structure, states the following related to public organizations:

“(b) For a Public Organization that is an Eligible Entity, the entity shall administer the CSBG grant through an advisory board that fully participates in the development, planning, implementation and evaluation of programs that serve low-income communities or through another mechanism specified by the state and that satisfies the requirements of a tripartite board in subsection (a) above. The advisory board is the only alternative mechanism for administration the Department has specified.”

The “alternative mechanism” is an “advisory board” and Public Organizations who utilize an advisory board must ensure that the advisory board meets the requirements of having 1) One-third of the members of the board shall be elected public officials, holding office on the date of the selection, or their representatives. 2) Not fewer than 1/3 of the members are persons chosen in accordance with the Eligible Entity’s Board-approved written democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served; and each representative of low-income individuals and families selected to represent a specific neighborhood within a community resides in the neighborhood represented by the member. And 3) The remainder are members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

SECTION 12

Individual and Community Income Eligibility Requirements

12.1. Required Income Eligibility: What is the income eligibility threshold for services in the State?
[Check one item below.]

- 125% of the HHS poverty line
- X % of the HHS poverty line (fill in the threshold): _____% [insert up to a 3 digit percentage]
- Varies by eligible entity [Narrative:]

12.1a. Describe any State policy and/or procedures for income eligibility, such as treatment of income and family/household composition. **[Narrative:** The Department's administrative rule, TAC Rule §6.4, states the following: "(a) Eligibility for program assistance is determined under the Poverty Income Guidelines and calculated as described herein (some forms of income may qualify the Household as Categorically Eligible for assistance in §6.2(b)(3), however Categorical Eligibility does not determine the level of benefit, which is determined through the Income Determination process). Income means cash receipts earned and/or received by the applicant before taxes during applicable tax year(s), but not the excluded income listed in paragraph (2) of this subsection. Gross income is to be used, not net income, except that from non-farm or farm self-employment net receipts must be used (i.e., receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses), and net income from gambling or lottery winnings."

The TAC RULE §6.4 identifies types of income sources that are excluded.

- (b) The requirements for determining whether an applicant Household is eligible for assistance require the Subrecipient to annualize the Household income based on verifiable documentation of income, within 30 days of the application date. Income is based on the Gross Annual Income for all household members 18 years or older. Annual gross income is the total amount of money earned annually before taxes or any deductions.
- (c) The Subrecipient must document all sources of income, including excluded income, for 30 days prior to the date of application, for all household members 18 years of age or older.
- (d) Identify all income sources, not on the excluded list, for income calculation.
 - (1) The Subrecipient must calculate projected annual income by annualizing current income. Income that may not last for a full 12 months should be calculated assuming current circumstances will last a full 12 months, unless it can be documented that employment is less than 12 months/year and pay is not prorated over the entire 12 month period. For incomes not able to be annualized over a twelve month period, the income shall be calculated on the total annual earning period (e.g., for a teacher paid only nine months a

year, the annual income should be the income earned during those nine months). In limited cases where income is not paid hourly, weekly, bi-weekly, semi-monthly nor monthly, the Subrecipient may contact the Department to determine an alternate calculation method in unique circumstances on a case-by-case basis.

- (2) For all customers including those with categorical eligibility, the Subrecipient must collect verifiable documentation of Household income received in the 30 days prior to the date of application.
- (3) Once all sources of income are known, Subrecipient must convert reported income to an annual figure. Convert periodic wages to annual income by multiplying:
 - (A) Hourly wages by the number of hours worked per year (2,080 hours for full-time employment with a 40-hour week and no overtime);
 - (B) Weekly wages by 52;
 - (C) Bi-weekly wages (paid every other week) by 26;
 - (D) Semi-monthly wages (paid twice each month) by 24; and
 - (E) Monthly wages by 12.
 - (F) One-time employment income should be added to the total after the income has been annualized.
- (4) Except where a more frequent period is required by federal regulation, re-certification of income eligibility must occur at least every twelve months.

For the complete rule see attachment.

12.2. Income Eligibility for General/Short Term Services: Describe how the state ensures eligible entities generally verify eligibility for those services with limited in-take procedures (where individual income verification is not possible or practical), how does the State ensure eligible entities generally verify income eligibility for services? An example of these services is emergency food assistance. **[Narrative:** Subrecipients must maintain income documentation for a direct service funded with CSBG funds. If proof of income is unobtainable they can utilize a Declaration of Income Statement. Per TAC RULE §6.4 (f) If proof of income is unobtainable, the applicant must complete and sign a Declaration of Income Statement (DIS).

12.3. Community-targeted Services: Describe how the state ensures eligible entities' services target and benefit low-income communities for those services that provide a community-wide benefit (e.g., development of community assets/facilities, building partnerships with other organizations). **[Narrative:** The Department's Texas Administrative Code Rule §6.206 (d) Services to Poverty Population require that services be provided equitably in the CSBG service area (county/counties served). Also, in their Community Action Plan they must identify how the services proposed address the top five needs identified in their Community Action Plan. The state

issues guidance on development of the Community Action Plan. If they are not planning to address one of the top five needs, they must provide an explanation as to why they are not.

SECTION 13

Results Oriented Management and Accountability (ROMA) System

- 13.1. Performance Measurement System:** Identify the performance measurement system that the State and all eligible entities use, as required by Section 678E(a) of the CSBG Act and the assurance under Section 676(b)(12) of the CSBG Act? **[Check one]**

Note: This response will also link to the corresponding assurance, item 14.12.

- The Results Oriented Management and Accountability (ROMA) System
- Another performance management system that meets the requirements of Section 678E(b) of the CSBG Act
- An alternative system for measuring performance and results

- 13.1a. ROMA Description:** If ROMA was selected in item 13.1, attach and/or describe the State’s written policies, procedures, or guidance documents on ROMA. **[Attachment and Narrative:**

The Department has incorporated ROMA principles in the areas of reporting, community action plans, strategic planning, community needs assessments, goal/target setting, case management, and Board trainings. Entities report monthly on outcomes for family, agency and community goals identified in their community action plan. These reports are then used to evaluate entity performance. An outcome matrix, tracking incremental change, is used as part of case management services; along with tools for capturing outcomes. TDHCA has three NCRA and the State Association has one NCRA and Eligible Entities have one NCRA. Eligible entities now have 7 NCRTs on staff and there are 50 NCRIs. All Eligible Entities have been provided “Intro to ROMA” training and have access to a ROMA trainer. Refer to State requirements at

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=206](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=206)

- 13.1b. Alternative System Description:** If ROMA was not selected in item 13.1, describe the system the State will use for performance measurement. **[Narrative:** The Department will employ the ROMA System as described above.

- 13.2. Outcome Measures:** Indicate and describe the outcome measures the State will use to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization, as required under Section 676(b)(12) of the CSBG Act? **[Narrative:** The State assigns eligible entities a goal for the number of persons to transition out of poverty (TOP) each year. TOP is defined as the household achieving an income above 125% FPIG. The State has

issued requirements related to the systems that must be in place to assist households to TOP, refer to

[https://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=206](https://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=10&pt=1&ch=6&rl=206)

The CSBG monthly performance report includes a section where CSBG entities report the number of persons working to TOP and the number of persons that successfully TOP. Eligible Entities are to target their CSBG resources to assist persons to transition out of poverty and move towards self-sufficiency consistent with identified gaps in need. The entities' efforts in self-sufficiency, family stability, and community revitalization are reported using the NPIs in their CSBG monthly performance report.]

Note: This response will also link to the corresponding assurance, item 14.12.

- CSBG National Performance Indicators (NPIs)
- NPIs and others
- Others

13.3. Eligible Entity Support: Describe how does the State supports the eligible entities in using ROMA or alternative performance measurement system? **[Narrative:** The Department has designed the CSBG training curriculum with a focus on ROMA principals. The Department has three NCRAs. The state association has also assisted CSBG eligible entities in helping some of their staff to become Certified ROMA trainers/implementers/advocates. All trainings provided to entities are ROMA-focused and the Department's ROMA Certified staff members are available to provide training and technical assistance. Results achieved compared to the CAP Plan are evaluated for the impact on implementation processes, re-assessment activities, and future plans. Entities can request training and technical assistance at any time and can submit questions on-line or can contact staff by phone or e-mail. The Department has developed a ROMA Case Management Workflow that aligns the processes of case management to ROMA. The Department sets aside CSBG Discretionary funds to be used for Organizational Capacity Improvements which can be used to pay for the costs of staff to become NCRT/NCRI/NCRAs or to obtain training to retain their NCRT or NCRI certifications. Using the new Virtual Intro to ROMA course, the ROMA group is working toward being able to offer regional Intro to ROMA courses on an annual basis to new staff.]

Note: The activities described under item 13.3 may include activities listed in "Section 8: Training and Technical Assistance." If so, mention briefly, and/or cross-reference as needed. This response will also link to the corresponding assurance, item 14.12.

13.4. Eligible Entity Use of Data: Describe how is the State intends to validate that the eligible entities are using data to improve service delivery? **[Narrative:** The Department assigns each CSBG eligible entity a goal for the number of persons to transition out of poverty each program year. At the end of the program year, the Department reviews their performance and entities that did not meet their assigned goal are asked to provide a plan of action to improve performance. The Department also reviews the eligible entities' CSBG Performance Report each month and their

end of the year final report. The Department does acknowledge that quite a few entities find it challenging to design and carry out community initiatives, as many just entered into this level of work. The Department will continue to provide technical assistance to entities to improve their performance through data analysis, process mapping, and training materials. To assist with data use the Department provides the network with links to data sources that may be useful to them, such as the American Community Survey Institute and the Community Action Partnership's Community Needs Assessment Online Tool.]

Note: This response will also link to the corresponding assurance, item 14.12.

Community Action Plans and Needs Assessments

13.5. Community Action Plan: Describe how the State will secure a Community Action Plan from each eligible entity, as a condition of receipt of CSBG funding by each entity, as required by Section 676(b)(11) of the CSBG Act. **[Narrative:** The Department develops Community Action Plan Requirements and guidance and posts this information to our website at <https://www.tdhca.state.tx.us/community-affairs/csbg/additional-requirements.htm>. Annually, CSBG eligible entities must submit a Community Action Plan. Staff reviews the CAP and provides technical assistance to eligible entities on improvements.]

Note: This response will link to the corresponding assurance, item 14.11.

13.6. Community Needs Assessment: Describe how the State will assure that each eligible entity includes a community needs assessment for the community served (which may be coordinated with community needs assessments conducted by other programs) in each entity's Community Action Plan, as required by Section 676(b)(11) of the CSBG Act. **[Narrative:** Every three years, CSBG eligible entities must complete and submit a Community Needs Assessment (CNA). The State provides forms and guidance on how to conduct a CNA and on the required areas to be addressed in their CNA document. As part of the CNA, they must identify at least the top 5 needs in their service area based on their community assessment.

Annually, CSBG eligible entities must submit a Community Action Plan (CAP). Every third year, the CAP must be completely revised to incorporate the latest CNA results. The two years following the initial year of the CAP, they provide updates to any changes and primarily revise their performance targets for NPIs and SRVs and community initiatives. In the first year of the CAP, they must include their top 5 needs and identify the organizations providing the service or strategy to address the need, the services or strategies that will address the need, the NPIs that will be reported on, and the county(ies). They also include information on the gaps in services, the county where it exists, how they will address the gaps, names of partners they will work with and how the partner will help meet the gaps in services. SRVs and NPIs with targets are linked to one of the top 5 needs if applicable.

Note: this response will link to the corresponding assurance, item 14.11.

SECTION 14
CSBG Programmatic Assurances and Information Narrative
(Section 676(b) of the CSBG Act)

14.1 Use of Funds Supporting Local Activities

CSBG Services

14.1a. 676(b)(1)(A): Describe how the State will assure “that funds made available through grant or allotment will be used –

- (A) to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under title IV of the Social Security Act, homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals--
 - (i) to remove obstacles and solve problems that block the achievement of self-sufficiency (particularly for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);
 - (ii) to secure and retain meaningful employment;
 - (iii) to attain an adequate education with particular attention toward improving literacy skills of the low-income families in the community, which may include family literacy initiatives;
 - (iv) to make better use of available income;
 - (v) to obtain and maintain adequate housing and a suitable living environment;
 - (vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent individual and family needs;
 - (vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to –
 - (I) document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication; and
 - (II) strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP outlines their proposed activities. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds and meet the noted assurances.]

Needs of Youth

14.1b. 676(b)(1)(B) Describe how the State will assure “that funds made available through grant or allotment will be used –

(B) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as--

- (i) programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and
- (ii) after-school child care programs;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP outlines their proposed activities. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds. The Department requires that entities provide a referral to the Texas Attorney General’s Office for families for whom child support might be a needed resource.]

Coordination of Other Programs

14.1c. 676(b)(1)(C) Describe how the State will assure “that funds made available through grant or allotment will be used –

(C) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts)

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP outlines their proposed activities. The CAP also includes several forms that address funding coordination, coordination with WIOA Programs, referrals to Child Support Office, and participation in social service coalitions. Staff reviews the CAP Plan and ensures that the activities supported are eligible uses of CSBG funds.]

State Use of Discretionary Funds

14.2 676(b)(2) Describe “how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative

community and neighborhood-based initiatives related to the purposes of this subtitle.”

Note: The Department describes this assurance under “State Use of Funds: Remainder/Discretionary,” items 7.9-7.11.

[No response; links to items 7.9 and 7.10.]

Eligible Entity Service Delivery, Coordination, and Innovation

14.3. 676(b)(3) “Based on information provided by eligible entities in the State, a description of...”

Eligible Entity Service Delivery System

14.3a. 676(b)(3)(A) Describe “the service delivery system, for services provided or coordinated with funds made available through grants made under 675C(a), targeted to low-income individuals and families in communities within the State;

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). The CAP includes a description of the service delivery system, the counties served, the facilities where services are available, and information regarding how the eligible entity conducts outreach and delivers services in counties where service centers are not available. The CAP also describes how the eligible entity coordinates funds with other organizations.]

Eligible Entity Linkages – Approach to Filling Service Gaps

14.3b. 676(b)(3)(B) Describe “how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations.”

Note: The Department describes this assurance in the State Linkages and Communication section, item 9.3b.

[No response; links to 9.3b.]

Coordination of Eligible Entity Allocation 90 Percent Funds with Public/Private Resources

14.3c. 676(b)(3)(C) Describe how funds made available through grants made under 675C(a) will be coordinated with other public and private resources.”

Note: The Department describes this assurance in the State Linkages and Communication section, item 9.7.

[No response; links to 9.7]

Eligible Entity Innovative Community and Neighborhood Initiatives, Including Fatherhood/Parental Responsibility

14.3d. 676(b)(3)(D) Describe “how the local entity will use the funds [made available under 675C(a)] to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging parenting.”

Note: The description above is about eligible entity use of 90 percent funds to support these initiatives. States may also support these types of activities at the local level using state remainder/discretionary funds, allowable under Section 675C(b)(1)(F). In this State Plan, the Department indicates funds allocated for these activities under item 7.9(f).

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). As part of the CAP, entities must complete a document which provides information regarding any innovative community and neighborhood-based initiatives related to the purpose of CSBG, which may include fatherhood initiatives and other initiatives which strengthen families and encourage effective parenting. A limited number of CSBG eligible entities have reported these types of initiatives. The Department will continue to work with CSBG eligible entities to promote these initiatives if such gaps are identified in their CAP. As the Department identifies information on webinars or funding opportunities related to this area, the Department shares this information with CSBG eligible entities.]

Eligible Entity Emergency Food and Nutrition Services

14.4. 676(b)(4) Describe how the State will assure “that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals.”

[Narrative: The Department requires CSBG eligible entities to submit an annual Community Action Plan (CAP). As part of the CAP, entities must complete a document which provides information related to how the CSBG eligible entity will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals. Most CSBG eligible entities work with either a local food pantry or the food bank to provide food in these circumstances. If there are no other resources available, then CSBG funds are utilized to provide nutritional support.]

State and Eligible Entity Coordination/linkages and Workforce Innovation and Opportunity Act Employment and Training Activities

14.5. 676(b)(5) Describe how the State will assure “that the State and eligible entities in the State will coordinate, and establish linkages between, governmental and other social services

programs to assure the effective delivery of such services, and [describe] how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 3 of the Workforce Innovation and Opportunity Act, in the State and in communities with entities providing activities through statewide and local workforce development systems under such Act.”

Note: The Department describes this assurance in the State Linkages and Communication section, items 9.1-9.4b.

[No response; links to items 9.1-9.4b]

State Coordination/Linkages and Low-income Home Energy Assistance

- 14.6. 676(b)(6)** Provide “an assurance that the State will ensure coordination between antipoverty programs in each community in the State, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community.”

Note: The Department describes this assurance in the State Linkages and Communication section, items 9.2 and 9.5.

[No response; links to 9.2 and 9.5]

Federal Investigations

- 14.7. 676(b)(7)** Provide “an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D.”

Note: The Department addresses this assurance in the Fiscal Controls and Monitoring section, item 10.13.

[No response; links to 10.13]

Funding Reduction or Termination

- 14.8. 676(b)(8)** Provide “an assurance that any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b).”

Note: The Department addresses this assurance in the Fiscal Controls and Monitoring section, item 10.7.

[No response; links to 10.7]

Coordination with Faith-based Organizations, Charitable Groups, Community Organizations

- 14.9. 676(b)(9)** Describe how the State will assure “that the State and eligible entities in the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including religious organizations, charitable groups, and community organizations.”

Note: The Department describes this assurance in Section 9 the State Linkages and Communication section, under 9.6.

[No response; links to 9.6]

Eligible Entity Tripartite Board Representation

- 14.10. 676(b)(10)** Describe how “the State will require each eligible entity in the State to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation.”

Note: The state describes this assurance in Section 11 Eligible Entity Tripartite Board section, under 11.3

[No response; links to item 11.3]

Eligible Entity Community Action Plans and Community Needs Assessments

- 14.11. 676(b)(11)** Provide “an assurance that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs.”

[No response; links to items 13.5 and 13.6]

State and Eligible Entity Performance Measurement: ROMA or Alternate system

- 14.12. 676(b)(12)** Provide “an assurance that the State and all eligible entities in the State will, not later than fiscal year 2001, participate in the Results Oriented Management and Accountability System, another performance measure system for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and [describe] outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization.”

Note: The Department describes this assurance in the ROMA section, items 13.1- 13.4.

[No response; links to 13.1-13.4]

Validation for CSBG Eligible Entity Programmatic Narrative Sections

14.13. 676(b)(13) Provide “information describing how the State will carry out the assurances described in this section.”

Note: The Department provides information for each of the assurances directly in section 14 or in corresponding items throughout the State Plan, which are included as hyperlinks in section 14.

[No response for this item]

By checking this box, the State CSBG authorized official is certifying the assurances set out above.

SECTION 15

Federal Certifications

The box after each certification must be checked by the State CSBG authorized official.

15.1 Lobbying

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all entities shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.

Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

- By checking this box, the State CSBG authorized official is providing the certification set out above.

15.2 Drug-Free Workplace Requirements

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645 (a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)

- (1) By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
- (2) The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
- (3) For grantees other than individuals, Alternate I applies.
- (4) For grantees who are individuals, Alternate II applies.
- (5) Workplaces under grants, for grantees other than individuals, need to be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
- (6) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
- (7) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

- (8) Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

Controlled substance means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

Conviction means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

Criminal drug statute means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

Employee means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Certification Regarding Drug-Free Workplace Requirements

Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about - -
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will - -

- (1) Abide by the terms of the statement; and
- (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within 10 calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted - -
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code) [**Narrative:**

Texas Department of Housing and Community Affairs

221 East 11th Street

Austin, Travis County, Texas 78701-2410]

Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

- (a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;
- (b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central

point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

- By checking this box, the State CSBG authorized official is providing the certification set out above.

15.3 Debarment

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - -

Primary Covered Transactions

Instructions for Certification

- (1) By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
- (2) The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
- (3) The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
- (4) The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (5) The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
- (6) The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4,

debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

- (7) The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusive-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (10) Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - -

Primary Covered Transactions

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;
 - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

Instructions for Certification

- (1) By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.
- (2) The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
- (3) The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
- (4) The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that

its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

- (5) The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
- (6) The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
- (7) The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- (8) A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
- (9) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (10) Except for transactions authorized under paragraph five of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - - Lower Tier Covered Transactions

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

By checking this box, the State CSBG authorized official is providing the certification set out above.

15.4 Environmental Tobacco Smoke

Public Law 103227, Part C Environmental Tobacco Smoke, also known as the Pro Children Act of 1994, requires that smoking not be permitted in any portion of any indoor routinely owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity by signing and submitting this application the applicant/grantee certifies that it will comply with the requirements of the Act.

The applicant/grantee further agrees that it will require the language of this certification be included in any subawards which contain provisions for the children's services and that all subgrantees shall certify accordingly.

By checking this box, the State CSBG authorized official is providing the certification set out above.

ATTACHMENTS

Attachment A
Response to Question 10.2 Monitoring Policies

Compliance Division

Subrecipient Monitoring Section

Standard Operating Procedures

1.0 Risks and Control Objectives

- 1.1** The risks associated with not having an SOP for Assignments and Risk Assessments and the control objectives to ensure that those risks are minimized, are illustrated in the following table:

Risks	Control Objectives
The risks associated with not having an SOP for monitoring procedures are that that monitoring reviews may not be conducted or be conducted in a consistent manner and within the requirements of the Department and/or Federal requirements.	This SOP will minimize the risks described by providing a comprehensive process for a monitoring risk assessment, monitoring assignment and for the completion of monitoring reports and responses.

2.0 Policy

- 2.1** It is the requirement of the Texas Department of Housing and Community Affairs and its Compliance Division to perform monitoring functions of federal and state funds, in a consistent manner that is compliant with Department and Funding source requirements. The Chief of Compliance oversees three (3) monitoring sections within the Compliance Division, one (1) of which is the Compliance Subrecipient Monitoring section. The Compliance Subrecipient Monitoring director oversees the section of employees that monitor the programs that are administered by the Community Affairs Division, Single Family, and Home and Homelessness Programs Divisions of the Department.

3.0 General

- 3.1** Abbreviations
- A. Texas Department of Housing and Community Affairs – Department
 - B. Community Affairs Division – CAD
 - C. Community Development Block Grant - CDBG
 - D. Compliance Division - Compliance

- E. Compliance Division Subrecipient Monitoring Section - CMSM
- F. Compliance Subrecipient Monitoring Director – CMSM Director
- G. Subrecipient Monitor – Compliance Monitor or Monitor
- H. Community Affairs Division program awardees (Non-profit corporations, Counties, Cities, Council of Government’s) – Subrecipient
- I. Weatherization Assistance Program – WAP
- J. Comprehensive Energy Assistance Program – CEAP
- K. Community Services Block Grant - CSBG
- L. Department of Energy – DOE
- M. Emergency Solutions Grant – ESG
- N. HOME Investments Partnership – HOME
- O. Homeless Housing and Services Program – HHSP
- P. Housing Trust Fund – HTF
- Q. Low Income Housing and Energy Assistance Program – LIHEAP
- R. LIHEAP Weatherization Assistance Program – LI-WAP
- S. National Housing Trust Fund – NHTF
- T. Neighborhood Stabilization Program – NSP
- U. Quality Control Inspector - QCI

3.2 Purpose

- A. This SOP describes the Department’s methodology for monitoring Subrecipients.
- B. To comply with Department rules on the administration on program funds.
- C. To comply with Federal Funding source requirements for administering program funds.
- D. It establishes consistent processes and procedures when monitoring CAD programs.
- E. Monitoring activities are planned to focus on areas of highest risk and to help ensure the most effective use of monitoring resources.
- F. To ensure the CMSM Compliance Monitors completed monitoring reports and responses within a designated time frame to ensure Subrecipients address any corrective actions in a timely manner.
- G. To ensure monitoring responses are reviewed to ensure corrective actions were completed.

4.0 Responsibilities

- 4.1 The CMSM section is responsible for ensuring the CEAP, CSBG, ESG, HOME, HHSP, HTF, Ending Homelessness, CDBG, Multifamily Direct HOME Loans, NHTF, NSP and WAP programs (DOE and LIHEAP) are administered and funds are expended in accordance with contract provisions and applicable State and Federal rules, regulations, policies, and related statutes.
- 4.2 The CMSM Director will ensure a monitoring schedule is developed that identifies the Subrecipients that are to be monitored.
- 4.3 According to individual program requirements and/or standards, the CMSM section will develop a list of specific compliance requirements to be reviewed. The section will also develop a methodology to review each compliance requirement consistently.
- 4.4 The CMSM section will perform the respective monitoring to determine Subrecipient compliance.
- 4.5 The CMSM monitors will notify the CMSM Director and/or Chief of Compliance if a finding or concern of fraud, waste and/or abuse were noted during a Subrecipient's monitoring.
- 4.6 Within 30 days of the completion of the monitoring, the CMSM section will develop a report or correspondence, for the Subrecipient, reflecting the results of the monitoring.
- 4.7 The CMSM section will address the Subrecipient's response to the report and/or close out the monitoring process.
- 4.8 The CMSM section will notify and work with the CAD Training section to address any findings consistent within the Subrecipient network.

5.0 Subrecipient Monitoring Selection

- 5.1 The CMSM section will complete a Subrecipient monitoring review schedule, at least quarterly each year. The schedule will identify the quarter in which the Subrecipient will be monitored.
- 5.2 The CMSM section utilizes the most efficient use of its travel and monitoring budget, as its methodology in developing the Subrecipient monitoring review schedule. The schedule takes into account the program contract periods and may require Compliance Monitors to review multiple programs during the review.
- 5.3 The Department's schedule is used as a planning tool and is subject to change. The CMSM Section may encounter situations that arise and cause Subrecipients to be monitored in a different month or more frequently than what is identified in the schedule. These situations may include:
 1. Subrecipient who may not or have not met the minimum on-site monitoring threshold.
 2. There is low production in the program(s) selected for monitoring.

3. Monitor(s) attempt to schedule a monitoring and provides proposed monitoring dates. However, the Subrecipient is unable to accommodate the monitoring during the proposed dates.
 4. The Department receives fraud, waste and/or abuse concerns against a Subrecipient.
 5. The Department receives a credible complaint against a Subrecipient.
- 5.4 As needed, the CMSM will also factor in the results of a Subrecipient's prior monitoring review and/or Single Audit findings when determining the monitoring schedule. Subrecipient's with prior and/or repetitive monitoring and/or Single Audit findings are a priority to be monitored.
- 5.5 At a minimum:
- A. DOE (July-June) and LIHEAP WAP (Jan. – Dec.) Subrecipients will be monitored at least once each year;
 - B. LIHEAP Subrecipients will be monitored at least once every three (3) years (Triennial).
 - C. CSBG Subrecipients will be monitored at least once every three (3) years (Triennial).

6.0 Determining Compliance Requirements

- 6.1 The CMSM section will review Subrecipient's compliance with program requirements, contract provisions and Federal, State, local government rules and regulations.
- A. The CMSM section will determine compliance on specific contract provisions, rules, regulations and/or program requirements are most applicable to be reviewed or required to be reviewed by the funding source. The CMSM section will verify if the Subrecipients have complied with the requirements. The CMSM section will utilize a monitoring tool (instrument) that identifies the areas of compliance that will be reviewed. The monitoring tool will have a methodology to reflect the process used to determine compliance of each selected contract provision, rule, regulation and/or requirement.
 - B. The monitoring tool will be in electronic format and the CMSM section will enter the selected compliance requirements into the document.
 - C. The monitoring tool will be maintained in the Department's monitoring software (Teammate).
- 6.2 The monitoring tool and the list of compliance requirements that are to be reviewed may be revised, updated, or changed from period to period due to program, legislative and/or budget changes.

- A. The listed monitoring tool is reviewed on a continual basis, during the federal fiscal year or Subrecipient program year (as applicable), to account for changes in rules and/or program requirements.

7.0 Monitoring Announcement

- 7.1 After it has been determined which Subrecipients will be monitored, the CMSM Director will assign monitors, to the Subrecipients who will be monitored. The CMSM Director will determine the method of distributing the Subrecipients to the Monitors.
- 7.2 After a review of risk factors utilized in previous risk assessments the following factors have been identified by staff consensus as the set of indicators that most accurately present the highest degree of program and fiscal risk:
- ◇ Program Activity Type
 - ◇ Number of months remaining on the contract;
 - ◇ Time Since Most Recent Monitoring Evaluation of the elapsed length of time since a Subrecipient has received an on-site visit or desk review;
 - ◇ Results of previous on-site visit(s) and/or desk review;
 - ◇ Total Funds Budgeted – Evaluation of the total amount of funds awarded to a Subrecipient;
 - ◇ Total Funds Committed – Evaluation of the percentage of funds committed to the projects of the contract(s);
 - ◇ Total Cumulative Draws – Evaluation of the percentage of contract funds drawn;
 - ◇ Match obligation for contract;
 - ◇ Set-aside Type;
 - ◇ Construction Activities – A review to determine if subrecipient’s performing activities with a construction component have incurred Davis-Bacon Labor Standards requirements; and
 - ◇ Details of any reported complaints (internal and external).

Risk Factors may be revised, updated, or changed from period to period due to program, legislative, or budget changes. *The Risk Factors utilized may also be governed or restricted by constraints inherent in the architecture of the central data base system. It may not be 100% accurate or cost-effective to include some risk factors because of this constraint. An example is Single Audit Status.*

Other Risk Factors may include:

- ◇ Multiple funding sources for a contract;
- ◇ Significant gaps between expected and actual results of previous contracts;
- ◇ Multiple contracts for an individual subrecipient; and
- ◇ Instability in the management environment.

- 7.3 The Monitor will contact each of the assigned Subrecipients and schedule future on-site monitoring. The Monitor will make every attempt to provide the Subrecipient with a minimum of 30 days' notice prior to the monitoring review.
- A. On occasions, the monitoring may occur with fewer than 30 days' notice. Situations that may warrant a monitoring occurring with fewer than 30 days' notice include:
1. The Subrecipient notifies the Department that it is not able to be monitored the proposed week and chooses the monitoring date.
 2. The Department receives credible fraud, waste and/or abuse concerns against a Subrecipient requiring little to no notice of the monitoring.
 3. The Department receives a credible complaint against a Subrecipient requiring little to no notice of the monitoring.
- 7.4 After the monitoring date has been confirmed, the Monitor will complete a Monitoring Announcement letter.
- 7.5 When the announcement letter has been completed, the document will be scanned and saved to the Subrecipient's respective Monitoring file within the computerized Monitoring Software.
- 7.6 The scanned version will be emailed to the Subrecipient. If applicable, a copy of the announcement letter will be sent to appropriate individuals.
- 7.7 The Monitoring Announcement letter should be sent to the Subrecipient as soon as the monitoring dates have been set, but no less than two (2) weeks prior to the monitoring.
- 7.8 In some instances a Monitoring Announcement letter may be submitted less than two (2) weeks from the scheduled monitoring. This may occur when 7.2 A (1) is met.
- 7.9 In some instances a Monitoring Announcement letter may not be submitted to the Subrecipient prior to the monitoring. This may occur when 7.2 A (2) and (3) are met.

8.0 Performing the On-site Monitoring

- 8.1 The CMSM section will utilize electronic monitoring tool to review the selected compliance requirements and to document the Subrecipients compliance with the specific requirement.
- 8.2 If the appropriate Subrecipient staff is available, the Monitor will have an Entrance Conference prior to the start of the monitoring. In the Entrance Conference the Monitor will provide a brief summary of the on-site monitoring process and/or the on-site monitoring plan. The Monitor will

also utilize this time to answer Subrecipient questions that are specific to the monitoring and/or the programs.

8.4 After the Entrance conference, the Monitor will review the compliance requirements and perform the methodology to determine compliance with the selected requirements. The monitor will complete each question and section of the selected compliance requirements on electronic testing documents. The CMSM section will document the reason for the inability to verify any of the selected compliance requirements.

A. Weatherization Assistance Program (“WAP”) Monitorings may be performed as a Full Monitoring or as a Unit Inspection.

a. A Full WAP Monitoring will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements, client eligibility requirements and performing an inspection of weatherized units.

b. Unit Inspection monitoring consists of the Compliance Monitor(s) reviewing weatherization client files for compliance and eligibility requirements and performing an inspection of the weatherized units.

c. Client file reviews and Unit Inspections will vary according to the funding source used to weatherize the unit. When units are weatherized with LIHEAP funding only, the Compliance Monitor(s) will review the weatherized work based on an established Priority Rating sheet. When units are weatherized with DOE funding only, or with DOE and LIHEAP funds, the Compliance Monitor(s) will review the weatherized work based on an approved Energy Audit. Compliance Monitors will be required to have all applicable field tests performed during the Unit Inspection. The Compliance Monitor(s) may supervise a Subrecipient’s performance of the field test. The Compliance Monitor(s) must document the results of the field tests.

d. The Compliance Monitor will utilize the following as a guide when determining the number of units to inspect. The actual number of units inspected will vary according to the number of QCI staff employed by the Subrecipient and the process the Subrecipient follows for their Assessments and Final Inspections.

a. When a Compliance Monitor is conducting a monitoring visit, in which the Subrecipient has limited QCI staff therefore the same QCI staff will perform more than one function in the unit, the Compliance Monitor(s) will perform a minimum of:

i. Ten percent (10%) unit inspections of the total units completed

- b. When a Compliance Monitor is conducting a monitoring visit, in which the Subrecipient has multiple QCI staff therefore the QCI staff performing the final inspection will not perform any other function in the unit, Compliance Monitor(s) will perform a minimum of:
 - i. Five percent (5%) unit inspections of the total units completed

e. The CMSM Section will be required to monitor a minimum of 5% of all completed weatherized units (at the time of the monitoring) that are funded by DOE and inspected by a QCI who was not involved in the assessment of the weatherized unit. The CMSM Section will monitor a minimum of 10% of all completed weatherized units (at the time of the monitoring) that were inspected by a QCI that was involved in the assessment of the weatherized unit. The CMSM section will utilize the monitoring tracking database to track the number of units that have been inspected. The Department will also review Monthly Expenditure Reports to track the number of total completed units and will adjust the monitoring schedule to ensure that it meets the minimum number of units inspected.

- a. A Compliance Monitor may not be able to monitor the minimum number of weatherized units if:
 - i. the Subrecipient does not have enough completed weatherized units;
 - ii. the geographical location of the weatherized homes prohibits the ability to inspect units;
 - iii. inclement weather persists.

B. Community Services Block Grant

- 1. A CSBG Monitoring review will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements and client eligibility requirements.
- 2. The monitoring tool's methodology identifies the minimum number of expenditures and client files to review.

C. Comprehensive Energy Assistance Program

- 1. A CEAP Monitoring review will consist of the Compliance Monitor performing a review to determine compliance with Financial and Expenditure requirements, Administrative requirements and client eligibility requirements.
- 2. The monitoring tool's methodology identifies the minimum number of expenditures and client files to review.

8.5 When the respective methodology is not enough to determine compliance, the Monitor(s) will make every effort to determine if the requirement is compliant. This may require the Monitor(s) to perform additional testing, request additional information or clarification from Subrecipient staff and/or request assistance from peer Monitors, CA Division staff, the CMSM Director or the Chief of Compliance.

- 8.6 The Monitor will obtain and maintain the appropriate documentation to justify any finding, disallowed and/or questioned cost.
- 8.7 The Monitor will notify the CA Trainers of the Subrecipient's need for Training and/or Technical Assistance if necessary.
- 8.8. If the Monitor(s) is unable to complete the monitoring during the specified period, the Monitor(s) must notify the CMSM Director of the circumstance(s) that resulted in the inability to complete the monitoring. The CMSM Director will determine the appropriate course of action to complete the monitoring. The Monitor must notify the Subrecipient that additional time is required to complete the monitoring and of the course of action that was determined by the CMSM Director. The inability to complete the monitoring and the course of action must be documented in the computerized Monitoring Software or the Monitoring Instrument.
- 8.9 Time permitting and if the appropriate Subrecipient staff are available, the Monitor will make every attempt to provide the Subrecipient with an on-site Exit Conference. The Exit Conference is intended to explain, to the Subrecipient, the preliminary results of the monitoring. In some situations the Subrecipient may be provided a few days to submit documentation, if the documentation was not readily available during the onsite visit. In this situation, an Exit conference may not be conducted on-site.
- 8.10 If an on-site exit conference cannot be completed, the Monitor will schedule an Exit conference via conference call. The call will typically occur within 5 business days from the last day the monitoring.
- 8.11 The Monitor(s) will create electronic copies of all applicable monitoring documents and/or Finding support documentation obtained during the review. The Monitor will save the electronic copies to the monitoring file within the computerized Monitoring Software.

9.0 Monitoring Report

- 9.1 The Monitor(s) will be required to develop a report, detailing the results of the monitoring. Each Monitoring Report will contain general program information and/or a brief description of the monitoring process that was performed. If applicable, the monitoring report will contain:
 - A. Finding/Deficiency (CSBG only)
 - 1 A brief and concise description of the lack of compliance of a specific program requirement;
 - 2. A brief description of the program requirement;
 - 3. A description of any disallowed or questioned cost; and

4. The respective reference for program compliance.
- B. Action Required for a Finding/Deficiency
 1. A brief requirement for the Subrecipient to meet;
 2. A requirement for the Subrecipient to complete a specific action to resolve the finding;
 3. A requirement for the Subrecipient to provide a reimbursement, documents, an assurance and/or a response to the monitoring report.
 - C. If there were findings or deficiencies of noncompliance, a 30 calendar day corrective action deadline. If there were no Findings or Required Action, the Monitoring Report will reflect that no response is required and that the Monitoring Review is considered closed.
 - D. A Concern
 1. A brief and concise description of the lack of compliance of a specific program requirement;
 2. A brief description of the program requirement;
 3. The respective reference for program compliance.
 - E. Action Required for a Concern
 1. A brief requirement for the Subrecipient to meet;
 2. A requirement for the Subrecipient to complete a specific action to resolve the Concern;
 - F. Observation
 1. A brief and concise description of the policy, practice or procedure observed through the course of monitoring that may lead to a lack of compliance of a specific program requirement.
- 9.2 Monitors are expected to, on average, complete monitoring letters within 30 calendar days from the last day of the onsite visit. However, DOE-WAP monitoring letters must be completed within 30 calendar days.
 - 9.3 The Monitor(s) will make an electronic copy of the Monitoring Report and save the copy to the Subrecipient's respective monitoring file within the computerized Monitoring Software. The scanned version will be emailed. A hard copy report will be mailed to the Subrecipient if email is not an option.
 - 9.4 At a minimum, the Monitor will e-mail the Monitoring Report to the Subrecipient and a copy of the report to the Subrecipient's Board Chair or the assigned Board representative.
 - 9.5 The date the monitoring report is considered complete and submitted to the Subrecipient, is when the report is emailed to the Subrecipient.

10.0 Response to the Monitoring Report

- 10.1 The Subrecipient will be provided a 30 day corrective action period which can be extended for good cause by the Chief of Compliance.
- 10.2 The Monitor(s) is responsible for tracking corrective action due dates. If the Department has not received the Subrecipient's response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the "Notes" area of the Monitoring Tracking System.
- 10.3 If the Subrecipient's response is submitted as a paper document, the Monitor will make an electronic copy of the response. The Monitor will then save the copy to the Subrecipient's respective Monitoring File within the electronic software.
- 10.4 The Monitor(s) will review the Subrecipient's response to the report for compliance with the specific Finding's required action and program rules, regulations and requirements.
- 10.5 Within 45 business days of the receipt of the response, the Monitor(s) will provide correspondence to the Subrecipient addressing each Finding and/or required action. For each Finding, the monitor(s) will:
 - A. Briefly state the Finding that occurred;
 - B. The Subrecipient's response and/or documentation;
 - C. Any concern or question posed in the Subrecipient's response;
 - D. The results of the Department's review of the response and/or documentation;
 - E. Necessary information to address the Subrecipient's concern or question;
 - F. If the response and/or documentation is acceptable to resolve the Finding;
 - G. If the Finding is resolved;
 - H. If applicable, the Finding is closed;
 - i. A Finding will not be considered resolved, but closed when the Department believes the Subrecipient's required action is not obtainable. The Subrecipient will no longer be required to complete the required action.
 - ii. The Department should consider the efforts the Subrecipient made to resolve the Finding.

iii. A “Closed” Finding will not be used on the Required Action of a Subrecipient to reimburse the Department for disallowed expenditures.

I. If applicable, the additional required action to resolve the Finding.

10.6 The Monitor(s) will make an electronic copy of the document addressing the Subrecipient’s response to the report. The Monitor will save the copy to the Subrecipient’s respective monitoring file in the computerized Monitoring Software. The scanned version will be emailed to the Subrecipient. If applicable, a copy of the document will be sent to appropriate individuals.

10.7 If the Subrecipient’s response did not resolve the Findings and/or required actions of the monitoring report, the Monitor(s) will keep abreast of the Subrecipient’s 30 day response period. If the Department has not received the Subrecipient’s response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the Monitoring Tracking System.

10.8 When the Subrecipient submits the response from 10.7, the Monitor(s) will continue at 10.2 of the Monitoring SOP. If the Monitor completes Section 10.5 of the SOP and determines the Subrecipient’s response to Finding(s) to remain unresolved, the Monitor will continue with 10.6 and 10.7 of the SOP. However, unless prior approval from the Chief of Compliance, the original Corrective Action deadline is not amended. The Subrecipient must resolve the Finding(s) as soon as possible. If the Department has not received the Subrecipient’s response, the Monitor(s) will submit a letter to the Subrecipient, notifying them of the delinquent response. The Monitor will document that a letter was sent to the Subrecipient, in the Monitoring Tracking System.

10.9 Similarly, when the Subrecipient submits the response from 10.8, the Monitor(s) will continue at 10.2 of the Monitoring SOP. If the Monitor completes Section 10.5 of the SOP and determines the Subrecipient’s response to Finding(s) to remain unresolved, the CMSM Director will notify the Chief of Compliance. The Chief of Compliance may determine if the matter should be referred to the Department’s Enforcement Committee in accordance with Department Rules and SOPs.

10.10 If a Subrecipient has submitted its second response and is still not able to comply with the required action(s), the Monitor(s) will note in its subsequent correspondence that the Subrecipient is able to request a meeting with the Department’s Compliance committee. The Subrecipient may request the committee to review the validity of the Finding or to appeal the required action.

- A. The Subrecipient must include in its subsequent response that it request a meeting with the Compliance committee.
- B. Once the request has been received, the Department will follow the rules and the SOP's pertaining to the Compliance committee.

APPROVAL:

Earnest Hunt
Compliance Subrecipient Monitoring Director

1/16/2025



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 962

Agenda Date: 4/10/2025

Agenda #: 8.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §1.15, Integrated Housing Rule; an order adopting new 10 TAC §1.15, Integrated Housing Rule; and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the provision of integrated housing through the Department's programs is authorized by Tex. Gov't Code §2306.111(g), which directs that the Department's funding priorities should provide that funds are awarded, when feasible, based on a project's ability to provide integrated affordable housing;

WHEREAS, the current rule that relates to Integrated Housing was last amended in March 2021, and is in need of revisions, and such revisions were proposed through the repeal of the current rule and a simultaneous new rule to be adopted in its place;

WHEREAS, the needed revisions included updates to references and minor technical corrections; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

Tex. Gov't Code §2306.111(g) directs that the Department's funding priorities should provide that funds be awarded, when feasible, based on a project's ability to provide integrated affordable housing.

The related rule at 10 TAC §1.15 ensures that housing developments that are subject to the rule do not restrict occupancy solely to households with disabilities, with a maximum integration limit dependent on the size of the housing development. The current rule was last amended in March 2021. Changes included updates to references and minor technical corrections.

