



TEXAS DEPARTMENT OF AGRICULTURE
COMMISSIONER SID MILLER

Texas Community Development Block Grant Program

Texas Capital Fund: Infrastructure & Real Estate Program

Good afternoon, my name is Aubrey-Ann Gilmore and I am with the Texas Department of Agriculture as a Program Specialist in the TxCDBG program. Specifically, I work with the Texas Capital Fund Programs we'll be discussing today.

I want to thank you all for joining me for the 2019 Texas Capital Fund Infrastructure and Real Estate Program Application Webinar. As we get started, just quick reminder to please mute all lines at this time. If you have any questions, feel free to use the Instant Messenger feature or ask during the questions portion following the presentation.

Let's get started!



Webinar Agenda

- Introduction to the CDBG program
- Program Overview
- What's New
- Scoring & Review
- Application and Attachments
- Contact Information

Today we will start with an overview of Texas' Community Development Block Grant program or CDBG for short.

Next, we'll discuss the economic development programs available under CDBG, which fall under the Texas Capital Fund umbrella.

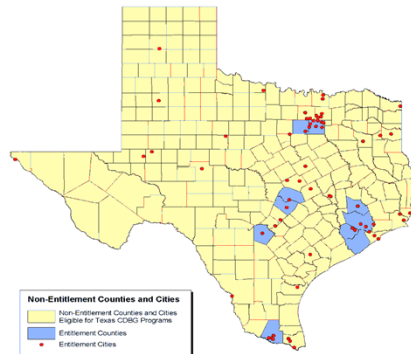
Then, we'll highlight recent updates and changes to the Infrastructure/RE program cover the scoring metrics used to make awards,

And finally review application requirements and necessary attachments.



Texas Community Development Block Grant (CDBG) Program

- Texas Department of Agriculture administers CDBG funds for non-entitlement cities and counties in Texas
- Serves 861 cities and 244 Counties
- Largest state CDBG allocation in the nation



Here are a few highlights of our program...

Larger cities and counties receive their funding directly from the Dept of Housing and Urban Development.

or smaller communities in Texas, which are predominately rural in nature, the Texas Department of Agriculture Administers the non-entitlement allocation of CDBG funds.

For reference, cities with populations under 50K and counties with a non-metropolitan population under 200K are eligible for our program.

Texas receives the largest non-entitlement CDBG allocation in the nation and our program serves over 850 cities and 244 counties.



TxCDBG Fund Categories

- Community Development
- Colonia Construction & Planning
- Fire, Ambulance, and Emergency Truck Fund
- Disaster Relief / Urgent Need
- Planning and Capacity Building
- **Downtown Revitalization & Main Street**
- **Small & Microenterprise Revolving Loan Fund**
- **Texas Capital Fund Infrastructure/Real Estate**

The non-entitlement annual allocation is then broken down into a variety of fund categories – while DRP/MS, SMRF, RE/Infra all fall under the Texas Capital Fund umbrella, today we'll focus on the TCF Infrastructure and Real Estate program.



CDBG Objectives

- Development of viable communities by providing:
 - Decent Housing
 - A suitable living environment; and
 - Expanding economic opportunities
- National Program Objectives:
 - Benefit to **low- and moderate-income persons**;
 - Elimination of slums or blighted conditions
 - Meet other community development needs of particular urgency which represent an **immediate threat** to the health and safety of residents.



Every CDBG project must meet at least one National Program Objective designated by HUD – these are:

- The benefit to low- to moderate income persons
- Elimination of Slum and blighted conditions
- Urgent Need

Within the TCF Umbrella, the INFRA/RE programs NPO by ensuring that job creation activity primarily benefits low to moderate income persons.



Texas Capital Fund (TCF)

Supports rural business development, retention, and expansion by providing funds for public infrastructure, real estate development, or the elimination of deteriorated conditions.



The TCF Infrastructure and RE programs, along with SMRF expand economic opportunities that create or retain jobs, principally for low to moderate income persons.

Main Street-DRP, focuses on revitalization efforts to foster and stimulate economic development in rural downtown areas.

TCF monies are to **reimburse a community for eligible expenditures**, rather than be advance payments.



Texas Capital Fund - Infrastructure

Provides funds for Infrastructure Development to create or retain permanent jobs in primarily rural communities and counties.

- Funds for public/private infrastructure
- Encourages new business development and expansion
- Awards from \$100,000 to \$1,000,000
 - Based on number of jobs created/retained

The TCF program provides resources for an eligible applicant to support a specific business in creating and/or retaining jobs in the community.

When the Infrastructure program is used for public infrastructure, the funds are awarded as a grant. When utilized to fund private infrastructure improvements, TCF funds are awarded through a maximum 20 year 0% interest loan.