The rule was made available for public comment and no comment was received. The rule is being adopted without changes from the rule proposed.

Attachment 1: Preamble, including required analysis, for repeal of 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC §1.15, Integrated Housing Rule. The purpose of the repeal is to include updates to references and make minor technical corrections.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: requirements relating to integrated housing for recipients of Department funds.
2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.
3. The repeal does not require additional future legislative appropriations.
4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The repeal will not expand, limit, or repeal an existing regulation.
7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.
8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the repeal and determined that the repeal will not create an

economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the changed section would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 31, 2025 through March 4, 2025, to receive input on the proposed action. No comment was received.

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

10 TAC §1.15, Integrated Housing Rule

Attachment 2: Preamble, including required analysis, for new 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC §1.15, Integrated Housing Rule. The purpose of the new rule is to include updates to references and make minor technical corrections.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the new section would be in effect:

1. The new section does not create or eliminate a government program but relates to changes

to an existing activity: requirements relating to integrated housing for recipients of Department funds.

2. The new section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce workload to a degree that eliminates any existing employee positions.

3. The new section does not require additional future legislative appropriations.

4. The new section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The new section is not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.

6. The new section will not expand, limit, or repeal an existing regulation.

7. The new section will not increase or decrease the number of individuals subject to the rule's applicability.

8. The new section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the new section and determined that it will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The new section does not contemplate nor authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new section as to its possible effects on local economies and has determined that for the first five years the new section would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section would be a more current and germane rule. There will not be economic costs to individuals required to comply with the new section.

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

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 31, 2025 through March 4, 2025, to receive input on the proposed action. No public comment was received.

STATUTORY AUTHORITY. The new section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects

no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

10 TAC §1.15, Integrated Housing Rule

(a) Purpose. It is the purpose of this section to provide a standard by which Developments funded by the Department offer an integrated housing opportunity for Households with Disabilities. This rule is authorized by Tex. Gov't Code, §2306.111(g) that promotes projects that provide integrated affordable housing.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this Part that govern the program associated with the funded or awarded Development, or assigned by federal or state law.

(2) Households with Disabilities--A Household composed of one or more persons, at least one of whom is an individual who is determined to have a physical or mental impairment that substantially limits one or more major life activities; or having a record of such an impairment; or being regarded as having such an impairment. Included in this meaning is the term handicap as defined in the Fair Housing Act or disability as defined by other applicable federal or state law.

(3) Integrated Housing--Living arrangements typical of the general population. Integration is achieved when Households with Disabilities have the option to choose housing units that are located among units that are not reserved or set aside for Households with Disabilities. Integrated Housing is distinctly different from assisted living facilities/arrangements.

(4) Unit--has the meaning in §11.1(d) of this title, or of Single Family Housing Unit in §20.3 of this title, or Dwelling Unit in §7.2 of this title, or as determined by the applicable funding source or funding announcement.

(c) Applicability. This rule applies to:

(1) All Multifamily Developments subject to Chapter 11 of this title, Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), and Chapter 13 of this title (relating to Multifamily Direct Loan Rule), with the exclusion of Transitional Housing Developments;

(2) Single Family Developments subject to Chapter 23, Subchapter F, Single Family Development Program, of this title (relating to Single Family HOME Program), §7.3 of this title, or done with Neighborhood Stabilization Program funds, with the exclusion of Shelters, Transitional Housing, and Scattered-site developments, meaning one to four family dwellings located on sites that are on non-adjacent lots, with no more than four units on any one site; and

(3) Only the restrictions or set asides placed on Units through a Contract, LURA, or financing source that limits occupancy to Persons with Disabilities. This rule does not prohibit a Development from having a higher percentage of actual occupants who are Persons with

Disabilities.

(4) Previously awarded Multifamily Developments that would no longer be compliant with this rule are not considered to be in violation of the percentages described in subsection (d)(2) or subsection (d)(3) of this section if the award is made prior to September 1, 2018, and the restrictions or set asides were already on the Development or adopted in the Application for the Development.

(d) Integrated Housing Standard. Units exclusively set aside or containing a preference for Households with Disabilities must be dispersed throughout a Development.

(1) A Development may not market or restrict occupancy solely to Households with Disabilities unless required by a federal funding source.

(2) Developments with 50 or more Units shall not exclusively set aside more than 25% of the total Units in the Development for Households with Disabilities.

(3) Developments with fewer than 50 Units shall not exclusively set aside more than 36% of the Units in the Development for Households with Disabilities.

(e) Board Waiver. The Board may waive the requirements of this rule if the Board can affirm that the waiver of the rule is necessary to serve a population or subpopulation that would not be adequately served without the waiver, and that the Development, even with the waiver, does not substantially deviate from the principle of Integrated Housing.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 963

Agenda Date: 4/10/2025

Agenda #: 9.

Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401 Effective Date and Definitions, §1.403 Single Audit Requirements, §1.404 Purchase and Procurement Standards, and §1.407 Inventory Report; and directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the current rule relating to the guidance that must be followed uniformly by recipients of federal and state funds, at 10 TAC Chapter 1, Subchapter D, is in need of revisions, and such revision is being adopted through amendments to the current rule;

WHEREAS, the needed revisions are required to comply with the Texas Grant Management Standards (TxGMS) Version 2.0, which were published by the Texas Comptroller of Public Accounts in October 2024, and which replace the TxGMS Version 1.1; and

WHEREAS, the proposed rulemaking was published in the *Texas Register* for public comment and no comment was received;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, has been identified by staff as needing revisions. The Comptroller published the Texas Grant Management Standards (TxGMS), Version 2.0 in October 2024. This document replaces the TxGMS, Version 1.1. Agencies have a crossover period until the end of state fiscal 2025 to apply either the rules in TxGMS Version 1.1 or TxGMS Version 2.0 to a specific grant program. Beginning Sept. 1, 2025 (the start of state fiscal year 2026), TxGMS Version 2.0 will be required. Staff is making the rule changes associated with Version 2.0 at this time. Changes relate to equipment, inventory, procurement, and audit report thresholds.

- §1.401. Effective Date and Definitions: revises the definition for Equipment to bring it into alignment with TxGMS 2.0.
- §1.403. Single Audit Requirements: raises the Single Audit Threshold for Subrecipient Fiscal Years Starting on or after October 1, 2024.
- §1.404. Purchase and Procurement Standards: Makes revisions to the category of micro-purchases.
- §1.407. Inventory Report: Adjusts the amount of supplies that must be reported in the inventory from \$5,000 to \$10,000.

The proposed amendments were made available for public comment and no comment was received. The amendment is being adopted without changes from the version proposed.

Attachment: Preamble, including required analysis, for amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.403, Single Audit Requirements, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, amendments to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.401, Effective Date and Definitions, §1.403, Single Audit Requirements, §1.404, Purchase and Procurement Standards, and §1.407, Inventory Report. The purpose of the amendments is to bring the rule into conformance with the Texas Grant Management Standards Version 2.0 published by the Texas Comptroller of Public Accounts in October 2024.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the amendments would be in effect:

1. The amendments do not create or eliminate a government program but relate to changes to an existing activity: how state and federal requirements are applied to recipients of Department funds.
2. The amendments do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The amendments do not require additional future legislative appropriations.
4. The amendments will not result in an increase in fees paid to the Department, nor in a

decrease in fees paid to the Department.

5. The amendments are not creating a new regulation.

6. The amendments will amend an existing regulation.

7. The amendments will not increase or decrease the number of individuals subject to the rule's applicability.

8. The amendments will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the amendments and determined that the amendments will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the amendments as to their possible effects on local economies and has determined that for the first five years the amendments would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amendments are in effect, the public benefit anticipated as a result of the changed sections would be an updated and compliant rule. There will not be economic costs to individuals required to comply with the amended section.

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

SUMMARY OF PUBLIC COMMENT. The public comment period was held from January 31, 2025 to March 4, 2025 and no comment was received.

STATUTORY AUTHORITY. The amendments are made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amendments affect no other code, article, or statute. The amended rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§1.401. Effective Date and Definition

(a) Revisions to this Subchapter reflect updates to 2 CFR Part 180 and 2 CFR Part 200, which are

generally effective for Contracts executed on or after October 1, 2024. This rule also reflects conformance with the Texas Grant Management Standards Version 2.0 (TxGMS) published by the Texas Comptroller of Public Accounts, which are effective for Contracts executed on or after September 1, 2025. TxGMS 2.0 may also be incorporated into Contracts executed on or after October 1, 2024, and will be incorporated into Contracts where funds are added on or after September 1, 2025. Previous versions of these rules as memorialized in Contracts will continue to be effective unless the Contract is amended to reflected TxGMS 2.0.

(b) Definitions. The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise. Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this title that govern the program associated with the request, or assigned by federal or state law.

(1) Affiliate--Shall have the meaning assigned by the specific program or programs described in this part.

(2) Department--The Texas Department of Housing and Community Affairs.

(3) Equipment--tangible personal property having a useful life of more than one year or a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by entity for financial statement purposes, or \$10,000.

(4) Professional services--for a unit of government is as defined by state law. For Private Nonprofit Organizations it means services:

(A) within the scope of the practice, as defined by state law, of:

- (i) accounting;
- (ii) architecture;
- (iii) landscape architecture;
- (iv) land surveying;
- (v) medicine;
- (vi) optometry;
- (vii) professional engineering;
- (viii) real estate appraising;
- (ix) professional nursing; or
- (x) legal services; or

(B) provided in connection with the professional employment or practice of a person who is licensed or registered as:

- (i) a certified public accountant;
- (ii) an architect;
- (iii) a landscape architect;
- (iv) a land surveyor;
- (v) a physician, including a surgeon;
- (vi) an optometrist;
- (vii) a professional engineer;
- (viii) a state certified or state licensed real estate appraiser;
- (ix) attorney; or
- (x) a registered nurse.

(5) Single Audit--The audit required by Office of Management and Budget (OMB), 2 CFR Part 200, Subpart F, or Tex. Gov't Code, chapter 783, Uniform Grant and Contract Management, as reflected in an audit report.

(6) Single Audit Certification Form--A form that lists the source(s) and amount(s) of Federal funds and/or State funds expended by the Subrecipient during their fiscal year along with the outstanding balance of any loans made with federal or state funds if there are continuing compliance requirements other than repayment of the loan.

(7) Subrecipient--Includes an entity receiving or applying for federal or state funds from the Department under Chapters 6, 7, 20, 23, 24, 25, or 26 as identified by Contract or in this subchapter. Except as otherwise noted in this subchapter or by Contract, the definition does not include Applicants/Owners who have applied for and/or received funds under a program administered by the Multifamily Finance Division, except for CHDO Operating funds, a grant made to a unit of government or nonprofit organization, or Affiliate, or TCAP-RF grants or loans when made to a unit of government or nonprofit organization or Affiliate. Except as otherwise noted in this subchapter or by Contract, this definition does not include vendors having been procured by the Department for goods or services. A Subrecipient may also be referred to as Administrator.

(8) Supplies--means tangible personal property other than "Equipment" in this section.

(9) Texas Grant Management Standards (TxGMS)--The standardized set of financial management procedures and definitions established by Tex. Gov't Code, chapter 783 regarding Uniform Grant and Contract Management to promote the efficient use of public funds by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. This includes TxGMS Version 2.0 published by the Texas Comptroller of Public Accounts in October 2024. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. This includes all Public Organizations including public housing and housing finance agencies. In addition, Tex. Gov't Code Chapter 2105, regarding Administration of Block Grants, subjects subrecipients of federal block grants (as defined therein) to TxGMS.

(10) Uniform Grant Management Standards (UGMS)--the standardized set of financial management procedures used by the Department in Contracts that began before January 1, 2022.

§1.403. Single Audit Requirements

(a) For this section, the word Subrecipient also includes Multifamily Development Owners who have applied for or received Direct Loan Funds, grants or 811 PRA funds from the Department who are or have an Affiliate that is required to submit a Single Audit, i.e. units of government, nonprofit organizations.

(b) Procurement of a Single Auditor. A Subrecipient or Affiliate must procure their single auditor in the following manner unless subject to a different requirement in the Local Government Code:

(1) Competitive Proposal procedures whereby competitors' qualifications are evaluated and a contract awarded to the most qualified competitor. Proposals should be advertised broadly, which may include going outside the entity's service area, and solicited from an adequate number (usually two or more) of qualified sources. Procurements must be conducted in a manner that prohibits the use of in-state or local geographical preferences in the evaluation of bids or proposals;

(2) A Subrecipient may not use the sealed bid method for procurement of the Single Auditor. There is no requirement that the selected audit firm be geographically located near the Subrecipient. If a Subrecipient does not receive proposals from firms with appropriate

experience or responses with a price that is not reasonable compared to the cost price analysis, the submissions must be rejected and procurement must be re-performed.

(c) A Subrecipient or Affiliate must confirm that it is contracting with an audit firm that is properly licensed to perform the Single Audit and is not on a limited scope status or under any other sanction, reprimand or violation with the Texas State Board of Public Accountancy. The Subrecipient must ensure that the Single Audit is performed in accordance with the limitations on the auditor's license.

(d) A Subrecipient is required to submit a Single Audit Certification form within two (2) months after the end of its fiscal year indicating the amount they expended in Federal and State funds during the fiscal year and the outstanding balance of any loans made with federal funds if there are continuing compliance requirements other than repayment of the loan.

(e) Subrecipients that expend \$1,000,000 or more in an entity's fiscal year that starts on or after October 1, 2024 (or in the case of an entity's fiscal years starting before October 1, 2024, \$750,000 or more) in federal and/or state awards or have an outstanding loan balance associated with a federal or state resource of \$1,000,000 or \$750,000 (as applicable for the fiscal year) with continuing compliance requirements, or a combination thereof must have a Single Audit or program-specific audit conducted. If the Subrecipient's Single Audit is required by 2 CFR 200, subpart F, the report must be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the auditor's report or nine (9) months after the end of its respective fiscal year. If a Single Audit is required but not under 2 CFR Part 200, subpart F, the report must be submitted to the Department the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of its respective fiscal year. If the deadline is on a Saturday, Sunday, federal holiday (for a Single Audit required to be submitted to the Federal Audit Clearinghouse), or a state holiday (for a Single Audit required to be submitted to the Department), the deadline is the next business day.

(f) Subrecipients are required to submit a notification to the Department within five business days of submission to the Federal Audit Clearinghouse. Along with the notice, the Subrecipient must indicate if the auditor issued a management letter. If a management letter was issued by the auditor, a copy must be sent to the Department.

(g) The Department will review the Single Audit and issue a management decision letter for audit findings pertaining to the Federal award provided to the Subrecipient from the Department. If the Single Audit results in disallowed costs, those amounts must be repaid or an acceptable repayment plan must be entered into with the Department in accordance with 10 TAC §1.21, Action by Department if Outstanding Balances Exist.

(h) In evaluating a Single Audit, the Department will consider both audit findings and management responses in its review. The Department will notify Subrecipients and Affiliates (if applicable) of any Deficiencies or Findings from within the Single Audit for which the Department requires additional information or clarification and will provide a deadline by which that resolution must occur.

(i) All findings identified in the most recent Single Audit will be reported to the Executive Director during the Previous Participation review process described in Subchapter C of this Chapter. The Subrecipient may submit written comments for consideration within five business

days of the Department's management decision letter.

(j) If the Subrecipient disagrees with the auditors finding(s), and the issue is related to administration of one of the Department's programs, an appeal process is available to provide an opportunity for the auditee to explain its disagreement to the Department. This is not an appeal of audit findings themselves. The Subrecipient may submit a letter of appeal and documentation to support the appeal. The Department will take the documentation and written appeal into consideration prior to issuing a management decision letter. If the Subrecipient does not disagree with the auditor's finding, no appeal to the Department is available.

(k) In accordance with 2 CFR Part 200 and the State of Texas Single Audit Circular §225, with the exception of nondiscretionary CSBG funds except as otherwise required by federal laws or regulations, the Department may suspend and cease payments under all active Contracts, or refrain from executing a new Contract for any Board awarded contracts, until the Single Audit is received. In addition, the Department may elect not to renew an entity in accordance with §1.411 of this Chapter (relating to Administration of Block Grants under Chapter 2105 of the Tex. Gov't Code), or not amend or enter into a new Contract with a Subrecipient until receipt of the required Single Audit Certification form or the submission requirements detailed in subsection (e) of this section.

(l) In accordance with Subchapter C of this Chapter (relating to Previous Participation Reviews), if a Subrecipient applies for funding or an award from the Department, findings noted in the Single Audit and the failure to timely submit a Single Audit Certification Form or Single Audit will be reported to the Executive Director.

§1.404. Purchase and Procurement Standards

(a) The procurement of all goods and services shall be conducted, to the maximum extent practical, in a manner providing full and open competition consistent with the standards of 2 CFR Part 200, UGMS, and TxGMS, as applicable. (b) Subrecipients shall establish, and require its subrecipients/Subcontractors (as applicable by program regulations) to establish, written procurement procedures that when followed, result in procurements that comply with federal, state and local standards, and grant award contracts. Procedures must: (1) include a cost or price analysis that provides for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Where appropriate, analyzing lease versus purchase alternatives, performing the proposed service in-house, and performing any other appropriate analysis to determine the most economical approach. (2) require that solicitations for goods and services provide for a clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition, but must contain requirements that the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. The specific features of "brand name or equal value" that bidders are required to meet must be listed in the solicitation. (3) include a method for conducting technical evaluations of the proposals received and for selecting awardees. (c) Documentation of procurement processes, to include but not be limited to the items in paragraphs (1) to (9) of this subsection, must be maintained by the Subrecipient in accordance with the record retention requirements of the applicable program: (1) rationale for the type of procurement, (2) cost or price analysis, (3) procurement package, (4) advertising, (5) responses, (6) selection process, (7) contractor selection or rejection, (8) certification of conflict of interest requirements being satisfied, and (9) evidence that the awardee is not an excluded entity in the System for Award Management (SAM). (d) In accordance with 34 Texas Administrative Code, Part 1, Chapter 20, Subchapter D, Division 1, each Subrecipient shall make a good faith effort to utilize the state's Historically Underutilized Business Program in contracts for construction, services (including consulting and Professional Services) and commodities purchases. (e) The State of Texas conducts procurement for many materials, goods, and appliances. Use of the State of Texas Co-Op Purchasing Program does not satisfy the requirements of 2 CFR Part 200. For more detail about how to purchase from the state contract, please contact: State of Texas Co-Op Purchasing Program, Texas Comptroller of Public Accounts. If Subrecipients choose to use the Cooperative Purchasing Program, documentation of annual fee payment is required. (f) All vehicles considered for purchase with state or federal funds must be pre-approved by the Department. Subrecipient must present written justification for the needed vehicle. If approved such approval will be provided via written correspondence from the Department. Procurement procedures must include provisions for full and open competition and a comparison of the costs associated with leasing versus buying a vehicle. Any vehicle purchased without approval may result in disallowed costs. (g) For procurement transactions not subject to UGMS or TxGMS, the Department has adopted a \$10,000 micropurchase and \$250,000 simplified acquisition threshold. If the federal simplified acquisition threshold changes, as a result of 2 CFR §200.88, or if it is temporarily raised because of a federal disaster declaration, the Department will publish the new amount on its website. For procurement transactions subject to TxGMS 2.0, but not 2 CFR Part 200 Subrecipient must follow a \$10,000 micropurchase threshold and a \$500,000 Texas Acquisition Threshold. For procurement transactions subject to UGMS or TXGMS prior to version 2.0, Subrecipient must follow a \$3,000 micropurchase threshold and a \$250,000 Texas Acquisition Threshold. Certain political subdivisions (such as cities and counties) are required under state law to follow a \$50,000 sealed bid threshold.

§1.407. Inventory Report (a) The Department requires the submission of an inventory report for all Contracts to be submitted to the Department, no later than 45 calendar days after the end of the Contract Term, or a more frequent period as reflected in the Contract. Real Property and Equipment must be inventoried and reported on the Department's required form. The form and instructions are found on the Department's website. (b) Real property and Equipment purchased with funds under a Contract with the Department must be inventoried and reported to the Department during the Contract Term. (c) Aggregate Supplies of over \$10,000, must be reported to the Department at the end of the Contract Term using federal form SF-428, which is a standard form to collect information related to tangible personal property or other form required by the federal fund source. (d) For certain public facility activities funded by the Community Development Block Grant, inventory requirements will be those required by HUD for real property, as further identified in the Contract.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 964

Agenda Date: 4/10/2025

Agenda #: 10.

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; an order adopting new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout; and directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the current rules that relate to Cost Reimbursement, and Sanctions and Contract Closeout, for enforcement actions related to programs associated with Chapters 6 and 7 of the Department's rules (which relate to Community Affairs and Homelessness Programs) were last amended in March 2021 and are in need of revisions, and such revisions are being made through the repeal of the current rule and a simultaneous new rule to be adopted in its place;

WHEREAS, the needed revisions included changes to bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity; and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment and no comment was received;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201 Cost Reimbursement, and §2.202 Sanctions and Contract Closeout, have been identified by staff as needing several minor revisions. The current rule was last amended in March 2021. Changes bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity. This rule was released for

public comment, and no comment was received. The rule will be adopted without changes to the version proposed.

Attachment 1: Preamble, including required analysis, for the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the repeal of 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout. The purpose of the repeal is to make changes to bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity.

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

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program but relates to changes to an existing activity: how to handle certain facets of enforcement actions relating to the Community Affairs and Homelessness Programs.
2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The repeal does not require additional future legislative appropriations.
4. The repeal will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The repeal will not expand, limit, or repeal an existing regulation.
7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.
8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the changed sections would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

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

SUMMARY OF PUBLIC COMMENT. The public comment period was held January 31, 2025 through March 4, 2025, to receive input on the proposed action. No public comment was received.

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

§2.201 Cost Reimbursement

§2.202 Sanctions and Contract Closeout

Attachment 2: Preamble, including required analysis, for new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, new 10 TAC Chapter 2, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202 Sanctions and Contract Closeout. The purpose of the action is to make changes to bring this rule into consistency with other more recent revisions to Department rules and processes and to improve clarity.

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

The Department has analyzed this rulemaking and the analysis is described below for each

category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the new sections would be in effect:

1. The new sections do not create or eliminate a government program but relates to changes to an existing activity: how to handle certain facets of enforcement actions relating to the Community Affairs and Homelessness Programs.
2. The new sections do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The new sections do not require additional future legislative appropriations.
4. The new sections will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new sections are not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.
6. The new sections will not expand, limit, or repeal an existing regulation.
7. The new sections will not increase or decrease the number of individuals subject to the rule's applicability.
8. The new sections will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the new sections and determined that they will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new sections as to their possible effects on local economies and has determined that for the first five years the new sections would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the new sections would be a more current and germane rule. There will not be economic costs to individuals required to comply with the new sections.

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

revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held January 31, 2025 through March 4, 2025, to receive input on the proposed action. No public comment was received.

STATUTORY AUTHORITY. The new sections are made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new sections affects no other code, article, or statute. The rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§2.201, Cost Reimbursement

(a) The Department may place on Cost Reimbursement any Contract, other than non-Discretionary CSBG. Cost reimbursement requires Subrecipients to submit supporting documentation and back up for Expenditures or Obligations prior to the Department releasing funds. The Department staff will indicate for each entity placed on Cost Reimbursement status whether all expenses will be reviewed or a sample, and the nature of any additional documentation that the Department will require from the Subrecipient in connection therewith. The decision by the Department to release funds in a cost review situation does not constitute final approval of the expenditure. Funds so advanced remain subject to future reviews, monitoring, and audits and in no way does the decision to release funds constrains or limits those staff performing further reviews, monitoring, or audits.

(b) In addition to the reporting requirements outlined in §6.7 of this Title (relating to Subrecipient Reporting Requirements) an entity on Cost Reimbursement must submit, at a minimum, their expanded general ledger, chart of accounts, cost allocation plan, and bank reconciliations for the previous three months. Upon review of those items the Department will request submission of back up for some or all of the reported Expenditures.

(c) To the extent that the Contract has budget caps, the budget caps for each budget category will be enforced each month for which the entity is on Cost Reimbursement.

(d) An entity will be removed from Cost Reimbursement when the Department determines that identified risks or concerns have been sufficiently mitigated.

(e) An entity on Cost Reimbursement remains subject to further reviews, monitoring, and audits.

(f) The Department reserves the right to outsource some or all of its work associated with the Cost Reimbursement process to a third party.

§2.202 Sanctions and Contract Closeout

(a) A Subrecipient that enters into a Contract with the Department to administer programs are required to follow all Legal Requirements governing these programs.

(b) If a Subrecipient fails to comply with program and Contract requirements, rules, or regulations and in the event monitoring or other reliable sources reveal material Deficiencies or

Findings in performance, or if the Subrecipient fails to correct any Deficiency or Finding within the time allowed by federal or state law, the Department, in order to protect state or federal funds, may take reasonable and appropriate actions, including, but not limited to, one or more of the items described in paragraphs (1) - (6) of this subsection. In so doing, the Department will not take any action that exceeds what it is permitted to do under applicable state and federal law. The Department, as appropriate, may provide written notice of its actions and the rights of a Subrecipient to appeal.

(1) Place the Subrecipient on Cost Reimbursement as further described in §2.201 of this subchapter;

(2) With the exception of non-Discretionary CSBG, withhold all payments from the Subrecipient (both reimbursements and advances) until acceptable confirmation of compliance with the rules and regulations are received by the Department;

(3) Reduce the allocation of funds to Subrecipients as described in §2.203 of this subchapter (relating to Termination and Reduction of Funding for CSBG Eligible Entities) and as limited for LIHEAP funds as outlined in Tex. Gov't Code, Chapter 2105;

(4) With the exception of non-Discretionary CSBG, suspend performance of the Contract or reduce funds until proof of compliance with the rules and regulations are received by the Department or a decision is made by the Department to initiate proceedings for Contract termination;

(5) If permitted by applicable state and federal statute and regulations, elect not to provide future grant funds to the Subrecipient, either prospectively in general or until appropriate actions are taken to ensure compliance; and/or

(6) Terminate the Contract. Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a Contract, in whole or in part, at any time the Department establishes there is good cause for termination. Such cause may include, but is not limited to: fraud; waste; abuse; fiscal mismanagement; not providing services to clients, or failing to expend Contract funds to serve clients, as contemplated under the Contract; or other serious Findings in the Subrecipient's performance. For CSBG contract termination procedures, refer to §2.203 of this subchapter.

(c) Contract Closeout. When a Contract is terminated, or voluntarily relinquished, the procedures described in paragraphs (1) - (12) of this subsection will be implemented. The terminology of a "terminated" Subrecipient below is intended to include a Subrecipient that is voluntarily terminating the Contract.

(1) The Department will issue a termination letter to the Subrecipient no less than 30 days prior to terminating the Contract; in the case of a Subrecipient that has notified the Department in writing of voluntarily relinquishment, the Department will acknowledge that termination in writing. If the entity is an Eligible Entity the Department, following the CSBG Act, will simultaneously initiate proceedings to terminate the Eligible Entity status and the effectiveness of the contractual termination will be stayed automatically pending the outcome of those proceedings. The Department may determine to take one or more of the following actions:

(A) suspend funds immediately;

(B) allow the Subrecipient to pursue a temporary transfer to another Department-approved provider;

- (C) require Cost Reimbursement for closeout proceedings; and/or
- (D) provide instructions to the Subrecipient to prepare a proposed budget and written plan of action that supports the closeout of the Contract. The plan must identify the name and current job titles of Subrecipient staff that will perform the closeout and an estimated dollar amount to be incurred. The plan must identify the Certified Public Accountant or firm which will perform the Single Audit. The Department will issue an official termination date to allow all parties to calculate deadlines which are based on such date.
- (2) If the Department determines that Cost Reimbursement is appropriate to accomplish closeout, the provisions in §2.201 of this subchapter will be utilized.
- (3) No later than 30 calendar days after the Contract is terminated, the Subrecipient will perform a physical inventory of client files, including case management files.
- (4) The terminated Subrecipient will have 30 calendar days from the date of the physical inventory to make available to the Department all current client files, which must be boxed by the county in which a household received assistance. Current and active case management files also must be inventoried, and boxed by county.
- (5) Within 60 calendar days following the Subrecipient due date for preparing and boxing client files, Department staff will retrieve the client files.
- (6) The terminated Subrecipient will prepare and submit no later than 30 calendar days from the date the Department retrieves the client files, a final report containing a full accounting of all funds expended under the Contract.
- (7) A final monthly expenditure report and a final monthly performance report for all remaining expenditures incurred during the Contract period must be received by the Department no later than 45 calendar days from the date the Department determines that the closeout of the program and the period of transition are complete.
- (8) The Subrecipient will submit to the Department no later than 45 calendar days after the termination of the Contract, an inventory of the non-expendable personal property acquired in whole or in part with funds received under the Contract as further described in §1.407 of this Title.
- (9) The Department may require transfer of title to Equipment to the Department or may direct that a Subrecipient transfer such title to Equipment to another entity receiving funds from the Department. The Department will make arrangements to remove Equipment covered by this paragraph within 90 calendar days following termination of the Contract.
- (10) Upon selection of a new service provider, the Department will transfer to the new provider client files and, as appropriate, Equipment.
- (11) A current year Single Audit must be performed for all entities that have exceeded the federal expenditure threshold under 2 CFR Part 200, Subpart F or the State expenditure threshold under Texas Grant Management Standards, as applicable. The Department will allow a proportionate share of program funds to pay for accrued audit costs, when an audit is required, for a Single Audit that covers the date up to the closeout of the Contract. The terminated Subrecipient must have a binding contract with a Certified Public Accounting firm on or before the termination date of the Contract. The actual costs of the Single Audit and accrued audit costs including support documentation must be submitted to the Department no later than 45 calendar days from the date the Department determines the closeout is complete.
- (12) Subrecipient shall submit within 45 calendar days after the date of the closeout process all financial, performance, and other applicable reports to the Department. The Department

may approve extensions when requested by the Subrecipient. However, unless the Department authorizes an extension, the Subrecipient must abide by the 45 calendar day requirement of submitting all referenced reports and documentation to the Department.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 970

Agenda Date: 4/10/2025

Agenda #: 11.

Presentation, discussion, and possible action on an order adopting the repeal and proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program, and an order directing their publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the proposed new 10 TAC Chapter 5, Section 8 HCV Program, maintains compliance with federal requirements and updates its procedures to include additional special purpose vouchers;

WHEREAS, the repeal and replacement of 10 TAC Chapter 5, Section 8 Housing Choice Voucher (HCV) Program was published in the *Texas Register* for public comment from January 24, 2025, through February 24, 2025, and no public comment was received, and

WHEREAS, staff recommends adoption of the repeal of the existing and proposed new 10 TAC Chapter 5, Section 8 Housing Choice Voucher (HCV) Program as published in the *Texas Register*;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal of 10 TAC Chapter 5, Section 8 HCV Program, and new 10 TAC Chapter 5, Section 8 HCV Program, with the preamble presented to this meeting are hereby adopted and approved for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered and directed, for and on behalf of the Department to cause the actions to publish the adopted rules, in the form presented to this meeting, in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

The Section 8 Housing Choice Voucher (HCV) rule was last adopted on January 2, 2022. Since this date, the Department has determined that it will participate in an additional type of special purpose voucher for the Foster Youth to Independence (FYI) Initiative as approved by the Board at the meeting on September 5, 2024. TDHCA has executed a Memorandum of Understanding with the Texas Department of Family and Protective Services (DFPS) and is now accepting referrals from DFPS for FYI eligible youth. HUD requires that FYI Initiative applicants

be placed on the Public Housing Authority (PHA) regular Housing Choice Voucher waitlist. While the existing rule does address special purpose vouchers in the current waitlist section, staff recommends adding the FYI Initiative as a specific voucher type to the rule.

As the review was being performed, staff seeks to repeal the existing rule and replace it with a new rule to add information about the FYI Initiative, make minor updates to the Project Access rule, and to satisfy the four-year rule review requirements.

The proposed rules were approved for publication for public comment by the Board at its meeting of January 16, 2025. No public comment was received.

Attachment A: Preamble, including required analysis, for adopting the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program. The purpose of the repeal is to eliminate an outdated rule, while adopting a new updated rule under separate action.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, administration of the Department's Section 8 Housing Choice Voucher Program.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor is the repeal significant enough to reduce workload to a degree that any existing employee positions are eliminated.

3. The repeal does not require additional future legislative appropriations.

4. The repeal does not result in an increase in fees paid to the Department, nor a decrease in fees paid to the Department.

5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the administration of the Department's Section 8 Housing Choice Voucher Program.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed chapter would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed chapter.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between January 24, 2025, to February 24, 2025. No comment was received.

The Board adopted the final order adopting the repeal on April 10, 2025.

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

10 TAC Chapter 5, Section 8 Housing Choice Voucher Program

§5.801 Project Access Initiative

§5.802 Waiting List

Attachment B: Preamble for adopting the new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program

The Texas Department of Housing and Community Affairs (the Department) adopts, without changes, the new 10 TAC Chapter 5, Section 8 Housing Choice Voucher Program. The purpose of the new section is to comply with federal requirements and update procedures to include additional special purpose vouchers.

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the new rule would be in effect:

1. The new rule does not create or eliminate a government program, but relates to the re-adoption of this rule which makes changes to administration of the Department's Section 8 Housing Choice Voucher Programs.
2. The new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The new rule does not require additional future legislative appropriations.
4. The new rule will not result in an increase in fees paid to the Department nor a decrease in fees paid to the Department.
5. The new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The new rule will not expand or repeal an existing regulation.
7. The new rule will not increase or decrease the number of individuals subject to the rule's applicability.
8. The new rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this new rule, has attempted to reduce any adverse economic effect on small or micro-

business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code §2306.111.

1. The Department has evaluated this new rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. The Department has determined that because the new rule serves to clarify and update existing requirements and does not establish new requirements for which there would be an associated cost, there will be no economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the new rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment because the rule serves to clarify and update existing requirements and does not establish new requirements or activities that may positively or negatively impact local economies.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule..." Considering that this rule outlines administration of an existing department program and is purely administrative, there are no "probable" effects of the proposed new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the new rule is in effect, the public benefit anticipated as a result of the rule will be a more germane rule that better aligns administration to federal and state requirements. There will not be any economic cost to any individuals required to comply with the new section because the processes described by the rule have already been in place through the rule found at this section being repealed.

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

SUMMARY OF PUBLIC COMMENT AND STAFF REASONED RESPONSE. The Department accepted public comment between January 24, 2025, to February 24, 2025. No comment was received.

The Board adopted the final order adopting the repeal on April 10, 2025.

STATUTORY AUTHORITY. The new chapter is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the new rule affects no other code, article, or statute.

CHAPTER 5 SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

§5.801 Project Access Initiative

(a) Purpose. The Project Access Program (PA Program) is a program that utilizes federal Section 8 Housing Choice Vouchers, Non-Elderly Disabled Vouchers, and Mainstream Vouchers administered by the Texas Department of Housing and Community Affairs (the Department) to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. This rule provides the parameters and eligibility standards for this program.

(b) Definitions.

(1) At-Risk Applicant--A household that has applied to the Department's Section 8 Project Access program, and exited an Institution prior to issuance of a Department Section 8 Housing Choice Voucher using an alternate short term rental assistance solution and is at risk of that short term rental assistance ending.

(2) HHSC--Texas Health and Human Services Commission.

(3) HUD--The U.S. Department of Housing and Urban Development.

(4) Institution--Congregate settings populated exclusively or primarily with individuals with disabilities; congregate settings characterized by regimentation in daily activities, lack of privacy or autonomy, policies limiting visitors, or limits on individuals' ability to engage freely in community activities and to manage their own activities of daily living; or settings that provide for daytime activities primarily with other individuals with disabilities. This definition includes but is not limited to a nursing facility, state psychiatric hospital, intermediate care facility, or board and care facility as defined by HUD. The definition for Institution is further limited for vouchers funded with NED as further provided for in subsection(e)(2)(C) of this section. This definition does not include a prison, jail, halfway house, or other setting that persons reside in as part of a criminal proceeding.

(5) Mainstream Vouchers (MVP) --HUD's Mainstream Voucher Program.

(6) Non-Elderly Disabled (NED)--HUD's Non-Elderly Disabled Program.

(7) Section 8--HUD's Section 8 Housing Choice Voucher Program administered by the Department.

(c) Regulations Governing Program. All Section 8 Program rules and regulations, including but not limited to, criterion at 24 CFR Part 982 apply to the program.

(d) Project Access in the Department's PHA Plan. Project Access households have a preference in the Department's Section 8 Program, as designated in the Department's Annual PHA Plan. The total number of Project Access Vouchers will be determined each year in the Department's PHA Plan.

(e) Eligibility for the Project Access Program.

(1) A household that participates in the Project Access Program must meet all Section 8 eligibility criteria, and one member of the household must meet the eligibility criteria in subparagraphs(A) and(B) of this paragraph:

(A) Must have a disability as defined in 24 CFR §5.403; and

(B) Must meet one of the criteria in clauses(i) or(ii) of this subparagraph:

(i) be a resident of an Institution at the time of voucher issuance; or

(ii) be an At-Risk Applicant that meets one of the criteria of subclauses(I) through (IV) of this clause:

(I) A current recipient of Tenant-Based Rental Assistance (TBRA) from a HOME Investment Partnership Program, whose assistance from that HOME source is within six months of expiration and is not eligible for extension or renewal, and was a previous resident of an Institution prior to receiving the TBRA assistance;

(II) A household with a household member who meets the criteria of an At-Risk Applicant and has lost their TBRA from a HOME Investment Partnership Program due to lack of available funding;

(III) A household that is a current recipient of rental assistance funded by HHSC, whose assistance from HHSC is within six months of expiration and is not eligible for extension or renewal, and was a previous resident of an Institution immediately prior to receiving the assistance; or

(IV) A household that is a current recipient of HHSC funded group home housing that was a previous resident of a state hospital immediately prior to receiving the group home assistance.

(2) NED and Mainstream Vouchers have additional eligibility criteria which are:

(A) The household member with the disability as defined in 24 CFR §5.403, must be 18 but under 62 years of age at the time of voucher issuance;

(B) For NED only, the head of household, spouse, co-head, or sole member, must be a person with a disability; and

(C) For NED only, the qualifying household member must not be an At-Risk Applicant as described in this subsection, must be residing in a nursing facility, Texas state psychiatric hospital, or intermediate care facility immediately prior to voucher issuance, and must also be referred by the applicable HHSC funded agency.

(f) Waiting List and Allocation of Vouchers.

(1) Unless no longer authorized as a set-aside by HUD, no more than 10 percent of the vouchers used in the Project Access Program will be reserved for households with a household member eligible for a pilot

program in partnership with the HHSC for Texas state psychiatric hospitals who otherwise meets the criteria of the Project Access Program at the time of voucher issuance.

(2) The Department will accept an application for the PA Program at any time. An applicant for the PA Program is placed on a Waiting List until a voucher becomes available. An applicant who qualifies for the Project Access HHSC Pilot Program in subsection(f)(1) of this section is placed on a Waiting List for Project Access HHSC Pilot Program, and also for the general PA Program Waiting List.

(3) The Department will select applicants off the Waiting List for the Project Access HHSC Pilot Program, and for the general PA Program waitlist. Households will first be assessed for eligibility for NED and Mainstream Vouchers. Households eligible for PA that are not eligible for NED or Mainstream may be issued a regular Section 8 Voucher. to

(4) Maintaining Status on the Project Access Waiting List. A household on the Project Access waiting list may maintain their order and eligibility for a Project Access voucher if the household:

(A) Applied for the PA Program and was placed on the waiting list prior to transition out of an Institution; and

(B) Received continuous rental assistance from one of the eligible sources identified under subsection(e)(1)(B)(ii) of this section or other Department funding for rental assistance from the time of exit from an Institution until the issuance of the Project Access voucher.

§5.802 Waiting List

(a) Purpose. The U.S. Department of Housing and Urban Development (HUD) requires that the Texas Department of Housing and Community Affairs (the Department), in its role as a public housing authority (PHA) administering a Housing Choice Voucher (HCV) program, adopt a clear approach to accepting applications, placing households on the waiting list, and selecting households from the waiting list. This rule provides the Department's policies for taking applications, managing the waiting list and selecting households for HCV assistance specifically for its 34-county jurisdictional area.

(b) Applicability.

(1) This rule is applicable only to the specific geographically limited jurisdiction of the Department. This jurisdictional area is comprised of discrete areas within counties (currently 34), but may be expanded or reduced upon action of the Board. The jurisdictional area reflected on the Department's website will serve as the jurisdictional area for the purpose of this rule.

(2) This rule does not apply to the waiting list for statewide Project Access vouchers which is addressed in §5.801 of this chapter (relating to Project Access Initiative). The rule does not address the specific waiting list process for project-based vouchers administered by the Department or for HUD Veterans Affairs Supportive Housing (VASH) vouchers administered by the Department. Should any special purpose vouchers, including Foster Youth to Independence (FYI) vouchers, be received by the Department that serve specific populations or geographic areas other than the geographically limited jurisdiction of the Department referenced in paragraph (1) of this subsection, these waiting lists policies are not required to be utilized. Additionally, certain households might be accepted into the HCV program if required by 24 CFR §982.203, or at the direction of HUD, as directed by a court of law, or as part of a TDHCA conciliation agreement.

(c) Definitions and HUD Regulations.

(1) While the HUD regulations in 24 CFR Parts 5, §§903 and 982 use the word "family," in order to be consistent with other rules in this Part, this rule will use the word "household." Both words are intended to have the same meaning.

(2) Nothing in this rule is intended to conflict with federal statutes or regulations that govern the HCV assistance. If HUD mandates a process or procedure to be used for application or waiting list management that is not identified in this rule, the Department will follow HUD's direction and will amend this rule as soon as practicable.

(d) Outreach and Affirmative Marketing.

(1) HUD regulations require that all households have an equal opportunity to apply for and receive housing assistance, and that the PHA affirmatively further fair housing goals in the administration of the program (24 CFR §982.53).

(2) The Department will conduct sufficient outreach to ensure that a sufficient number of applications will be received. HUD requires that at least 75% of the households served by the Department are extremely low-income households, and therefore the Department may need to conduct special outreach to ensure that an adequate number of extremely low-income households apply for assistance. All outreach will specify the number of households that will be accepted onto the waiting list.

(3) All outreach efforts relating to the opening of the waiting list will take place at least 7 calendar days prior to the first day of the application acceptance period, but no longer than 45 calendar days prior to the first day of the application acceptance period.

(4) Prior to performing outreach efforts for the opening of the waiting list, the Department will analyze the characteristics of the population being served by the program and the characteristics of the population as a whole in the PHA's jurisdiction to identify underserved populations. Targeted outreach efforts will be undertaken if a comparison suggests that certain populations are underrepresented in the program. Outreach materials will be provided in English, Spanish, and any other language as determined by a 4-factor analysis within each county service area.

(5) Outreach efforts will include:

(A) marketing through press releases to local newspapers, including minority newspapers;

(B) communicating with councils of governments, regional planning councils, and community action agencies, whose jurisdictions include any one of the counties in the jurisdiction of the Department, to:

(i) request that they distribute informational materials and flyers to their clients;

(ii) offer training so that they can assist households with submitting an online application; and

(iii) request that they make available a computer or web interface for clients to apply;

(C) developing partnerships with other organizations that serve the low-income population and agencies that provide services to elderly persons, people with disabilities, and people with Limited English proficiency (LEP); and

(D) clear guidance on how a person with a disability can request a reasonable accommodation for the application process.

(6) The Department will maintain a designated telephone number where interested persons can receive specific directions on how and when to apply.

(e) Application.

(1) The Department will utilize an electronic application process available in multiple languages.

(2) Any household that wishes to receive HCV assistance must apply for admission to the program.

(3) All applications must be received through the Department's online application tool. Applications received in the mail or by hand delivery will not be considered.

(4) To be placed on the waiting list only an initial pre-application is required to be submitted. However, the Department may elect to skip the pre-application and use only the full application. Only when an applicant is being pulled from the waiting list to be offered a voucher will a full application submission be required. Form HUD-92006, Supplement to Application for Federally Assisted Housing, must be submitted as an attachment to the Department's full application. A household must submit the completed pre-application or application to ensure that the Department receives the information needed to determine the household's eligibility.

(5) Application Acceptance Period. Applications will be accepted for a 14-calendar day period.

(6) Individuals who have a disability which would prevent them from making an application online may call the Department to make special arrangements so that Department staff can complete their application in time to be included in the lottery process. A Telecommunications Device for the Deaf (TDD) is available for the deaf.

(f) Placement on Waiting List.

(1) No applicant has a right or entitlement to be listed on the waiting list, or to any particular position on the waiting list (24 CFR §982.202(c)).

(2) Placement on the waiting list does not indicate that the household is, in fact, eligible for assistance. A final determination of eligibility will be made when the household is selected from the waiting list.

(3) Creation of Waiting List. The Department will establish a single waiting list for its jurisdictional area. The Department will announce in its outreach documents the total number of households it will place on its waiting list. Except for households on a project-based waiting list, all households that are on a special purpose waiting list at the beginning of the application acceptance period and that wish to live in the Department's jurisdictional area will be placed first on the jurisdictional waiting list based on the time they have been on the special purpose waiting list (i.e. oldest time on any special purpose waiting list gets assigned the first number). All other applications received during the application acceptance period will be assigned a number using a random number generator, called a lottery process. These applications will then be placed in numerical order according to that assigned number. The Department will then place applicants on the waiting list up to the number of households the Department announced it would accept on its waiting list in rising numerical order (inclusive of the households automatically placed on the jurisdictional waiting list because they were on a special purpose waiting list at the beginning of the

application acceptance period). All other applications not within the number being accepted on the wait list will not be placed on the waiting list. All applications submitted will be notified in writing of having been added to the waiting list and their number ranking, or that they were not placed on the waiting list.

(4) Ineligible for Placement on the Waiting List. If the Department can determine from the information provided that a household is ineligible, the household will not be placed on the waiting list or be able to participate in the lottery process described in this section for placement on the waiting list. Where a household is determined to be ineligible, the Department will send written notification of the ineligibility determination within 14 calendar days of receiving the complete application from the Department at the Department headquarters (24 CFR §982.201(f)). The notice will specify the reasons for ineligibility, and will inform the household of its right to request an informal review and explain the process for doing so.

(5) Applicants with Special Purpose Characteristics. The application for the jurisdictional waiting list will ask if the household qualifies for any of the open special purpose waiting lists, including Project Access, that the Department maintains, except for a project-based waiting list or a waiting list in which a household may not directly apply. The applicant household, if qualified, may be added to one or more special purpose waiting lists at the end of the application acceptance period, but this will not impact their lottery number for the jurisdictional waiting list.

(6) If the Department permanently absorbs vouchers from another housing authority and is reassigned the contract by HUD, the waiting list from the other housing authority will be maintained, in its existing order, but will not be further expanded. That waiting list will be treated as separate from the rest of the Department's waiting list until it has been depleted. If after absorption of that area, the Department opens its jurisdictional waiting list, applicants located in the absorbed area will be eligible to also apply to this waiting list.

(g) Selection of Households from the Waiting List.

(1) The actual order in which households are selected from the waiting list can be affected if a household has certain characteristics designated by HUD or the Department to receive preferential treatment, such as being impacted by a particular declared disaster. Funding earmarked exclusively for households with particular characteristics, such as eligibility for Project Access or FYI, may also alter the order in which households are served. HUD requires that extremely low-income (ELI) households make up at least 75% of the households admitted to the HCV program during the Department's fiscal year. ELI households are those with annual incomes at or below 30% of the area median income. To ensure this requirement is met, the Department may skip non-ELI household on the waiting list in order to select an ELI household. (24 CFR §982.201(b)(2)). The skipped non-ELI household will retain its position on the waiting list. Low-income households admitted to the program that are "continuously assisted" under the 1937 Housing Act (24 CFR 982.4(b)), as well as low-income or moderate-income households admitted to the program that are displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing, are not counted for income targeting purposes (24 CFR §982.201(b)(2)(v)).

(2) When a voucher becomes available, the Department will select the household at the top of the waiting list. The order of admission from the waiting list IS NOT based on household size, or on the household unit size for which the household qualifies under the occupancy guidelines. If the Department does not have sufficient funds to subsidize the household unit size of the household at the top of the waiting list, the

Department WILL NOT skip the top household to admit an applicant with a smaller household unit size. Instead, the household at the top of the waiting list will be admitted when sufficient funds are available. (24 CFR §982.204(d) and(e)).

(3) When a household comes to the top of the waiting list and the Department is ready to issue a voucher, the household will be notified and required to complete the full application. The household will also be required to complete a Personal Declaration Form. A household that does not respond to the request for full application more than three times will be sent a notice consistent with program policies removing them from the waiting list.

(4) A household's decision to apply for, receive, or refuse non-PHA federal, state, or local housing assistance will not affect the household's placement on the jurisdictional waiting list, or any preferences for which the household may qualify, except as specified in §5.801 of this chapter.

(h) Reporting Changes in Household Circumstances While On the Waiting List. While a household is on the waiting list, the household must immediately inform the Department of changes in contact information, including current residence, mailing address, and phone number. The changes must be submitted in writing. Failure to provide this information may prevent the Department from being able to reach a household if a voucher becomes available and may result in removal from the waiting list.

(i) Updating of the Waiting List and Removal from the Waiting List.

(1) To ensure that the Department's waiting list reflects the most current applicant information, the waiting list may be updated no less than every twelve months.

(2) Process.

(A) To update the waiting list, the Department will send an update request to each household on the waiting list to determine whether the household continues to be interested in, and qualifies for, the program. This update request will be sent to the last address on record for the household and to any email address provided by the household.

(B) The update request will provide a deadline by which the household must respond, which will be approximately 10 days from the date the letter is sent, and will state that failure to respond will result in the applicant's name being removed from the waiting list.

(C) The household's response to the Department must be in writing and may be delivered, by mail, or by email. Responses should be postmarked or received by the Department no later than the deadline specified in the Department's letter.

(D) If the household fails to respond by the specified deadline, the household will be removed from the waiting list without further notice. If the notice is returned to the Department by the post office with no forwarding address, the applicant will be removed from the waiting list without further notice. If the notice is returned to the Department by the post office with a forwarding address, the notice will be resented to the address indicated. The household will have a new deadline specified by which to respond.

(3) Removal from the Waiting List.

(A) If a household is removed from the waiting list for failure to respond, the Department may reinstate the household to their former position on the waiting list if it determines that the lack of response was

due to Department error, or to circumstances beyond the household's control. Greater flexibility in this criterion may be provided as a reasonable accommodation.

(B) If a household is removed from the waiting list because they have failed to respond to the Department's request for more information/updates or the Department has determined that they are no longer eligible for assistance, a notice will be sent to the household's address of record as well as to any alternate address or email address provided on the initial application. The notice will state the reasons the household was removed from the waiting list and will inform the household that they have 10 calendar days from the date of the written correspondence to request an informal review of the Department's decision (24 CFR §982.201(f)).

(C) If a household accepts a tenant-based public housing voucher from the Department, the household will be removed from all tenant-based public housing Department waiting lists.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 972

Agenda Date: 4/10/2025

Agenda #: 12.

Media Analysis and Outreach Report, February 2025

Report follows this page.



TDHCA Outreach and Media Analysis, February 2025

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print, online and broadcast news, and social media reporting for the time period of February 1-28, 2025 (news articles that specifically mentioned TDHCA generally or along with Department programs).

Total number of articles referencing TDHCA: 68

Breakdown by Medium:¹

- Print: 15 (Editorials/Columnists = 0)
- Broadcast: 17
- Trade, Government or Internet-Based Publications: 36

Figure 1 News Tone

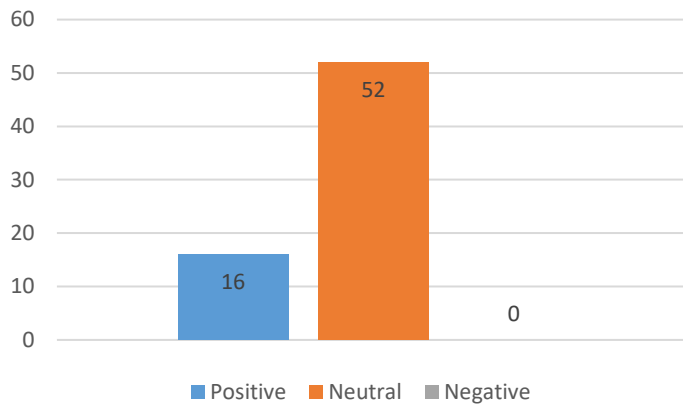
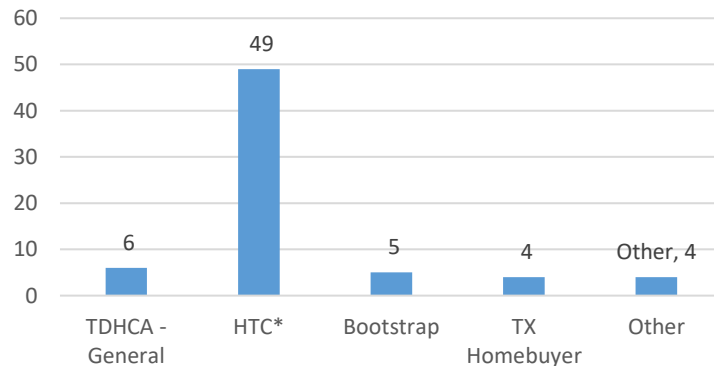
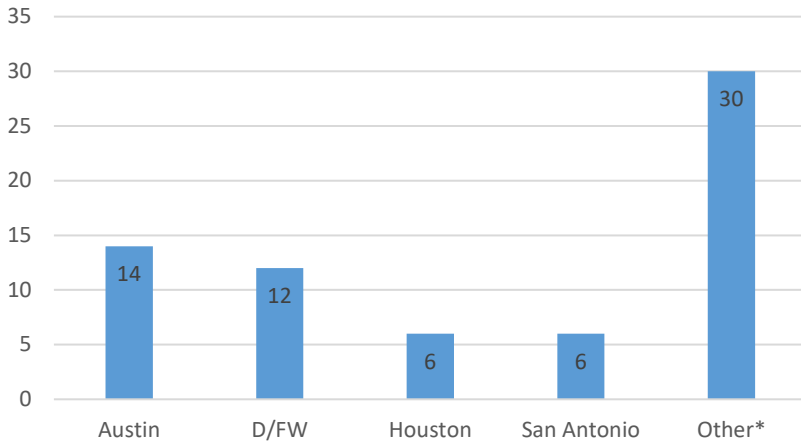


Figure 2 News Topic²



¹ Broadcast numbers may represent times in which TDHCA was referenced on a television or radio station's website, rather than in a broadcast segment. ² News Topics: Programs include Housing Tax Credit.

Figure 3 Media Market



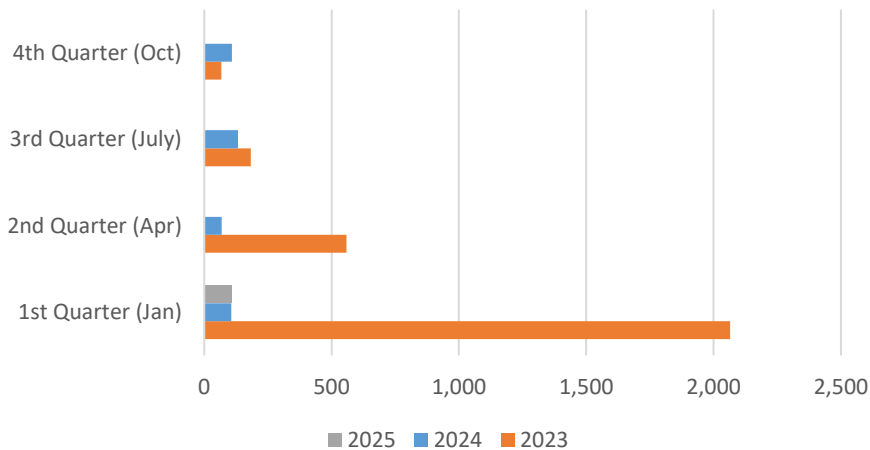
Summary:

Reporting on TDHCA activities by the news media totaled 68 references in February 2025. TDHCA’s Housing Tax Credit programs dominated the news cycle with most regarding city council support of 2025 9% HTC applications. Historically, the 9% HTC award cycle features heavily in news articles around the state in February. There were also reprints of TDHCA-issued press releases, including mentions of the Bootstrap Loan Program’s 25th anniversary.

News mentions during the month were higher than February 2024 (48 total).


The following table illustrates the number of news mentions during each month or quarter of 2025 compared to 2024 and 2023. For the beginning of the first quarter of 2025 (January - March), total news mentions tracked slightly higher (109 total) compared to the number of mentions during the same timeframe of 2024 (106 total), but lower than 2023 (420 total). Please note, some pandemic-related programs for which TDHCA had oversight were still operating and accepting applications in 2023.

TDHCA News Trends




Social media:

Through February 2025, TDHCA has 3,674 followers to its X account and 7,650 fans to its Facebook page. TDHCA’s YouTube channel had 4,979 views in February. The following is a summary analysis of TDHCA’s efforts to inform stakeholders and the public on federal and state resources, initiatives, and programs.

					
Month/Yr	Posts	Clicks	Engagements	Shared posts	Reactions
January 2025	48	0	57 (includes Comments)	4	50
February 2025	39	0	18 (includes Comments)	3	12

* Clicks = number of times an individual clicked on a link provided in a post; however, FB only tracks clicks for posts that reach a minimum engagement level of 30. Engagements = any action a person takes on our post including shares, comments and reactions.

					
Month/Yr	Posts	Clicks	Engagements	Retweets	Liked posts
January 2025	45	0	10	2	6
February 2025	42	11	9	1	3

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post




























Month	Views	Watch time (hours)	Avg. view duration	Avg. % viewed	Unique viewers
January 2025	6,118	521.9	5:07	17.6%	5,158
February 2025	4,979	471.4	5:40	15.8%	4,066

Understanding the YouTube Analytics

- **Views:** number of times your videos were viewed
- **Watch Time:** total number of hours your videos were watched by viewers
- **Average View Duration:** total watch time of your video divided by the total number of video plays, including replays. This metric measures your video’s ability to engage viewers. The higher the view duration, the more engaging the videos.
- **Average Pct Viewed:** the percent of each video the average viewer watched. It measures your video’s ability to hold viewers’ attention for its entirety. YouTube generally rewards videos that can hold people’s attention with higher search and recommendation rankings.
- **Unique viewers:** the estimated number of individuals who watch your videos over a certain period of time. It helps determine the size of our audience.

Top 25 videos for February 2025

Content		Views ↓	Watch time (hours)	Average view duration	Average percentage viewed	Unique viewers
Duration	Publish date					
<input type="checkbox"/>	Total	4,979	471.4	5:40	15.8%	4,066
<input type="checkbox"/>	 3:24 Help for Texans (English)	3,160 63.5%	85.1 18.1%	1:36	47.5%	2,916 71.7%
<input type="checkbox"/>	 0:52 Texas Homebuyer Program introduction	467 9.4%	5.8 1.2%	0:44	85.9%	453 11.1%
<input type="checkbox"/>	 4:48:58 Income Determination Training	152 3.1%	58.5 12.4%	23:05	8.0%	74 1.8%
<input type="checkbox"/>	 5:43:58 Income Determination Training Webinar - Jan. 4, 2024	95 1.9%	95.0 20.2%	1:00:01	17.5%	50 1.2%
<input type="checkbox"/>	 1:42:56 Reasonable Accommodations and Accessibility – Fair ...	68 1.4%	0.4 0.1%	0:18	0.3%	64 1.6%
<input type="checkbox"/>	 1:38:54 Office Hours - NSPIRE	57 1.1%	19.4 4.1%	20:22	20.6%	32 0.8%
<input type="checkbox"/>	 1:07:13 2024 Emergency Solutions Grants (ESG) Application S...	49 1.0%	3.5 0.8%	4:18	6.4%	38 0.9%
<input type="checkbox"/>	 45:26 TEMAP Implementation Workshop - June 8, 2021	48 1.0%	0.4 0.1%	0:32	1.2%	42 1.0%
<input type="checkbox"/>	 1:47:05 Assets and the Changes from HOTMA	46 0.9%	19.1 4.1%	24:56	23.3%	35 0.9%
<input type="checkbox"/>	 1:35:29 Housing Opportunity Through Modernization Act of 20...	40 0.8%	8.8 1.9%	13:14	13.9%	33 0.8%
<input type="checkbox"/>	 1:58:46 Multifamily Compliance: Online Reporting, USR and AO...	40 0.8%	10.0 2.1%	15:02	12.7%	24 0.6%
<input type="checkbox"/>	 1:04:27 Frequently Asked Questions about Utility Allowances	35 0.7%	4.3 0.9%	7:26	11.5%	34 0.8%
<input type="checkbox"/>	 2:38:56 Updated HOTMA Training - Oct. 13, 2023	33 0.7%	32.8 7.0%	59:40	37.6%	15 0.4%
<input type="checkbox"/>	 19:17 TEMAP Monthly Reporting Webinar for Part C Program...	28 0.6%	0.3 0.1%	0:33	2.9%	24 0.6%
<input type="checkbox"/>	 1:36:03 New Owner Training	28 0.6%	5.1 1.1%	11:00	11.5%	25 0.6%
<input type="checkbox"/>	 7:07 Accessing Texas Department of Aging and Disability S...	25 0.5%	1.0 0.2%	2:27	34.6%	25 0.6%
<input type="checkbox"/>	 51:36 2024 Emergency Solutions Grants (ESG) Implementati...	24 0.5%	2.4 0.5%	5:59	11.6%	14 0.3%
<input type="checkbox"/>	 1:45:18 Fair Housing 101: The Basics of Fair Housing in Texas	23 0.5%	5.3 1.1%	13:55	13.2%	19 0.5%
<input type="checkbox"/>	 2:46:29 Tax Exempt Bond Program (BOND) Training	17 0.3%	7.2 1.5%	25:20	15.2%	13 0.3%
<input type="checkbox"/>	 1:32:18 Let's Talk About Forms	17 0.3%	3.3 0.7%	11:43	12.7%	16 0.4%
<input type="checkbox"/>	 3:07 Fair Housing in Texas	17 0.3%	0.5 0.1%	1:55	61.6%	14 0.3%
<input type="checkbox"/>	 1:36:31 New Monitor Review Questionnaire / Office Hours	17 0.3%	6.0 1.3%	21:20	22.1%	9 0.2%
<input type="checkbox"/>	 1:25:16 Acquisition and Rehab Funding Requirements, Office H...	16 0.3%	5.9 1.3%	22:04	25.9%	12 0.3%
<input type="checkbox"/>	 4:09 Reasonable Accommodations in Texas	16 0.3%	0.6 0.1%	2:11	52.7%	12 0.3%
<input type="checkbox"/>	 1:45:17 Utility Allowance Webinar/Office Hours	16 0.3%	3.5 0.8%	13:18	12.6%	15 0.4%

TDHCA Outreach February 2025

A compilation of outreach activities such as meetings, trainings and webinars.

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Compliance	Feb. 7	Office Hours with a New Owners Training	81
Housing Resource Center	Feb. 18	TICH (Texas Interagency Council for the Homeless)	19
HOME ARP	Feb. 20	NCO NOFA	21



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 984

Agenda Date: 4/10/2025

Agenda #: 13.

Report on the Department's 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures

BACKGROUND

The Department's Investment Policy excludes funds invested under a bond trust indenture for the benefit of bond holders because the trustee for each trust indenture controls the authorized investments in accordance with the requirements of that indenture. Management of assets within an indenture is the responsibility of the Trustee. This internal management report is for informational purposes only and, while not required under the Public Funds Investment Act, it is consistent with the prescribed format and detail as required by the Public Funds Investment Act. It details the types of investments, maturity dates, carrying (face amount) values, and fair market values at the beginning and end of the quarter.

Overall, the portfolio carrying value increased approximately \$145.1 million (see page 3), resulting in an end of quarter balance of \$3,818,748,396.

The portfolio consists of those investments described in the attached Bond Trust Indentures Supplemental Management Report.

	Beginning Quarter	Ending Quarter
Mortgage Back Securities (MBS)	84%	85%
Guaranteed Investment Contracts / Investment Agreements	1%	1%
Repurchase Agreements (Cash Equivalents)	8%	9%
Account Control Agreements (Cash Equivalents)	0%	0%
Commercial Paper	0%	0%
Municipal Bonds	0%	0%
Treasury Backed Mutual / Funds	2%	2%
Treasury Notes / Bonds / SLGs	5%	3%

The increase in percentage of MBS is due to the pooling of mortgage loans under the RMRB bond indenture.

The decrease of Repurchase Agreements is due to the origination of mortgage loans and the temporary reinvestment of mortgage repayments until funds are utilized for bond debt service.

Portfolio activity for the quarter:

The MBS purchases this quarter were approximately \$143.5 million, due to the issuance of RMRB and multifamily bonds and the investment of proceeds in MBS.

The maturities in MBS were approximately \$30.6 million, which represent loan repayments or payoffs.

The table below shows the trend in MBS activity.

	2 nd Qtr Fy24	3 rd Qtr Fy24	4 th Qtr Fy24	1 st Qtr Fy24	2 nd Qtr Fy25	Total
Purchases	\$378,233,466	\$145,860,302	\$181,385,590	\$114,144,979	\$143,585,415	\$963,209,752
Sales						
Maturities	\$22,728,554	\$25,521,843	\$29,322,589	\$28,275,216	\$30,616,424	\$136,464,626
Transfers						

The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds MBS investments until maturity.

The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) increased \$156.3 million (see pages 3 and 4), with fair market value less than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of February 27, 2025, was 6.76%, down from 6.81% at the end of November 2024. Various factors affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.

Given the current financial environment, this change in market value is to be expected.

The ability of the Department's investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.

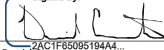

The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 103.26% to 104.61%, which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 HOUSING FINANCE DIVISION
 PUBLIC FUNDS INVESTMENT ACT
 Internal Management Report (Sec. 2256.023)
 Quarter Ending February 28, 2025

Investment Type	FAIR VALUE (MARKET) @ 11/30/2024	CARRYING VALUE @ 11/30/2024	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 2/28/2025	FAIR VALUE (MARKET) @ 2/28/2025	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL GAIN	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	1,479,017,196.45	1,517,089,909.72	28,117,090.91	(3,572,399.63)	(17,503,180.78)	-	1,524,131,420.22	1,490,146,303.68	4,087,596.73	5,652,716.77	-
RMRB	1,574,111,495.00	1,597,404,207.82	319,080,764.62	(160,123,061.61)	(11,434,260.51)	-	1,744,927,650.32	1,726,429,676.91	4,794,739.41	6,295,287.20	-
Taxable Mortgage Program	7,730,112.74	8,444,921.42	29,084.40	(340,275.81)	(139,339.92)	-	7,994,390.09	7,306,765.17	27,183.76	2,606,944.31	-
Multi Family	496,091,507.19	550,689,445.56	40,848,515.76	(48,303,383.70)	(1,539,642.51)	-	541,694,935.11	489,381,353.71	2,284,356.97	765,402.06	-
	3,556,950,311.38	3,673,628,484.52	388,075,455.69	(212,339,120.75)	(30,616,423.72)	0.00	3,818,748,395.74	3,713,264,099.47	11,193,876.87	15,320,350.34	0.00

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
 David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on November 13 and 14, 2023
 Scott Fletcher completed 5.0 hrs. of training on the Texas Public Funds Investment Act on June 27, 2024

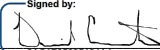

Signed by:  28C1F65089194A4... David Cervantes Director of Administration	Date: 03/31/2025
DocuSigned by:  D7FD889938154AE... Scott Fletcher Director of Bond Finance	Date: 03/31/2025

**BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending February 28, 2025**

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 11/30/2024	CARRYING VALUE @ 11/30/2024	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 2/28/2025	FAIR VALUE (MARKET) @ 2/28/2025	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	2,999,341,353.22	3,116,019,526.36	143,585,414.96	-	(30,616,423.72)	-	3,228,988,517.60	3,123,504,221.33	11,193,876.87	-
Guaranteed Inv Contracts	50,253,440.85	50,253,440.85	510,000.00	(409,000.00)	-	-	50,354,440.85	50,354,440.85	-	-
Investment Agreements	577,000.00	577,000.00	-	(300,000.00)	-	-	277,000.00	277,000.00	-	-
Treasury-Backed Mutual Funds	32,441,132.39	32,441,132.39	35,827,406.68	(16,519,310.62)	-	-	51,749,228.45	51,749,228.45	-	-
Account Control Agreements	49,171.74	49,171.74	-	-	-	-	49,171.74	49,171.74	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements	317,002,129.18	317,002,129.18	203,131,524.97	(163,326,737.05)	-	-	356,806,917.10	356,806,917.10	-	-
SLG Securities	130,536,084.00	130,536,084.00	5,021,109.08	(5,034,073.08)	-	-	130,523,120.00	130,523,120.00	-	-
Treasury Notes / Bonds	26,750,000.00	26,750,000.00	-	(26,750,000.00)	-	-	-	-	-	0.00
	3,556,950,311.38	3,673,628,484.52	388,075,455.69	(212,339,120.75)	(30,616,423.72)	0.00	3,818,748,395.74	3,713,264,099.47	11,193,876.87	0.00

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

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Signed by:  <small>2AC1F85095194A4...</small> David Cervantes Director of Administration	Date <u>03/31/2025</u>
DocuSigned by:  <small>01FDB8939154AE...</small> Scott Fletcher Director of Bond Finance	Date <u>03/31/2025</u>

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of Jan 31, 2025

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:				
PARITY ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments ⁽¹⁾	\$ 116,386,493	\$ 144,294,078	\$ 536,244,722	\$ 796,925,293
Mortgage Backed Securities ⁽¹⁾	\$ 1,406,473,876	\$ 1,416,512,681		\$ 2,822,986,557
Loans Receivable ⁽²⁾			\$ 1,072,419,840	\$ 1,072,419,840
Accrued Interest Receivable	\$ 6,889,817	\$ 6,034,474	\$ 7,401,022	\$ 20,325,313
TOTAL PARITY ASSETS	\$ 1,529,750,186	\$ 1,566,841,233	\$ 1,616,065,584	\$ 4,712,657,003
PARITY LIABILITIES				
Notes Payable	\$ -	\$ 10,000,000	\$ 534,308,486	\$ 544,308,486
Bonds Payable ⁽¹⁾	\$ 1,436,354,493	\$ 1,500,665,584	\$ 897,497,055	\$ 3,834,517,132
Accrued Interest Payable	\$ 25,922,780	\$ 6,749,518	\$ 7,551,064	\$ 40,223,362
Other Non-Current Liabilities ⁽³⁾			\$ 123,733,734	\$ 123,733,734
TOTAL PARITY LIABILITIES	\$ 1,462,277,273	\$ 1,517,415,102	\$ 1,563,090,339	\$ 4,542,782,714
PARITY DIFFERENCE	\$ 67,472,913	\$ 49,426,131	\$ 52,975,245	\$ 169,874,289
PARITY	104.61%	103.26%	103.39%	103.74%

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for rating agencies.

Also, the CHMRB Bonds were redeemed in full in January 2019.

(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.

(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 968

Agenda Date: 4/10/2025

Agenda #: 14.

Report on the Department's 2nd Quarter Investment Report in accordance with the Public Funds Investment Act

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the Public Funds Investment Act (PFIA), and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is \$3,902,704,815 of which \$3,818,748,396 is not subject to the PFIA. This report addresses the remaining \$83,956,419 (see page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by U.S. Government Securities. A repurchase agreement is the daily purchase of a security with an agreement to repurchase that security at a specific price and date, which in this case was March 3, 2025, with an effective interest rate of 4.31%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned \$707,335 in interest during the quarter.

Below is a description of each fund group and its corresponding accounts.

- The **General Fund** accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate (MCC) Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate (BMIR) Program.
- The **State Housing Trust Fund** accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.
- The **Compliance** accounts maintain funds from compliance monitoring fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements (LURAs) that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The **Housing Initiative** accounts maintain funds from fees collected from Developers in connection with the Department's Housing Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.
- The **Ending Homelessness Trust Fund** account maintains funds from donations collected from individuals through the Texas Department of Motor Vehicles in connection with the Department's Ending Homelessness Program. The authority for the collection of these donations is outlined in Tex. Transp. Code §502.415. These donations are collected and disbursed for the purpose of providing grants to counties and municipalities to combat homelessness.

This report is in the format required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and end of the quarter. The detail for investment activity is on Pages 1 and 2.

During the 2nd Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by \$3,203,880 (see page 1) for an ending balance of \$83,956,419. The change is described below by fund groups.

General Fund: The General Fund decreased by \$309,318. This consists primarily of \$386,423 received in multifamily bond fees and \$650,000 transferred from the Single Family Bond Program, offset by disbursements including \$1,247,838 to fund the operating budget.

The State Housing Trust Fund: The Housing Trust Fund decreased by \$24,749. This consists primarily of \$1,274,627 received in loan repayments and interest earnings, offset by disbursements including \$1,460,469 for loans, grants, and escrow payments.

Compliance: Compliance funds increased by \$2,934,943. This consists primarily of \$5,121,052 received in compliance fees offset by disbursements of \$2,287,094 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds increased by \$610,935. This consists primarily of \$2,959,679 received in fees and interest earnings related to tax credit activities offset by disbursements of \$2,000,444 transferred to fund the operating budget.

Ending Homelessness Fund: Ending Homelessness funds decreased by \$7,931. This consists of \$63,644 donations and interest earnings on current investment balances, offset by disbursements of \$71,518 for grants.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

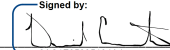

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING FEBRUARY 28, 2025

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 HOUSING FINANCE DIVISION
 PUBLIC FUNDS INVESTMENT ACT
 Internal Management Report (Sec. 2256.023)
 Quarter Ending February 28, 2025

Investment Type	FAIR VALUE (MARKET) @ 11/30/2024	CARRYING VALUE @ 11/30/2024	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 2/28/2025	FAIR VALUE (MARKET) @ 2/28/2025	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL GAIN	RECOGNIZED GAIN
NON-INDENTURE RELATED:											
General Fund Repurchase Agreements	8,653,548.70	8,653,548.70	116,840.86	(426,159.35)	-	-	8,344,230.21	8,344,230.21	-	999.01	-
Housing Trust Fund Repurchase Agreements	20,799,591.03	20,799,591.03	1,322,252.99	(1,347,001.62)	-	-	20,774,842.40	20,774,842.40	-	2,487.48	-
Compliance Repurchase Agreements	15,498,201.07	15,498,201.07	2,934,943.26	-	-	-	18,433,144.33	18,433,144.33	-	2,206.86	-
Housing Initiatives Repurchase Agreements	35,229,565.11	35,229,565.11	615,060.87	(4,126.33)	-	-	35,840,499.65	35,840,499.65	-	4,291.11	-
Ending Homelessness Trust Fund Repurchase Agreements	571,633.47	571,633.47	-	(7,930.99)	-	-	563,702.48	563,702.48	-	67.49	-
NON-INDENTURE RELATED TOTAL	80,752,539.38	80,752,539.38	4,989,097.98	(1,785,218.29)	0.00	0.00	83,956,419.07	83,956,419.07	0.00	10,051.95	0.00

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
 David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on November 13 and 14, 2023
 Scott Fletcher completed 5.0 hrs. of training on the Texas Public Funds Investment Act on June 27, 2024

Signed by:		Date: <u>March 31, 2025</u>
	David Cervantes Director of Administration	
DocuSigned by:		Date: <u>March 31, 2025</u>
	Scott Fletcher Director of Bond Finance	

Texas Department of Housing and Community Affairs
 General Fund Investment Summary
 For Period Ending February 28, 2025

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/2024	Beginning Market Value 11/30/2024	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 2/28/2025	Ending Market Value 2/28/2025	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	1,796,164.18	1,796,164.18	-	(277,008.83)	-	-	1,519,155.35	1,519,155.35	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	0.02	0.02	-	-	-	-	0.02	0.02	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	84,425.77	84,425.77	-	(64,908.09)	-	-	19,517.68	19,517.68	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	649,004.13	649,004.13	24,858.15	-	-	-	673,862.28	673,862.28	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	4,001,149.68	4,001,149.68	78,223.84	-	-	-	4,079,373.52	4,079,373.52	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	464,187.19	464,187.19	5,031.16	-	-	-	469,218.35	469,218.35	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	855,519.61	855,519.61	-	(84,242.43)	-	-	771,277.18	771,277.18	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	801,958.07	801,958.07	8,725.29	-	-	-	810,683.36	810,683.36	-	-
Repo Agmt	General Fund	4.31	2/28/2025	3/3/2025	1,140.05	1,140.05	2.42	-	-	-	1,142.47	1,142.47	-	-
	General Fund Total				8,653,548.70	8,653,548.70	116,840.86	(426,159.35)	-	-	8,344,230.21	8,344,230.21	-	-
Repo Agmt	Housing Trust Fund	4.31	2/28/2025	3/3/2025	71,317.87	71,317.87	7,240.42	-	-	-	78,558.29	78,558.29	-	-
Repo Agmt	Housing Trust Fund	4.31	2/28/2025	3/3/2025	390,233.01	390,233.01	38,875.39	-	-	-	429,108.40	429,108.40	-	-
Repo Agmt	Housing Trust Fund	4.31	2/28/2025	3/3/2025	587,858.64	587,858.64	29,246.84	-	-	-	617,105.48	617,105.48	-	-
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	711,400.58	711,400.58	117,151.59	-	-	-	828,552.17	828,552.17	-	-
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	474,546.95	474,546.95	68,333.69	-	-	-	542,880.64	542,880.64	-	-
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	1,824,443.21	1,824,443.21	834,587.76	-	-	-	2,659,030.97	2,659,030.97	-	-
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	620,800.03	620,800.03	226,817.30	-	-	-	847,617.33	847,617.33	-	-
Repo Agmt	General Revenue Appn	4.31	2/28/2025	3/3/2025	228,497.90	228,497.90	-	-	-	-	228,497.90	228,497.90	-	-
Repo Agmt	Housing Trust Fund-GR	4.31	2/28/2025	3/3/2025	2,194,612.60	2,194,612.60	-	(313,512.10)	-	-	1,881,100.50	1,881,100.50	-	-
Repo Agmt	Housing Trust Fund-GR	4.31	2/28/2025	3/3/2025	1,891,036.28	1,891,036.28	-	(301,989.52)	-	-	1,589,046.76	1,589,046.76	-	-
Repo Agmt	Housing Trust Fund-GR	4.31	2/28/2025	3/3/2025	1,227,899.00	1,227,899.00	-	-	-	-	1,227,899.00	1,227,899.00	-	-
Repo Agmt	Bootstrap -GR	4.31	2/28/2025	3/3/2025	3,965,284.75	3,965,284.75	-	(99,000.00)	-	-	3,866,284.75	3,866,284.75	-	-
Repo Agmt	Bootstrap -GR	4.31	2/28/2025	3/3/2025	5,911,660.21	5,911,660.21	-	(632,500.00)	-	-	5,279,160.21	5,279,160.21	-	-
Repo Agmt	Bootstrap -GR	4.31	2/28/2025	3/3/2025	700,000.00	700,000.00	-	-	-	-	700,000.00	700,000.00	-	-
	Housing Trust Fund Total				20,799,591.03	20,799,591.03	1,322,252.99	(1,347,001.62)	-	-	20,774,842.40	20,774,842.40	-	-
Repo Agmt	Multi Family	4.31	2/28/2025	3/3/2025	1,118,433.89	1,118,433.89	44,556.13	-	-	-	1,162,990.02	1,162,990.02	-	-
Repo Agmt	Multi Family	4.31	2/28/2025	3/3/2025	962,387.68	962,387.68	132,664.24	-	-	-	1,095,051.92	1,095,051.92	-	-
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	13,417,379.50	13,417,379.50	2,757,722.89	-	-	-	16,175,102.39	16,175,102.39	-	-
	Compliance Total				15,498,201.07	15,498,201.07	2,934,943.26	-	-	-	18,433,144.33	18,433,144.33	-	-
Repo Agmt	Asset Management	4.31	2/28/2025	3/3/2025	2,643,872.33	2,643,872.33	-	(4,126.33)	-	-	2,639,746.00	2,639,746.00	-	-
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	30,000.00	30,000.00	-	-	-	-	30,000.00	30,000.00	-	-
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	2,684,357.46	2,684,357.46	291,062.37	-	-	-	2,975,419.83	2,975,419.83	-	-
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	29,489,984.35	29,489,984.35	319,898.92	-	-	-	29,809,883.27	29,809,883.27	-	-
Repo Agmt	Low Income Tax Credit Prog.	4.31	2/28/2025	3/3/2025	381,350.97	381,350.97	4,099.58	-	-	-	385,450.55	385,450.55	-	-
	Housing Initiatives Total				35,229,565.11	35,229,565.11	615,060.87	(4,126.33)	-	-	35,840,499.65	35,840,499.65	-	-
Repo Agmt	Homelessness - HB4102	4.31	2/28/2025	3/3/2025	571,633.47	571,633.47	-	(7,930.99)	-	-	563,702.48	563,702.48	-	-
	Homelessness - HB4102 Total				571,633.47	571,633.47	-	(7,930.99)	-	-	563,702.48	563,702.48	-	-
	Total Non-Indenture Related Investment Summary				80,752,539.38	80,752,539.38	4,989,097.98	(1,785,218.29)	-	-	83,956,419.07	83,956,419.07	-	-



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 965

Agenda Date: 4/10/2025

Agenda #: 15.

Executive Director's Report

ORAL PRESENTATION



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-016

Agenda Date: 4/10/2025

Agenda #: 16.

Presentation, discussion, and possible action on Inducement Resolution No. 25-016 Multifamily Housing Revenue Bonds regarding authorization for filing an application for private activity bond authority for Waters at Waterchase (#24613)

RECOMMENDED ACTION

WHEREAS, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

WHEREAS, approval of the inducement will allow staff to submit an application to the Bond Review Board (BRB) for the issuance of a Certificate of Reservation associated with the Development;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 25-016, to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for the pre-application listed herein, is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: The BRB administers the annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 180 days to close on the private activity bonds.

During the 180-day process, the Department will review the complete application for compliance with the Department's Rules, including, but not limited to, site eligibility and threshold, as well as previous participation as it relates to developments previously funded through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application,

including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

This inducement resolution would reserve approximately \$20,000,000 million in private activity bond volume cap. Staff notes that the Department's set-aside for the 2025 program year is \$213,559,922, and is oversubscribed in requests. The pre-application below will be added to the Department's list of participating applications for 2025.

Waters at Waterchase

The acquisition and rehabilitation of 134 multifamily units to serve the general population is proposed for the project. The existing development, which was originally built in 1984, is located at 12365 Plano Road, Dallas, Dallas County. Waters at Waterchase was originally part of a Qualified 501(c)(3) Bond portfolio issued by the Department in 1993, which was redeemed in 2004 and the bonds are no longer outstanding. The applicant will elect the Priority 2 designation, which requires a minimum of 80% of the units to be rent- and income-restricted at 60% of the Area Median Family Income (AMFI). This designation allows up to 20% of the units to be leased at market rate. The Development will adhere to the requirements of the priority designation, as it preliminarily reflects that all of the units will be rent- and income-restricted at 60% of AMFI. The Department has not received any letters of support or opposition for the development.

The application was previously induced by the Board on October 10, 2024, with a requested bond amount of \$15,450,000. Given the increase in construction costs since the original inducement due to an expanded scope of rehabilitation for the project, the applicant has requested additional volume cap to provide additional flexibility as it relates to the 50% test calculation. While the inducement amount provides a parameter, the actual application for volume cap, when filed, can be for a lesser amount.

Bond Inducement Amount: \$20,000,000

RESOLUTION NO. 25-016

RESOLUTION AMENDING RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS OR NOTES WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENT; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the “Act”) for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds or notes; and

WHEREAS, it is proposed that the Department issue its revenue bonds or notes in one or more series for the purpose of providing financing for the multifamily residential rental development (the “Development”) more fully described in Exhibit A attached hereto. The ownership of the Development as more fully described in Exhibit A will consist of the applicable ownership entity and its principal or a related person (the “Owner”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Owner has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of the Development and expect to make additional payments in the future and desire that it be reimbursed for such payments and other costs associated with the Development from the proceeds of tax-exempt and taxable, as applicable, obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owner for some or all of the costs associated with the Development, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable, as applicable, obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable, as applicable, obligations for purposes of paying the costs of the Development; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Development one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Governing Board of the Department (the "Board") approved Resolution No. 25-006 on October 10, 2024 (the "Original Resolution") declaring its intent to issue its multifamily revenue bonds or notes for the purpose of providing funds to the Owner to finance the Developments described on the exhibit to the Original Resolution on the terms and conditions set forth therein, and the Board has determined to amend the Original Resolution only with respect to the Owner and Development in order to amend the maximum principal amount of bonds or notes to be issued for such Development; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owner to provide financing for the respective Development in an aggregate principal amount not to exceed those amounts, corresponding to the Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the

Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds or notes in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owner for all or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, of its Development and listed on Exhibit A attached hereto ("Costs of the Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation and equipping of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition and construction or rehabilitation of the Development; (b) to fund certain reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 1.4. Principal Amount. Based on representations of the Owner, the Department reasonably expects that the maximum aggregate principal amount of debt issued to reimburse the Owner for the Costs of the Development will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of the Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, the Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and

resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6. The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Development, which is to be occupied entirely by Eligible Tenants, as determined by the Department, and which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owner for costs of its Development.

Section 1.8. Costs of Development. The Costs of the Development may include any cost of acquiring, constructing, rehabilitating, or reconstructing, as applicable, improving, equipping, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of the Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. The Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9. No Commitment to Issue Bonds. Neither the Owner nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owner nor any one claiming by, through or under the Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owner and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds or notes); (b) the receipt of an opinion from

Bracewell LLP or other nationally recognized bond counsel acceptable to the Department (“Bond Counsel”), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Development may be undertaken by any company or partnership that is a “related person” to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owner.

Section 1.13. Declaration of Official Intent. The Original Resolution and this Resolution constitute the Department’s official intent for expenditures on Costs of the Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Bonds of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Development and Owner. The Board finds that:

- (a) the Development are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owner is financially responsible;
- (d) the financing of the Development is a public purpose and will provide a public benefit; and
- (e) the Development will be undertaken within the authority granted by the Act to the Department and the Owner.

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

Section 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 10th day of April, 2025.

EXHIBIT "A"

Description of the Owner and the Development

Project Name	Owner	Principal	Amount Not to Exceed
Waters at Waterchase	Waters at Waterchase, LP, a Texas limited partnership	General Partner: AHF – Waters at Waterchase, LLC, a Texas limited liability company	\$20,000,000
Costs – Acquisition/rehabilitation/equipping of an approximately 134 unit affordable, multifamily housing development to be known as Waters at Waterchase, located at approximately 12365 Plano Road, Dallas, Dallas County, Texas 75243			



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 25-017

Agenda Date: 04/10/2025

Agenda #: 17.