Texas Capital Fund - Infrastructure

Eligible Activities

- Water & sewer lines and treatment plants
- Streets, curb & gutter, and sidewalks
- Harbor and channel dredging
- Rail Improvements
- Drainage
- Utilities



These activities must be the minimum necessary for a benefitting business to create or retain jobs.



Texas Capital Fund – Real Estate

Provides a zero-interest loan to fund real estate acquisition or improvements to create or retain permanent jobs in primarily rural communities and counties.

- Funds for Acquisition, New Construction, Rehabilitation or Private Infrastructure
- 0% Interest Loan for up to 20 years
- Awards from \$100,000 to \$1,500,000
 - based on # of jobs created/retained

The Real Estate program also provides resources for an eligible applicant to support a specific business in creating and/or retaining jobs in the community.

The TCF Real Estate Program allows applicants to purchase and/or renovate an existing building, new building construction or land acquisition. Real estate improvements are intended to be owned by the applicant community and leased to the interested business, and requires full repayment.



Texas Capital Fund – Real Estate

Eligible Activities

- Building improvements/renovation
- Building construction (w/ walls & roof)
- Site Improvements
- Land acquisition



And remember, these activities must be the directly related to the benefitting business's job creation/retention activities.



Grant Administrator Procurement

- Communities submitting an application for TCF funding that intend to use a third-party Grant Administrator must solicit and select service provider through elected body action **prior to the Grant Administrator preparing the grant application.**
- Please visit Professional Administrative Services page of the TxCDBG website for more information.

Total Grant Award Amount	Maximum Administration Amount	Required Procurement Method
\$500,000 or less	\$35,000	Streamlined Process
>\$500,000 to \$750,000	\$50,000	Streamlined Process
>\$750,000 to \$1,000,000	\$60,000	Traditional Method

Communities submitting an application for TCF funding that intend to use a third-party Grant Administrator must solicit and select service provider through elected body action **prior to the Grant Administrator preparing the grant application.**

Additionally, the amount of grant funds requested will determine the maximum allowable administration amount and the method in which these services should be procured. For applications seeking grant fund amounts \$750k or less, the streamlined process, outlined on the Professional Administrative Services page of the TxCDBG website, should be used. For awards greater than \$750K, the traditional method described in Chapter 5 of the TxCDBG implementation manual should be used.



PY 2019 TCF Updates



- Quarterly Application Submission Rounds
- Application Threshold Requirements
- Business Underwriting Review Standards
- Types of Leverage
- New Business Equity Requirement
- Aggregate Benefit “Tap-in” Guidance
- Scoring Criteria

Before we move into discussing program requirements, the 2019 TCF guidance has been updated in the following areas. We’ll discuss many of these in greater detail, however the 2019 app guide is currently posted on The website and includes annotations that identify and provide a brief explanation of policy changes, scoring modifications, and more.



2019 TCF Application Deadlines

- February 20, 2019
- May 20, 2019
- August 20, 2019
- November 20, 2019
- Applications can be submitted at any time, however applications will not be ranked and recommended for award until the quarterly deadline.

Texas Capital Fund program is now available on a quarterly basis. Quarterly rounds will provide a larger pool of high quality applications to be considered for funding. It is the intent of the RE/Infra program for rural communities to partner with businesses interested in improvement of the community through job creation activities. Historically, businesses with a short and inflexible timeline are not a good fit for the program. Quarterly rounds streamline the application review and subsequent award process, ideally shortening the time between application submittal and award.



Program Requirements - Jobs

- Level of funding directly related to number of jobs to be created/retained:

Requested Award Amounts	Maximum Cost-Per-Created-Job	Maximum Cost-Per-Retained-Job
\$750,000 or less	\$25,000	\$10,000
\$750,100-\$1,000,000	\$20,000	\$7,500

- Job creation/retention activity must benefit at least 51% LMI individuals
 - Permanent, full time or full time equivalent
 - Jobs created prior to the award will not be counted toward job creation requirements.

Job creation/retention MUST be a direct result of the TCF activity

The amount of grant funds an applicant can request through the TCF program is dependent upon the number of jobs the benefitting business commits to creating and/or retaining at the project site described in the application.

And again, these jobs must principally benefit LMI persons. Jobs that are eligible for consideration are permanent, full time or full-time equivalent positions, and are expected to be stable, sustained employment opportunities.

Jobs that are ineligible include:

Seasonal jobs

Contract jobs

Unfilled/vacant positions

Jobs created prior to the award

Jobs created at other business locations

Held by principals of the business

And most importantly, job creation/retention must be a direct result of the TCF activities.



Program Requirements - Jobs

- Job commitment letter
 - Full time/Part time status
 - Number and Type of jobs
 - Salary
 - Commitment to ensure primary benefit to LMI
- Repayment for jobs not created

Job creation/retention activities are documented by providing a job commitment letter from the benefitting business. This letter should include the number of jobs, full or part time status, type of job, salary, and ensure at least 51% of positions will benefit LMI persons.