Presentation, discussion, and possible action on Resolution No. 25-017 amending previously adopted resolution relating to the Issuance of Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1, Series 2025A-2, and Taxable Bonds Series 2025B

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 976

Agenda Date: 4/10/2025

Agenda #: 18.

Presentation, discussion, and possible action on the 2025 Department of Energy Weatherization Assistance Program State Plan and Awards

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) develops and submits a State Plan to the U.S. Department of Energy (DOE) each year to administer the Weatherization Assistance Program (WAP);

WHEREAS, the draft 2025 DOE WAP State Plan (the Plan) was approved for release for public comment at the Board meeting of February 6, 2025;

WHEREAS, the public comment period was open from February 21, 2025, to March 17, 2025, and public comment was received and is summarized in Attachment B of this action;

WHEREAS, consistent with DOE requirements (10 CFR §440.17) and as permitted by Tex. Gov't Code §2110.005 and 10 TAC §6.408, the Weatherization Assistance Program Policy Advisory Council met on March 18, 2025, and upon review and discussion, recommended the Plan;

WHEREAS, the Department has prepared the final Plan including a list of the subgrantees to be awarded funds and the proposed award amounts based on the formula contained in 10 TAC §6.404, Distribution of WAP Funds for submission to DOE; and

WHEREAS, the Department expects to receive 2025 DOE WAP funds in the approximate amount of \$9,100,000;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to submit the Plan to DOE and upon DOE approval of such Plan to contract for the awards represented in the Plan and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings such as anticipated grant guidance on development of the Plan from DOE or to make such non-substantive technical corrections as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

DOE weatherization funding provides for the installation of weatherization measures to increase energy efficiency of a home including caulking, weather-stripping, adding ceiling, wall, and floor insulation, patching holes in the building envelope, duct work, and repair or replacement of energy inefficient heating and cooling systems. Additionally, the funds allow for subgrantees to complete financial audits, household energy audits, outreach and engagement activities, and program administration. Weatherization Readiness Funds are also provided which reduce the number of deferred homes that require other services which are outside the scope of weatherization, before weatherization measures can be installed. Further, DOE funding provides for state administration and state training and technical assistance activities.

A draft of the Plan was approved at the Board meeting of February 6, 2025, for release for public comment. The draft Plan and announcement of a public comment period and public hearing was made available on the Department's website and by listserv email distribution, on February 7, 2025, in addition to being announced in the *Texas Register* issue dated February 21, 2025. The Department conducted a public hearing on March 5, 2025. The public comment period closed at 5:00 p.m. Central time on March 17, 2025. Public comment was received and is addressed in Attachment B.

DOE regulations also require a Weatherization Assistance Program Policy Advisory Council (WAP PAC) be designated in the Plan in order to provide guidance and comment on the Plan. The WAP PAC members are appointed by the Department and broadly represent organizations and agencies throughout the State that represent low-income persons. The WAP PAC meeting occurred on March 18, 2025, at the conclusion of the public comment period. The WAP PAC members reviewed and discussed the Plan and the comments with Department staff, and all PAC members expressed support for the Plan.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) requires a review of the DOE WAP awards prior to contract execution. The review has been performed and the subgrantees listed in Attachment A have been recommended for award through the Previous Participation Review and Approval Process.

ATTACHMENT A: LIST OF SUBGRANTEES AND ALLOCATIONS

2025 DOE WAP ALLOCATIONS

Contract Period: July 1, 2025 – June 30, 2026

	SUBRECIPIENT	ALLOCATION	WRF
1	Alamo Area Council of Government	\$629,307	\$68,083
2	BakerRipley	\$1,106,155	\$124,125
3	Brazos Valley Community Action Programs	\$239,828	\$25,248
4	City of Fort Worth Neighborhood Services Department	\$404,551	\$41,669
5	Combined Community Action, Inc.	\$211,031	\$21,863
6	Community Action Corporation of South Texas	\$935,728	\$104,096
7	Community Council of South Central Texas, Inc.	\$235,965	\$24,794
8	Concho Valley Community Action Agency	\$126,357	\$11,912
9	Crossroads Community Action	\$191,154	\$19,527
10	Dallas County Health and Human Services	\$621,319	\$67,145
11	Economic Opportunities Advancement Corporation of Planning Region XI	\$195,888	\$20,084
12	El Paso Community Action Program-Project BRAVO	\$299,705	\$32,285
13	Greater East Texas Community Action Program	\$626,269	\$67,726
14	Hill Country Community Action Association, Inc.	\$217,467	\$22,620
15	Nueces County Community Action Agency	\$121,208	\$11,307
16	Panhandle Community Services	\$194,196	\$19,885
17	Rolling Plains Management Corporation	\$261,917	\$27,844
18	South Plains Community Action Association, Inc.	\$188,289	\$19,191
19	Texoma Council Of Governments	\$421,681	\$43,682
20	Travis County Health and Human Services	\$226,684	\$23,703
21	West Texas Opportunities, Inc.	\$161,231	\$16,011
	TOTAL	\$7,615,930	\$812,800

WRF=Weatherization Readiness Funds

NOTE: The numbers contained within this table are reflective of planning estimates provided by DOE in WAP Memorandum 139 and will be adjusted to align with PY 2025 appropriations when received from DOE.

ATTACHMENT B: SUMMARY OF PUBLIC COMMENT AND STAFF RESPONSE

The Department accepted public comment from February 21, 2025, through March 17, 2025, and conducted a virtual public hearing on March 5, 2025, via GoToWebinar. Comment was received from one individual, James Brown. His comment and staff response are presented in the following table. Numbers are assigned to commenters to identify who made the comment.

#	Commenter	Organization
1	James Brown	NA - Individual

Commenter	Comment Summary	Staff Response	Proposed Changes to the Plan
#1	Commenter is angered and frustrated with TDHCA programs such as the WAP, describing it as a government hand-out and a redistribution of wealth. Commenter believes TDHCA and the WAP should be shut down, saving taxpayer money.	The Department appreciates the comment; however, it is outside the scope of the DOE WAP State Plan.	No change.

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

2. Type of Application:

- New
- Continuation
- Revision

If Revision, select appropriate letter(s)

Other (specify):

3. Date Received

07/01/2025

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

DE-SE0001853

State Use Only:

6. Date Received by State:

12/16/2024

7. State Application Identifier:

TX-W-200

8. APPLICANT INFORMATION:

a. Legal Name: State of Texas

b. Employer/Taxpayer Identification Number (EIN/TIN):
742610542c. UEI:
MNGDPFC1X5E4

d. Address:

Street 1: P.O. BOX 13941

Street 2:

City: Austin

County: TRAVIS County

State: TX

Province:

Country: U.S.A.

Zip / Postal Code: 787113941

e. Organizational Unit:

Department Name:

Texas Department of Housing and Community Affairs

Division Name:

Community Affairs Division

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr First Name: Michael

Middle Name:

Last Name: DeYoung

Suffix:

Title: Community Affairs Division Director

Organizational Affiliation: Texas Dept. of Housing and Community Affairs

Telephone Number: 5124752125

Fax Number: 5124753935

Email: michael.deyoung@tdhca.state.tx.us

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

9. Type of Applicant:

A State Government

10. Name of Federal Agency:

U. S. Department of Energy

11. Catalog of Federal Domestic Assistance Number:

81.042

CFDA Title:

Weatherization Assistance Program

12. Funding Opportunity Number:

DE-WAP-0002025

Title:

2025 Weatherization Assistance Program (WAP) Funding

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Statewide

15. Descriptive Title of Applicant's Project:

Provide Statewide Weatherization Assistance for Low Income Persons in the State of TX

APPLICATION FOR FEDERAL ASSISTANCE SF-424

Version 02

16. Congressional District Of:

a. Applicant: Texas Congressional District 25

b. Program/Project: TX-Statewide

Attach an additional list of Program/Project Congressional Districts if needed:**17. Proposed Project:**

a. Start Date: 07/01/2025

b. End Date: 06/30/2026

18. Estimated Funding (\$):

a. Federal	8,354,422.00
b. Applicant	0.00
c. State	0.00
d. Local	0.00
e. Other	0.00
f. Program Income	0.00
g. TOTAL	8,354,422.00

19. Is Application subject to Review By State Under Executive Order 12372 Process?:

- a. This application was made available to the State under the Executive Order 12372 Process for review
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372

20. Is the applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation)

No

21. By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to**

 I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency

Authorized Representative:

Prefix: Mr First Name: Bobby

Middle Name:

Last Name: Wilkinson

Suffix:

Title: Executive Director

Telephone Number: 5124753296

Fax Number:

Email: bobby.wilkinson@tdhca.state.tx.us

Signature of Authorized Representative: Signed Electronically

Date Signed:

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853		2. Program/Project Title Weatherization Assistance Program	
3. Name and Address State of Texas P.O. BOX 13941 Austin, TX 787113941		4. Program/Project Start Date 07/01/2025	5. Completion Date 06/30/2026

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. DOE WAP Formula Funds	81.042	\$ 0.00		\$ 8,354,422.00		\$ 8,354,422.00
2.						
3.						
4.						
5. TOTAL		\$ 0.00	\$ 0.00	\$ 8,354,422.00	\$ 0.00	\$ 8,354,422.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) GRANTEE ADMINISTRATIONS	(2) SUBGRANTEE ADMINISTRATIONS	(3) GRANTEE T&TA	(4) SUBGRANTEE T&TA	
a. Personnel	\$ 306,679.00	\$ 0.00	\$ 56,061.00	\$ 0.00	\$ 362,740.00
b. Fringe Benefits	\$ 106,724.00	\$ 0.00	\$ 19,509.00	\$ 0.00	\$ 126,233.00
c. Travel	\$ 0.00	\$ 0.00	\$ 31,320.00	\$ 0.00	\$ 31,320.00
d. Equipment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
e. Supplies	\$ 4,461.00	\$ 0.00	\$ 554.00	\$ 0.00	\$ 5,015.00
f. Contract	\$ 0.00	\$ 686,660.00	\$ 14,225.00	\$ 700,000.00	\$ 7,630,155.00
g. Construction	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
h. Other Direct Costs	\$ 35,996.00	\$ 0.00	\$ 3,720.00	\$ 0.00	\$ 39,716.00
i. Total Direct Charges	\$ 453,860.00	\$ 686,660.00	\$ 125,389.00	\$ 700,000.00	\$ 8,195,179.00
j. Indirect Costs	\$ 134,632.00	\$ 0.00	\$ 24,611.00	\$ 0.00	\$ 159,243.00
k. Totals	\$ 588,492.00	\$ 686,660.00	\$ 150,000.00	\$ 700,000.00	\$ 8,354,422.00
7. Program Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853		2. Program/Project Title Weatherization Assistance Program	
3. Name and Address State of Texas P.O. BOX 13941 Austin, TX 787113941		4. Program/Project Start Date 07/01/2025	5. Completion Date 06/30/2026

SECTION A - BUDGET SUMMARY						
Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		\$ 0.00	\$ 0.00	\$ 8,354,422.00	\$ 0.00	\$ 8,354,422.00

SECTION B - BUDGET CATEGORIES						
6. Object Class Categories	Grant Program, Function or Activity					Total (5)
	(1) PROGRAM OPERATIONS	(2) HEALTH AND SAFETY	(3) LIABILITY INSURANCE	(4) FINANCIAL AUDITS		
a. Personnel	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 362,740.00	
b. Fringe Benefits	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 126,233.00	
c. Travel	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 31,320.00	
d. Equipment	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
e. Supplies	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,015.00	
f. Contract	\$ 4,478,565.00	\$ 796,446.00	\$ 120,459.00	\$ 21,000.00	\$ 7,630,155.00	
g. Construction	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
h. Other Direct Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 39,716.00	
i. Total Direct Charges	\$ 4,478,565.00	\$ 796,446.00	\$ 120,459.00	\$ 21,000.00	\$ 8,195,179.00	
j. Indirect Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 159,243.00	
k. Totals	\$ 4,478,565.00	\$ 796,446.00	\$ 120,459.00	\$ 21,000.00	\$ 8,354,422.00	
7. Program Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	

BUDGET INFORMATION - Non-Construction Programs

1. Program/Project Identification No. SE0001853		2. Program/Project Title Weatherization Assistance Program	
3. Name and Address State of Texas P.O. BOX 13941 Austin, TX 787113941		4. Program/Project Start Date 07/01/2025	5. Completion Date 06/30/2026

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. TOTAL		\$ 0.00	\$ 0.00	\$ 8,354,422.00	\$ 0.00	\$ 8,354,422.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				Total (5)
	(1) Weatherization Readiness	(2)	(3)	(4)	
a. Personnel	\$ 0.00				\$ 362,740.00
b. Fringe Benefits	\$ 0.00				\$ 126,233.00
c. Travel	\$ 0.00				\$ 31,320.00
d. Equipment	\$ 0.00				\$ 0.00
e. Supplies	\$ 0.00				\$ 5,015.00
f. Contract	\$ 812,800.00				\$ 7,630,155.00
g. Construction	\$ 0.00				\$ 0.00
h. Other Direct Costs	\$ 0.00				\$ 39,716.00
i. Total Direct Charges	\$ 812,800.00				\$ 8,195,179.00
j. Indirect Costs	\$ 0.00				\$ 159,243.00
k. Totals	\$ 812,800.00				\$ 8,354,422.00
7. Program Income	\$ 0.00				\$ 0.00

U.S. Department of Energy
Weatherization Assistance Program (WAP)
BUDGET INFORMATION REMARKS
Grant Number: SE0001853, **State:** TX
Recipient: State of Texas

Remarks

DOE WAP is currently operating under a Continuing Resolution for Fiscal Year 2025. DOE is unable to issue TDHCA its allocation until a budget is passed by Congress and signed by the President. For planning purposes, DOE has provided TDHCA with an estimated allocation. Once a budget is passed and signed by the President, DOE will issue the Department its allocation of DOE WAP funds and this budget will be updated to reflect the new allocation.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET
Grant Number: SE0001853, State: TX, Program Year: 2025
Recipient: State of Texas

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Alamo Area Council of Governments (San Antonio)	\$629,307.00 45
BakerRipley (Houston)	\$1,106,155.00 83
Brazos Valley Community Action Program (College Station)	\$239,828.00 15
Combined Community Action, Inc. (Giddings)	\$211,031.00 20
Community Action Committee of Victoria Texas (Victoria)	\$191,154.00 12
Community Action Corporation of South Texas (Alice)	\$935,728.00 69
Community Council of South Central Texas, Inc (Seguin)	\$235,965.00 15
Concho Valley Community Action Agency (San Angelo)	\$126,357.00 7
Dallas County Health & Human Services (Dallas)	\$621,319.00 45
Economic Opportunities Advancement Corporation (Waco)	\$195,888.00 12
El Paso Community Action Program, Project Bravo (El Paso)	\$299,705.00 21
Fort Worth, City of (Fort Worth)	\$404,551.00 27
Greater East Texas Community Action Program (Nacogdoches)	\$626,269.00 45
Hill Country Community Action Association, Inc. (San Saba)	\$217,467.00 14
Nueces County Community Action Agency (Corpus Christi)	\$121,208.00 7
Panhandle Community Services (Amarillo)	\$194,196.00 12
Rolling Plains Management Corporation (Crowell)	\$261,917.00 18
South Plains Community Action Association, Inc. (Levelland)	\$188,289.00 12
Texoma Council of Governments (Sherman)	\$421,681.00 29
Travis County Health and Human Services and Veterans Services (Austin)	\$226,684.00 14
West Texas Opportunities (Lamesa)	\$161,231.00 10
Total:	\$7,615,930.00 532

IV.2 WAP Production Schedule

Weatherization Plans	Units
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U.S. Department of Energy
Weatherization Assistance Program (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET
Grant Number: SE0001853, State: TX, Program Year: 2025
Recipient: State of Texas

Total Units (excluding reweatherized)	532
Reweatherized Units	0
Average Unit Costs, Units subject to DOE Project Rules	
VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)	
A Total Vehicles & Equipment (\$5,000 or more) Budget	\$0.00
B Total Units Weatherized	532
C Total Units Reweatherized	0
D Total Dwelling Units to be Weatherized and Reweatherized (B + C)	532
E Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	\$0.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)	
F Total Funds for Program Operations	\$4,478,565.00
G Total Dwelling Units to be Weatherized and Reweatherized (from line D)	532
H Average Program Operations Costs per Unit (F divided by G)	\$8,418.36
I Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	\$0.00
J Total Average Cost per Dwelling (H plus I)	\$8,418.36

IV.3 Energy Savings

Method used to calculate savings: <input checked="" type="checkbox"/> WAP algorithm <input type="checkbox"/> Other (describe below)			
	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	532	29.3	15588
Prior Year Estimate	806	29.3	23616
Prior Year Actual	164	29.3	4805
Method used to calculate savings description:			

IV.4 DOE-Funded Leveraging Activities

N/A

IV.5 Policy Advisory Council Members

Check if an existing state council or commission serves in this category and add name below

Combined Community Action Inc.	Type of organization: Non-profit (not a financial institution) Contact Name: Kelly Franke Phone: (979)540-2985 Email: KJFranke@ccaaction.com
Greater East Texas Community Action Program	Type of organization: Non-profit (not a financial institution) Contact Name: Karen Swenson, Executive Director Phone: 9365642491 Email: kswenson@get-cap.org
Health and Human Services Commission	Type of organization: Unit of State Government Contact Name: Keely Lee Phone: 5126478824 Email: keely.lee@hhs.texas.gov
Ysleta Del Sur Pueblo-tigua Indian Reservation	Type of organization: Indian Tribe Contact Name: Albert Alvidrez Phone: 9158344925 Email: albert.alvidrez@tdhca.texas.gov

U.S. Department of Energy
Weatherization Assistance Program (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held	Newspapers that publicized the hearings and the dates the notice ran
02/06/2025	TDHCA Board of Directors authorizes release of draft State Plan for public comment.
02/10/2025	Draft State Plan and notice of public hearing posted on the TDHCA website; public listserv announcement sent announcing availability of draft State Plan and public hearing details.
02/21/2025	Announcement of public hearing for draft State Plan published in Texas Register. Public comment period for draft State Plan begins.
03/05/2025	Public Hearing for the DOE State Plan. Conducted virtually.
03/17/2025	Comment period for the DOE State Plan ends at 5:00 pm (CST).
03/18/2025	WAPAC meeting regarding DOE State Plan.
04/10/2025	Final DOE State Plan and list of awardees to be presented at TDHCA Board of Directors meeting for approval. The meeting also serves as a Public Hearing.
04/30/2025	Final DOE State Plan submitted to DOE.

IV.7 Miscellaneous

Recipient Business Officer

Michael De Young
Michael.deyoung@tdhca.texas.gov
221 East 11th Street
Austin, Texas 78701
(512) 475-2125

Recipient Principal Investigator

Gavin Reid
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221 East 11th Street
Austin, Texas 78701
(512) 936-7828

Policy Advisory Council

The Weatherization Assistance Program Policy Advisory Council (PAC) currently has four slots and is representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including weatherization and energy conservation problems. The PAC meets annually at the end of the public hearing period to discuss the DOE plan and comments received.

Two of the slots, filled by the PAC members from Combined Community Action and the Greater East Texas Community Action Program, represent the low-income, elderly, and disabled population. The third slot, filled by the PAC member from the Texas Health and Human Services Commission, represents the low-income, elderly and persons with disabilities. A fourth slot representing Native Americans is occupied by a member of the Ysleta Del Sur Pueblo-Tigua Indian Reservation.

Liability Insurance

The liability insurance separate line item includes pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for potential effects of many health and safety measures, such as lead disturbances and other pollution occurrence items. The Department strongly recommends the Subgrantees require their contractors to carry pollution occurrence insurance to avoid liability for any mistakes the contractors may make. Each Subgrantee should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Eligibility for program assistance is determined under the Federal Poverty Income Guidelines and calculated as described in 10 TAC §6.4. TDHCA conforms to WPN 24-3.

Describe what household eligibility basis will be used in the Program

During the application process, households will be screened for DOE Weatherization benefits and determined eligible if their income is at or below 200% of the Federal Poverty Income Guidelines. Categorical eligibility exists when at least one person in the household receives assistance payments under Title IV or XVI of the Social Security Act at any time during the 12-month period preceding the determination of eligibility. An applicant is also categorically eligible if the applicant at the time of certification meets the Department of Housing and Urban Development (HUD) and the United States Department of Agriculture (USDA) criteria outlined within WPN 22-5, WPN 25-4, and WAP Memorandum 109. Application eligibility expires 12 months from certification of eligibility date if work on dwelling unit has not been initiated per 10 TAC §6.5(c).

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

The Welfare Reform Act, officially referred to as the Personal Responsibility and Work Opportunity Act of 1996, H.R. 3734, placed specific restrictions on the eligibility of aliens for "Federal means-tested public benefits" for a period of five years. As defined in a Federal Register notice dated August 26, 1997 (62 FR 45256) the Department of Health and Human Services (HHS) is interpreting "Federal means-tested public benefits" to include only those benefits provided under Federal means-tested, mandatory spending programs. HHS Information Memorandum LIHEAP-IM-25 dated August 28, 1997, states that all qualified aliens, regardless of when they entered the U.S., continue to be eligible to receive assistance and services under the Low-Income Home Energy Assistance Program (LIHEAP) if they meet other program requirements.

To ensure program continuity between LIHEAP and DOE Weatherization for all Subgrantees operating both programs, the DOE Weatherization Assistance Program will follow the interpretation as adopted by HHS. The Department uses the Systematic Alien Verification for Entitlements (SAVE) to determine whether an alien is qualified or unqualified for this program. The Department has provided training and will continue to provide training to Subgrantees who use the SAVE system to verify legal status.

The DOE and LIHEAP WAP are in compliance with LIHEAP-IM-99-10, issued June 15, 1999, which states that weatherization in a multifamily building is not a covered activity for status verification.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

TDHCA and subgrantees conform to WPN 24-3. Dwelling Units that can be weatherized include a house, stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. For DOE WAP, a Household is an individual or group of individuals, excluding unborn children, who are living together as one economic unit in a Dwelling Unit. A Household whose total combined annual income is at or below 200% of the Federal Poverty Income guidelines, or a Household who is Categorically Eligible, as described in V.1.1 above, is considered to be eligible. It is the subgrantee's responsibility to establish Dwelling Unit ownership through collected documentation at time of application and determine applicant income eligibility according to [10 TAC §6.4](#) (Income Determination) and [10 TAC §6.406](#) (Subrecipients Requirements for Establishing Priority for Eligible Households and Customer Eligibility).

For multifamily/shelter applications, it is a subgrantee requirement to apply the additional eligibility requirements for multifamily dwelling units and shelters according to [10 TAC §6.414](#) (Eligibility for Multifamily Dwelling Units and Shelter) as well as apply categorical eligibility requirements according to WPN 22-5, WPN 24-5, and WAP Memorandum 109.

Subgrantees maintain a client file for each unit weatherized, including documented proof that the Dwelling Unit is an eligible Dwelling Unit as defined above. The Department verifies that subgrantees have taken the proper steps to ensure that weatherized units are eligible and review the documentation during their annual monitoring reviews.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Describe Reweatherization compliance

Texas permits reweatherization of a unit if 15 years have passed from the unit's previous weatherization completion date in accordance with the Consolidated Appropriations Act of 2021 below. Otherwise, a unit may only be re-weatherized if such dwelling unit has been damaged by fire, flood, or an act of God and repair of the damage to weatherization materials is not paid for by insurance, per 10 CFR §440.18(f)(2)(ii).

Language from the Consolidated Appropriations Act of 2021:

AMENDING RE-WEATHERIZATION DATE. Paragraph (2) of section 415(c) of the Energy Conservation and Production Act (42 U.S.C. 6865(c)) is amended to read as follows:

(2) Dwelling units weatherized (including dwelling units partially weatherized) under this part, or under other Federal programs (in this paragraph referred to as 'previous weatherization'), may not receive further financial assistance for weatherization under this part until the date that is 15 years after the date such previous weatherization was completed. This paragraph does not preclude dwelling units that have received previous weatherization from receiving assistance and services (including the provision of information and education to assist with energy management and evaluation of the effectiveness of installed weatherization materials) other than weatherization under this part or under other Federal programs, or from receiving non-Federal assistance for weatherization."

Previously Weatherized Home Tracking Procedure

Previously weatherized homes and their completion dates are recorded and tracked in the TDHCA Community Affairs Contract System's Previously Weatherized Database by subgrantees and verified by TDHCA through monitoring.

Describe what structures are eligible for weatherization

10 TAC §6.2 and §6.403 includes the following definitions which describe structures eligible for weatherization:

Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. (This is the same as the definition for Dwelling Unit in 10 CFR §440.3 Definitions)

Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

Shelter--A Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.

Buildings with more than one Dwelling Unit under one roof must follow 10 TAC §6.414, Eligibility for Multifamily Dwelling Units and Shelters.

TDHCA and subgrantees adhere to the requirements and restrictions of historic preservation and Section 106 of the National Historic Preservation Act through its DOE executed Programmatic Agreement, executed on October 5, 2020, and valid through December 31, 2030.

Subgrantees must ensure that all weatherization activities are allowable.

Describe how Rental Units/Multifamily Buildings will be addressed

In accordance with 10 CFR §440.22(b)(3), the Department requires that Subgrantees keep on file procedures that address protection of renters' rights, to ensure:

- Written permission of the building owner or his agent is obtained before commencing work.
- Cash/in-kind contribution from building owner when feasible.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

- Benefits of the services accrued primarily to the low-income tenants residing in such units.
- For 24 months, the household will not be subjected to rent increases (unless those increases are demonstrably related to other matters other than the weatherization work performed).
 - There are adequate procedures whereby the Grantee can receive tenant complaints and owners can appeal, should rental increases occur.
- No undue or excessive enhancement shall occur to the value of the Dwelling Unit

The Department will abide by 10 CFR §440.22 to ensure that not less than 66% of the eligible building units (50% for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) are dwelling units occupied by low-income households, or will become occupied by low-income households, within 180 days under a Federal, State or local government program for rehabilitating the building or making similar improvements. "Certain eligible types of large multifamily buildings" are those buildings for which an investment of DOE funds would result in a significant energy-efficiency improvement because of the upgrades to equipment, energy systems, common space, or the building shell. "Significant energy improvement" is based on specific criteria for the building and must be assessed using existing conditions to determine the threshold to achieve significant energy improvements.

WPN 22-5, WPN 25-4 and WAP Memorandum 109 provide guidance on the review and verification required for HUD and USDA. Assessments and client file documentation for rental units and multifamily units are also detailed in the Multifamily Weatherization Best Practice posted on the Department's website at: <https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance>

In order to weatherize large multifamily buildings containing 25 or more dwelling units or those with shared central heating (e.g., boilers) and/or shared cooling plants (e.g., cooling tower that use water as the coolant) regardless of the number of dwelling units, Subgrantees must obtain prior written approval through the Department (TDHCA). When necessary, the Department will seek DOE approval.

Subgrantees must submit to the Department a request for approval to weatherize large multifamily buildings. Request for permission must include evidence of significant energy savings because of upgrades to equipment, energy systems, common space, or the building shell. A significant energy savings is defined as having an SIR of 1.0 or greater in the energy audit.

Describe the deferral Process

Deferral of a Dwelling Unit can occur when a Dwelling Unit has certain occupant issues or dwelling characteristics that are beyond the scope of the weatherization program. Deferred Dwelling Units cannot receive weatherization services. Subgrantees will track their unit deferrals using the "TDHCA Deferrals Classification Guide and Tracker Form" located on the Department website. Alternatively, subgrantees may choose to use an internal tracking system with the same functionality as the department adopted form. A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subgrantee's weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from weatherization. The Subgrantee must declare their intent to defer weatherization on an eligible unit on the assessment form. The assessment form must include the client's name and address, dates of the assessment, and the date on which the client was informed of the issue in writing. A written notice is required to be given to the client and must include a clear description of the issue(s) causing deferral, conditions under which weatherization could continue, the responsibility of all parties involved, any rights or options the client has (e.g., appeals process), and the process by which the client may re-apply upon requalification for weatherization. A copy of the notice must be signed by the Subgrantee and placed in the client application file while documenting the date it was sent/provided to the client. Only after the issue has been corrected to the satisfaction of the Subgrantee shall weatherization work begin. Subgrantees shall maintain a deferral tracking list which documents all deferrals and their status within the respective service area.

If structural concerns or health and safety issues identified (which would be exacerbated by any weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the unit exceeds the scope of this program.

Crewmembers or contractors who work on a unit that could or should be a deferral or walk-away, do so at their own risk.

Weatherization Readiness Funds (WRF)

WRFs are to be used by Subgrantees in addressing structural and health and safety issues to reduce the number of deferred homes that require other services which are outside the scope of weatherization, before weatherization measures can be installed. WRFs are distributed to the 21 Subgrantees per the distribution formula in §6.404. Households will be prioritized according to 10 TAC §6.406(c) wherein Subgrantees must establish a written procedure to serve Households that have a Vulnerable Population household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subgrantee must maintain documentation of the use of the criteria.

The maximum amount of WRFs to be used per home is \$8,000. The \$8,000 maximum shall not be exceeded without prior approval from the Department. WRFs will be tracked for each dwelling unit and at a minimum capture measures/repairs and associated costs as well as the information listed below:

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

-Avoided Deferrals - the # of dwelling units made weatherization ready with WRF, and for each building or unit;

-Year Built;

-Housing Type (site-built single family, manufactured housing, multifamily);

-Nature of repairs needed which prohibited weatherization;

-WRF expenditure per unit and building; and

-Leveraged fund expenditure per unit and building (i.e., LIHEAP, HUD, non-federal, etc. braided with WRF to make a building weatherization ready)

The Department's Subrecipient Monitoring Division will monitor these funds as part of the Grantee's annual monitoring of Subgrantees, ensuring the WRFs are expended according to the policy written by the subgrantee.

Examples of repairs can include: roof repair, wall repair (exterior or interior), ceiling repair, floor repair, foundation or subspace repair, exterior drainage repair, plumbing repairs, electrical repairs, clean-up beyond scope of weatherization.

WRFs are allowed to be utilized on both annual formula funded and BIL funded weatherization projects. All WRF expenditures must be compliant with WPN 24-9 or a later adopted version. WRFs must ultimately be expended by the end of the final year in a grant cycle.

A reasonable amount of time for a particular project to be completed using WRFs is approximately 90 days.

V.1.3 Definition of Children

Definition of children (below age): **19**

V.1.4 Approach to Tribal Organizations

Recommend tribal organization(s) be treated as local applicant?

If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

The 70th Texas Legislature created the Native American Restitutionary Program (Oil Overcharge Restitutionary Act, Texas Government Code, Chapter 2305) for the purposes of providing oil overcharge restitution to Texas Native Americans. In the Texas WAP, the Native-American Indian population is treated and served in the same manner as other applicants. Low income members of a Tribe will receive benefits equivalent to the assistance provided to other low income persons within Texas.

V.2 Selection of Areas to Be Served

The Texas WAP is available to eligible low-income households in all 254 counties of the state. Subgrantees are held responsible for all intake, eligibility, and weatherization activities. If the Subgrantee's performance record is satisfactory according to both state and federal regulations, then the Department may offer to renew the contract if the Subgrantee so desires. The Department's award committee may decline to recommend an award or place conditions on an award based upon its previous participation review as outlined in 10 TAC §1.302.

New or additional DOE Subgrantees for counties that become unserved by the DOE WAP will be selected according to DOE regulations found in 10 CFR§440.15 and 10 TAC §1.302. If the Department determines it is necessary to permanently reassign a service area to a new organization, the entity will be chosen in accordance with 10 CFR §440.15 and 10 TAC §1.411. A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a Department-funded Weatherization Assistance Program. All counties are served by 21 Subgrantees. To ensure there is not a break in weatherization services provided in any county during the subgrantee selection process, a transition plan is developed by the Department and an existing subgrantee, along with the new subgrantee (once selected), to continuously provide weatherization services in the area. For further details on the reassignment of a service area, see V.8.1 Overview and Organizations.

The Department may deobligate all or part of the funds provided under this contract as outlined in 10 TAC §6.405 and 10 TAC §1.411. A Subgrantee's failure to expend the funds provided under this State plan in a timely manner may also result in the Subgrantee's ineligibility to receive additional funding during

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

the program year.

Formula Distribution

The Department updates the budget allocation proportion by county and Subgrantee based on poverty income, elderly poverty, median household income (from the most recent decennial U.S. Census data), and climate data (from the National Climatic Data Center, Climate Normals, 2010), as outlined in 10 TAC §6.404.

The Department allocates funds to Subgrantees by applying a formula based upon the DOE allocation for program year; or if the allocation amount is not known, based on an assumption of level funding from the previous program year. Once the allocation amount is known, the formula is re-run. The allocation formulas reflect the most recent decennial U.S. Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized. The Department will adjust guidance to reflect the adjusted average expenditure limit per unit for the program year.

The fund allocations for individual service areas are determined by a 5-factor distribution formula as outlined in 10 TAC §6.404:

- (1) Number of non-elderly poverty households per county;
- (2) Number of elderly poverty households per county;
- (3) Median income variance per county;
- (4) Inverse poverty household density ratio per county; and
- (5) County Weather Factor (Heating/Cooling Degree days per county) as a portion of State County Weather.

V.3 Priorities

The Department will ensure by contract that its Subgrantees give priority to weatherizing dwellings owned or occupied by low-income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption. Applicants from these groups must be placed at the top of a Subgrantee's waiting list. The Department ensures that Subgrantees give proper attention to these requirements through monitoring/evaluation of the Subgrantee.

Definitions:

High Energy Burden—A Household whose energy burden exceeds 11% of their Gross Annual Income, determined by dividing a Household's annual home energy costs by the Household's Gross Annual Income.

High Energy Consumption—A Household that is billed more than \$1000 annually for related fuel costs for heating and cooling their Dwelling Unit.

The Department trains the network of Subgrantees on the hierarchy of priorities and requires that any Subgrantees utilizing priorities other than the five listed in 10 CFR 440.16(b) do so in a manner that ensures no additional subgrantee priorities preempt the five listed in regulation. Any other additional categories shall be used as a tiebreaker once priority has been established, respectively.

V.4 Climatic Conditions

The climatic conditions for the State of Texas are imbedded in the algorithms of the Weatherization Assistant (WA) energy audit software developed by the Oak Ridge National Laboratory for the Department of Energy. As part of the energy audit modeling, the Department requires the Subgrantee network to select the nearest weather station to the dwelling units. The Weather files imbedded in the WA contains data of Heating and Cooling degree days for each weather station.

As described in the report prepared by the Pacific Northwest National Laboratory for the Department of Energy, the state of Texas has several IECC climate zones. https://www.energy.gov/sites/prod/files/2015/10/f27/ba_climate_region_guide_7.3.pdf

These climate zones are used as an aid in helping Subgrantees to identify the appropriate climate designation for the counties in which they are providing WAP services. In addition to prescribing appropriate mechanical equipment (example of climate specific measures would be evaporative cooling which may be prescribed in the Hot Dry climate of Texas and not in the Mixed Humid part of Texas) the IRC prescriptive thermal envelope of measures are different. The

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, State: TX, Program Year: 2025
Recipient: State of Texas

climate zones found in Texas are as follows:

1. Hot-Humid

A hot-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation and where one or both of the following occur:

- A 67°F (19.5°C) or higher wet bulb temperature for 3,000 or more hours during the warmest six consecutive months of the year; or
- A 73°F (23°C) or higher wet bulb temperature for 1,500 or more hours during the warmest six consecutive months of the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 2A		Zone 3A	
Ceiling	R 38		R38
Windows	U 0.40		U 0.35
Walls	R13		R13 + 5
Floors	R13		R19
SHGC	0.25		0.25

2. Hot-Dry

A hot-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation and where the monthly average outdoor temperature remains above 45°F (7°C) throughout the year.

IRC Prescriptive Thermal Envelope Measures:

Zone 3B	
Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

3. Mixed-Humid

A mixed-humid climate is defined as a region that receives more than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (65°F basis) or fewer, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 3A	
Ceiling	R38
Windows	U 0.35
Walls	R13 + 5
Floors	R19
SHGC	0.25

4. Mixed-Dry

A mixed-dry climate is defined as a region that receives less than 20 inches (50 cm) of annual precipitation, has approximately 5,400 heating degree days (50°F basis) or less, and where the average monthly outdoor temperature drops below 45°F (7°C) during the winter months.

IRC Prescriptive Thermal Envelope Measures:

Zone 4	
Ceiling	R49
Windows	U 0.35

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Walls	R13 + 5
Floors	R19
SHGC	0.40

In addition to the 2015 IRC adopted by the State of Texas, several individual cities have adopted amendments to the code. The adoption and amendments to the 2015 IRC impact the WA energy audits in that cities are required to evaluate user defined measures to meet the codes adopted by each individual city.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides and Materials

All technical guides (for all single family, mobile home, and multifamily buildings) and materials meet the specifications, objectives and desired outcomes outlined in the Standard Work Specifications (SWS). Provided below is an electronic link to all the current, DOE approved field guides and/or standards for single family, mobile homes, and multifamily buildings as well as all other relevant program guidance materials. These materials are available to all Subgrantees and contractors at any time.

<https://www.tdhca.texas.gov/sites/default/files/community-affairs/wap/docs/21-SWS-TX-FieldGuide.pdf>

The department has multiple WAP Cheat Sheets and Q&A documents that are always available to the network. These have proved highly effective in multiple ways: increased compliance, better understanding on how to assess and proceed, increased consistency across the Network, and reduction in calls for repetitive issues. They often have multiple references and are based upon sound building science principles.

Materials and Work Standards

The following will be included in all Subgrantee contracts and subcontracts:

- A. Subgrantee shall weatherize eligible dwelling units using only weatherization materials which meet or exceed the standards prescribed by DOE in Appendix A of 10 CFR Part 440, Standard Work Specifications (SWS), and added approved materials noted in WPN 23-6.
- B. All weatherization measures installed shall meet or exceed the standards prescribed by DOE in WPN 22-4 regarding Standard Work Specifications, as detailed in the Department's Standard Work Specifications. All Subgrantee agreements and vendor contracts contain language which clearly documents the SWS specifications for work quality outlined in WPN 22-4, Section 2. A signed contract shall confirm that the organization understands and agrees to these expectations.
- C. All weatherization work must be performed in accordance to the DOE approved energy audit procedures, 10 CFR Part 440 Appendix A, SWS, State of Texas adopted International Residential Code (or that of jurisdictions authorized by State law to adopt later editions).
- D. Subgrantees are responsible for reviewing online NEPA and Historic Preservation PowerPoint trainings at www.energy.gov/node/4816816 prior to initiating projects and contacting NEPA with any questions at GONEPA@ee.doe.gov.

The Department is exploring the potential benefits of allocating/diverting WAP funds for a rooftop solar pilot program. This matter is preliminary and, if it occurs, will follow the guidance provided in WPN 23-6.

Field guide types approval dates

Single-Family: 6/8/2021
Manufactured Housing: 6/8/2021
Multi-Family:

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Audit Name: Other (specify)
NEAT: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date: 6/2/2021

Audit Procedure: Manufactured Housing
Audit Name: Other (specify)
MHEA: On October 20, 2020, DOE approved June 2, 2021 to June 2, 2026.
Approval Date: 6/2/2021

Audit Procedure: Multi-Family
Audit Name:
Approval Date:

Comments

Because less than 20% of TDHCA's reported completed units are multifamily dwelling units, TDHCA does not have a DOE approved multifamily energy audit tool/procedure. The approach taken by TDHCA to ensure eligible occupants of multifamily dwellings receive appropriate, cost-effective weatherization services is described in V.1.2 "Describe how Rental Units/Multifamily Unit Buildings will be Addressed", above.

On October 20, 2020, TDHCA received DOE approval for the State of Texas Energy Audit Procedures (i.e., the National Energy Audit Tool (NEAT) and Manufactured Home Energy Audit (MHEA) for Site-Built Single Family, Manufactured, and Small Multifamily Housing for the WAP, effective June 2, 2021 and expiring June 2, 2026. Additionally, TDHCA received approval to utilize Refrigerators and General Heat Waste Measures (i.e., Low Faucet aerators (1.0 gpm or less), Furnace/Air Conditioner Filters, Hot Water Tank and Pipe Insulation) which were not listed in 10 CFR Part 440 Appendix A. TDHCA had already received approval on July 1, 2016 to utilize LEDs which were not listed in 10 CFR Part 440 Appendix A. Social Cost of Carbon (SCC) is also approved for use in a Memorandum from DOE dated December 2, 2024.

To comply with the requirement outlined in WAP Memorandum 113, TDHCA notified Oakridge National Laboratories (ORNL) and the DOE Project Officer and received approval to transition to Weatherization Assistant (WAwab) on July 1, 2024.

On July 22, 2022, TDHCA received DOE approval to use the DOE Priority Lists for the Hot and Moderate Climate Zones. The Priority Lists, along with complete Priority List policies and procedures, are available on the Department website. The Priority List(s), or the Energy Audit, are the two options available to Subgrantees to justify the weatherization measures installed in the dwelling units.

V.5.3 Final Inspection

The Department has provided Subgrantees with sufficient T&TA funding to obtain and/or maintain required QCI and MF-QCI certifications by an IREC certified training provider. The Department tracks Subgrantee compliance with unit inspection requirements of WPN 22-4.

The Department has five certified QCI staff who maintain their certifications, three of which conduct monitoring at the Grantee level (copies of QCI certifications are attached to the SF424). The Department annually requires all Subgrantees to report the following for determining the number of units that the Department will inspect for compliance at each agency:

Option 1 (at minimum 5% compliance final inspection required): The Subgrantee will NOT allow the QCI staff member (or third party QCI) who conducts the Final Inspection on any DOE funded/reported unit to perform any other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit/Priority List, Work Order, etc.

Option 2 (10% compliance final inspection required): The Subgrantee will have a QCI staff member conduct the Final Inspection on every DOE funded/reported unit AND will also perform other aspect(s) associated with that same unit. E.g., Initial Assessment, NEAT Audit/Priority List, Work Order, etc.

NOTE: As scheduling permits, compliance will conduct 10% final inspections on completed units for Option 1 as well.

TDHCA surveys the WAP network annually to determine which option is appropriate for each Subgrantee while developing the monitoring schedule. Prior to conducting an onsite monitoring, the option will be verified to ensure an adequate number of units are inspected.

All units are inspected by a certified QCI. The inspecting QCI must not have performed weatherization work on the home prior to the final inspection. In addition to

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

final inspections, a completed QCI Final Inspection Certification Form is required. The form can be found at:

<https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance>

Subgrantees are required to follow work standards as per the SWS guidelines. This requirement is within Subgrantee contracts, and the SWS guide is posted on the Department's WAP Program Guidance Webpage at

<https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance>

All units are required to be in compliance with DOE/SWS guidelines and successfully pass a local QCI inspection which includes an assessment of the energy audit or priority list to confirm the accuracy of the field site data collection, energy audit software inputs (when applicable), and ensure that measures called for on the work order were appropriate and in accordance with TDHCA's energy audit/priority list procedures and protocols approved by DOE. If a local QCI fails to adequately inspect a unit to meet the most recent DOE/SWS guidelines, the Subgrantee would be out of compliance and reported to the TDHCA Compliance Department for the appropriate action. Any unit that fails to be brought into compliance with current DOE/SWS requirements and/or successfully pass a QCI inspection will require TDHCA to disallow the unit and associated costs. A report will be generated issuing the Subgrantee a finding(s) for the reason(s) of the disallowed cost. In severe or repetitive cases the local QCI will be reported to the certifying agency for further action. In less severe or isolated cases the local QCI would be provided individualized T&TA or a referral to the appropriate Comprehensive training provider.

V.6 Weatherization Analysis of Effectiveness

Pursuant to 10 TAC, Chapter 1, Subchapter C, §1.302, a review of a Subgrantee's compliance history in Department programs must be approved through the Department's Previous Participation Review and Approval Process (PPRAP) and provided to the Department's Board of Directors in order that the Board may consider the compliance history and make and document its award decisions with full knowledge of these matters. Prior to the award of DOE funds to any

Subgrantee, PPRAP reviews:

1. Deficiencies, Findings and Concerns identified during the last three years;
2. Any changes in debarment status;
3. Complaint history of the applicant; and
4. If the Subgrantee is subject to the requirement of an annual single audit: Single Audit status, any findings noted in the Single Audit, and the recommendation of the Single Audit Committee.

The Compliance Division submits the results of the information noted above to the PPRAP. If the PPRAP finds that a Subgrantee has outstanding monitoring or Single Audit issues, their WAP award may be subject to conditions intended to avoid future noncompliance, and limit disallowed costs.

Additionally and in a separate process, T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for agency wide specific T&TA and to plan the training curriculum. When circumstances warrant due to a high amount or degree of monitoring findings and concerns related to energy audit procedures, focused and intensive T&TA from a Weatherization Trainer will take place.

Further, Subgrantee performance is reviewed periodically and at the end of the program year. The Department tracks subgrantee performance over time by reviewing their monthly production and expenditure reports. Subgrantees are required to submit a Production Report on the 15th of each month. If staff determines that a benchmark is missed or a Subgrantee is falling behind on expenditure and/or production, a letter is issued from the Department and the subgrantee is required to submit a written Mitigation Action Plan according to 10 TAC §6.405.

Additionally, based upon monthly submitted production and expenditure reports, individualized TA is provided to ensure full expenditure and an adequate rate of production. T&TA staff analyze the reports submitted by subgrantees and provide T&TA when necessary. Such T&TA may include a course on production oriented management, proper reporting, procurement, and/or other relevant topics.

Analysis of reports includes the following:

- Number of homes completed;
- Number of applications pending;

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

- Number of homes in progress;
- Contract amount;
- Total funds expended;
- Balance of funds; and
- Special comments

The Department enforces the Deobligation/Reobligation of Awarded Funds rule as laid out in 10 TAC §6.405. While the Department's performance review process has not achieved full expenditure of funds each Program Year (e.g., PY 2017 due to Hurricane Harvey), the Department continuously assesses its processes and researches potential modifications in order to improve. For example, as mentioned previously, the Department oversees the performance and expenditure report and production schedule process and provides technical assistance to individual subgrantees who are on a pathway to nonexpenditure of the full amount of their allocation.

V.7 Health and Safety

Attached to SF-424

V.8 Program Management

V.8.1 Overview and Organization

The Department is the state's lead agency responsible for affordable housing and community assistance programs. The Department annually administers funds derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

In 1991, the 72nd Texas Legislature created the Department. The Department's enabling legislation combined programs from the Texas Housing Agency, the Community Development Block Grant Program from the Texas Department of Commerce, and the Texas Department of Community Affairs.

On September 1, 1992, two programs were transferred to the Department from the Texas Department of Human Services: the Low Income Home Energy Assistance Program and the Emergency Nutrition and Temporary Emergency Relief Program. Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services Programs were transferred to the newly created Office of Rural Community Affairs. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA. As a state agency, the Department is under the authority of the Governor of the State of Texas.

The Department's services are offered through three program categories: Single Family Programs, Multifamily Finance Production, and Community Affairs, which administers the WAP.

The Department subcontracts with a network of Subgrantees that provide WAP services. The network is comprised of community action agencies (CAAs), regional Councils of Government (COGs), and organizations in the other public or private nonprofit entity category.

All network Subgrantees are provided a draft copy of the yearly weatherization state plan and a notice of the state public hearing. The public and all Subgrantees are invited and encouraged to participate in the public comment process.

Historically, the regular weatherization program year ran from April through March. Starting PY 2015, the weatherization program year has run from July through June.

The Department will continue to administer the program through Subgrantees in accordance with 10 CFR §440.15 provisions and State regulations. If existing Subgrantees are successfully administering the Program, the Department will offer to renew the contract if the Subgrantee so desires and if grant funds are available. When the Department determines that an organization is not administering the program satisfactorily, it may take the following action:

- Correction of the problem(s) with training or technical assistance;
- Reassignment of the service area (or service area portion) to another existing Subgrantee; or,
- Solicitation or selection of a new or additional Subgrantee in accordance with 10 CFR §440.15 provisions.

A new or additional Subgrantee is defined as a CAA or other public or nonprofit entity that is not currently operating a DOE Weatherization Assistance Program.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Consolidation/downsizing: Any downsizing will occur through normal attrition through a Subgrantee's determination that it can no longer administer the program efficiently/effectively, or through the Department's determination that a Subgrantee can no longer administer the program efficiently/effectively.

Reassignment of service areas for just cause: In the event that a service area can no longer be served by a Subgrantee, the Department reserves the right to reassign service areas. If it appears necessary to permanently reassign the service area, a new Subgrantee may be chosen in an open, competitive solicitation process in accordance with 10 CFR §440.15. The solicitation process begins with authorization by the Department's Governing Board to release a Request for Applications (RFA). The RFA packet includes a narrative portion describing the application and selection procedure, submission instructions, eligibility requirements, evaluation process, required certifications and attachments as well as the scoring items. Scoring items are based on Prior Experience, Prior Performance, Audit Findings, Disallowed Costs, Prior WAP Expenditures, Board Governance, and an applicant's Proposed Service Plan. Once applications are received, Department staff review and score the applications to determine the highest scorer. The applicant with the highest score undergoes a Previous Participation Review and is then approved by the Board for an Award and Contract.

V.8.2 Administrative Expenditure Limits

The Department may keep up to 7.5% of its grant funds for state administration. An additional 7.5% will be distributed for local WAP field operations under contract. Contract funds are intended for local administration, liability insurance coverage, local fiscal audit, materials, labor, program support and health and safety measures. To help ensure that Subgrantees comply with the full and proper use of all the contract funds, written definitions are provided to Subgrantees on budget categories as deemed necessary. The Department has elected to provide the maximum allowable funds for Subgrantee administration to Subgrantees receiving less than \$350,000, so it has not included procedures for deciding which Subgrantees will receive additional funds. This decision is based on the following factors:

- Subgrantees often have to rely on other programs for WAP outreach and other administrative support;
- Subgrantees have had to adjust budgeting to keep pace with cost-of-living increases -- staff salaries, fringe benefits, rent, postage, travel, etc.;
- The State of Texas is 877 miles from Northern to Southern tips, 834 miles from Eastern to Western tips, and is comprised of a total of 266,807 square miles. The extra geography that Subgrantees have to cover to serve all the area's clients equitably requires additional staff, staff time, postage and phone costs, and vehicle wear and maintenance. (Source of Mileage Data: Texas Department of Transportation);
- Salaries, space, utilities, telephone, and similar costs associated with program support personnel should be charged to program support; and
- The increasing cost of maintaining appropriate qualified staff is challenging.

For Subgrantees receiving over \$350,000, the administrative allowance will be at least 7.5% of each subgrant. For Subgrantees receiving less than \$350,000, the administrative allowance may be increased up to an additional 5% for each subgrant.

V.8.3 Monitoring Activities

The Department will monitor the Weatherization Assistance Program (WAP), in accordance with WPN 24-4, with the Monitoring staff included in the budget. Subgrantee is defined as an organization with whom the Department contracts and provides WAP funds, including a statewide or regional WAP provider(s). Names and credentials of Department staff dedicated to monitoring DOE activities are:

- Robert Moore – 14+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor, Lead certified, OSHA 30 and attended DOE sponsored conferences.
- Ben Rose – 12+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Energy Auditor and Lead certified.
- Robert Kunze - 13+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Building Analyst Professional, BPI Building Analyst Technician, BPI Energy Auditor, Lead certified, OSHA 10, EPA 608, and attended DOE sponsored conferences.

All staff listed above conduct fiscal/administrative and inspection monitoring activities and are paid for out of the T&TA (40%) budget category.

Compliance Subrecipient Monitoring is staffed with 10 additional monitors not dedicated to weatherization. All of these qualified monitors may be tasked with fiscal and programmatic activities through funds provided by this State plan.

The Department will attempt to monitor each of the DOE Subgrantees during the program period. Many of the DOE Subgrantees also receive funds through the Department of Health and Human Services Community Service Block Grant, Low Income Home Energy Assistance Program, Housing and Urban

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Development HOME Program and Housing and Urban Development Emergency Solutions Grant Program. Whenever possible, all programs that are funded by the Department will be monitored during one visit to the Subgrantee; this may result in a monitoring outside of the regular DOE contract period.

(See Tentative Monitoring Schedule attached to SF-424)

The Department understands DOE's expectation and will conduct at least one on-site visit annually to each Subrecipient for technical and fiscal/administrative monitoring.

Financial and Administrative monitoring will include, at minimum, a review of the Subgrantee's General Ledgers and policies and procedures (including procurement) as well as support documentation for reported expenditures. These documents will be reviewed to ensure compliance with DOE, Department and other applicable rules and regulations. The Department will monitor for eligibility through sampled client file reviews. Through sampled unit inspections, Department staff will monitor for installed measures that are allowable and meet or exceed DOE requirements. The Department will review whether charged measures were installed properly and determine compliance with health and safety procedures, client eligibility, energy audit procedures, client education procedures and compliance with the SWS.

The Department will inspect 5-10% of all completed weatherized units. In order to achieve the 5-10% inspection rate and comply with the requirements of WPN 24-4, the Department is requesting that Subgrantees with a QCI on staff do not have that staff member involved with the weatherized unit prior to final inspection. The Department defines prior involvement as performing the audit, creating the work order or performing any weatherization work on the weatherized unit. The Department has created a QCI Final Inspection Form for Subgrantees which will allow TDHCA to determine if a QCI employed by the Subgrantee had prior involvement with that unit. The Department will review each sampled QCI final inspection document to ensure compliance with the requirement to inspect 5% and will increase the required inspections if necessary.

The Department recognizes that there may be a need to perform additional unit inspections towards the end of the contract period to comply with the requirements of WPN 22-4 if there were not enough units available to sample during the full monitoring review.

More frequent monitoring visits (Fiscal/Administrative and/or Technical) may be conducted for Subgrantees with significant identified risk.

Monitors will complete evaluation instruments to determine a Subgrantee's compliance. The instruments cover Financial and Administrative requirements, health and safety procedures, client eligibility, energy audit procedures, client education procedures, and compliance with the SWS. Compliance Monitors also review the hard copy of the NEAT or MHEA audit which is required to be in the client file to assure that the scope of the work was directed by the audit. Monitors scan documents as support if findings are noted. TDHCA monitors inventory with dedicated review procedures and an inventory testing tool.

The following list provides additional monitoring details that may occur during the monitoring review:

- Monitors may request copies of fiscal records/support documentation and perform a desk review to gauge the fiscal condition of the Subgrantee prior to onsite monitoring.
- As needed, monitors may perform a desk review of records requested but not provided during the onsite review and records requested to clarify issues identified during the onsite monitoring visit. The Department recognizes the requirement to issue the monitoring letter within 30 days of the review. The Department does not consider the review complete until receipt of information needed to ascertain compliance. Monitoring letters will be issued within 30 days of receipt of all necessary information.
- Monitors may test that weatherization activities including but not limited to: energy audits, energy conservation measures, incidental repair measures and health and safety measures are only performed by properly trained Retrofit Installer/Technicians, Crew Leaders, and Energy Auditors that have received comprehensive training (not necessarily certification) that is aligned with DOE's Job Task Analysis for the position in which the weatherization worker is employed.
- Subrecipient failure to provide/maintain support documentation sufficient enough to support activities will result in a recordkeeping finding in accordance with 2 CFR Part 200 and Texas Administrative Code §1.409 Record Retention requirements.

The Department will issue monitoring reports within 30 days of completion of the review. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction. On a case by case basis, the Department may grant an extension to respond to the report if there is good cause and the request is made during the corrective action period. The Department will review each response and determine if the Subgrantee has resolved the compliance issue. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) until the compliance issue is resolved. In certain circumstances, the Department may "close" a compliance issue when there remains no additional actions that can be taken to resolve the issue. At the conclusion of this process, any unresolved compliance issues will be reported to DOE, as will any noncompliance that appears in two consecutive monitoring reports. Instances of suspected fraud, waste, or program abuse will be reported immediately to DOE and the Texas State Auditors Office.

The Department will review the annual Single Audits of each Subgrantee agency. The Department requires each Subgrantee to complete an Audit Certification

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

form within 60 days of the end of the entity's fiscal year. This is used to determine if a Single Audit is required. All single audits must be uploaded to the Federal Clearinghouse within nine months of the Subgrantee's fiscal year end or within 30 days of completion. Upon receipt of the Single Audit, a review is completed to determine if the packet submitted is complete and all opinions are provided. If the audit contains findings for Department issued funds, they are reviewed and discussed by the Director of Internal Audit, the Director of Subrecipient Monitoring, the Director for Community Affairs and staff to determine the appropriate steps to ensure the entity addresses the concerns identified in the audit report or management letter. The Department issues correspondence to the entity, identifying what the entity must address, what support documentation is needed and the corrective action measures that must be performed. The entity is provided a time frame to complete the corrective action and to respond to the correspondence.

The Department's Compliance Monitor(s) keep abreast of the required timeframe for the entity to complete the corrective action and to provide the response. When the response is received, the Department reviews the documentation to determine if the corrective action requirements have been met and whether or not to refer the matter to the Department's Enforcement Committee in accordance with Department rules and standard operating procedures. During the next monitoring visit to the entity, the Department will determine if the selection of expenditures or materials reviewed reflect compliance with the respective requirement.

If it is determined that the Subgrantee is not able to administer the weatherization program, the Department will follow the requirements in 10 TAC §2.202 Contract Closeout.

Compliance Subrecipient Monitoring (CMSM) is tasked with monitoring monies passed-through to subrecipients as documented in the Annual Monitoring Plan, Monitoring Procedures, Single Audit SOP and PPR SOP. Short narratives for fiscal review, single audit and previous participation are as follows:

Disbursements - Expenditures are sampled from the subrecipients general ledger and tested against the requirements of Texas Grant Management Standards, Texas Administrative Code and 2 CFR Part 200.

Procurement - Procured contracts are sampled and tested against the requirements of Texas Grant Management Standards, Texas Administrative Code and 2 CFR Part 200. The subrecipient general ledger is reviewed for aggregate expenditures that may warrant procurement.

Reconciliations - Expenditures recorded in the subrecipient's general ledger are reviewed and reconciled to reported Monthly Expenditure Reports.

Single Audit – Subrecipients are required to submit an Audit Certification Form (ACF) within 2 months of the entities' fiscal year end. The ACF is a legal certification indicating if an entity has expended to the federal single audit (SA) threshold of \$1,000,000. If the federal SA threshold is met or exceeded, subrecipients are required to upload a 2 CFR Part 200 compliant single audit to the Federal Audit Clearinghouse (FAC) within 9 months of the entity's fiscal year end and notify the Department once the audit has been accepted by the FAC. The Department's Subrecipient Monitoring Administrator tracks ACF and SA compliance in a Microsoft Access database. Audits are reviewed by the administrator. If findings are identified, the materiality of the findings to Department passed-through funding is assessed by the Director of Subrecipient Monitoring, the Deputy Director of Program Controls and Oversight, the Department's legal counsel, the Director of Internal Audit and any program directors of funds passed-through for that fiscal period. If the findings are material to Department funding, a management decision letter with required follow-up is issued. Failure by the subrecipient to comply with ACF or SA requirements; or failure to adequately address management decision follow-up may impact the entity's ability to receive further funding through the Department's Previous Participation Review and Approval Process.

Previous Participation – It is the policy of the Compliance Division (CD) and the Compliance Administration Section (CMAD) to conduct a Previous Participation Review (Review) of Administrators, Sub-recipients, Affiliated Parties, Persons, Entities, and Responsible Parties to minimize the risks associated with providing Texas Department of Housing and Community Affairs' (Department) awards or assistance to non-performing Development Owners, Sub-Recipients, Non-Profits, and For-Profit Organizations. The Department's funds will not be awarded, or assistance provided, without the completion of a Review, as identified in the Texas Administrative Code, Title 10, Chapter 1, Subchapter C. Subrecipient Monitoring checks compliance status for Single Family and Community Affairs applicants as well as single audit compliance. Results are provided during previous participation review in order to inform any Compliance recommendations to the PPRAP.

Virtual Monitoring Overview

In light of the continued health concerns surrounding Coronavirus (COVID-19) and to promote the safety of our citizens, the Department developed a virtual monitoring inspection plan and received approval from DOE to move forward with virtual inspections according to the virtual monitoring inspection plan. While the Department has returned to onsite monitoring visits, the Department requests to retain approval for the virtual monitoring inspection plan if needed. DOE-approval will be sought prior to the re-implementation of virtual monitoring and that periodic re-evaluations of the necessity and collaboration with DOE will occur during the usage of virtual monitoring.

Virtual (video) monitoring inspections, being similar to on-site inspections, will be performed to minimize contact and exposure. This type of monitoring encompasses current comprehensive desk review procedures of all digitized client file documentation from intake to the final Subgrantee inspection as well as review of fiscal support documentation. During the desk review continued focus will include eligibility, complete whole house assessment leading to audit measures and needed health and safety measures. Any issue(s) identified will be noted on monitoring report for further follow-up and verification during the

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

remote virtual (video) inspection.

Identified discrepancies, serious and/or questionable health and safety concerns will trigger intensified corrective action or possible onsite examination and confirmation.

Virtual Unit Inspection Technical Monitoring Procedures

Continue utilizing Texas State Plan Monitoring Process inserting virtual unit inspections in lieu of onsite physical inspections.

1. TDHCA issues Subgrantee Technical Monitoring Review Notification Letter.
2. TDHCA communicates with Subgrantee selecting specific weatherized unit to be reviewed.
3. Subgrantee submits selected specific weatherized units client file documentation, final inspection pictures and video recording through TDHCA secure file transfer system.
4. Comprehensive client file desk review completed.
 - a. Performed with evaluation instruments to determine a Subgrantee's compliance, with all questions or concerns noted.
5. Virtual Unit Inspection Technical Monitoring
 - a. Standard final Subgrantee QCI inspections to be completed and videoed
 - b. Schedule virtual instruction training with each Subgrantee to ensure understanding of required photographic and video records of final inspection.
 - c. Conducted by QCI certified TDHCA Staff for units completed and reported.
 - d. Requires Subgrantee's final inspection video recording, pictures and documentation.
 - e. TDHCA Monitor reviews video for completion and SWS and IRC compliance.
 1. If video contains required inspection support, no additional visit is necessary.
 2. If video doesn't adequately address all applicable QCI requirements, then TDHCA requests/schedules an additional Subgrantee visit as a final inspection, that would be interactive (smart phone face time, zoom, etc.) for measures testing missed in the original video.
 - f. Video begins at the street view and continue around entire unit allowing clear observation of all exterior surfaces.
 - g. Continued tour of the unit's interior allowing survey of general condition.
 1. Close-up (zoomed) view of specific areas of work performed and compared against work scope, SWS, and Texas Administrative Code (TAC) standards.
 - h. Subgrantee videos diagnostic testing set up, staff performing tests and final test results.
 - i. Required items to be provided by Subgrantee:
 - Blower Door
 - CAZ Testing (if applicable)
 - ZPD Documentation
 - Exhaust Flow
 - Pressure Pans (if applicable)
 - Installed Measures
 - Duct Blaster (if applicable)
 - j. Compliance Monitor develops summary notes on testing processes and final test results based on Standard Work Specifications, DOE approved Field Guide, current Weatherization Program Notices, and Texas Administrative Code.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

k. Subgrantee required to address any identified Health and Safety issues immediately with appropriate notice to the affected household and to the Department.

l. Subgrantee afforded the opportunity to address any additional non H&S identified issues prior to required monitoring review report release.

6. DEPARTMENT ISSUED MONITORING REPORT

a. The Department will issue monitoring reports within 30 days of completion of the review.

b. Subgrantees are provided a 30 day corrective action period to respond and provide evidence of correction.

c. The Department will review each response and determine if the Subgrantee has resolved the compliance issue.

d. If the Department determines the issue is not resolved, the Subgrantee will be notified and required to submit an additional response(s) within 30 days. Failure to resolve findings may result in disallowed costs.

**TDHCA will seek approval prior to the implementation of virtual monitoring and that periodic re-evaluation of necessity and coloration with DOE will occur during the usage of virtual monitoring. **

V.8.4 Training and Technical Assistance Approach and Activities

(Also see TTA Plan attached to SF-424)

TDHCA ensures all provided trainings are in compliance with the Quality Work Specification and provides Subgrantees with sufficient T&TA funding to:

- Obtain and/or maintain required certifications such as: QCI, MFQCI, Energy Auditor, Lead Safe Renovator, Lead Safe Worker, OSHA 10/30, etc.
- Receive Comprehensive training on a regular basis for occupation-specific training to train on curriculum aligned with the topics within the job task analyses (JTAs). All Comprehensive trainings are administered either by or in cooperation with IREC accredited facilities.
- Receive Specific training to address single-issue, short-term training to address technical skills/knowledge gaps, attend conference trainings, or attend trainings not aligned with a Home Energy Professional (HEP) job task analyses (JTAs). Specific trainings are conducted by Department training and technical staff or a Department approved designee with the exception of training conferences.
- When applicable, Subgrantees are given the opportunity to utilize T&TA funds to conduct in-house training by their current staff with their new/applicable staff. TDHCA T&TA staff will review and provide potential approval, on a case-by-case basis, for the training activities based on applicable parameters for the desired in-house training. Examples of potential parameters to be considered: qualification/certification of staff leading/conducting the training, expenditure rates, lack of monitoring findings/concerns, estimated timeline, estimated T&TA expenditures, etc.

Training needs are determined and based upon the following:

- Individual Subgrantee Training Needs Assessments (TNA)
 - TDHCA implemented a requirement that requires each Subgrantee to complete DOE's WAP T&TA Planning & Reporting Template to identify each Subgrantee's specific training needs. The initial report is required to be submitted within sixty (60) days of the contract execution and is reviewed by TDHCA training staff to ensure each Subgrantee is planning to receive training in needed areas. Throughout the contract terms TDHCA staff monitor for training expenditures to ensure Subgrantee is obtaining needed trainings. Upon the completion of the contract a final version is required to be submitted to document and support training assistance received.
- Grant Requirements or as directed by DOE monitor or audit reports.
- Subgrantee Request. The Department has an online request system, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions. The Department will contact the requestor and customize training to meet the need. <https://tdhca.wufoo.com/forms/request-for-ca-program-assistance/>
 - In addition, submitted questions or requests are reviewed for creating Best Practices/FAQs or to identify topics for regional trainings, workshops, webinars or individualized training.
- Monitoring Reports. The Department's compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings, and follow up with T&TA as required.
- Subgrantee expenditure performance
 - TDHCA utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to a production tool at minimum on the third, fifth, and seventh program reporting deadline as identified within 10 TAC §6.405.
- Trends across the network are addressed in regional trainings, workshops, webinars or quarterly webinar calls with the network.
- Management Request. Management may make a specific request and dictate the type of training needed.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

- Grantee identified needs
 - Areas of special focus are as follows:
 - Quality work through initial assessments
 - Accurate Energy Audit Modeling
 - Accurate implementation of DOE-Approved Priority List

The Department has five certified EA/QCI staff who monitor and/or train weatherization Subgrantees on quality weatherization work, proper diagnostics, documentation, and compliance. The Department continues to provide T&TA to assist Subgrantees in preparing for and obtaining required certifications. The Department created an online Web page dedicated to Quality Work Plan requirements that contains guidance and resources.

<https://www.tdhca.texas.gov/weatherization-assistance-program-quality-work-plan>

NOTE: IREC approved training providers sometimes partner with local Subgrantees to provide Comprehensive training courses in Texas including MFQCI and Energy Auditor.

Comprehensive Training:

Comprehensive trainings are defined as occupation-specific trainings which is part of an overall curriculum aligned with the topics within the given JTA being trained and will be administered by or in cooperation with accredited IREC training providers credentialed for the JTA being taught. Additionally, all required certification testing will be conducted by BPI certified proctors.

The current focus for Comprehensive training will include the following:

- Ensuring all twenty-one (21) Subgrantees have staff (or subcontractors as applicable) certified and trained in the profession in which the worker is employed.
 - Employment categories include: Energy Auditor (EA), Quality Control Inspector (QCI), Retrofit Installer (RI) and Crew Leader (CL).
 - As a prerequisite to BPI advanced certifications, TDHCA recommends successful training and completion of an appropriate BPI core certification such as Building Analyst Technician and Building Analyst Professional.
- Ensuring all twenty-one (21) Subgrantees continue to receive Comprehensive training on a regular basis for occupation-specific topics within the perspective job task analyses (JTAs) the worker is employed.
- Ensuring all twenty-one (21) Subgrantees receive Priority List related training to address any identified monitoring concerns with the implemented DOE Approved Priority List.
- Ensuring all twenty-one (21) Subgrantees receive Energy Audit Weatherization Assistant (WAweb) Modeling or Assessment related training to address identified monitoring concerns.

In compliance with Section 2 of WPN 22-4, the Department will perform a training needs assessment (TNA) to ensure comprehensive training for each category listed above is planned for and that required certification are maintained as applicable. Whereas it is the responsibility of the Department to provide funds for training through or in conjunction with IREC training providers, it is the responsibility of the Subgrantee to ensure training is completed by staff and/or subcontractors. The Department will monitor Subgrantee training plan progress and track credentials. Weatherization staff that do not meet the requirements outlined within WPN 22-4 may not function unsupervised until training and/or certification requirements are met.

Specific Training:

Specific trainings are defined as training for single-issue, short-term training to address technical skills or knowledge gaps. Conference trainings and any training not aligned with a Home Energy Professional JTA are included in this category. Specific training will be provided by Department training and technical assistance staff or a designee with the exception of training conferences. With experience as Subgrantee Program Managers, State Program Officers, Trainers, and Compliance Monitors, the staff has experience in Subgrantee monitoring, unit assessments, audits, materials installation, inspections, and the training and technical assistance that support each. The staff consists of:

- Kevin Glienke - 15+ years in WAP as a monitor/trainer, BPI Building Analyst Professional, BPI QCI, BPI EA, and attended DOE and TACAA sponsored conferences.
- Evan Brown - 10+ years of WAP experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, BPI IDL, OSHA 30 & 10 certified, Lead certified, and attended DOE and TACAA sponsored conferences.
- Robert Moore – 14+ years of weatherization experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, Lead certified, OSHA 30 and attended DOE and TACAA sponsored conferences.
- Ben Rose – 12+ years of weatherization experience including as a Texas WAP Subgrantee, BPI Building Analyst Professional, BPI QCI, BPI EA, Lead certified, and attended DOE and TACAA sponsored conferences.
- Robert Kunze - 13+ years of weatherization experience including as a Texas WAP Subgrantee, BPI QCI, BPI Energy Auditor, BPI Building Analyst Technician, BPI Building Analyst Professional, Lead certified, OSHA 10, EPA 608, and attended DOE sponsored conferences.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

The focus for Specific trainings will include the following:

- New manager training
 - New manager training is required within three months of being hired and may be requested through the online training request system. Training includes a broad overview of the program history, applicable rules, reporting requirements, and available resources.
- Monitoring report based training
 - Another form of specific trainings are trainings that arise out of necessity due to monitoring issues. Subgrantees are monitored as described in V.8.3 Monitoring Activities of this Plan and results of those monitoring visits are shared with T&TA staff. Any issues as a result of a monitoring visit are analyzed by T&TA staff to determine how best to train the Subgrantee to resolve the issue(s).
 - While the majority of monitoring issues are addressed through the Comprehensive training approach, T&TA staff often provide short-term training to address technical skills or knowledge gaps through the Specific approach. Additionally T&TA staff help Subgrantees review their monitoring report to develop a training plan and to identify Comprehensive training(s) needs. After Comprehensive training(s) are performed a follow-up is performed by T&TA staff to ensure of training comprehension. If necessary T&TA staff provide one on one assistance to ensure the issue(s) are fully addressed/resolved.
- One-on-one technical assistance request for WAP Subgrantees.
 - T&TA staff are available daily to answer specific T&TA request, discuss/provide options for encountered scenarios, help locate applicable program guidance, etc.
 - Grantee/subgrantee knowledge and understanding of virtual platforms has increased capacity in this area tremendously.
- Administrative/Fiscal Technical Assistance & Training.
 - To assist subgrantees address monitoring findings or concerns in the area of fiscal and cost allocation, the Department contracts with a fiscal consultant with expertise in financial systems and cost allocation.
 - To provide targeted in-depth technical assistance and training services in a variety of areas to include risk management, financial systems, budgeting, internal controls, process mapping, compliance with federal and state requirements, operations, outreach, systems analysis, strategic planning, procurement and weatherization production, the Department contracts with a Training & Technical Assistance provider to address subgrantee monitoring findings, concerns and areas of needed improvement.
- Quarterly Network Calls
 - Quarterly Network Webinar Call will cover topics based upon need and identified areas of concern. Topics typically include:
 - Program Requirements and Updates
 - Monitoring Concerns
 - Technical Issues
 - Health & Safety Concerns
 - Upcoming Training Dates
 - Resources
- WAP E-Newsletter
 - A WAP newsletter will be emailed to the network on an as needed basis (i.e., as information becomes available) to provide WAP related information to the network (e.g., program and technical requirements, updates, training opportunities).

For formal specific trainings requested by the Subgrantee, a report will be produced indicating Subgrantee staff present, materials and documents presented to the Subgrantee, and expected outcomes.

Ramifications for Noncompliance with Training Requirements

Ramifications for noncompliance with Comprehensive training and/or Specific training can contain condition(s) which the noncompliant Subgrantee must comply with in order to receive funding. Conditions can be minor (e.g., submittal of a credential to the Department) or severe (e.g., closely supervised final QCIs by Department training staff to determine quality of weatherization measures installed).

Subgrantee Evaluation of Training Activities

Subgrantees will be given the opportunity to provide feedback through online training evaluations. These evaluations are reviewed to make improvements to future T&TA. Training staff will conduct periodic surveys to solicit input from Subgrantees and will evaluate pass rates for certification testing. In order to evaluate compliance with the Quality Work Specifications and the efficacy of its training activities, the training staff will review a Subgrantee's training activities semiannually and compare those to the Subgrantee's monitoring reports.

Client Education

The Department requires Subgrantees to provide client education to each client. Subgrantees are required to provide (at a minimum) educational materials in verbal and written format. Client education may include written and verbal education, energy savings materials, and instructions for equipment operation and/or maintenance.

U.S. Department of Energy
Weatherization Assistance Program (WAP)
STATE PLAN / MASTER FILE WORKSHEET
Grant Number: SE0001853, **State:** TX, **Program Year:** 2025
Recipient: State of Texas

Percent of overall trainings

Comprehensive Trainings:	60.0
Specific Trainings:	40.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings:	50.0
Percent of budget allocated to Crew/Installer trainings:	30.0
Percent of budget allocated to Management/Financial trainings:	20.0

V.9 Energy Crisis and Disaster Plan

At this time, no DOE funding will be utilized for Disaster Recovery activities.

Weatherization Grantee Health and Safety (H&S) Plan- *Optional Template* Texas Department of Housing and Community Affairs

1.0 – GENERAL INFORMATION

Additional information that does not fit neatly in one of the other sections of this document.

Allowable Department of Energy (DOE) related health and safety (H&S) actions and expenditures are those necessary to maintain the physical well-being of both the occupants and/or weatherization workers where:

- Costs are reasonable as determined by The Department of Energy (DOE) in accordance with this approved Plan;
- The actions must be taken to effectively perform weatherization; or
- The actions are necessary as a result of weatherization work.

This plan will provide guidance to the Texas Weatherization Network. Health and Safety issues will be identified by Program Assessors during the initial assessment. Weatherization Crews (either subcontracted or in house) will perform the task(s) identified in the initial assessment and listed in the work order(s). Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks.

This health and safety plan is taken from a DOE approved template. Much of the text in this template is DOE prescribed boilerplate language and may not always apply to activities described in TDHCA's DOE plan.

2.0 – BUDGETING

Grantees are encouraged to budget H&S costs as a separate category and, thereby, exclude such costs from the Average Cost Per Unit (ACPU) cost limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. H&S costs that are budgeted and reported under the Program Operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the Grantee's Department of Energy (DOE)-approved energy audit tool.

Select which option used below.

Separate H&S Budget

Contained in Program Operations

3.0 – H&S EXPENDITURE LIMITS

Pursuant to [10 CFR 440.16\(h\)](#), Grantees must establish H&S expenditure limits for their Program and provide justification for those limits by explaining the basis and related historical H&S expenditures. DOE acknowledges that it may be necessary for Grantees to deviate from historical expenditures when certain circumstances arise (e.g., funding source changes).

[10 CFR 440.16\(h\)\(2\)](#) dictates that these limits must be expressed as a percentage of the ACPU. To calculate this percentage, use the following formula:

$$\text{Total Average H\&S Cost per Unit} = \frac{\text{H\&S budget amount}}{\text{Program Operations budget amount}}$$

For example, if the ACPU is \$5,000 and a Grantee's Program expends an average of \$750 per dwelling on energy-related H&S measures, the Total Average H&S Cost per Unit would equal 15 percent. DOE acknowledges that this percentage may vary significantly between Grantees due to different geographical areas and depending upon the availability of other funding sources, resource availability, etc. Low percentages should include a statement of what other funding supports H&S costs, while larger percentages will require greater justification and relevant historical support.

15 percent is not a maximum limit on H&S expenditures. DOE will conduct a secondary level of review on H&S Plans with a Grantee request of more than 15 percent of Program Operations used for H&S purposes. **DOE strongly encourages using the table below in developing justification for the requested H&S budget amount.** In accordance with [10 CFR 440.18\(d\)\(15\)](#), these funds are to be expended by the Program in direct weatherization activities, "of which is necessary before, or because of, installation of weatherization materials." This same section of the regulation excludes the H&S costs from the ACPU limitation if H&S costs are budgeted separately.

DOE recommends reviewing recent budget requests and compare those to actual H&S expenditures to see if previous budget estimates have been accurate. The resulting Total Average H&S Cost per Unit multiplied by the Grantee's production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee's annual plan.

H&S expenditure limits and justification explaining the basis for setting the limits.

A thorough review of historical H&S expenditure data along with network provided feedback to aid in the completion of the H&S Measures Matrix is analyzed annually to determine the H&S expenditure limit requested.

Cost Controls: The Department has built-in contract and reporting validations that do not allow any Subgrantee to report or request over the allowable H&S %. The validations are built into the budgeting system from a total overall statewide % as well. Furthermore, unless current/historical expenditure data support an increase and the increase is approved by DOE, TDHCA will limit H&S expenditures to the DOE identified 15% of Program Operations as identified within WPN 22-7.

Utilizing the spreadsheet embedded below, provide a full list of H&S measures using historical data from your program, including average cost, and frequency rate. If installing more than a single instance of one measure in a unit (e.g. multiple CO alarms), Grantees may aggregate costs so that frequency does not exceed 100%, or enter a justification into the measure column, which explains why that measure has a frequency rate of over 100%. The spreadsheet will auto calculate your expected Total Average H&S Cost per Unit.

Instructions: Double-click icon directly below to open, view and edit Measure Matrix Spreadsheet. Complete the spreadsheet by entering the required information. To save, close the spreadsheet and it will save to this document.



Measure Matrix
Final.xlsx

4.0 – INCIDENTAL REPAIR MEASURES

Any measures that could potentially be identified as H&S, but the Grantee chooses to instead identify and treat those measures as incidental repair measures (IRMs), must be implemented consistently throughout the Grantee's weatherization program. The measure must fit the regulatory definition of an IRM and be cost justified along with the associated energy conservation measure and/or package of measures. [10 CFR 440.3](#) defines Incidental Repairs as, "those repairs necessary for the effective performance or preservation of weatherization materials."

H&S measures identified and treated as IRMs within your Program.

N/A-TDHCA strives to limit IRMs and H&S measures when feasible in an effort to maintain program focus/intent of energy efficiency.

5.0 – OCCUPANT PRE-EXISTING OR POTENTIAL HEALTH CONDITIONS AND HAZARD IDENTIFICATION AND NOTIFICATION FORM(S)

Grantees must develop a written policy that includes, at a minimum, the following documentation relating to H&S Plan implementation and maintain signed copies in each client file. Each notification must include the occupant(s) (and landlord if applicable) name and address, be signed and dated by the occupant (and landlord if applicable) indicating that they understand and have been informed of their rights and options and signed by the Subgrantee personnel collecting the information.

Required topics are:

▪ **Occupant Pre-existing or Potential Health Condition Screening**

- Provides documentation that allows occupant(s) to self-report known or suspected health concerns as part of initial application for weatherization, during the energy audit, or other part of the weatherization process as specified. Must minimally contain the following:
 - Any known risks associated with the measures and materials being installed
 - Subgrantee point of contact information for occupant(s)
 - Date of screening

▪ **Hazard Identification Notification**

- Provides documentation that the occupant and landlord (if applicable), have been informed of any potential hazards identified during the energy audit or intake process. Must minimally contain the following:
 - Date(s) of the energy audit/assessment and when the occupant(s) (and landlord, if applicable) was informed of a potential H&S issue
 - A clear description of the problem, including any testing results
 - A statement indicating if, or when weatherization could continue

Radon Informed Consent Form

- Provides documentation that the occupant(s) (and landlord if applicable) have been informed of any potential hazards associated with radon in weatherized dwellings. The form must minimally contain the following:
 - An explanation on the potential small risk of increasing radon levels when building tightness is improved. This is based on the results of the [Buildings Assessment of Radon Reduction Interventions with Energy retrofits Expansion Study \(The BEX Study\)](#)
 - A list of precautionary measures WAP will install based on [EPA Healthy Indoor Environment Protocols](#).
 - Some of the benefits of Weatherization including energy savings, energy cost savings, improved home comfort, and increased safety.

Procedure for soliciting occupants' health and safety concerns related to components of their homes

A Signed Health & Safety Requirements Form has been developed by the Department to aid Subgrantees with screening occupants for known or suspected health concerns and to identify H&S concerns related to components of their homes. Obtained information

must be taken into consideration when determining the units work scope to ensure occupant safety. The Signed Health & Safety Requirements Form is located on the Department’s website under “Weatherization Assistance Program (WAP) Program Guidance” at <https://www.tdhca.texas.gov/weatherization-assistance-program-wap-program-guidance> and clicking on “Program Forms” The Signed Health & Safety Requirements Form aligns with DOE’s template form to ensure clients are informed of any potential hazards associated with radon in weatherized dwellings.

Procedure for determining whether occupants suffer from health conditions which may be negatively impacted by the act of weatherizing their dwelling

Subgrantee must discuss information obtained from the Signed Health & Safety Requirements Form with clients and identify potential measures being considered for installation to determine if any measures could have an effect on the occupant’s health. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Procedure for addressing potential health concerns including pre-existing health conditions when they are identified

Weatherization agencies and their representatives, including subcontractors, are required to take all reasonable precautions against performing work on homes that will subject the occupants or themselves to health and/or safety risks. In cases where an occupant’s health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard, the occupant(s) at risk shall be required to leave during the performance of the work activities. In cases where specific weatherization material(s) present an occupant health concern, crews/contractors may substitute a comparable alternative material that meets DOE specifications. If no safe alternative material meeting DOE standards is available, Subgrantees should receive case by case guidance from Department training staff. Precautions taken to avoid client health and/or safety should be well documented in the client file.

Location where forms have been uploaded/submitted

Separate attachment to SF424

Separate attachment to H&S Plan

6.0 – HEALTH AND SAFETY CATEGORIES

For each of the following H&S categories identified by DOE in the following tables, follow the directions below.

- Any section that is “Required” below must be explicitly detailed in the H&S Plan regardless of funding source used. If the Grantee checks the box for “Concurrence with DOE Guidance” the contents of the box may be left as it exists or reference the section/location within Grantee Policy and Procedure manual that contains language or insert Grantee specific language. If the “Alternative Guidance” box is checked, the Grantee must provide that alternative guidance in the box.
 - If a Grantee is proposing an alternative action/allowability for a “Required” item, the alternative requires comprehensive explanation of how it meets the intent of the DOE program notice.
 - If a “Required” item/category will not be addressed with any funding source and will always result in deferral, the H&S Plan must state that.
- Any section that is “Allowable” below must be detailed only if DOE WAP funds are used to implement the measures. If the Grantee uses DOE funds for any “Allowable” activities from the Table of Issues then they must be described here in detail, including defining “minor”, “major”, “limited”, “case-by-case”, and “at-risk” if the term is applied. If you only check the box “Allowed with Alternative Funds” then no additional information is required.
- Any section that is “Prohibited” below may not be addressed with DOE WAP H&S funds and does not need to be specifically addressed in the H&S Plan. The Grantee simply needs to check the “Concur with DOE guidance” box and indicate if the condition will result in deferral/referral.
- The Grantee H&S Plan may address additional H&S hazards specific to their program that are not included in the Table of Issues. If a Grantee chooses to include additional measures as DOE WAP funded H&S costs, the H&S Plan must include details pertaining to the measures allowed, testing required, and client education for these specific hazards.

- All required “Testing/Inspection” related items must be documented in the client file to verify completion and results.

6.1 – Air-Conditioning, Heating Systems, and Combustion Appliances

Required Actions

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	

- Replace, repair, or install primary heating systems when existing primary heating systems are unsafe, inoperable, or nonexistent. No home may be left without a safe primary heating system after weatherization where climate conditions require heating (i.e., all climate zones except zone 1 as defined by ASHRAE). If unable to meet this requirement, deferral is required.
- No DOE-funded weatherization work is permitted if the completed dwelling unit will be heated with an unvented combustion space heater as the primary heat source. The primary heat source must be replaced with a vented unit prior to or by weatherization. The replacement unit must be sized to heat the entire dwelling unit.
- Unsafe secondary units, including space heaters, must be repaired, or removed and disposed of, or deferral is required. Secondary unvented space heaters are considered unsafe if they:
 - are not listed and labeled as meeting ANSI Z21.11.2;
 - have an input rating of more than 40,000 BTU/hour;
 - are in a bedroom and have an input rating of more than 10,000 BTU/hour;
 - are in a bathroom and have an input rating of more than 6,000 BTU/hour;
 - are operating in an unsafe manner (e.g., high carbon monoxide (CO) readings, too close to combustible materials, lack sufficient combustion air volume);
 - or are not permitted by the Authority Having Jurisdiction (AHJ).
- DOE WAP Grantees must comply with the [Manufactured Home Construction and Safety Standards](#) which mandates that:
 - All fuel-burning appliances in manufactured homes except ranges, ovens, illuminating appliances, clothes dryers, solid fuel-burning fireplaces and solid fuel-burning stoves, must be installed to provide for the complete separation of the combustion system from the interior atmosphere of the manufactured home (i.e., to draw their combustion air from outside), and be vented to outside the dwelling.
 - All appliances installed by or left in place after weatherization in manufactured homes must meet these standards, including secondary heating sources. If an occupant will not allow the removal of an unsafe combustion appliance from the home, deferral is required.
 - Repair or replace combustion gas venting to ensure proper combustion gas venting to outside the dwelling for all combustion appliances, including but not limited to gas dryers and refrigerators, furnaces, vented space heaters, and water heaters.
- If weatherization installs an appliance that is vented into a masonry chimney, the chimney must be lined in compliance with the International Fuel Gas Code (IFGC) or local AHJ if more stringent.
- Install adequate combustion air for all combustion appliances left after weatherization.
- If permits are required for heating/cooling system work, they must be secured and are a program operation cost if the installation is an ECM or may be included in the H&S cost if installed as a H&S measure.
- If unsafe conditions relating to existing combustion appliances require remediation to safely perform weatherization and cannot be remedied by repair or tuning, replacement is an allowable H&S measure unless prevented by other guidance herein.
- Documentation justifying the replacement with a cost comparison between replacement and repair must be maintained in the client file.

Allowable Actions	
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
<ul style="list-style-type: none"> • Replace, repair, or install primary air conditioning in homes where current occupants meet Grantee’s definition of “at-risk” <ul style="list-style-type: none"> ○ TDHCA’s defines an “at-risk” as a household containing at least one member that would meet the definition of Vulnerable Populations. Vulnerable Populations are elderly persons (60 or older), persons with a disability, and households with a child at or below the age of five. • Repair or removal of primary and secondary solid fuel heating appliances. • Replacement of unsafe primary solid fuel heating appliances. 	
Prohibited Actions	
Concur with DOE Guidance <input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> • Using DOE WAP H&S funds for replacement or installation of secondary heat sources is prohibited. 	
Required Testing/Inspection	
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
<ul style="list-style-type: none"> • Verify that primary heating systems are present, operable, and performing correctly. • Conduct combustion appliance testing and visual inspection of all combustion appliances and their related venting. • Depressurization and spillage testing is required for all Category 1 appliances pre- and post-weatherization and before leaving the home on any day when work has been done that could affect draft (e.g., air or duct sealing, adding exhaust ventilation). • CO testing is required for all combustion appliances, regardless of venting type. • Verify proper clearances for all combustion venting types • Visually inspect the entirety of solid fuel-fired appliance installations (e.g., wood stoves, coal stoves, pellet stoves, fireplaces) including the venting system to ensure it adheres to the applicable code or local authority having jurisdiction. Appliances must be inspected pre- and post-weatherization. • Conduct pre- and post- weatherization worst case CAZ depressurization testing in spaces having a fireplace or woodstove. Since there is no consensus method for verifying safe operation of fireplaces and woodstoves, Grantees can propose testing policies and limits. If the Grantee does not propose a policy and fireplaces or woodstoves are left operational, the vent must meet national or local codes, or the home cannot be weatherized. • Safety inspections related to space heaters, fireplaces, and woodstoves must include, but not be limited to, verification of adequate floor protection, and code-compliant clearances to walls and other combustible materials. 	
Grantee Combustion Testing Action Levels	

TDHCA has adopted **ANSI/BPI-1200-S-2017** combustion testing standards and action levels with the following exception:

- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted **International Residential Code (IRC)** Range Top Burner CO threshold. Current threshold is **25ppm as measured (per burner)**.

All combustion testing processes must meet the requirements detailed in ANSI/BPI-1200-S-2017 standards.

Depressurization and Spillage assessment action levels shall be based on the following criteria:

- Spillage assessed at 2 minutes of main burner operation for warm vent applications and domestic water heaters (*utilize appropriate action outlined in TABLE D.1.A*)
- Spillage assessed at 5 minutes of main burner operation for cold vent except domestic water heaters (*utilize appropriate action outlined in TABLE D.1.A*)

TABLE D.1.A ACTION LEVELS FOR SPILLAGE IN COMBUSTION APPLIANCES The following actions shall be taken when spillage occurs under the specific circumstances detailed below.	
TEST RESULT	ACTION REQUIRED
Greatest CAZ depressurization occurs with the air handler on*	Conduct further analysis of the distribution system to determine if leaky ducts or other HVAC-induced imbalances are the cause of the spillage. If so, recommend distribution system repairs that will reduce or eliminate the CAZ depressurization.
Greatest CAZ depressurization occurs with door to CAZ closed, but is alleviated when door to CAZ is open*	Recommend measures to improve air transfer between the CAZ and the core of the house
The cause of spillage has been traced to excessive exhaust** independent of CAZ door position, air handler, or a problem with the flue†	Verify that sufficient combustion air is available per <i>ANSI Z223.1/NFPA 54</i> for gas-fired appliances and <i>NFPA 31</i> for oil-fired appliances or recommend verification by a qualified professional and/or Recommend further evaluation/service by a qualified professional to address the venting/combustion air issues
*In the case where both spillage and excessive CO are present, in addition to the specific recommendations above, recommend that the appliance be shut down until it can be serviced by a qualified professional. ** Refers to exhaust caused by mechanical ventilation and/or other means of exfiltration. †When a recommendation to replace atmospherically-vented combustion equipment inside the pressure boundary is made, and when cost-effective, recommend replacement with direct-vented, or power-vented equipment (or non-combustion equipment, such as a heat pump), which is ENERGY STAR®-labeled.	

Ambient CO and Lower Explosive Limit (LEL) assessment action levels shall be based on the following criteria:

- Ambient CO and LEL shall be monitored at all times while in the work environment utilizing a designated ambient monitor.
 - If the monitor indicates an ambient CO level of 70 ppm or greater, the auditor shall immediately terminate the inspection and notify the homeowner/occupant of the need for all building occupants to evacuate the building. The auditor shall immediately leave the building and the appropriate emergency services shall be notified from outside the home.
 - If the monitor indicates an ambient CO reading in the range of 36 ppm to 69 ppm, the auditor shall advise the homeowner/occupant that elevated levels of ambient CO have been detected. Windows and doors shall be opened. The auditor shall recommend that all possible sources of CO be turned off immediately. Where it appears that the source of CO is a permanently installed appliance, the auditor shall recommend that the appliance be turned off, and the homeowner/occupant shall be advised to contact a qualified professional.
 - If the monitor indicates an ambient CO reading in the range of 9 ppm to 35 ppm, the auditor shall advise the homeowner/occupant that CO has been detected and recommend that all possible sources of CO be checked, and windows and doors opened. Where it appears that the source of CO is a permanently installed appliance, the homeowner/occupant shall be advised to contact a qualified professional.

- If any measured concentrations of combustible fuel gas exceed 10% of the LEL, the auditor shall inform the homeowner/occupants of the unsafe condition and advise evacuation of the home. The auditor shall leave the home, and the appropriate emergency services and fuel gas providers shall be notified from outside the home.

CO measurement result action levels shall be based on the following criteria:

- CO measured at 5 minutes of main burner operation;
- CO level at or below threshold in **Section 7.9.5, Table 1** for the appliance being tested is ACCEPTABLE (**utilize appropriate action outlined in TABLE D.1.B**);
- CO level exceeding threshold in **Section 7.9.5, Table 1** for the appliance being tested is UNACCEPTABLE (**utilize appropriate action outlined in TABLE D.1.B**); and
- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted IRC Range Top Burner CO threshold. (**utilize appropriate action outlined in TABLE D.1.B**),
 - Current IRC Range Top Burner CO threshold is **25ppm as measured (per burner)**.

7.9.5 Table 1: CO Thresholds for Fossil Fuel-Fired Combustion Appliances

Table 1 CO Thresholds for Fossil-Fuel Fired Combustion Appliances	
Appliance	Threshold Limit
Central Furnace (all categories)	400 ppm air free ⁴
Boiler	400 ppm air free
Floor Furnace	400 ppm air free
Gravity Furnace	400 ppm air free
Wall Furnace (BIV)	200 ppm air free
Wall Furnace (Direct Vent)	400 ppm air free
Vented Room Heater	200 ppm air free
Unvented Room Heater	200 ppm air free
Water Heater	200 ppm air free
Oven/Broiler	225 ppm as measured
Clothes Dryer	400 ppm air free
Refrigerator	25 ppm as measured
Gas Log (gas fireplace)	25 ppm as measured in vent
Gas Log (installed in wood burning fireplace)	400 ppm air free in firebox

Note-Carbon Monoxide (CO) Air Free Air free emission levels are based on a mathematical equation (involving carbon monoxide and oxygen or carbon dioxide readings) to convert an actual diluted flue gas carbon monoxide testing sample to an undiluted air free flue gas carbon monoxide level utilized in the appliance certification standards. For natural gas or LP gas, using as-measured CO ppm and O2 percentage:

$$\text{CO AF ppm} = (20.9/20.9-\text{O}_2) \times \text{CO ppm}$$

Where:

- COAF ppm = Carbon monoxide, air-free ppm
- CO ppm = As-measured combustion gas carbon monoxide ppm
- O2 = Percentage of oxygen in combustion gas, as a percentage

TABLE D.1 B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES

TEST RESULT	ACTION REQUIRED
Unacceptable CO level	Advise the homeowner/occupant that the appliance should be serviced immediately by a qualified professional Note: If ambient CO levels do not exceed 70 ppm, testing of other appliances and other audit procedures may continue at the discretion of the auditor
Acceptable CO level	No action required

Grantee Woodstove & Fireplace inspection/testing policy including actions/limits

Concur with DOE Guidance

Alternative Guidance

- Fireplace or woodstove venting that is left operational after weatherization must meet current local or national standards or the home must be deferred.

Required Occupant Education

Concur with DOE Guidance

Alternative Guidance

- Appropriate use and maintenance of units.
- Provide all paperwork and manuals for any equipment installed by weatherization.
- Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
- Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

6.2 – Asbestos (Confirmed and/or Presumed Asbestos Containing Material)

Required Actions

Concur with DOE Guidance

Alternative Guidance

Results in Deferral/Referral

DOE WAP H&S Funds

Alternative Funds

- When suspected friable Asbestos Containing Materials (ACM) are present, including vermiculite, assume they contain asbestos and take precautionary measures to prevent disturbing it during the audit and work unless testing determines otherwise.
- Grantees must have written policy included in their H&S plan for:
 - Identifying and managing suspected ACM that provides for reasonable and necessary precautions to prevent asbestos contamination in the home.
 - Addressing blower door testing where suspected friable ACM is present (as defined by EPA), including vermiculite.

Grantee ACM policy

If asbestos containing material (ACM) is suspected within the components of the structure, the Subgrantee must determine if the material is friable, if there would be a disturbance of that material during the weatherization process, and determine the size of the area affected.

- Where suspected ACM will not be disturbed during the weatherization process, is not creating a hazard due to being friable, or vermiculite is not present, weatherization work may proceed at the Subgrantee’s discretion. If the Subgrantee proceeds with providing weatherization services, they must ensure of the following during the weatherization process:
 - All reasonable and necessary precautions are taken to prevent asbestos contamination in the home
 - Suspected ACM will not be cut, drilled, sanded, scraped, or otherwise disturbed
 - Measures taken to prevent suspected ACM disturbance and precautions taken to ensure of occupant/worker safety are documented/retained
- Where suspected ACM is present on small surfaces (pipes, ductwork, furnaces, other small covered surfaces, etc.) and must be addressed to safely weatherize the dwelling, limited encapsulation or removal of suspected ACM materials can be allowed by an appropriately trained asbestos control professional at the Subgrantee’s discretion.
 - Documentation that the hazard has been eliminated through remediation or encapsulation from the certified asbestos professional must be maintained in the client file.
 - Limited encapsulation or removal cost of suspected ACM material does not exceed \$1,000.
- Where suspected ACM will be disturbed during the weatherization process, prevent a major measure installation, the suspected ACM is creating a hazard due to being friable, or vermiculite is present, weatherization services must be deferred. Before the weatherization process can proceed, the client must provide documentation that a certified asbestos professional has certified the suspected ACM is free of asbestos, encapsulated, or the asbestos hazard has been remediated. A copy of the documentation must be kept in the client file.
 - An exception to this guidance is removal of suspected ACM siding in good condition for wall insulation installation where insulation cannot be installed from the interior of the structure. This exception is at the Subgrantee’s discretion and would require the following precautions:
 - All reasonable and necessary precautions are taken to prevent asbestos contamination in the home;
 - Siding will only be removed where necessary to install wall insulation;
 - Siding will not be cut, drilled, sanded, scraped, etc; and
 - Precautions are taken to not damage the siding during the removal and reinstallation process.

Grantee Blower Door Testing Policy When Suspected ACM Exists

Suspected ACM’s overall condition and potential for disturbing the suspected material through blower door testing will be evaluated.

- Blower door testing **allowed** where suspected ACM will not be disturbed during blower door testing process, is intact and not creating a hazard due to being friable, and/or vermiculite is not present.
- Blower door testing **not allowed** where suspected ACM may be disturbed during the blower door testing process, the suspected ACM is not intact and creating a hazard due to being friable, and/or vermiculite is present. Unit must be deferred until a certified asbestos professional has certified the suspected ACM is free of asbestos, encapsulated, asbestos hazard has been remediated, and blower door testing can proceed.

Allowable Actions

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Temporary removal and reinstallation of ACM siding to perform an ECM (e.g., wall insulation).
- Limited encapsulation or removal of suspected ACM on small surfaces (pipes, ductwork, furnaces, other small, covered surfaces, etc.) by an appropriately trained asbestos control professional if necessary to safely weatherize the dwelling as defined by the Grantee’s H&S Plan.
 - TDHCA defines “Limited” as an encapsulation or removal of suspected ACM material that does not exceed \$1,000.

Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for general abatement/removal/or replacement of asbestos siding, thermal system insulation (TSI) or Transite, or vermiculite is prohibited. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Visually inspect all surfaces (i.e., walls, floors, ceilings, roofs) for suspected ACM prior to drilling or cutting. Assume asbestos is present in suspect materials unless testing reveals otherwise. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Other than the required testing/inspection of suspected ACM, additional testing will not be allowed with H&S funding. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	
<ul style="list-style-type: none"> Formally notify the occupant, and landlord if applicable, in writing: <ul style="list-style-type: none"> of suspected ACMs that are present and what precautions will be taken to ensure the occupants' and workers' safety during weatherization; of results if testing was performed; not to disturb suspected ACM; When deferral is necessary due to asbestos, occupant, or landlord if applicable, must provide documentation that a certified professional performed the remediation before work continues. 		

6.3 – Biologicals and Unsanitary Conditions

Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Deferral where conditions (odors, bacteria, raw sewage, rotting wood, etc.) in the home pose a health risk to occupants and/or weatherization workers or may be worsened by weatherization activities (e.g., air sealing) and will not be resolved by weatherization. 		
Allowed Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Limited remediation of conditions that may lead to or promote biological concerns and unsanitary conditions (e.g., repairing leaking sewage pipes, minor plumbing repairs, areas of water intrusion, etc.) as defined in the Grantee's H&S Plan <ul style="list-style-type: none"> TDHCA defines "Limited" as a remediation that does not exceed \$2,000. Limited cleaning of the workspace to protect the health and safety of workers and occupants as defined in the Grantee's H&S Plan <ul style="list-style-type: none"> TDHCA defines "Limited" as cleaning that does not exceed \$2,000. If removal of biological and unsanitary conditions exceeds the cost limits, the home will be deferred. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Sensory inspection of interior, exterior, attics, and subspaces of the dwelling. 		
Prohibited Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>		

<ul style="list-style-type: none"> DOE WAP H&S funds may not be used for testing of materials for biological contaminants. 	
Required Occupant Education	
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
<ul style="list-style-type: none"> Inform occupant in writing of observed biological and unsanitary conditions. 	

6.4 – Building Structure and Roofing (e.g., roofing, wall, foundation)

Allowable Actions

Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
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<ul style="list-style-type: none"> Minor repairs to building structure or roofs as defined by the Grantee’s H&S plan. <ul style="list-style-type: none"> Minor repairs are defined as repairs that are necessary for weatherization work to proceed and determined allowable by guidance outlined within WPN 19-5. All repairs invoiced to the H&S category must meet the following criteria: <ul style="list-style-type: none"> Meet the definition of Health and Safety (H&S) measure as defined within WPN 19-5 Directed to be installed as a H&S measure by the guidance outlined within <i>Attachment 1 - WPN 19-5 Definition Flow Chart</i> <p>Roof, Door, or Window repairs are only allowed to be invoiced as an H&S measure if the repair resolves a bulk water intrusion issue that is the cause of visible biological and cost shall not exceed \$2,000.</p>

Prohibited Actions

Concur with DOE Guidance <input checked="" type="checkbox"/>
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Using DOE WAP H&S funds for major repairs as defined by Grantee’s H&S Plan.

<ul style="list-style-type: none"> Using DOE WAP H&S funds for building rehabilitation.
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Define “major” repairs

<ul style="list-style-type: none"> Major repairs are defined as home repairs that would generally be classified as building rehabilitation, does not meet the definition of incidental repair measure (IRM) as defined within WPN 19-5, and/or would normally be considered beyond the scope of weatherization. Examples of major repairs include roof replacement, foundation repair, extensive siding repair, major structural repair, etc.
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Required Testing/Inspection

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	

<ul style="list-style-type: none"> Visual inspection of building structure and roofing for damages that compromise building durability and to verify that portions of the home where weatherization will occur are safe for entry and performance of assessments, work, and inspections.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
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<ul style="list-style-type: none"> Other than required testing/inspection of building structure and roofing, additional testing will not be allowed with H&S funding

Prohibited Testing/Inspection

Concur with DOE Guidance <input checked="" type="checkbox"/>
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<ul style="list-style-type: none"> Using DOE WAP H&S funds for any testing/evaluation of structural materials by a third-party is prohibited.
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Required Occupant Education

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
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<ul style="list-style-type: none"> Notify occupant in writing of structurally compromised areas.

6.5 – Code Compliance

Allowable Actions

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Correction of preexisting code compliance issues triggered by weatherization measures being installed in a specific room or area of the home. If the installation of a weatherization measure triggers the correction of a preexisting code compliance issue, and is paid for with WAP funds, the specific code requirements with reference to the weatherization measure(s) that triggered the code compliance issue must be documented in the occupant file.

Prohibited Actions

Concur with DOE Guidance

- Using DOE WAP H&S funds for correction of preexisting code compliance issues not directly related to the installation of specific weatherization measures in the home is prohibited.
- Using DOE WAP funds for work on condemned properties and properties where H&S conditions exist that cannot be corrected under this guidance is prohibited

Required Testing/Inspection

Concur with DOE Guidance

Alternative Guidance

Results in Deferral/Referral

DOE WAP H&S Funds

Alternative Funds

- Visual inspection.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Testing/Inspection cost associated with code compliance is only an allowable H&S cost when required by a code official within the authority having jurisdiction (AHJ) and must be triggered by the installation of a weatherization measure.

Required Occupant Education

Concur with DOE Guidance

Alternative Guidance

- Inform occupant in writing of observed code compliance issues when it results in a deferral.

6.6 – Electrical

Required Actions

Concur with DOE Guidance

Alternative Guidance

Results in Deferral/Referral

DOE WAP H&S Funds

Alternative Funds

- Provide sufficient over-current protection and damming prior to insulating building components containing knob and tube wiring, as required by the AHJ.

Allowable Actions

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Minor electrical repairs (e.g., junction box covers, improper splices, exposed electrical connections, damaged/non-working switches/receptacles, etc.) to protect the occupant or workers from electrical hazards within the living area or in the immediate area where weatherization activities will occur, as defined by the Grantee's H&S plan.
 - TDHCA defines minor electrical repairs as repairs to electrical hazards that do not exceed \$2,000. In unforeseen limited instances, TDHCA reserves the right to provide case-by-case exceptions that will require prior written approval from TDHCA training staff. Training staff will factor in the reason for exception, reason of the additional cost, energy benefit provided by WAP services vs. non-energy benefit such as H&S/repair expenditures, and current reported Subgrantee H&S expenditure level in the approval/denial determination process. In cases where excessive cost are determined to exceed the unit's energy benefit, are determined to be unreasonable, or the cost is prohibitive by available H&S funding within the Subgrantee H&S budget the unit will be deferred.

Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for major electrical repairs as defined by the Grantee’s H&S plan is prohibited 		
Define “major” repairs		
<ul style="list-style-type: none"> Major electric repairs are defined as extensive repairs that affect a large area, generally be classified as rehabilitation, and/or normally be considered beyond the scope of weatherization due to being cost prohibitive. Examples of major electrical repairs include extensive wiring replacement due to age and condition, replacement of service panels, replacement of greater than three (3) electrical circuits, etc. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Visual inspection for presence and condition of knob-and-tube wiring. Evaluate knob-and-tube wiring for safety prior to work. Check for alterations that may create an electrical hazard. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Voltage drop and voltage detection testing. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	
<ul style="list-style-type: none"> Provide occupant with written documentation of any electrical hazards identified that will not be addressed by weatherization Provide information to occupant on over-current protection, overloading circuits, and basic electrical safety/risks if conditions warrant. 		

6.7 – Fuel Leaks		
Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> When a gas leak is found on the utility side of service, the utility service must be contacted, work must be temporarily halted, and the leak must be repaired before work may proceed. Fuel leaks that are the responsibility of the occupant (vs. the utility) must be repaired before installing weatherization measures in the home. 		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Replacement or repair of leaking bulk fuel tanks and/or lines if connected systems will remain after weatherization. Replacement of flexible appliance gas connectors that are not compliant with current fuel gas codes. Exposed gas lines will be inspected using an electronic combustion gas detector where gas lines are visible throughout the home. When a gas leak is found on the utility side of service, the client must contact the utility service before work may proceed & follow up with agency with a written report of resolved actions. Minor repairs to fix fuel leaks, that are the responsibility of the occupant, are an allowable expense. <ul style="list-style-type: none"> TDHCA defines minor repairs to repair fuel leaks to not exceed \$2,000. Examples may include tightening loose connections, replacing gaskets or seals, cleaning fuel lines, applying sealant, realigning pipes, or limit to gas line supplying the appliance, etc. 		
Prohibited Actions		

Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds to repair leaks that are the responsibility of the utility to correct is prohibited. Using DOE WAP H&S funds for environmental cleanup resulting from bulk fuel leaks is prohibited. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Test all exposed gas lines, fittings, valves, and connections for fuel leaks from utility connection to the appliance throughout the home. Test all gas appliances for fuel leaks at all connections, valves, fittings, and burners. Conduct sensory inspection of all bulk fuels lines and storage tanks to determine if leaks exist. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Pressurized leak testing of complete gas distribution system to determine if a leak is present should LEL levels exceed 10% or sensory inspection lead Subgrantee staff to believe a concealed gas leak is present. 		
Prohibited Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for environmental testing of soil or water is prohibited. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	
<ul style="list-style-type: none"> Inform occupants in writing of fuel leak testing results, including specific location if fuel leaks are detected. 		

6.8 – Gas Ovens/Stovetops/Ranges		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Limited cleaning or repair of ovens/ranges/stovetops as defined by the Grantee’s H&S plan. <ul style="list-style-type: none"> TDHCA defines “Limited” as cleaning or repair that does not exceed \$400. Limited replacement of unsafe gas ovens/ranges/stovetops as defined by the Grantee’s H&S Plan. <ul style="list-style-type: none"> TDHCA defines “Limited” as necessary replacements if Subgrantee staff’s professional judgement determines cleaning or repair would not resolve the gas oven(s)/range(s)/stovetop(s) identified hazard. Documentation should be maintained in client file for future reference. <p>If DOE WAP H&S Funds are used for any “allowable” actions, detail them here.</p>		
Prohibited Actions		
Concur with DOE Guidance <input type="checkbox"/>		
<ul style="list-style-type: none"> Use of H&S funds to electrify ovens/stovetops/ranges is prohibited. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Test gas ovens for CO. Grantee H&S plan must define action levels and resulting actions. Visually inspect cooking burners and ovens for operability and flame quality. 		
Define action levels for oven CO testing and resulting actions		

TDHCA has adopted **ANSI/BPI-1200-S-2017** combustion testing standards and action levels with the following exception:

- In addition to BPI-1200 range top burners visual inspection requirement, each burner shall be tested to meet the current adopted **International Residential Code (IRC)** Range Top Burner CO threshold. Current threshold is **25 ppm as measured (per burner)**.
- Oven CO Thresholds 225 ppm as measured.
- Action Levels identified in Table D.1.B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES below:

TABLE D.1 B. ACTION LEVELS FOR CO IN COMBUSTION APPLIANCES	
TEST RESULT	ACTION REQUIRED
Unacceptable CO level	Advise the homeowner/occupant that the appliance should be serviced immediately by a qualified professional Note: If ambient CO levels do not exceed 70 ppm, testing of other appliances and other audit procedures may continue at the discretion of the auditor
Acceptable CO level	No action required

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Other than the required testing/inspection of ovens/ranges/stovetops, any additional testing will not be allowed with H&S funding.

Required Occupant Education

Concur with DOE Guidance

Alternative Guidance

- Inform occupants of the importance of using exhaust ventilation when cooking and the importance of keeping burners and broilers clean to limit the production of CO.

6.9 – Hazardous Materials

Required Actions

Concur with DOE Guidance

Alternative Guidance

Results in Deferral/Referral

DOE WAP H&S Funds

Alternative Funds

- Hazardous Waste Materials generated by weatherization work (e.g., refrigerant, asbestos, lead, mercury, CFL lighting bulb/ballasts, etc.) must be disposed of according to all local and federal laws, regulations, and guidelines, as applicable. Costs specifically related to disposal may be charged as a H&S expense.
- Subgrantees must document disposal requirements in contract language with the responsible party.
- **Limited** removal of pollutants that pose a risk to workers is required (e.g., flammable liquids, hazardous chemicals, and other air pollutants) as defined the Grantee’s H&S Plan.
- If removal cannot be performed or is not allowed by the occupant, the unit must be deferred.

Define “limited” removal of pollutants

- Limited removal of pollutants is defined and limited to the hazardous waste materials generated by the weatherization activities (e.g., refrigerant, asbestos, lead, mercury, CFL lighting bulb/ballast, etc.) as listed in the required actions above. Limited removal of additional pollutants is not allowed by Subgrantee staff. Removal of pollutants must be done by the client or a contracted professional prior to weatherization work being performed. If pollutants pose a risk to workers and removal cannot be performed by a professional or the client refuses to remove the pollutants, the unit must be deferred.

Allowable Actions

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

<ul style="list-style-type: none"> Limited removal of pollutants that pose a risk to the occupant as defined in the Grantee H&S Plan <ul style="list-style-type: none"> See Define “limited” removal of pollutants guidance above. 		
Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for Lead, Asbestos, and Radon abatement is prohibited. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Sensory inspection. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Other than the required sensory inspection of hazardous materials, additional testing will not be allowed with H&S funding. 		
Prohibited Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for any testing for hazardous materials other than that specifically permitted in the asbestos, lead, and radon sections of this document is prohibited. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	
<ul style="list-style-type: none"> Inform occupant in writing of hazards associated with hazardous waste materials being generated/handled in the home. Inform occupant in writing of observed hazardous condition and associated risks. Provide occupant written materials on safety issues and proper disposal of household pollutants. 		

6.10 - Injury Prevention of Occupants		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Minor repairs and installations (e.g., repairing stairs, replacing handrails, etc.) as defined by the Grantee’s H&S plan. <ul style="list-style-type: none"> TDHCA defines minor repairs as injury prevention of occupant repairs that do not exceed \$2,000. Identified repairs must be necessary to allow for safe access to areas necessary to complete the weatherization work. 		
Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for <i>major</i> repairs, as defined by the Grantee’s H&S Plan is prohibited 		
Define “major” repairs		
<ul style="list-style-type: none"> Major injury prevention of occupant repairs is defined as repairs that would exceed \$2,000. Example injury prevention of occupant repairs would include complete porch replacements, extensive repairs to walkways/porches/stair that exceed \$2,000, etc. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Visually inspect for dangers that would prevent weatherization. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Other than the required visual inspection of dangers that would prevent weatherization, additional testing will not be allowed with H&S funding. 		

Required Occupant Education	
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
<ul style="list-style-type: none"> If identified hazardous conditions will not be corrected during weatherization, inform occupant in writing of observed hazards and associated risks utilizing the "Hazard Identification Notification Form" required by WPN 22-7. 	

6.11 – Lead-Based Surface Coverings (Paint, Varnishes, Roofing, etc.)

Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Subgrantees must comply with EPA's Lead; Renovation, Repair and Painting Program (RRP) rules when working in pre-1978 housing unless testing confirms the work area to be lead free. This includes, but is not limited to: <ul style="list-style-type: none"> Client file documentation including the Certified Renovator's certification; any training provided on-site; description of specific actions taken; lead testing and assessment documentation; and photos of site and containment set up. Include the location of photos referenced if not in file. Certification and training requirements of the RRP rule. Job site set up and cleaning verification by a Certified Renovator. Only those costs directly associated with lead safe work practices for surfaces directly disturbed during weatherization activities are allowable WAP H&S expenses. 		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Only those costs directly associated with the testing and lead safe practices for surfaces directly disturbed during weatherization activities are allowable. 		
Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for lead abatement is prohibited. Using DOE WAP H&S funds for purchase, resourcing, or maintenance of X-ray Fluorescence (XRF) devices is prohibited. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Testing to determine the presence of lead on surfaces that will be disturbed by WAP measure installation is allowed with EPA-approved testing methods. Alternatively, if EPA-approved testing is not conducted, the Subgrantee may assume lead is present and work in compliance with EPA RRP rule. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	

- Follow pre-renovation education requirements per EPA RRP rules.

6.12 – Mold and Moisture

Allowable Actions

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Limited water damage repairs that can be addressed by weatherization workers are allowed when necessary to weatherize the home and to ensure the long-term stability and durability of the measures as defined in the Grantee’s H&S plan.
 - TDHCA defines limited water damage repairs as repairs that do not exceed \$2,000.
- Source control (i.e., correction of moisture and mold creating conditions) when necessary, to weatherize the home and to ensure the long-term stability and durability of the measures. Source control is independent of latent damage and related repairs. Source control includes, but is not limited to site drainage, gutters, down spouts, extensions, flashing, sump pumps, dehumidifiers, landscape, leaking roofs, vapor retarders, moisture barriers, etc.
- Window and door repairs are allowed with H&S funds to resolve a bulk water intrusion issue that is the cause of visible biological growth and in compliance with the most current program notice (WPN 19-5 at the time of this writing).

Prohibited Actions

Concur with DOE Guidance

- Using DOE WAP H&S funds for mold cleanup is prohibited.
- Using DOE WAP H&S funds for window and door replacements is prohibited

Required Testing/Inspection

Concur with DOE Guidance

Alternative Guidance

Results in Deferral/Referral

DOE WAP H&S Funds

Alternative Funds

- Visual assessment for moisture or mold damage including exterior drainage.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Diagnostics such as material moisture content, or relative humidity measurements at the audit and/or final inspection.

Prohibited Testing/Inspection

Concur with DOE Guidance

- Using DOE WAP H&S funds for mold testing of any type is prohibited.

Required Occupant Education

Concur with DOE Guidance

Alternative Guidance

- Provide occupant written notification of identified mold/moisture hazards and information regarding the associated hazard.

6.13 - Occupant Pre-existing or Potential Health Conditions

Required Actions

Concur with DOE Guidance

Alternative Guidance

Results in Deferral/Referral

DOE WAP H&S Funds

Alternative Funds

- When a person’s health may be at risk and/or WAP work activities could constitute an H&S hazard, the occupant is required to take appropriate action based on severity of risk.
- Deferral, if occupant risk cannot be mitigated.

Allowable Actions

Allowed with DOE WAP H&S Funds

Allowed with Alternative Funds

- Occupant temporary relocation costs on a case-by-case basis.
- Grantee must define the allowable costs, relocations options, procedure for this case-by case determination, and what documentation is required from the client if DOE WAP funds are used for this purpose.
 - Allowable cost is defined as cost associated with relocation of occupant’s whose health is fragile, or an occupant has been identified to have a health condition, and/or the crew work activities would themselves constitute a health and/or safety hazard to allow for weatherization services to proceed when no other reasonable solution(s) exist.
 - Relocation options shall be limited to providing at risk occupant temporary lodging to not exceed the current approved GSA lodging rate (cost must be paid to directly to the temporary lodging vendor).
 - Procedure for cases-by-case approval are as follows:
 - Subgrantee are required to contact TDHCA training staff for prior approval before proceeding with temporary location of occupants. Training staff will factor in the reason for client relocation, weatherization measure(s)/practice(s) requiring the relocation, available client documentation, energy benefit provided by WAP services vs. non-energy benefit such as H&S/repair expenditures, and current reported Subgrantee H&S expenditure level in the approval/denial determination process. In cases the where relocation cost are determined to exceed the unit’s energy benefit, are determined to be unreasonable, or the Subgrantee does not have funding available to relocate the client within its existing H&S budget the unit will be deferred.
 - Required client documentation must be kept in client file and shall consist of the following:
 - Reason the client has to be relocated to include identification of the weatherization measure(s)/work practice(s) requiring the client to be relocated.
 - Documentation that a safe alternative material/work practice meeting DOE standards is not reasonably possible.
 - Any client volunteered support documents not violating HIPPA requirements from a certified medical professional.

Required Testing/Inspection

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	

- Screen occupants for known or suspected health concerns either as part of initial application for weatherization, during the audit, or both.
- This is done utilizing the “Occupant Pre-existing or Potential Health Condition Screening Form” required by WPN 22-7.

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
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- Other than the required screening for known or suspected health concerns, additional screening/testing will not be allowed with H&S funding.

Required Occupant Education

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
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- Inform occupant in writing of any known risks and provide pre-weatherization screening form.
- Provide occupant with Subgrantee point of contact information in writing.

6.14 – Pests

Required Actions

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	

- Deferral of homes where infestation of pests cannot be reasonably removed or poses H&S concern for workers.

Allowable Actions

Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
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<ul style="list-style-type: none"> Limited pest removal is allowed only where infestation would prevent weatherization as defined by Grantee’s H&S Plan. <ul style="list-style-type: none"> TDHCA defines limited pest removal as removal that does not exceed \$400. Screening of windows and points of access and incorporating pest exclusion into air sealing practices to prevent intrusion. 	
Allowable Testing/Inspection	
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
<ul style="list-style-type: none"> Visual assessment of presence and degree of infestation and risk to worker. 	
Required Occupant Education	
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
<ul style="list-style-type: none"> Inform occupant in writing of observed conditions and associated risks. 	

6.15 – Radon		
Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Cover exposed dirt floors within the pressure/thermal boundary with a sealed soil gas retarder Cover sump well/pits with airtight covers Implement ventilation as required by ASHRAE 62.2-2016 		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> In homes where radon may be present, work scope may include additional precautionary measures based on EPA Healthy Indoor Environment Protocols for Home Energy Upgrades. Other precautions may include, but are not limited to, sealing any observed floor and/or foundation penetrations, isolating the basement from the conditioned space, and ensuring crawl space venting is installed and operable. 		
Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Using DOE WAP H&S funds for radon mitigation is prohibited. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Testing is not authorized in Texas WAP. Texas has no areas of “Highest Potentials,” according to the United States Environmental Protection Agency standards. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	
<ul style="list-style-type: none"> Provide all occupants EPA’s A Citizen’s Guide to Radon and inform them of radon related risks. Occupants must sign an informed consent form prior to receiving weatherization services. 		

6.16 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers		
Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> Install CO alarms in every home where alarms are not present or are inoperable in compliance with ASHRAE 62.2-2016 which references NFPA 720 (note: NFPA 720 has been incorporated into NFPA 72). 		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	

<ul style="list-style-type: none"> • Install smoke alarms where the AHJ requires them if alarms are not present or are inoperable. • Replace functional smoke alarms and carbon monoxide alarms if they are beyond the manufacturer’s stated lifetime (usually 10 years). • Replace functional smoke or CO alarms batteries if designed to be replaceable. • Provide fire extinguishers where solid fuel burning equipment is present. 		
Prohibited Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> • Using DOE WAP H&S funds for replacement of functional smoke or CO alarms that are not beyond the manufacturer’s stated lifetime is prohibited. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • Verify operation and age of installed alarms. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding. 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>		Alternative Guidance <input type="checkbox"/>
<ul style="list-style-type: none"> • Provide occupant with verbal and written information on use of newly installed devices and the potential risks of not properly maintaining these devices. 		

6.17 – Ventilation and Indoor Air Quality		
Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • Install ventilation as required by ASHRAE 62.2 - 2016. If occupant refuses ventilation as required by ASHRAE 62.2, the home must be deferred. 		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • N/A-Texas does not wish to request a variance to ASHRAE Implementation to the currently adopted ASHRAE 62.2-2016 version. 		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • ASHRAE 62.2 evaluation to determine required post-weatherization ventilation. • Measure fan flow of existing fans and of installed equipment to verify performance. 		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding 		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>		Alternative Guidance <input type="checkbox"/>

- Provide occupant with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
- Provide occupant with equipment manuals for installed equipment.
- Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.

6.18 – Water Heaters

(see Combustion Appliances for combustion related requirements)

Allowable Actions

Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
<ul style="list-style-type: none"> • Limited case-by-case replacement of water heaters if the water heater poses a life-safety risk to occupants (e.g., leaking primary tank, high CO measurements). Grantee must define “limited case-by-case” replacements if they utilize DOE H&S funds for this measure. <ul style="list-style-type: none"> ○ TDHCA defines limited case-by-case replacements of water heater as water heater replacements when the current appliance is creating moisture, combustion, and/or electrical related hazards that could impact occupant(s) Health and Safety. The Subgrantee must initially attempt to qualify existing Water Heater as an ECM. If the Water Heater does not rank, the Subgrantee may repair or replace the existing unit as a Health and Safety Measure with the caveat that there is a documented threat to the health and/or safety of the occupant(s). • Minor safety repairs of water heaters (e.g., T&P valve piping, backflow prevention devices, expansion tanks) as defined by the Grantee’s H&S plan. <ul style="list-style-type: none"> ○ TDHCA defines minor safety repairs as minor repairs needed to address an immediate threat to the occupants. • Replace, repair, or install primary water heater heaters when existing primary water heater is unsafe, inoperable, or nonexistent. 	

Required Testing/Inspection

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input checked="" type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • Visual inspection of all water heaters and related piping for safety and leaks • See Combustion Appliances section for related combustion safety testing requirements. 		

Allowable Testing/Inspection

Allowed with DOE WAP H&S Funds <input type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
<ul style="list-style-type: none"> • Other than the required testing/inspection, additional testing/inspection will not be allowed with H&S funding. 	

Required Occupant Education

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>
<ul style="list-style-type: none"> • Appropriate use and maintenance of units. • Provide all paperwork and manuals for any installed equipment. • Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use. 	

6.19 – Worker Safety

Required Actions

Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input checked="" type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
<ul style="list-style-type: none"> • Adherence to all federal, state, and local worker safety regulations (e.g., OSHA, EPA). 		

Allowable Actions

Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
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<ul style="list-style-type: none"> Minor repairs and installations (e.g., repairing stairs, replacing handrails, etc.) as defined by the Grantee’s H&S Plan, are allowable when necessary to safely weatherize the dwelling. <ul style="list-style-type: none"> TDHCA defines minor repairs as worker safety repairs that do not exceed \$2,000. Equipment purchases to protect the health and safety of the worker (e.g., Personal Protective Equipment (PPE), jobsite cleaning supplies). 	
Prohibited Actions	
Concur with DOE Guidance <input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Using DOE WAP H&S funds for major repairs as defined by the Grantee’s H&S Plan is prohibited. 	
Define “major” repairs	
<ul style="list-style-type: none"> Major worker safety repairs are defined as repairs that would exceed \$2,000. Example worker safety repairs are repairs to address/prevent falls, being stuck by objects, prevent dangers to electrical hazards, caught in-between hazards, extensive repairs to walkways/porches/stair that exceed \$2,000. 	
Allowable Testing	
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>
<ul style="list-style-type: none"> Environmental and surveillance testing required by OSHA regulation. 	

6.X – (Insert Additional H&S Items for Use of DOE WAP H&S funds)		
Required Actions		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
Insert required item text		
Allowable Actions		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
If DOE WAP H&S Funds are used for any “allowable” actions, detail them here.		
Prohibited Actions		
Concur with DOE Guidance <input type="checkbox"/>		
What is prohibited		
Required Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral/Referral <input type="checkbox"/>
DOE WAP H&S Funds <input type="checkbox"/>	Alternative Funds <input type="checkbox"/>	
Insert required item text		
Allowable Testing/Inspection		
Allowed with DOE WAP H&S Funds <input checked="" type="checkbox"/>	Allowed with Alternative Funds <input type="checkbox"/>	
If DOE WAP H&S Funds are used for any “allowable” testing, detail them here.		
Prohibited Testing/Inspection		
Concur with DOE Guidance <input checked="" type="checkbox"/>		
What is prohibited		
Required Occupant Education		
Concur with DOE Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	
Insert required item text		

PY2025 Tentative Monitoring Schedule*			
June - August 2025	September – November 2025	December 2025 - February 2026	March 2026 - May 2026
Brazos Valley Community Action Programs	Baker Ripley	Community Action Corporation of South Texas	Alamo Area Council of Governments
Concho Valley Community Action Agency	Dallas County Dept of Health & Human Services	Greater East Texas Community Action Program	Travis County Health and Human Services Department
Nueces County Community Action Agency	Rolling Plains Management Corporation	Community Council of South Central Texas	City of Fort Worth Department of Housing
West Texas Opportunities, Inc.	South Plains Community Action Association, Inc.	Economic Opportunities Advancement Corporation of PR XI	Hill Country Community Action Association, Inc.
Community Action Committee of Victoria, Texas	Panhandle Community Services, Inc.	El Paso Community Action Program, Project BRAVO	Combined Community Action Corporation
	Texoma Council of Governments		

* Schedule is subject to change based on production, contract extensions, and/or other unforeseen circumstances.

Fiscal/Administrative (F/A)

These reviews will typically start as a desk review. The F/A reviews will happen in the same month as the technical visit and will be issued as one WAP monitoring report. F/A reviews will be done by any available qualified compliance staff.

Technical/Inspections

These reviews will always be conducted onsite. Inspections will be conducted by state staff that are QCI certified. Full QCI inspections will be conducted on each unit reported as "inspected" by the state. Inspection percentages at each Subrecipient will be based off QCI staff and separation of assignments in accordance with WPN 15-4 (5 or 10%). TDHCA staff will also conduct LIHEAP inspections on the same trip to minimize visits to the Subrecipient, which is why trips begin so early in the DOE program year (LIHEAP program year ends December 31).

2025 TRAINING AND TECHNICAL ASSISTANCE (T&TA) PLAN

1.0 – GENERAL INFORMATION

COMMENTS THAT DO NOT GENERALLY FIT INTO THE AVAILABLE TABLES BELOW

TDHCA ensures Subgrantees have sufficient T&TA funding and direct TDHCA T&TA assistance available to maintain/improve Subgrantee performance and work quality. To address network training needs, TDHCA budgets T&TA funds both internally and directly to our Subgrantees.

T&TA needs are determined and based upon factors such as the following:

- Individual Subgrantee Training Needs Assessments (TNA)
 - TDHCA implemented a new requirement that requires each Subgrantee to complete DOE’s WAP T&TA Planning & Reporting Template to identify each Subgrantee’s specific training needs.
 - The initial report is reviewed by TDHCA training staff to ensure each Subgrantee is planning to receive training in needed areas and for compliance with WPN 22-4 requirements.
 - Throughout the contract terms TDHCA staff monitor for training expenditures to ensure Subgrantee is obtaining needed trainings.
 - Upon the completion of the contract, a final version is required to be submitted to document and support the training assistance received.
- Grant Requirements or as directed by DOE monitor or audit reports.
- Subgrantee Request
 - The Department has an online request system, with a T&TA menu list, or section for the Subgrantee to make a specific request or ask specific questions.
 - <https://tdhca.wufoo.com/forms/request-for-ca-program-assistance/>
 - The Department will contact the requestor to answer the submitted question **OR**
 - Customize a training to meet the need or help to find a list of T&TA providers for the requested topic.
 - In addition, submitted questions or T&TA requests are reviewed for creating Best Practices/FAQs or to identify topics for regional trainings, workshops, webinars, or individualized training.
- Grantee Monitoring Reports.
 - The Department’s compliance team shares monitoring issues with the training team. The training team will initially provide resources and guides to address any findings and follow up with T&TA as required.
- Subgrantee expenditure performance.
 - TDHCA utilizes an online contract system to collect expenditure and performance data from Subgrantees and compares that data to their production tool at minimum on the third, fifth, and seventh program reporting deadlines as identified within 10 TAC §6.405.
- Network Trends.
- Management Request.
 - Management may make a specific request and dictate the type of training needed.
- Grantee identified needs.
 - Key areas of a special focus are as follows:
 - Ensuring Subgrantee staff (or subcontractors as applicable) are certified and trained in the profession in which the worker is employed;
 - Ensuring all Subgrantees receive Priority List related training to address any identified monitoring concerns with the implemented DOE Approved Priority List; and
 - Ensuring Subgrantees receive Energy Audit Weatherization Assistant (WAweb) Modeling or Assessment related training to address identified monitoring concerns.

Internal T&TA funds are often limited unless determined otherwise by need and utilized to address individual, network-wide, or regional T&TA needs. Internal budgeted T&TA funds are utilized for T&TA activities such as the following:

- Internal Grantee staff training;
- TDHCA direct T&TA assistance;
- Develop and provide T&TA resources;
- Department provided specific trainings;
- Network-wide and Regional comprehensive trainings when determined feasible; and
- Etc.

Subgrantees receive the majority of T&TA funds which are utilized to address Subgrantee specific T&TA needs. TDHCA’s reason for this approach is network-wide or regional T&TA activities often present unique challenges such as geographical challenges, multiple climate zones, network size, limited one-on-one engagement, differences of capacity levels noted within our network, etc. Specifics of the challenges include:

- Travel time, cost, and/or loss of production can often be prohibitive for centralized or even regional trainings.
- Mixed climate zones often require specific training to the location of the Subgrantee.
- Texas has twenty-one (21) Subgrantees that makeup our network and as a result often network-wide/regional trainings consist of large attendance numbers, which are often prohibitive of providing one-on-one engagement to gauge training comprehension.
- Different capacity levels noted within network often present challenges to facilitate a network-wide course that would be beneficial and appeal to a network-wide or regional audience.

TDHCA T&TA staff provide oversight on the use of Subgrantee budgeted T&TA funds by reviewing the Subgrantee TNA to ensure training is obtained for needed areas, projected T&TA activities are in compliance with WPN 22-4 requirements, and T&TA funding is expended in a timely manner. Additionally, TDHCA staff monitor training expenditures throughout the contract terms and contracts require Subgrantees to receive prior approval for all T&TA expenses to ensure T&TA activities remain focused on the Subgrantee’s T&TA needs. Subgrantee T&TA funds are utilized for T&TA activities.

- Obtain and/or maintain required certifications such as QCI, MFQCI, Energy Auditor, Building Analyst Technician, Building Analyst Professional, Lead Safe Renovator, Lead Safe Worker, OSHA 10/30, etc.
- Receive Comprehensive training on a regular basis for occupation-specific training to train on curriculum aligned with the topics within the job task analyses (JTAs).
 - All Comprehensive trainings are administered either by or in cooperation with IREC accredited facilities.
- Receive Specific training to address single-issue, short-term training to address technical skills/knowledge gaps, attend conference trainings, or attend trainings beneficial to the program but not necessarily aligned with a Home Energy Professional (HEP) job task analyses (JTAs).
- When applicable, Subgrantees are given the opportunity to utilize T&TA funds to conduct in-house training by their current staff with their new/applicable staff. TDHCA T&TA staff will review and provide potential approval, on a case-by-case basis, for the training activities based on applicable parameters for the desired in-house training. Examples of potential parameters to be considered: qualification/certification of staff leading/conducting the training, expenditure rates, lack of monitoring findings/concerns, estimated timeline, estimated T&TA expenditures, etc.

2.0 – OVERALL T&TA PLAN

YOUR OVERALL T&TA PLAN MUST INCORPORATE SUGGESTIONS AND FEEDBACK THE FOLLOWING ELEMENTS.

FEEDBACK FROM INTERNAL AND EXTERNAL REVIEWS, EXAMPLES INCLUDE:

- FEEDBACK FROM DEPARTMENT OF ENERGY (DOE) PROJECT OFFICER (PO) MONITORING VISITS
- INTERNAL STATE AUDITS
- GRANTEE MONITORING OF THE SUBGRANTEES
- OFFICE OF INSPECTOR GENERAL (OIG) REPORTS
- AMERICAN CUSTOMER SATISFACTION INDEX FEEDBACK, AND
- OTHER. EXAMPLES INCLUDE:

- TRAINING FEEDBACK
- TRAINING RETENTION ACTIVITIES

TDHCA incorporates the following suggestions and feedback when developing the statewide T&TA Plan:

- Subgrantees Training Needs Assessments (TNA);
- Grant requirements;
- Feedback from Department of Energy (DOE) Project Officers (PO) and monitoring reports;
- Grantee Monitoring Reports of the Subgrantees;
- Subgrantee submitted questions and training requests through the TDHCA WUFOO portal;
- Subgrantee feedback collected and provided through the Texas Association of Community Action Agencies (TACAA);
- Network trends;
- American Customer Satisfaction Index survey feedback;
- Internal State Audits;
- Office of Inspector General (OIG) Reports;
- Public Comment received during the Public Comment period for the DOE State Plan;
- WAP PAC feedback; and
- Grantee identified key topics of special focus to improve overall network performance.

EXISTING OR PLANNED ACCREDITED TRAINING CENTER PARTNERSHIP OR WORKING RELATIONSHIP.

TDHCA and Subgrantees have historically partnered with Santa Fe Community College’s EnergySmart Academy (SFCCEA) to provide IREC accredited comprehensive trainings. Additionally, SFCCEA has helped TDHCA with the development of current SWS field guides. TDHCA is not limited to only partnering with SFCCEA and can recommend additional IREC accredited providers to ensure the needs of the network are being met.

PREPARATIONS FOR FUTURE/UPCOMING PROGRAM REQUIREMENTS, EXAMPLES INCLUDE:

- **UPDATED STANDARD WORK SPECIFICATIONS (SWS)**
- **INCLUSION OF SPECIFIC LANGUAGE FROM WEATHERIZATION PROGRAM NOTICES (WPN)**

TDHCA is preparing for the following upcoming program requirements:

- Infrastructure Investment and Jobs Act increased funding levels;
- Inclusion of specific updated language from Weatherization Program Notices (WPN), on an as needed basis.

WHAT PROTOCOLS ARE IN PLACE WHICH ENSURE UNTRAINED STAFF ARE NOT LEFT WITHOUT SUPERVISIONS DURING FIELD OPERATIONS?

Per Title 10 Texas Administrative Code (TAC) Section 6.6 (e), Subgrantees are required, upon hiring of a new program coordinator, to contact the Department with written notification within 30 calendar days of hiring to receive new manager/coordinator T&TA. Non-coordinator staff are required to be supervised during their introductory period and initial training is conducted by Subgrantee staff utilizing training resources available on TDHCA’s website until the staff has received the necessary comprehensive/specific training to function independently. On an as-needed basis, TDHCA training staff is available to assist with T&TA upon request and provide program oversight if associated risks warrant such an approach.

Partnerships with the statewide home performance industry on training issues; if applicable.

TDHCA does not currently partner with any statewide home performance industries.

HOW DOES ANALYSIS CONDUCTED, AS DETAILED IN SECTION V.6 OF THE ANNUAL APPLICATION, INFLUENCE THE DEVELOPMENT OF T&TA ACTIVITIES AND PRIORITIES?

A subgrantee’s compliance history is reviewed through the Previous Participation Review and Approval Process (PPRAP) and monitored as described in V.6 of the Annual Application. Results of the PPRAP review and monitoring visit(s) are shared with T&TA staff. Identified issue(s) as a result of the PPRAP review and/or monitoring visits are analyzed by T&TA staff to determine how to best resolve the issue(s) and address the Subgrantee’s training needs. T&TA staff

requires Subgrantees to update its TNA to reflect the required actions to resolve the identified issue(s) and provides follow-up activities to ensure the identified issue(s) are corrected in a timely fashion.

3.0 – WORKFORCE CREDENTIALS

DESCRIBE THE FOLLOWING ASPECTS OF YOUR T&TA PLAN RELATED TO WORKFORCE CREDENTIALS.

FEDERALLY REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **ENVIRONMENTAL PROTECTION AGENCY LEAD RENOVATION, REPAIR, AND PAINTING PROGRAM**
- **HOME ENERGY PROFESSIONALS QUALITY CONTROL INSPECTOR CERTIFICATION**

Federally Required Credentials:

- Environmental Protection Agency (EPA) Lead Renovator Certification;
- Environmental Protection Agency (EPA) Certified Firm Certification;
- Home Energy Professionals Quality Control Inspector (QCI) certification;
- Home Energy Professionals Energy Auditor (EA) certification; and
- AHERA or state certification to test, encapsulate, abate, etc., asbestos containing material (ACM) as outlined within WPN 22-7 and allowed within Texas’s H&S plan.

GRANTEE/STATE REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **BUILDING PERFORMANCE INSTITUTE BUILDING ANALYST**
- **GRANTEE-DEVELOPED CERTIFICATIONS**

TDHCA does not currently require any credentials outside of the Federal or Subgrantee/Local identified credentials for the Weatherization Assistance Program; however, TDHCA does strongly encourage the following as prerequisites to advanced Home Energy Professional Certifications:

- BPI Building Science Principles Certificate;
- BPI Building Analyst Technician; and
- BPI Building Analyst Professional.

SUBGRANTEE/LOCAL REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **CONTRACTOR LICENSING**

Subgrantee/Local required credentials:

- State Contractor Licensing for required services, i.e. HVAC, plumbing, electrical, etc.;
- OSHA 30 Construction Safety Course (for supervisors); and
- OSHA 10 Construction Safety Course (for crew members).

INDUSTRY REQUIRED CREDENTIALS. EXAMPLES INCLUDE:

- **EQUIPMENT/MATERIAL MANUFACTURE CERTIFICATION**
- **VENDOR CERTIFICATION**
(E.G. EQUIPMENT/MATERIAL MANUFACTURE CERTIFICATION, VENDOR CERTIFICATION)

Industry required credentials are as follows:

- Equipment/Material Manufacture Certification; and
- Vendor Certification (e.g. Equipment/Material Manufacture Certification, Vendor Certification).

PROCESS FOR MAINTAINING WORKFORCE CREDENTIALS

TDHCA has created an Internal Certification Tracking form to keep records of all workforce credentials. Subgrantees are required to complete, update, and upload this form whenever a new certification as it relates to the bullet points below, is obtained throughout the program year. This applies to both their WAP field staff and subcontractors and is used for grantee tracking purposes. TDHCA's compliance monitoring staff will review the form to ensure adherence to compliance standards

HOW CREDENTIALS ARE TRACKED

Subgrantees each have their own internal tracking process in place to ensure all workforce credentials are obtained and/or retained, which is tested by TDHCA compliance monitoring staff to ensure compliance. Additionally, Subgrantees are required annually to update their agency contact information to TDHCA, which includes the reporting of the following certifications for Grantee tracking purposes:

- QCI;
- Multi-Family QCI;
- Energy Auditor;
- Retrofit Installer;
- Crew Leader;
- Lead Safe Renovator;
- OSHA 10; and
- OSHA 30.
- Building Analyst Technician;
- Building Analyst Professional;
- Trade specific licensing

4.0 – TRAINING

GRANTEES HAVE TWO OPTIONS TO DESCRIBE THEIR TRAINING.

- USE THE EMBEDDED SPREADSHEET* TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBGRANTEE STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.
- OR USE THE FIELDS BELOW TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBGRANTEE STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.

GRANTEE'S ARE TO INCLUDE THE FOLLOWING IN THEIR DESCRIPTIONS REGARDLESS OF WHAT OPTION IS BEING USED TO DESCRIBE THEIR TRAINING PLAN:

- SPECIFY WHETHER ATTENDANCE IS MANDATORY, AND THE RAMIFICATIONS FOR NON-COMPLIANCE.
- SPECIFY IF THE T&TA PLAN SPANS MULTIPLE PROGRAM YEARS (PY), INDICATE WHICH TRAININGS ARE INTENDED IN THE CURRENT PY AND WHICH ARE PLANNED FOR FUTURE PYS.

* THE EMBEDDED SPREADSHEET, IF COMPLETED AT THE END OF THE YEAR TO RECORD DELIVERED TRAINING, CAN BE USED AS DOCUMENTATION FOR THE REQUIRED ANNUAL T&TA REPORT. DOUBLE CLICK TO OPEN SPREADSHEET. ENTER INFORMATION AND CLOSE. IT WILL AUTOMATICALLY SAVE YOUR INFORMATION



TTA Planning and Reporting Template F

PROGRAMMATIC/ADMINISTRATION TRAINING

- FINANCIAL (I.E. 2 CFR 200)
- MANAGEMENT (I.E. 10 CFR 440)

Programmatic/Administration training is available to each Subgrantee through the following:

- Financial (i.e. 2 CFR Part 200)
 - Onsite and/or virtual fiscal trainings are available through TDHCA training staff upon request or as deemed necessary by Grantee staff to address day to day needs such as procurement, rule clarifications/references, contractual requirements, reporting, expenditure allowability, etc.
 - Intensive Subgrantee fiscal training is available upon request and provided by contracted consultants for complex needs such as cost allocation, budgeting, grant fund accounting, etc.

- Peer-to-Peer training is available from recognized experienced WX network Subgrantees
- Training conferences
- Management (i.e. 10 CFR Part 440)
 - New program coordinator trainings are available and required for all newly hired staff that cover WX timeline, program rules, available resources, reporting requirements, etc.
 - Onsite and/or virtual management trainings are available through TDHCA training staff upon request or as deemed necessary by Grantee staff to address management training needs.
 - Peer-to-Peer training from recognized experienced WX network Subgrantees.
 - Training conferences.

Additional Programmatic/Administration training is handled on an ongoing and as-needed basis as identified by network request, new/updated requirements, new staff hires, results of monitoring reports, or as deemed necessary by Grantee staff.

COMPREHENSIVE TECHNICAL TRAINING ALIGNED TO THE JOB TASK ANALYSIS (IDENTIFY AT WHAT INTERVALS WORKERS WILL RECEIVE REGULAR, COMPREHENSIVE TRAINING AS REQUIRED BY WEATHERIZATION PROGRAM NOTICE (WPN) 22-4)

- QUALITY CONTROL INSPECTOR
- ENERGY AUDITOR
- CREW LEAD
- RETROFIT INSTALLER/TECHNICIAN

TDHCA requires each of the professional certifications listed below to receive a refresher course and recertify every three years through an accredited IREC training provider:

- Quality Control Inspector
- Energy Auditor
- Multi-Family QCI, if applicable

In accordance with WPN 22-4, Subgrantees must plan and ensure all WAP field workers receive regular comprehensive training for the position in which the worker is employed. Additionally, the Subgrantee must identify all identified/planned/required comprehensive trainings within their TNA as outlined within WPN 22-4 and ensure the trainings are provided by an accredited IREC training facility certified in the occupation-specific Job Task Analysis (JTA) being taught. Training will be provided by the IREC training facility in a manner best suited for the situation and can be a hybrid of distance learning and/or in person training. Comprehensive trainings identified with the TNA will be prioritized based on compliance mandates, monitoring results, occupation specific JTA staff weaknesses, T&TA staff input, staff request, and fund availability. In the event a Subgrantee experiences unforeseen issues, and their training needs will exceed their normal allotted T&TA budget, TDHCA has set aside additional funding to be available on an as-needed basis. Examples of unforeseen issues include but are not limited to key staff turnover affecting program compliance/production, compliance/monitoring mandates, etc.

SPECIFIC TECHNICAL TRAINING

- TOPICS IDENTIFIED DURING MONITORING VISIT(S)
- ENERGY MODELING
- HEALTH & SAFETY. ALL H&S TOPICS IN WPN 22-7 REQUIRE SOME LEVEL OF TRAINING FOR ALL AFFECTED WORKERS, THE FREQUENCY OF THIS TRAINING IS A GRANTEE DECISION. EXAMPLES INCLUDE:
 - AIR CONDITIONING, HEATING SYSTEMS, AND COMBUSTION APPLIANCES
 - ASBESTOS
 - BIOLOGICALS AND UNSANITARY CONDITIONS
 - BUILDING STRUCTURE AND ROOFING
 - CODE COMPLIANCE
 - ELECTRICAL
 - FUEL LEAKS
 - GAS OVENS/STOVETOPS/RANGES
 - HAZARDOUS MATERIALS
 - INJURY PREVENTION OF OCCUPANTS

- LEAD BASED SURFACE COVERINGS (PAINT, VARNISHES, ROOFING, ETC.)
 - EPA'S LEAD RENOVATION, REPAIR & PAINTING PROGRAM (RRP)MOLD/MOISTURE
- MOLD AND MOISTURE
- OCCUPANT PRE-EXISTING OR POTENTIAL HEALTH CONCERNS
- PESTS
- RADON
- SAFETY DEVICES
- VENTILATION AND INDOOR AIR QUALITY
 - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
- WATER HEATERS
- WORKER SAFETY
 - OSHA
- CLIENT EDUCATION (TRAINING WORKERS TO CONDUCT CLIENT EDUCATION). EXAMPLES INCLUDE:
 - ENERGY SAVINGS STRATEGIES
 - PROGRAM-SPECIFIC INFORMATION. EXAMPLES INCLUDE:
 - WHAT TO EXPECT
 - ADDITIONAL RESOURCES
 - HEALTH & SAFETY ISSUES

Specific Training offerings are available to all Subgrantees.

- Topics (s) identified during monitoring visit(s)
 - Feedback from Department of Energy (DOE) Project Officers (PO) and monitoring reports.
 - Feedback from Project Officers and DOE identified monitoring issues/network trends are addressed in network-wide training(s).
 - Subgrantee specific trainings are performed for all Subgrantees selected as part of the monitoring sample and training is performed to correct the specific areas of deficiency identified in the agency's DOE monitoring report.
 - TDHCA WAP monitors utilize the DOE monitoring report to adjust sampling and increase focus in the identified areas. Identified issues/network trends are addressed utilizing network-wide or Subgrantee specific trainings.
 - Grantee Monitoring Reports of the Subgrantees
 - TDHCA T&TA staff are copied on all monitoring reports and/or a staff meeting is held for monitors to debrief T&TA staff after each visit. In those meetings, monitoring staff relay issues found related to the Subgrantee as well as overall trends identified. Following the monitoring report, T&TA staff provide an initial email to the Subgrantee to provide resources for identified issues. T&TA staff applies this debrief information when determining the needs for Subgrantee specific T&TA and to plan any needed training curriculum.
- Whole House Assessment Process
 - Specific whole house assessment training/questions is readily available upon Subgrantee request or as determined necessary by Grantee staff.
- Energy Modeling
 - Specific energy audit training/questions in regard to energy audit modeling is readily available upon Subgrantee request or as determined necessary by Grantee staff.
- Priority List Criteria and Use.
 - Specific Priority List training/questions is readily available upon Subgrantee request or as determined necessary by Grantee staff.
 - TDHCA has a webinar, Priority List Policies and Procedures, and FAQs available for Subgrantees on demand through the TDHCA [website](#).
- Health & Safety. All H&S topics in WPN 22-7 require some level of training for all affected workers, the frequency of these type trainings is based on workforce needs. All WAP H&S training include review of required, allowable, and prohibited activities listed within WPN 22-7. Additional topics covered in H&S trainings include the following:

- Air Conditioning, Heating Systems, Combustion Appliances
 - WAP H&S Policy training on allowable activities
 - Licensing and/or certifications for HVAC installers as required by authority having jurisdiction
 - Testing and inspection training
 - Combustion Gases
- How to perform appropriate testing, determine when a building is excessively depressurized, and the difference between air free and as-measured CO action levels
- Asbestos (Confirmed and/or Presumed Asbestos Containing Material)
 - How to identify suspected ACM
 - Licensing/certification/training requirements
 - Safe work practices
- Biologicals and Unsanitary Conditions
 - How to recognize unsafe conditions and when to defer
 - Safe work practices when encountering such conditions
- Building Structure and Roofing
 - How to identify structural and roofing issues
- Code Compliance
 - How to determine what code compliance may be required
- Electrical
 - How to identify electrical hazards
 - Local or Authority Having Jurisdiction (AHJ) code compliance
- Fuel Leaks
 - Fuel leak testing
- Gas Ovens/Stovetops/Ranges
 - Testing techniques
 - CO action levels
- Hazardous Materials
 - Appropriate Personal Protective Equipment (PPE) for working with hazardous waste materials
 - Disposal requirements and locations
 - Health and environmental risks related to hazardous materials
- Injury Prevention of Occupants and Weatherization Workers
 - Hazard identification
- Lead Based Surface Coverings (Paints, Varnishes, Roofing, etc.)
 - Lead Based Paint & EPA's Lead Renovation, Repair & Painting Program (RRP)
 - All employees and contractors working on pre-1978 homes must receive training to install measures in a lead-safe manner in accordance with the SWS and EPA protocols, and installation must be overseen by an EPA Certified Renovator
 - Grantee Monitors and Inspectors must be Certified Renovators
- Mold/Moisture
 - National curriculum on mold and moisture or equivalent
 - How to recognize drainage issues
- Occupant Pre-existing or Potential Health Conditions
 - How to assess occupant preexisting conditions and determine what action to take if the home is not deferred
 - Awareness of potential hazards
- Pests
 - How to assess presence and degree of infestation, associated risks, and deferral policy
- Radon
 - Auditors, assessors, and inspectors must have knowledge of radon, what it is and how it occurs, including what factors may make radon worse, and precautionary measures that may be helpful
 - Workers must be trained in proper vapor retarder installation

- Provide zonal radon map resources
- Safety Devices
 - Where to install alarms
 - Local code compliance
- Ventilation and Indoor Air Quality
 - American Society of Heating Refrigeration and Air-Conditioning Engineers (ASHRAE) requirements
 - ASHRAE 62.2 training including proper sizing, evaluation of existing and new systems
 - If the grantee opts to adopt a new version of ASHRAE 62.2 then training and technical assistance should be planned to prepare crews to implement the new standard
- Water Heater Replacement
 - Water temperature testing
 - How to identify if repair or replacement is warranted
- Worker Safety
 - Use and importance of PPE
 - Safety training appropriate for job requirements. OSHA 30 for supervisors and OSHA 10 for crew members
 - Ongoing training as required in Hazard Communication Program
- Client Education (training workers to conduct client education). Examples include:
 - Importance of providing both written and verbal education for each client
 - How to review energy savings materials
 - Steps to properly educate clients on instructions for equipment operation and/or maintenance

Additional Specific Training is handled on an ongoing and as-needed basis as identified by network request, new/updated requirements, new staff hires, results of monitoring reports, or as deemed necessary by Grantee staff.

CONFERENCES. EXAMPLES INCLUDE:

- **ENERGY OUTWEST**
- **BUILDING PERFORMANCE ASSOCIATION**
- **NATIONAL ASSOCIATION FOR STATE AND COMMUNITY SERVICE PROVIDERS**
- **COMMUNITY ACTION PARTNERSHIP**

TDHCA relays all conference related Weatherization Memorandums/Notifications allowing use of training funds to Subgrantees. Conference attendance examples include:

- Energy OutWest;
- Building Performance Association;
- National Association for State and Community Service Providers, and
- Community Action Partnership.

OTHER, PLEASE SPECIFY:

TDHCA budgets T&TA funds for both the Grantee and Subgrantees which are utilized as described in Section 1.0 General Information of this plan.

5.0 – TECHNICAL ASSISTANCE

DESCRIBE THE TECHNICAL ASSISTANCE ACTIVITIES INCLUDED IN THE T&TA BUDGET CATEGORY.

PROGRAMMATIC/ADMINISTRATION SUPPORT

Programmatic/Administration technical assistance is readily available and provided to all Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: [Submit a Program Question or Request T&TA](#).
- Virtual technical assistance is provided utilizing platforms such as GoTo Meeting, Microsoft® Teams, FaceTime, etc.
- Subgrantee onsite or network trainings.

- TDHCA website resources such as TDHCA developed Best Practices, Frequently Asked Questions, training videos, etc.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with Texas Association of Community Action Agencies (TACAA).
- Quarterly Network Calls.
- WAP E-Newsletters.

Additional Programmatic/Administration technical assistance methods are created/used on an as-needed basis to improve program administration, effectiveness, and delivery of services.

TECHNICAL SUPPORT

Technical Support is readily available and provided to Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: [Submit a Program Question or Request T&TA](#).
- Virtual support is provided utilizing platforms such as GoTo Meeting/Webinar, Microsoft® Teams, FaceTime, etc.
- Subgrantee onsite or network trainings.
- TDHCA website resources such as TDHCA developed Best Practices/Forms, training videos, WAP Cheat Sheets, etc.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees.
- Activities in coordination with TACAA.
- Quarterly Network Calls.
- WAP E-Newsletters.

Additional technical support methods are created/used on an as-needed basis to improve program administration, effectiveness, and delivery of services.

HEALTH & SAFETY SUPPORT ACTIVITIES

H&S support is readily available and provided to Subgrantees utilizing TDHCA training staff through the following methods:

- Questions and/or technical assistance is continuously available for all Subgrantees through the TDHCA WUFOO online portal at the following link: [Submit a Program Question or Request T&TA](#);
- Virtual support is provided utilizing platforms such as GoTo Meeting/Webinar, Microsoft® Teams, FaceTime, etc.;
- Subgrantee onsite or network trainings;
- TDHCA website resources such as TDHCA developed Best Practices/Forms, WAP Cheat Sheets, training videos, etc.
- Peer-to-Peer technical assistance/information exchange is available from recognized experienced WX network Subgrantees;
- Activities in coordination with TACAA;
- Quarterly Network Calls; and
- WAP E-Newsletters.

Additional H&S support methods are created/used on an as-needed basis to improve program administration, effectiveness, and delivery of services.

MONITORING

WHAT PERCENTAGE OF T&TA FUNDING IS ALLOCATED TO MONITORING? (IF DEFINED IN SECTION B OF THE BUDGET DETAILS WITHIN THE ANNUAL APPLICATION, INCLUDE THAT WITHIN YOUR DESCRIPTION BELOW.)

TDHCA WAP Monitoring staff who conduct fiscal/administrative and inspection monitoring activities are paid out of the T&TA (40%) budget category.

OTHER, PLEASE SPECIFY

TDHCA is very fortunate to have a Compliance Monitoring staff experienced in Subgrantee monitoring, unit assessments, audits, material installation, inspections, and the training and technical assistance that support each. TDHCA Compliance staff work in conjunction with Department Training staff to continuously improve our weatherization program.

6.0 CLIENT EDUCATION

DESCRIBE WHAT CURRENT AND PLANNED CLIENT EDUCATION MATERIALS AND/OR ACTIVITIES ARE INCLUDED IN THE T&TA BUDGET CATEGORY. ONLY THOSE PAID FOR WITH T&TA FUNDS NEED TO BE MENTIONED.

NOTE: THIS DOES NOT INCLUDE TRAINING WORKERS TO DELIVER CLIENT EDUCATION. THIS SHOULD BE DESCRIBED IN THE TRAINING SECTION, ABOVE.

CLIENT EDUCATION ACTIVITIES PRIOR TO, DURING AND AFTER WEATHERIZATION WHICH ADDRESS THE WEATHERIZATION PROCESS AND ENERGY SAVINGS DETAILS

The Department requires Subgrantees to provide (at minimum) educational materials in verbal or written format. Each Subgrantee must complete the Health & Safety Requirements form and provide educational materials, including the EPA's Renovate Right guide and specific information on energy savings. Additionally, Subgrantees will provide instructions for the operation and maintenance of any installed equipment as required in the Standard Work Specifications (SWS) and in Section 5.0 of the Health & Safety Plan. Compliance staff reviews materials and procedures during each Subgrantee's annual onsite monitoring.

CLIENT EDUCATION ACTIVITIES REGARDING H&S ISSUES AS INDICATED IN WPN 22-7

- AIR CONDITIONING, HEATING SYSTEMS, AND COMBUSTION APPLIANCES
- ASBESTOS – CONFIRMED AND/OR PRESUMED ASBESTOS CONTAINING MATERIAL
- BIOLOGICALS AND UNSANITARY CONDITIONS
- BUILDING STRUCTURE AND ROOFING
- CODE COMPLIANCE
- COMBUSTION GASES
- ELECTRICAL
- FUEL LEAKS
- GAS OVENS/STOVETOPS/RANGES
- HAZARDOUS MATERIALS
- INJURY PREVENTION OF OCCUPANTS
- LEAD BASED SURFACES (PAINTS, VARNISHES, ROOFING, ETC.)
- MOLD AND MOISTURE
- OCCUPANT PRE-EXISTING OR POTENTIAL HEALTH CONDITIONS
- PESTS
- RADON
- SAFETY DEVICES
- VENTILATION AND INDOOR AIR QUALITY
 - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
- WATER HEATERS
- WORKER SAFETY
 - OSHA
- ADDITIONAL TOPICS AS DESCRIBED IN HEALTH & SAFETY PLAN

Client education activities/resources regarding H&S issues are provided by Subgrantees to ensure compliance with WPN 22-7 as follows:

- A Client H&S Questionnaire is required to be completed by Subgrantees for each unit weatherized. Questionnaire can be located on the TDHCA website at the following link:

- H&S Requirements Form
- When deferral is necessary, Subgrantees are required to provide information to the client, in writing, describing conditions that must be met in order for weatherization to commence and if applicable, include any of the additional specific information detailed below. A copy of the notification must also be retained within the client file.
 - Appropriate referral resources shall also be provided to the client.
- H&S client education resources can be located at the following links:
 - [WPN 22-7 Additional Resources and References](#)
 - [TDHCA Program Guidance](#)
- Air Conditioning, Heating Systems, and Combustion Appliances
 - Appropriate use and maintenance of units.
 - Provide all paperwork and manuals for any installed equipment.
 - Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
 - Where combustion equipment is present, provide combustion safety information, including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.
- Asbestos
 - Formally notify the occupant and landlord if applicable, in writing:
 - of suspected ACMs that are present and what precautions will be taken to ensure the occupants' and workers' safety during weatherization;
 - of results if testing was performed;
 - not to disturb suspected ACM;
 - When deferral is necessary due to asbestos, occupant, or landlord if applicable, must provide documentation before work continues.
- Biologicals and Unsanitary Conditions
 - Inform client, in writing, of observed conditions.
- Building Structure and Roofing
 - Notify client, in writing, of structurally compromised areas.
- Code Compliance
 - Inform client, in writing, of observed code compliance issues when it results in deferral.
- Electrical
 - Provide occupant with written documentation of any electrical hazards identified that will not be addressed by weatherization.
 - Provide information to occupant on over-current protection, overloading circuits, and basic electrical safety/risks if conditions warrant.
- Fuel Leaks
 - Inform clients in writing of fuel leak testing results, including specific location if fuel leaks are detected.
- Gas Ovens/Stovetops/Ranges
 - Inform clients of the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO.
- Hazardous Materials Disposal
 - Inform occupant in writing of hazards associated with hazardous waste materials being generated/handled in the home.
 - Inform occupant in writing of observed hazardous conditions and associated risks.
 - Provide occupant written materials on safety issues and proper disposal of household pollutants.
- Injury Prevention of Occupants
 - If identified hazardous conditions will not be correct during weatherization, inform occupant in writing of observed hazards and associated risks utilizing the "Hazard Identification Notification Form" required by WPN 22-7.

- Lead Based Surface Coverings (Paint, Varnishes, Roofing, etc.)
 - Follow pre-renovation education requirements per EPA RRP rules.
- Mold/Moisture
 - Provide occupant written notification of identified mold/moisture hazards and information regarding the associated hazard.
- Occupant Pre-existing or Potential Health Conditions
 - Inform client in writing of any known risks and provide pre-weatherization screening form.
 - Provide client with Subgrantee point of contact information in writing.
- Pests
 - Inform client in writing of observed conditions and associated risks.
- Radon
 - Provide all clients *EPA's A Citizen's Guide to Radon* and inform them of radon related risks.
 - Occupants must sign informed consent form prior to receiving weatherization
- Safety Devices
 - Provide client with verbal and written information on use of newly installed devices and the potential risks of not properly maintaining these devices.
- Ventilation and Indoor Air Quality (ASHRAE)
 - Provide client with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
 - Provide client with equipment manuals for installed equipment.
 - Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.
- Water Heaters
 - Appropriate use and maintenance of units.
 - Provide all paperwork and manuals for any installed equipment.
 - Where combustion equipment is present, provide combustion safety and hazards information including how to recognize depressurization, dangers of CO poisoning, and fire risks associated with combustion appliance use.

Training Topic(s)	Training Requested or Initiated by?	Training Category	Comprehensive or Specific Training?	Job Task Analysis (JTA)	Scheduled Date(s) of Training?	Duration of Training (hours)?	Continuing Education Unit(s) Offered?	Training Center/Provider	Attendance Mandatory?	Estimated Costs	Grantee/Subgrantee/Contractor Participating in Training	Total Number of Participants	Actual Costs	Remarks/Comments
Example: OCI Training	Onsite Monitoring	Technical	Comprehensive	OCI	10/9/19 - 10/20/19	80	32	Weatherization Academy (IHEC accredited)	Yes	\$5,000.00	ABLE Agency (4) Can Do CAA (3)	7	\$5,427.00	Contract with trainer approved 7/9/17. All OCI get opportunity for this comprehensive course every 5 years.
Subgrantee Budgeted T&A - Subgrantee specific topics are determined annually through a TNA at the beginning of each year. Below are example topics that will vary based on individual subgrantee needs.														
OCI Training	Program Requirement	Programmatic/Technical	Comprehensive	OCI	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Energy Auditor	Program Requirement	Programmatic/Technical	Comprehensive	EA	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Lead Safe Renovator Training	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Retrofit Installer Training	Contractor Request	Programmatic/Technical	Comprehensive	RIT	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Crew Leader Training	Contractor Request	Programmatic/Technical	Comprehensive	CL	TBD	TBD	TBD	TBD		TBD	TBD	TBD		
OSHA 10	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
OSHA 30	Program Requirement	Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
BPA Conference	Subgrantee Request	Programmatic/Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Energy/Outwest Conference	Subgrantee Request	Programmatic/Technical	Specific		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
Agency Specific Training Needs (As directed by TNA)	Program Requirement/Monitoring	TBD	TBD		TBD	TBD	TBD	TBD		TBD	TBD	TBD		
TDHCA (Network) Budgeted T&A - For internal staff T&A needs, compliance mandated Subgrantee T&A, and for network-wide/regional T&A sessions when determined feasible.														
National Home Performance Conference and Trade Show	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	BPA	No	\$1,500.00	Grantee Staff x 2	2		
Energy OutWest Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	Energy OutWest	No	\$1,500.00	Grantee Staff x 2	2		
NASCSP Annual Training Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	NASCSP	No	\$1,500.00	Grantee Staff x 2	2		
NASCSP Winter Training Conference	Program Updates	Programmatic/Technical	Specific		TBD	TBD	TBD	NASCSP	No	\$1,500.00	Grantee Staff x 2	2		
New Grantee Staff (pending hire)	Program Requirement	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	\$10,000.00	New WAP staff to be hired	1		to address Comprehensive training needs of new staff
Compliance Mandated T&A for Subgrantees	Program Requirement/Monitoring	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	\$30,000.00	projected compliance mandated T&A x 3	TBD		
Network-wide Training	Program Requirement/Monitoring	Programmatic/Technical	Comprehensive		TBD	TBD	TBD	TBD	No	\$20,000.00	performance improvement network-wide session	100		



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 967

Agenda Date: 04/10/2025

Agenda #: 19.

Report on the closing of the Department's Residential Mortgage Revenue Bonds 2025 Series A (Non-AMT)

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 985

Agenda Date: 04/10/2025

Agenda #: 20.

Presentation and discussion regarding the pending issuance of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2025 B (Non-AMT) and Series 2025 C (Taxable)

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 982

Agenda Date:04/10/2025

Agenda #: 21.

Presentation, discussion and possible action regarding a HOME-ARP Allocation Plan Third Amendment to adjust the criteria for nonprofit capacity building/operating cost assistance and align the 2025 Nonprofit Capacity Building and Operating Notice of Funding Availability

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 983

Agenda Date: 04/10/2025

Agenda #: 22.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §23.50(f)(1) relating to the cumulative limitation on Tenant-Based Rental Assistance

**TO BE POSTED
NOT LATER THAN
THE THIRD DAY
BEFORE THE
DATE OF THE
MEETING**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 971

Agenda Date: 4/10/2025

Agenda #: 23.

Presentation, discussion, and possible action on an order proposing amendments to 10 TAC Chapter 23, §23.50, Tenant-Based Rental Assistance General Requirements, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the proposed amendments to 10 TAC §23.50, Tenant-Based Rental Assistance (TBRA) General Requirements, is necessary in the administration of the HOME Program to clarify that Persons with Disabilities can be served for longer than 60 months if certain parameters are met; and

WHEREAS, such proposed amendment will be published in the *Texas Register* for public comment;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed amendments of 10 TAC §23.50 in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

The purpose of amending this section of 10 TAC Chapter 23 is to provide an exception to the lifetime limitation on the term of assistance for households assisted with TBRA if they are persons with disabilities.

The HOME TBRA Program is intended to be temporary in nature. Households that participate in HOME TBRA must also participate in a self-sufficiency plan, and a permanent housing solution must be part of this plan. While many HOME TBRA participants are able to move to unassisted housing as a part of their self-sufficiency plan due to increased income from training or educational program, households comprised of members who are Persons with Disabilities may be limited in their ability to increase their income during

programs may exceed 60 months, which can create a gap in assistance for vulnerable Texans with fixed incomes.

The amendment proposed to §23.50 allows an exception to the 60-month lifetime limitation for Persons with Disabilities (PWD) under any set-aside of HOME TBRA funds, so long as the exception is granted only to households who meet all characteristics outlined in the amended rule, including:

- All adult members of the Household are Persons with Disabilities;
- Household income from employment does not exceed the current Substantial Gainful Activity Level as defined by the Social Security Administration and greater than 50% of Household Income is comprised of benefits paid to the Household from Social Security or any other benefit payment received due to a member's status as a Person with a Disability;
- The Household's gross monthly income does not exceed 50% AMFI;
- The circumstances considered for an exception are not expected to change during the term of assistance; and
- Continued availability of HUD funding programmed by the Department for TBRA.

Upon Board approval, the proposed amendment will be published in the *Texas Register* and released for public comment from April 25, 2025, through May 25, 2026.

Attachment A: Preamble and proposed amendments to 10 TAC Chapter 23, §23.50 Tenant-Based Rental Assistance (TBRA) General Requirements

The Texas Department of Housing and Community Affairs (the Department) proposes amendments to 10 TAC Chapter 23, §23.50 Tenant-Based Rental Assistance (TBRA) General Requirements. The rule amendments clarify that a 60-month limitation on assistance does not apply to persons with disabilities that meet certain criteria.

FISCAL NOTE. Mr. Bobby Wilkinson, Executive Director, has determined that, for each year of the first five years the amendment to the rule is in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT. Mr. Wilkinson also has determined that, for the first five years the amendment would be in effect:

1. The proposed amendment to the rule will not create or eliminate a government program;
2. The proposed amendment to the rule will not require a change in the number of employees of the Department;
3. The proposed amendment to the rule will not require additional future legislative appropriations;
4. The proposed amendment to the rule will result in neither an increase nor a decrease in fees paid to the Department;
5. The proposed amendment to the rule will not create a new regulation;
6. The proposed amendment to the rule will not repeal an existing regulation;
7. The proposed amendment to the rule will not increase or decrease the number of individuals subject to the rule's applicability; and
8. The proposed amendment to the rule will neither positively nor negatively affect this state's economy.

PUBLIC BENEFIT/COST NOTE. Mr. Wilkinson also has determined that, for each year of the first five years the amendment to the rule is in effect, the public benefit anticipated as a result of the action will be conformance to statutory requirements. There will not be any economic cost to any individual required to comply with the amendment.

ADVERSE IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES. The Department has determined that there will be no economic effect on small or micro-businesses or rural communities.

REQUEST FOR PUBLIC COMMENT. All comments or questions in response to this action may be submitted in writing from April 25, 2025, to May 26, 2025. Written comments may be submitted

to the Texas Department of Housing and Community Affairs, Single Family and Homeless Programs, P.O. Box 13941, Austin, Texas 78711-3941, or email HOME@tdhca.texas.gov. ALL COMMENTS MUST BE RECEIVED BY 5:00 pm Central Daylight Time, May 26, 2025.

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

Chapter 23 SINGLE FAMILY HOME PROGRAM

Subchapter E TENANT-BASED RENTAL ASSISTANCE PROGRAM

§23.50 Tenant-Based Rental Assistance (TBRA) General Requirements

(a) Households assisted under the general set-aside must participate in a self-sufficiency program, as described in the Administrator's policies and procedures.

(b) The amount of assistance will be determined using the HUD Housing Choice Voucher method.

(c) Late fees are not an eligible HOME cost. Late fees incurred for the subsidy portion of rent must be paid by the Administrator from a non-HOME funding source.

(d) A Household certifying to zero income must also complete a questionnaire that includes a series of questions regarding how basic hygiene, dietary, transportation, and other living needs are met.

(e) The minimum Household contribution toward gross monthly rent must be ten percent of the Household's adjusted monthly income. The maximum Household contribution toward gross monthly rent at initial occupancy is limited to 40 percent of the Household's gross monthly income.

(f) Activity funds are limited to:

(1) Rental subsidy: Each rental subsidy term is limited to no more than 24 months. Total lifetime assistance to a Household may not exceed 36 months cumulatively, except that a maximum of 24 additional months of assistance, for a total of 60 months cumulatively may be approved if:

(A) the Household has applied for a Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program, and is placed on a waiting list during their TBRA participation tenure; and

(B) the Household has not been removed from the waiting list for the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program due to failure to respond to required notices or other ineligibility factors; or

(C) the Administrator submits documentation evidencing that:

(i) no Public Housing Authority within a 50 mile radius of the Household's address during their participation in TBRA has opened their waitlist during the term of the Household's participation in TBRA, or has excluded the Household's application for placement on the waiting list for any reason other than

eligibility or failure to respond to required notices, such as a randomized drawing of applications that may be placed on the waitlist; and

(ii) no waiting list was opened during the term of the Household's participation in TBRA for any HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program located within a 50 mile radius of the Household's address during their participation in TBRA; or

(iii) the Household is not eligible for placement on a waiting list for any HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program located within a 50 mile radius of the Household's address during their participation in TBRA; and

(D) the Household has not been denied participation in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program while they were being assisted with HOME TBRA; and

(E) the Household did not refuse to participate in the Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program when a voucher was made available.

(2) the Executive Director or designee may grant an exception to the limitations set forth in this section related to the maximum term of assistance, if:

(A) funds are available and programmed for this activity;

(B) the Household meets the requirements of (f)(1) of this subchapter;

(C) all adult members of the Household are Persons with Disabilities;

(D) Household income from employment does not exceed the current Substantial Gainful Activity Level as defined by the Social Security Administration and greater than 50% of Household Income is composed of benefits paid to the Household from Social Security or any other benefit payment received due to a member's status as a Person with a Disability;

(E) the Household's gross monthly income does not exceed 50% AMFI; and

(F) the circumstances considered for an exception are not expected to change during the term of assistance.

(32) Security deposit: no more than the amount equal to two month's rent for the unit.

(43) Utility deposit in conjunction with a TBRA rental subsidy.

(g) The payment standard is determined at the Date of Assistance. The payment standard utilized by the Administrator must be:

(1) The U.S. Department of Housing and Urban Development (HUD) published Small Area Fair Market Rent (SAFMR) for any area in which a SAFMR is available. In areas where an SAFMR is not published by HUD, the payment standard must be the HUD-published Fair Market Rent (FMR) for the county. HUD-published

SAFMRs and FMRs will become effective for the HOME Program on January 1 of each year following publication;

(2) For a HOME-assisted unit, the current applicable HOME rent; or

(3) The Administrator may submit a written request to the Department for approval of a different payment standard. The request must be evidenced by a market study or documentation that the PHA serving the market area has adopted a different payment standard. An Administrator may request a Reasonable Accommodation as defined in §1.204 of this Title for a specific Household if the Household, because of a disability, requires the features of a specific unit, and units with such features are not available in the Service Area at the payment standard.

(h) Administrator must not approve a unit if the owner is by consanguinity, affinity, or adoption the parent, child, grandparent, grandchild, sister, or brother of any member of the assisted Household, unless the Administrator determines that approving the unit would provide Reasonable Accommodation for a Household member who is a Person with Disabilities. This restriction against Administrator approval of a unit only applies at the time the Household initially receives assistance under a Contract or Agreement, but does not apply to Administrator approval of a recertification with continued tenant-based assistance in the same unit.

(i) Administrators must maintain Written Policies and Procedures established for the HOME Program in accordance with §10.802 of this Title, except that where the terms Owner, Property, or Development are used Administrator or Program will be substituted, as applicable. Additionally, the procedures in subsection (j) of this section (relating to the Violence Against Women Act (if in conflict with the provisions in §10.802 of this Title) will govern).

(j) Administrators serving a Household under a Reservation Agreement may not issue a Certificate of Eligibility to the Household prior to reserving funds for the Activity without prior written consent of the Department.

(k) Administrators are required to comply with regulations and procedures outlined in the Violence Against Women Act (VAWA), and provide tenant protections as established in the Act.

(1) An Administrator of Tenant-Based Rental Assistance must provide all Applicants (at the time of admittance or denial) and Households (before termination from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance Coupon Contract) the Department's "Notice of Occupancy Rights under the Violence Against Women Act", (based on HUD form 5380) and also provide to Households "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking" (HUD form 5382) prior to execution of a Rental Coupon Contract and before termination of assistance from the Tenant-Based Rental Assistance program or from the dwelling assisted by the Tenant-Based Rental Assistance coupon contract.

(2) Administrator must notify the Department within three days when tenant submits a Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and/or alternate documentation to Administrator and must submit a plan to Department for continuation or termination of assistance to affected Household members.

(3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, Administrator may "bifurcate" a rental coupon contract, or otherwise remove a Household member from a rental coupon contract, without regard to whether a

Household member is a signatory, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a recipient of TBRA and who engages in criminal acts of physical violence against family members or others. This action may be taken without terminating assistance to, or otherwise penalizing the person subject to the violence.



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 974

Agenda Date: 4/10/2025

Agenda #: 24.

Presentation, discussion, and possible action on an order adopting the amended 10 TAC Chapter 10 Subchapter E, Post Award and Asset Management Requirements, and directing its publication for adoption in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, at its meeting of December 12, 2024, the Board approved for publication and public comment in the *Texas Register* the proposed amendments of 10 TAC Chapter 10 Subchapter E concerning the Post Award and Asset Management Requirements;

WHEREAS, the proposed amendments were published in the December 27, 2024, issue of the *Texas Register* for public comment between December 27, 2024, and January 27, 2025;

WHEREAS, public comment was received from three commenters, and staff has prepared a reasoned response to the comments; and

WHEREAS, in response to comments regarding a proposed amendment in 10 TAC §10.406, staff incorporated further revisions into the final rule for adoption;

NOW, therefore, it is hereby

RESOLVED, that the final order adopting the amendments to 10 TAC Chapter 10 Subchapter E, together with the preambles presented to the meeting, is hereby ordered and approved for publication in the *Texas Register*; and

FURTHER RESOLVED, that the Executive Director and his designees be and each them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the amended 10 TAC Chapter 10 Subchapter E concerning Post Award and Asset Management Requirements in the form presented to this meeting, to be published in the *Texas Register* for final adoption, and in connection therewith, make such non-substantive technical corrections, or preamble-related corrections, as they may deem necessary to effectuate the foregoing, including the preparation and requested revisions to the subchapter specific preambles.

BACKGROUND

Tex. Gov't Code §2306.053 provides for the Department to administer federal housing, community affairs, and community development programs, including the low-income housing tax credit program. The Asset Management Division and its Rules, as a whole, are an integral part of administering the Department's federal housing programs, assisting in reviewing and ensuring the long-term affordability and safety of multifamily rental housing Developments in the Department's portfolio as required under Tex. Gov't Code §§2306.185 and 2306.186, performing the functions of processing amendments and ownership transfers as required under §§2306.6712 and 2306.6713, and performing essential functions required under various

federal program (HOME, HOME-ARP, NSP, NHTF, Exchange, TCAP) rules and under Section 42 of the Internal Revenue Code.

While Tex. Gov't Code provides for direction and authority for certain specific activities for the Division, it does not provide the administrative specificity necessary to address all of the asset management activities that are necessary to ensure all state and federal program requirements are met. As such, these rules set Department policy to the extent necessary to provide for the administrative implementation of federal and state directives and requirements.

Staff recommends that these rules be retained and that this be accomplished through the adopted amendment of the existing rules. The amendments clarify language or processes, eliminate the requirement to provide an acknowledgment from the lenders and investor when a Development Owner requests to implement a revised election under §42(g) of the Code prior to their submission of IRS Form(s) 8609 to the IRS, and clarify that an Applicant may request to remove Principals from its ownership structure prior to the issuance of the IRS Forms(s) 8609 provided not all controlling Principals identified in the Application will be removed. The amendments also include a requirement for a resolution of support from the municipality or a letter of support from the mayor or city manager, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge when an ownership transfer will result in a property tax exemption for Competitive Housing Tax Credit Developments prior to issuance of IRS Form(s) 8609.

The Board approved the publication of the proposed amendments to 10 TAC Subchapter E, concerning Post Award and Asset Management Requirements at the meeting on December 12, 2024, to be published in the *Texas Register* for public comment. The proposed amendments were published in the December 27, 2024, issue of the *Texas Register* and made available for public comment from December 27, 2024, through January 27, 2025. Staff has reviewed all comments received and provided a reasoned response to these comments in the attached preamble. In response to the public comments, the proposed amendment to 10 TAC §10.406 was revised to identify that the requirement only applies to Competitive Housing Tax Credit Developments for the addition of a public facility corporation, a housing finance corporation, or a public housing authority that will result in a property tax exemption prior to the issuance of IRS Form(s) 8609 and additional language was added to identify that a letter of support from a city manager is also acceptable. Attached is a black-line version of the amended TAC Subchapter E that reflects changes proposed by the Department after consideration of public comment.

Attachment 1: Preamble, including required analysis, for adopting the amendment of 10 TAC Chapter 10, Subchapter E, §§10.400-10.408, Post Award and Asset Management Requirements

The Texas Department of Housing and Community Affairs (the "Department") adopts the amendment, with changes, to 10 TAC Chapter 10, Subchapter E, §§10.400 - 10.408, Post Award and Asset Management Requirements to the proposed text as published in the December 27, 2024, issue of the *Texas Register*. The purpose of the amendment is to make corrections to gain consistency across other sections of rule, correct references, clarify existing language and processes that will ensure accurate processing of post award activities, and to communicate more effectively with multifamily Development Owners regarding their responsibilities after funding or award by the Department.

Tex. Gov't Code §2001.0045(b) does not apply to the amended rule because it was determined that no costs

are associated with this action, and therefore no costs warrant being offset. In general, most changes were corrective in nature and clarify language or processes to more adequately communicate the language or process. The only substantial change from the proposed amendment, located in §10.406 Ownership Transfers (§2306.6713), is that staff added a requirement that specifies that a change in the ownership structure that results in a property tax exemption will require a resolution of support from the municipality or a letter of support from the mayor, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge. In response to public comment, §10.406 was further revised to specify that the requirement only pertains to Competitive Housing Tax Credit Developments for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to issuance of IRS Form(s) 8609 and to add that a letter of support from a city manager is also acceptable.

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

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the amended rule would be in effect, the amendment does not create or eliminate a government program, but relates to changes to an existing activity, concerning the post award activities of Low-Income Housing Tax Credit (LIHTC) and other Department-funded multifamily Developments.
2. The amendment does not require a change in work that would require the creation of new employee positions, nor are the amendments significant enough to reduce workload to a degree that any existing employee positions are eliminated.
3. The amendment does not require additional future legislative appropriations.
4. The amendment does not result in an increase in fees paid to the Department or in a substantial decrease in fees paid to the Department.
5. The amendment is not creating a new regulation, but are revisions to provide additional clarification.
6. The amendment will not repeal an existing regulation.
7. The amendment will not increase or decrease the number of individuals subject to the rule's applicability.
8. The amendment will not negatively or positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

1. The Department has evaluated this amended rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.
2. This amended rule relates to the procedures for the handling of post award and asset management activities of multifamily developments awarded funds through various Department programs. Other than in the case of a small or micro-business that is an owner or a party to one of the Department's properties, no small or micro-businesses are subject to the amended rule. If a small or micro-business is such an owner or participant, the amended rule provides for a more clear, transparent process for doing so and do not result in a negative impact for those small or micro-businesses. There are not likely to be any rural communities subject to the amended rule because this amended rule is applicable only to the owners or operators of properties in the Department's portfolio, not municipalities.
3. The Department has determined that because this amended rule relates only to the process in use for

the post award and asset management activities of the Department's portfolio, there will be no economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amendment does not contemplate nor authorize a taking by the Department, therefore no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the amended rule as to its possible effects on local economies and has determined that for the first five years the amended rule will be in effect, there will be no economic effect on local employment, because the amended rule only provides for administrative processes required of properties in the Department's portfolio. No program funds are channeled through this amended rule, so no activities under this amended rule would support additional local employment opportunities. Alternatively, the amended rule would also not cause any negative impact on employment. Therefore, no local employment impact statement is required to be prepared for the amended rule.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule..." Considering that no impact is expected on a statewide basis, there are also no "probable" effects of the amended rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amended rule is in effect, the benefit anticipated as a result of the amended sections would be increased clarity and consistency across rule sections. There will not be economic costs to individuals required to comply with the amendment.

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

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between December 27, 2024, and January 27, 2025. Comments regarding the amended rule were accepted in writing and e-mail with comments received from: (1) Barry J. Palmer, Director, Coats Rose, (2) Kathryn Saar, QAP Chair, and Karsten Lowe, Co-Chair, Texas Affiliation of Affordable Housing Providers (TAAHP), and (3) Cynthia L. Bast, Partner, BakerHostetler. Comments were received on §10.406 Ownership Transfers (§2306.6713).

§10.406 Ownership Transfers (§2306.6713)

COMMENT SUMMARY: Commenters (1), (2), and (3) recommend that the Department delay action on implementing §10.406(h)(10) until a roundtable is conducted to allow a discussion with nonprofit organizations, housing finance corporations, and housing authorities (Public Bodies) to seek information regarding their use of property tax exemptions.

Commenter (1) expresses concerns with problematic timing issues raised by §10.406(h)(10) for Tax Exempt Bond (4% HTC) transactions and Competitive Housing Tax Credit (9% HTC) application deadlines. Commenter (1) states that the rule should clarify that the rule does not apply to an initial or re-syndication application for a 4% HTC or 9% HTC allocation. Commenter (1) further states that the rule should only apply to proposed Ownership Transfer applications not associated with a tax credit award, but that brings an ad valorem tax exemption to a previously taxable development, such as a 9% HTC development that is not able to close and is restructured with a change in ownership devised to achieve an ad valorem tax exemption.

Commenter (2) requests that §10.406(h)(10) be stricken from the rule.

Commenter (2) and Commenter (3) state there are many ad valorem tax exemptions available for affordable housing that are a matter of right under Texas law; and therefore, TDHCA should not infringe upon those rights, interfere with the Legislative action or intent, or establish criteria that the Legislature does not require. Commenter (2) and Commenter (3) further state that §10.406(h)(10) is detrimental and infringes upon the rights of Public Bodies to acquire an affordable development at the end of the 15-year compliance period by adding additional bureaucratic steps that are counter to the Right of First Refusal (ROFR) process.

Commenter (2) and Commenter (3) also state §10.406(h)(10) introduces into a by-right ad valorem tax exemption the uncertainty of a public hearing that potentially politicizes affordable housing by subjecting it for factors outside the control of Public Bodies and to the decisions of public officials. They express concerns that this could jeopardize the feasibility of a development by requiring public hearings and support from public officials who might not have a pro-affordable housing agenda.

Commenter (3) suggests that if the Department wants to ensure that an ad valorem tax exemption is necessary for financial feasibility, it could conduct an underwriting analysis to determine if a property is economically feasible (including a reasonable return for equity) without the property tax exemption, or alternatively, rely on the financial analysis of third-party lenders and investors to confirm the need for the exemption. It should be noted that Commenter (3) did not define reasonable return for equity.

STAFF RESPONSE: In response to the concerns noted by the Commenters, staff relocated the requirement in §10.406(h)(10) to §10.406(e) and specified that the requirement pertains only to Competitive HTC Developments for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to issuance of IRS Form(s) 8609. This change is in line with what has been requested recently by the Department's Governing Board for Competitive HTC Developments when reviewing a request under Section 2306.6712 of the Tex. Gov't Code. Staff also added language to state that a letter of support from a city manager would also be acceptable.

The Board adopted the final order adopting the amendment on April 10, 2025.

STATUTORY AUTHORITY. The amendment is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein, the amended sections affect no other code, article, or statute. The amended rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§10.405 Amendments and Extensions

(a) Amendments to Housing Tax Credit (HTC) Application or Award Prior to Land Use Restriction Agreement (LURA) recording or amendments that do not result in a change to the LURA (§2306.6712). The Department expects the Development Owner to construct or rehabilitate, operate, and own the Development consistent with the representations in the Application. The Department must receive notification of any amendments to the Application. Regardless of development stage, the Board shall re-evaluate a Development that undergoes a material change, as identified in paragraph (3) of this subsection at any time after the initial Board approval of the Development (§2306.6731(b)). The Board may deny an amendment request and subsequently may rescind any Commitment or Determination Notice issued for an Application, and may reallocate the credits to other Applicants on the waiting list.

(1) Requesting an amendment. The Department shall require the Applicant to file a formal, written request for an amendment to the Application. Such request must include a detailed explanation of the amendment request and other information as determined to be necessary by the Department, and the applicable fee as identified in Chapter 11, Subchapter E of this title (relating to Fee Schedule, Appeals, and other Provisions) in order to be received and processed by the Department. Department staff will evaluate the amendment request to determine if the change would affect an allocation of Housing Tax Credits by changing any item that received points, by significantly affecting the most recent underwriting analysis, or by materially altering the Development as further described in this subsection.

(2) Notification Items. The Department must be notified of the changes described in subparagraphs (A) - (F) of this paragraph. The changes identified are subject to staff agreement based on a review of the amendment request and any additional information or documentation requested. Notification items will be considered satisfied when an acknowledgment of the specific change(s) is received from the Department and include:

(A) Changes to Development Site acreage required by the City or other local governmental authority, or changes resulting from survey discrepancies, as long as such change does not also result in a modification to the residential density of more than 5%;

(B) Minor modifications to the site plan that will not significantly impact development costs, including, but not limited to, relocation or rearrangement of buildings on the site (as long as the number of residential and non-residential buildings remains the same), and movement, addition, or deletion of ingress/egress to the site;

(C) Increases or decreases in net rentable square footage or common areas that do not result in a material amendment under paragraph (4) of this subsection;

(D) Changes in amenities that do not require a change to the recorded LURA and do not negatively impact scoring, including changes to outdated amenities that could be replaced by an amenity with equal benefit to the resident community;

(E) Changes in Developers or Guarantors (notifications for changes in Guarantors that are also the General Contractor or are only providing guaranties during the construction period are not required) with no new Principals (who were not previously checked by Previous Participation review that retain the natural person(s) used to meet the experience requirement in Chapter 11 of this title (relating to Qualified Allocation Plan)); and

(F) Any other amendment not identified in paragraphs (3) and (4) of this subsection.

(3) Non-material amendments. The Executive Director or designee may administratively approve all non-material amendments, including, but not limited to:

(A) Any amendment that is determined by staff to exceed the scope of notification acknowledgement, as identified in paragraph (2) of this subsection but not to rise to a material alteration, as identified in paragraph (4) of this subsection;

(B) Changes in Developers or Guarantors (excluding changes in Guarantors that are also the General Contractor or are only providing guaranties during the construction period) not addressed in §10.405(a)(2)(E). Changes in Developers or Guarantors will be subject to Previous Participation requirements as further described in Chapter 11 of this title and the credit limitation described in §11.4(a) of this title; and

(C) For Exchange Developments only, requests to change elections made on line 8(b) of the IRS Form(s) 8609 to group buildings together into one or more multiple building projects. The request must include an attached statement identifying the buildings in the project. The change to the election may only be made once during the Compliance Period.

(4) Material amendments. Amendments considered material pursuant to this paragraph must be approved by the Board. When an amendment request requires Board approval, the Development Owner must submit the request and all required documentation necessary for staff's review of the request to the Department at least 45 calendar days prior to the Board meeting in which the amendment is anticipated to be considered. Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting (§2306.6717(a)(4)). Material Amendment requests may be denied if the Board determines that the modification proposed in the amendment would materially alter the Development in a negative manner or would have adversely affected the selection of the Application in the Application Round. Material alteration of a Development includes, but is not limited to:

(A) A significant modification of the site plan;

(B) A modification of the number of Units or bedroom mix of Units;

(C) A substantive modification of the scope of tenant services;

(D) A reduction of 3% or more in the square footage of the Units or common areas;

(E) A significant modification of the architectural design of the Development;

(F) A modification of the residential density of at least 5%;

(G) A request to implement a revised election under §42(g) of the Code prior to filing of IRS Form(s) 8609;

(H) Exclusion of any requirements as identified in Chapter 11, Subchapter B of this title (relating to Site and Development Requirements and Restrictions) and Chapter 11, Subchapter C of this title (relating to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules); or

(I) Any other modification considered material by the staff and therefore required to be presented to the Board as such.

(5) Amendment requests will be denied if the Department finds that the request would have changed the scoring of an Application in the competitive process such that the Application would not have received a funding award or if the need for the proposed modification was reasonably foreseeable or preventable by the Applicant at the time the Application was submitted, unless good cause is found for the approval of the amendment.

(6) This section shall be administered in a manner that is consistent with §42 of the Code. If a Development has any uncorrected issues of noncompliance outside of the corrective action period (other than the provision being amended) or otherwise owes fees to the Department, such non-compliance or outstanding payment must be resolved to the satisfaction of the Department before a request for amendment will be acted upon.

(7) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants identified in the Application and Credit Underwriting Analysis Report at the time of award and as approved by the Board, the procedure described in subparagraphs (A) and (B) of this paragraph will apply to the extent such request is not prohibited based on statutory and/or regulatory provisions:

(A) For amendments that involve a reduction in the total number of Low-Income Units, or a reduction in the number of Low-Income Units at any rent or income level, as approved by the Board, evidence noted in either clause (i) or (ii) of this subparagraph must be presented to the Department to support the amendment:

(i) In the event of a request to implement (rent to a household at an income or rent level that exceeds the approved AMI limits established by the minimum election within the Development's Application or LURA) a revised election under §42(g) of the Code prior to an Owner's submission of IRS Form(s) 8609 to the IRS, Owners must submit updated information and exhibits to the Application as required by the Department; or

(ii) For all other requests for reductions in the total number of Low-Income Units or reductions in the number of Low-Income Units at any rent or income level, prior to issuance of IRS Form(s) 8609 by the Department, the lender and syndicator must submit written confirmation that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request; however, any affirmative recommendation to the Board is contingent upon concurrence from Department staff that the Unit adjustment is necessary for the continued financial feasibility of the Development; and

(B) If it is determined by the Department that the loss of low-income targeting points would have resulted in the Application not receiving an award in the year of allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all Persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for 24 months from the time that the amendment is approved.

(b) Amendments to LURAs. Department approval shall be required for any amendment to a LURA in accordance with this section. An amendment request shall be submitted in writing, containing a detailed explanation of the request, the reason the change is necessary, the good cause for the change, financial information related to any financial impact on the Development, information related to whether the necessity of the amendment was reasonably foreseeable at the time of application, and other information as determined to be necessary by the Department, along with any applicable fee as identified in Chapter 11, Subchapter E of this title (relating to Fee Schedule, Appeals, and other Provisions). The Department may

order or require the Development Owner to order a Market Study or appraisal at the Development Owner's expense. If a Development has any uncorrected issues of noncompliance outside of the corrective action period (other than the provision being amended) or otherwise owes fees to the Department, such non-compliance or outstanding payment must be resolved to the satisfaction of the Department, before a request for amendment will be acted upon. The Department will not approve changes that would violate state or federal laws including the requirements of §42 of the Code, 24 CFR Part 92 (HOME Final Rule), 24 CFR Part 93 (NHTF Interim Rule), Chapter 1 of this title (relating to Administrative Requirements), Chapter 11 of this title (relating to Qualified Allocation Plan), Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), Chapter 13 of this title (relating to Multifamily Direct Loan Rule), Tex. Gov't Code, Chapter 2306, and the Fair Housing Act. For Tax-Exempt Bond Developments, compliance with their Regulatory Agreement and corresponding bond financing documents. Prior to staff taking a recommendation to the Board for consideration, the procedures described in paragraph (3) of this subsection must be followed.

(1) Non-Material LURA Amendments. The Executive Director or designee may administratively approve all LURA amendments not defined as Material LURA Amendments pursuant to paragraph (2) of this subsection. A non-material LURA amendment may include but is not limited to:

(A) HUB participation removal. Removal of a HUB participation requirement will only be processed as a non-material LURA amendment after the issuance of IRS Form(s) 8609 and requires that the Department find that:

(i) The HUB is requesting removal of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(ii) the participation by the HUB has been substantive and meaningful, or would have been substantive or meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operating of affordable housing; and

(iii) where the HUB will be replaced as a general partner or special limited partner that is not a HUB and will sell its ownership interest, an ownership transfer request must be submitted as described in §10.406 of this subchapter;

(B) A change resulting from a Department work out arrangement as recommended by the Department's Asset Management Division;

(C) A change in the Right of First Refusal period as described in amended §2306.6726 of the Tex. Gov't Code;

(D) Where the Board has approved a de minimis modification of the Unit Mix or bedroom mix of Units to increase the Development's accessibility;

(E) In accordance with HOMEfires, Vol. 17 No. 1 (January 2023, as may be amended from time to time) bifurcation of the term of a HOME or NSP LURA with the Department that requires a longer affordability period than the minimum federal requirement, into a federal and state affordability period; or

(F) A correction of error.

(2) Material LURA Amendments. Development Owners seeking LURA amendment requests that require

Board approval must submit the request and all required documentation necessary for staff's review of the request to the Department at least 45 calendar days prior to the Board meeting at which the amendment is anticipated to be considered. Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and Department staff regarding the amendment will be posted to the Department's website and the Applicant will be notified of the posting (§2306.6717(a)(4)). The Board must consider the following material LURA amendments:

- (A) Reductions to the number of Low-Income Units;
- (B) Changes to the income or rent restrictions;
- (C) Changes to the Target Population;
- (D) The removal of material participation by a Nonprofit Organization as further described in §10.406 of this subchapter;
- (E) The removal of material participation by a HUB prior to filing of IRS Form(s) 8609;
- (F) Any amendment that affects a right enforceable by a tenant or other third party under the LURA; or
- (G) Any LURA amendment deemed material by the Executive Director.

(3) Prior to staff taking a recommendation to the Board for consideration, the Development Owner must provide reasonable notice and hold a public hearing regarding the requested amendment(s) at least 20 business days prior to the scheduled Board meeting where the request will be considered. Development Owners will be required to submit a copy of the notification with the amendment request. If a LURA amendment is requested prior to issuance of IRS Form(s) 8609 by the Department, notification must be provided to the recipients described in subparagraphs (A) - (E) of this paragraph. If an amendment is requested after issuance of IRS Form(s) 8609 by the Department, notification must be provided to the recipients described in subparagraph (A) - (B) of this paragraph. Notifications include:

- (A) Each tenant of the Development;
- (B) The current lender(s) and investor(s);
- (C) The State Senator and State Representative of the districts whose boundaries include the Development Site;
- (D) The chief elected official for the municipality (if the Development Site is within a municipality or its extraterritorial jurisdiction); and
- (E) The county commissioners of the county in which the Development Site is located (if the Development Site is located outside of a municipality).

(4) Contents of Notification. The notification must include, at a minimum, all of the information described in subparagraphs (A) - (D) of this paragraph:

- (A) The Development Owner's name, address and an individual contact name and phone number;
- (B) The Development's name, address, and city;

(C) The change(s) requested; and

(D) The date, time, and location of the public hearing where the change(s) will be discussed.

(5) Verification of public hearing. Minutes of the public hearing and attendance sheet must be submitted to the Department within three business days after the date of the public hearing.

(6) Approval. Once the LURA Amendment has been approved administratively or by the Board, as applicable, Department staff will provide the Development Owner with a LURA amendment for execution and recording in the county where the Development is located.

(c) HTC Extensions. Extensions must be requested if the original deadline associated with Carryover, the 10% Test (including submission and expenditure deadlines), construction status reports, or cost certification requirements will not be met. Extension requests submitted at least 30 calendar days in advance of the applicable original deadline will not be required to submit an extension fee as described in §11.901 of this title. Any extension request submitted fewer than 30 days in advance of the applicable original deadline or after the original deadline will not be processed unless accompanied by the applicable fee. Extension requests will be approved by the Executive Director or designee, unless, at staff's discretion it warrants Board approval due to extenuating circumstances stated in the request. The extension request must specify a requested extension date and the reason why such an extension is required. If the Development Owner is requesting an extension to the Carryover submission or 10% Test deadline(s), a point deduction evaluation will be completed in accordance with Tex. Gov't Code, §2306.6710(b)(2), and §11.9(f) of this title (relating to Factors Affecting Scoring and Eligibility in current and future Application Rounds). Therefore, the Development Owner must clearly describe in their request for an extension how the need for the extension was beyond the reasonable control of the Applicant/Development Owner and could not have been reasonably anticipated. Carryover extension requests will not be granted an extended deadline later than December 1st of the year the Commitment was issued.

§10.406 Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice and a completed Ownership Transfer packet, if applicable, to the Department at least 45 calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Except as otherwise provided herein, the Executive Director's prior written approval of any such transfer is required. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section.

(b) Exceptions. The exceptions to the ownership transfer process in this subsection are applicable.

(1) A Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new Principals, or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(2) Transfers that are the result of an involuntary removal of the general partner by the investment limited partner do not require advance approval, but must be reported to the Department as soon as possible due to the sensitive timing and nature of this decision. In the event the investment limited partner has proposed a new general partner or will permanently replace the general partner, a full Ownership Transfer packet must be submitted.

(3) Changes to the investment limited partner, non-Controlling limited partner, or other non-Controlling partners affiliated with the investment limited partner do not require Executive Director approval. A General Partner's acquisition of the interest of the investment limited partner does not require Executive Director approval, unless some other change in ownership is occurring as part of the same overall transaction.

(4) Changes resulting from foreclosure do not require advance approval but acquiring parties must notify the Department as soon as possible of the revised ownership structure and ownership contact information.

(5) Changes resulting from a deed-in-lieu of foreclosure do not require Executive Director approval. However, advance notification must be provided to both the Department and to the tenants at least 30 days prior to finalizing the transfer. This notification must include information regarding the applicable rent/income requirements post deed-in-lieu of foreclosure.

(c) General Requirements.

(1) Any new Principal in the ownership of a Development must be eligible under §11.202 of Subchapter C (relating to Ineligible Applicants and Applications). In addition, Persons and Principals will be reviewed in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee).

(2) Changes in Developers or Guarantors must be addressed as non-material amendments to the application under §10.405 of this Subchapter.

(3) To the extent an investment limited partner or its Affiliate assumes a Controlling interest in a Development Owner, such acquisition shall be subject to the Ownership Transfer requirements set forth herein. Principals of the investment limited partner or Affiliate will be considered new Principals and will be reviewed as stated under paragraph (1) of this subsection.

(4) Simultaneous transfer or concurrent offering for sale of the General Partner's and Limited Partner's control and interest will be subject to the Ownership Transfer requirements set forth herein and will trigger a Right of First Refusal, if applicable.

(5) Any initial operating, capitalized operating, or replacement reserves funded with an allocation from the HOME American Rescue Plan (HOME-ARP) and Special Reserves required by the Department must remain with the Development.

(d) Transfer Actions Warranting Debarment. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure or the Department at risk for financial exposure as a result of non-compliance, staff will refer the matter to the Enforcement Committee for debarment consideration pursuant to §2.401 of this title (relating to Enforcement, Debarment from Participation in Programs Administered by the Department). In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), prior to recommending any new financing or allocation of credits.

(e) Transfers Prior to 8609 Issuance or Construction Completion. Prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs), an Applicant may request a change to its ownership structure to add Principals or

to remove Principals provided not all controlling Principals identified in the Application will be removed. The party(ies) reflected in the Application as having Control must remain in the ownership structure and retain Control, unless approved otherwise by the Executive Director. A development sponsor, General Partner or Development Owner may not sell the Development in whole or voluntarily end their Control prior to the issuance of 8609s. In addition, for Competitive HTC Developments, changes in the ownership structure for the addition of a public facility corporation, a housing finance corporation, or a public housing authority prior to the issuance of 8609s that will result in a 100% property tax exemption that was not previously reflected in the Application, require a resolution of support from the municipality or a letter of support from the mayor or city manager, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge.

(f) Nonprofit Organizations. If the ownership transfer request is to replace a nonprofit organization within the Development ownership entity, the replacement nonprofit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Nonprofit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Nonprofit Organization that meets the requirements of §42(h)(5) of the Code and Tex. Gov't Code §2306.6706, if applicable, and can demonstrate planned participation in the operation of the Development on a regular, continuous, and substantial basis.

(2) If the LURA requires ownership or material participation in ownership by a nonprofit organization or CHDO, the Development Owner must show that the transferee is a nonprofit organization or CHDO, as applicable, that complies with the LURA. If the transferee has been certified as a CHDO by TDHCA prior to 2016 or has not previously been certified as a CHDO by TDHCA, a new CHDO certification package must be submitted for review. If the transferee was certified as a CHDO by TDHCA after 2016, provided no new federal guidance or rules concerning CHDO have been released and the proposed ownership structure at the time of review meets the requirements in 24 CFR Part 92, the CHDO may instead submit a CHDO Self-Certification form with the Ownership Transfer package.

(3) Exceptions to paragraphs (1) and (2) of this subsection may be made on a case by case basis if the Development (for MFDL) is past its Federal Affordability Period or (for HTC Developments) is past its Compliance Period, was not reported to the IRS as part of the Department's Nonprofit Set Aside in any HTC Award year, and follows the procedures outlined in §10.405(b)(1) - (5) of this subchapter. The Board must find that:

(A) The selling nonprofit is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(B) The participation by the nonprofit was substantive and meaningful during the full term of the Compliance Period but is no longer substantive or meaningful to the operations of the Development; and

(C) The proposed purchaser is an affiliate of the current Owner or otherwise meets the Department's standards for ownership transfers.

(g) Historically Underutilized Business (HUB) Organizations. If a HUB is the general partner or special limited partner of a Development Owner and it determines to sell its ownership interest, after the issuance of IRS Form(s) 8609, the purchaser of that partnership interest or the general or special limited partner is not required to be a HUB as long as the LURA does not require it or the procedure described in §10.405(b)(1) of

this chapter (relating to Non-Material LURA Amendments) has been followed and approved. The removal of a HUB requirement prior to filing of IRS Form(s) 8609 is subject to the procedure described in §10.405(b)(2) of this Chapter (relating to Material LURA Amendments).

(h) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances pertaining to the transfer and the effects of approval or denial. Documentation must be submitted as directed in the Post Award Activities Manual, which includes but is not limited to:

(1) A written explanation outlining the reason for the request;

(2) Ownership transfer information, including but not limited to the type of sale, terms of any new financing introduced as a result of the transfer, amount of Development reserves to transfer in the event of a property sale, and the prospective closing date;

(3) Pre- and post-transfer organizational charts with TINs of each organization down to the level of natural persons in the ownership structure as described in §11.204(12)(B) of Subchapter C of this title (relating to Required Documentation for Application Submission);

(4) A list of the names and contact information for transferees and Related Parties;

(5) Previous Participation information for any new Principal as described in §11.204(12)(C) of this title (relating to Required Documentation for Application Submission);

(6) Agreements among parties associated with the transfer;

(7) Owners Certifications with regard to materials submitted as further described in the Post Award Activities Manual;

(8) Detailed information describing the organizational structure, experience, and financial capacity of any party holding a controlling interest in any Principal or Controlling entity of the prospective Development Owner;

(9) Evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least 30 calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30-day period has expired; and

~~(10) For changes in the ownership structure that will result in a property tax exemption, a resolution of support from the municipality or a letter of support from the mayor, or if the Development is not within a municipality or its Extra Territorial Jurisdiction (ETJ), a resolution of support from the commissioners court or letter of support from the county judge. The documentation for this item must explicitly confirm the continued support of the Development with the property tax exemption; and~~

~~(11)~~ (10) Any required exhibits and the list of exhibits related to specific circumstances of transfer or Ownership as detailed in the Post Award Activities Manual.

(i) Once the Department receives all necessary information under this section and as required under the Post Award Activities Manual, staff shall initiate a qualifications review of a transferee, in accordance with Chapter 1, Subchapter C of this title (relating to Previous Participation and Executive Award Review and Advisory Committee), to determine the transferee's past compliance with all aspects of the Department's

programs, LURAs and eligibility under this chapter and §11.202 of this title (relating to Ineligible Applicants and Applications).

(j) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) In cases where the general partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(k) Penalties, Past Due Fees, and Underfunded Reserves. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring) and Subchapter G of this chapter (relating to Affirmative Marketing Requirements and Written Policies and Procedures). The Development Owner on record with the Department will be liable for any penalties or fees imposed by the Department (even if such penalty can be attributable to the new Development Owner) unless an ownership transfer has been approved by the Department. In the event a transferring Development has a history of uncorrected UPCS or NSPIRE violations, ongoing issues related to keeping housing sanitary, safe, and decent, an account balance below the annual reserve deposit amount as specified in §10.404(a) (relating to Replacement Reserve Accounts), or that appears insufficient to meet capital expenditure needs as indicated by the number or cost of repairs included in a PNA or SCR, the prospective Development Owner may be required to establish and maintain a replacement reserve account or increase the amount of regular deposits to the replacement reserve account by entering into a Reserve Agreement with the Department. The Department may also request a plan and timeline relating to needed repairs or renovations that will be completed by the departing and/or incoming Owner as a condition to approving the Transfer. A PNA or SCR may be requested if one has not already been received under §10.404 of this section (relating to Reserve Accounts).

(l) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by the corresponding ownership transfer fee as outlined in §11.901 of this title (relating to Fee Schedule).



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #:987

Agenda Date: 04/10/2025

Agenda #: 25.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.3(e) for Fair Park Landing (25047)

**PULLED FROM
THE AGENDA**



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

File #: 988

Agenda Date: 4/10/2025

Agenda #: 26.

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.9(d)(5) for Residences at Seley Park (25188)

RECOMMENDED ACTION

WHEREAS, the Department received a Competitive (9%) Housing Tax Credit Application for Residences at Seley Park (25188) on February 28, 2025, which is located in State House District 56, represented by Representative Pat Curry;

WHEREAS, a letter of opposition was submitted to the Department on February 28, 2025, by Representative Curry, in accordance with 10 TAC §11.9(d)(5), which results in an eight-point deduction under the scoring criteria for Community Support from a State Representative;

WHEREAS, 10 TAC §11.9(d)(5)(A) expressly prohibits changes or withdrawal of a letter from a State Representative once it has been submitted to the Department, and the Representative has not expressed to the Department a desire to withdraw the opposition letter; and

WHEREAS, the Applicant has submitted a waiver request asking that the opposition letter be withdrawn;

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §11.9(d)(5)(A) for Residences at Seley Park is denied.

BACKGROUND

Residences at Seley Park is a 2025 Competitive (9%) Housing Tax Credit Application that requests \$1,643,278 in housing tax credits for the New Construction and Adaptive Reuse of 49 units in Waco, McLennan County. The Development is located in State House District 56, currently represented by Rep. Curry.

In accordance with 10 TAC §11.9(d)(5), an application may receive up to eight points if a letter of support is submitted by the relevant State Representative by the Full Application Delivery Date; however, on February 28, 2025, Rep. Curry submitted a letter explicitly stating opposition to the Development. Per Department rules, this results in an eight-point deduction.

In accordance with 10 TAC §11.9(d)(5)(A), "once a letter is submitted to the Department it may not be changed or withdrawn," and as a result, there is no opportunity under the rules for the Applicant to have this letter removed from consideration in the Application's evaluation.

Because of this, the Applicant submitted a waiver request that asks the Department to allow the Representative to withdraw or amend the original letter and substitute a revised version that does not oppose the Development. The Representative's office has not contacted the Department to express a desire to withdraw or amend the opposition letter.

While Department Staff recognizes that the proposed Development has merits, state statute requires that negative points be awarded when an opposition letter is received from the State Representative. Tex. Gov't Code Sec. 2306.6710(f) states that:

- (f) In evaluating the level of community support for an application under Subsection (b) (1)(J), the department shall award:
 - (1) positive points for positive written statements received;
 - (2) negative points for negative written statements received; and
 - (3) zero points for neutral statements received.

The Board has approved two waiver requests of this same provision of the rules within the last two years; however, there is a clear distinction between those requests and this one. For the prior requests, the relevant State Representatives both provided a revised letter prior to the Full Application Delivery Date, and both State Representative expressed a desire to withdraw their initial letter. For the subject Application, no such letter was received prior to that date. This distinction is important, because Tex. Gov't Code §2306.6708 prohibits an Applicant from changing or supplementing and Application after the filing deadline except at the Department's request.

The Applicant contends that granting the waiver would advance several statutory purposes under Tex. Gov't Code Chapter 2306, including increasing the supply of affordable housing; however, the request does not establish that this specific waiver is needed for this specific Application in order to meet those purposes, as there are other Applications in the subregion that do not require such a waiver to move forward.

In summary, the opposition letter from the State Representative was received prior to the Full Application Delivery Date, and in accordance with statute, this results in a point deduction for the Application. Department rules prohibit the letter from being withdrawn, and state statute prohibits the Application from being changed or supplemented after the filing deadline. No alternative letter was submitted by the State Representative either before or after the filing deadline, and the Representative's office has not contacted the Department to request that the opposition letter be withdrawn. Because of this, staff recommends that the waiver of 10 TAC §11.9(d)(5)(A) be denied.

February 28, 2025

Mr. Bobby Wilkinson

Executive Director

Texas Department of Housing and Community Affairs

221 East 11th Street Austin, TX 78701

Re: Waiver Request for Residences at Seley Park, TDHCA #25188 – Section 11.9(d)(5)(A) and (B) of the 2025 Qualified Allocation Plan, Community Support from State Representative

Dear Mr. Wilkinson,

The applicant for Residences at Seley Park, LP (the “Applicant”), respectfully requests a waiver of Section 11.9(d)(5)(A) and (B) of the 2025 Qualified Allocation Plan related to Community Support from State Representative. Specifically, the Applicant requests a waiver of the requirement that “Once a letter is submitted to the Department it may not be changed or withdrawn.” Residences at Seley Park (the “Development”) is within District 56 and represented by State Representative Pat Curry. On February 28, 2025, Rep. Curry submitted a letter to TDHCA expressing opposition related to the Development (the “Original Letter”).

The Representative is a freshman and all prior indications had implied project support, including from local neighborhood organizations, constituents, nonprofits, City of Waco staff and City of Waco City Council, with no known public opposition. The proposed project received a resolution of support from the City of Waco on February 18, 2025.

Upon learning of the submission of the Original Letter on February 28, 2025, the Developer, Waco City Council members, local neighborhood groups and nonprofits, all reached out to the Representative’s office for clarification as there was none provided in the Original Letter. We are in the process of receiving an amended letter to replace the Original Letter, demonstrating that the Representative is not in opposition to the proposed development.

We respectfully request that TDHCA allow State Representative Curry to revoke the Original Letter as requested, and that TDHCA award the Development 8 points on the basis of the Revised Letter, in accordance with Section 11.9(d)(5)(B) of the 2025 Qualified Allocation Plan.

In accordance with 10 TAC §11.207(2), a waiver must establish how granting the waiver will better serve specific sections of the TDHCA’s governing statute, Chapter 2306, than not granting the waiver. The Applicant asserts that granting the subject waiver request will better serve the following policies and purposes in Chapter 2306:

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- “provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income” (§2306.001(2));
- “rehabilitate or perform an adaptive reuse of a certified historic structure, as defined by Section 171.901(1), Tax Code, as part of the development” (§2306.672 (6))
- “encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, affordable rental housing in the private marketplace” (§2306.6701(1)); and
- “maximize the number of suitable, affordable residential rental units added to the state’s housing supply” (§2306.6701(2)); and

Approval of this waiver will facilitate the development of a multifamily property targeting low-income Texans, as well as support the adaptive reuse of an architecturally significant property in a historically important Waco neighborhood.

The waiver will allow the Applicant to provide suitable, affordable rental units on the proposed site, which is located in a significantly underserved and a highly desirable, high opportunity area of the state. The waiver will allow the applicant to add much needed affordable rental units to the state’s housing supply.

Based on the information contained herein, the Applicant asserts that this request for a waiver meets all elements of the QAP’s provisions governing the granting of a waiver. We respectfully request that staff and the board support a waiver of Section 11.9(d)(5)(A) and (B) of the 2025 Qualified Allocation Plan. We believe that the unique characteristics of the Residences at Seley Park development are an ideal example of the need for a waiver process. Should additional information to support this waiver request be necessary, we will make every effort to provide the information in a timely manner. Thank you for your consideration.

Sincerely,

Tisha Vaidya

Authorized Representative





STATE OF TEXAS HOUSE OF REPRESENTATIVES

PAT CURRY

District 56

Texas Department of Housing and Community Affairs
Multifamily Finance Division
Attention: Cody Campbell
221 East 11th Street
Austin, Texas 78701

RE: Statement of Opposition for The Residences at Seley Park Senior Living, 925 N. 18th Street, Waco, Texas 76707 (TDHCA# 25188).

Dear Mr. Campbell,

As the State Representative for District 56, which includes the proposed development site for The Residences at Seley Park Senior Living located at 925 N. 18th Street, Waco, Texas 76707, I am writing to confirm my opposition regarding the application submitted to the Texas Department of Housing and Community Affairs (TDHCA) for 2025 Competitive 9% Housing Tax Credits (TDHCA# 25188).

I am opposed to this application. I prefer a different application for elderly housing located elsewhere in my District that I believe is situated in a more suitable location for seniors. I anticipate that this letter will be awarded zero points under TDHCA's scoring criteria.

If you have any questions regarding this statement, please feel free to contact my office at (512) 463-0135 or pat.curry@house.texas.gov

Sincerely,

A handwritten signature in black ink, appearing to read "Pat Curry".

Representative Pat Curry
House District 56