In the event of a failure to create the LMI jobs specified in the contract, TxCDBG funds must be repaid to TDA on a per job (not created/retained) basis. Furthermore, it is the responsibility of the business to reimburse the community for repayment of funds based on a failure to meet contractual obligations, per the Company-Contractor agreement.



Program Requirements – Company Information

- Physical location of business important in determining appropriate applicant jurisdiction
- Equity requirement for new businesses
- Underwriting review expectations

Equity Requirement for New Businesses: businesses that have been in operation for less than three years are required to demonstrate available equity and must document equity at least 5% of the total project cost. Equity must consist of cash or cash AND equity in fixed assets.

– this requirement has been included in an effort to ensure project feasibility. These details are regularly requested by TDA during application review; this rule change aims to expedite the review process by collecting this information at the time of submission.

- Additional information regarding this requirement is listed in the application guidance.

Underwriting review page has been updated and expanded in this year's application. The underwriting review should be completed by a local finance/economic professional that is knowledgeable in business lending. The underwriting page cannot be completed by the application preparer or authorized signatory.



Program Requirements - Leverage

Award Amounts	Minimum Amount of Leveraged Funds
\$750,000 or less	100%
\$750,100-\$1,000,000	200%

Acceptable match fund sources:

1. Cash contribution/in-kind
2. Operational Costs (up to 25% of required amount)

Ineligible match fund sources:

Future payments to be received, refinancing existing funding, employee salaries & benefits, working capital, equity value of fixed assets.

Match contributions can be made by the applicant or other local entities such as benefitting business, EDC, utility district, etc.

Leveraged funds from other sources (commonly referred to as match commitment) are a component of application eligibility. TxCDBG funds must be matched dollar for dollar for applications requesting \$750K or less. For applications requesting amounts above \$750K, TxCDBG funds must be matched at a 2:1 ratio.

It should be noted, match funds are valid only if committed for activities proposed for funding with TxCDBG and the match funds will be used for activities that are directly related to supporting the proposed activities for TxCDBG funding.

Regarding ineligible match sources, TDA is no longer accepting equity value of fixed assets as a source for leveraged funds. Previous TCF contract performance indicates documenting equity has been a prevalent reason for disallowed costs. So as we'll touch on later in the presentation, scoring criteria has been modified to alleviate the burden on applicants to commit significant match contributions in an attempt to score competitively.



Program Requirements – Environmental Review

- Any activity included in a TCF application, whether funded with HUD or non-HUD funds, must experience an environmental review through TDA.
 - Reviews completed by other agencies generally do not meet HUD regulations and cannot be substituted for this review
- **Timing:** No project activities may occur until the environmental review is completed and has been issued an Authority to Use Grant Funds from TDA.



Program Requirements – Company-Contractor Agreement

- Applicants and benefitting businesses must enter into a Company-Contractor Agreement to receive TCF funds.
- Executed agreement details the duties and responsibilities of both applicant and business.
- Additional information and further guidance on drafting CCA available in Appendix V of 2019 TCF App Guide.



Application Review

- Objective scoring metrics
- Applications are arranged highest to lowest by score
- Highest scoring applications reviewed for eligibility and completeness
- Minor application deficiencies are addressed
- Staff makes funding recommendations
- 3 year contract period to complete project and create/retain jobs

Applications are received by TDA, scored, and ranked from highest to lowest. Then, they are reviewed for eligibility and completeness.

Once awarded, grant recipients have a 3 year contract period to complete the project.



Application Scoring (95 Points)

- Unemployment Rate (15 points)
- Jobs Created/Total Job Activity (15 points)
- Wage Impact (15 points)
- Preferred/Primary Jobs (10 points)
- Cost-per-job (10 points)
- Executed Company-Contractor Agreement (15 points)
- Approved Environmental Clearance (15 points)
- ~~• Job Impact~~
- ~~• Return on Investment~~

Listed are the scoring criteria for RE/Infra projects. As you'll note, a couple of metrics have changed. Job impact and Return on Investment have been removed, and "readiness to proceed" scoring criteria regarding the CCA and ERR have been included.

In addition to the application score, all applicants are reviewed for past contract performance including, but not limited to: monitoring reports, unresolvable findings and program compliance

Failure to submit all back up documentation to support scoring will result in the loss of points under each scoring criteria for which documentation was not provided.



Unemployment Rate – 15 Points

- Score 5 points if applicant's county rate meets or exceeds 85% of state unemployment rate
- Score 10 points if applicant's county rate meets or exceeds 100% of the state unemployment rate
- Score 15 points if the applicant's county rate meets or exceeds 115% of the state unemployment rate

Data Source: Most recently available Texas Workforce Commission quarterly county unemployment rate data (most recent 3 months, as of 1st of month in which application is submitted)

Points for this scoring criteria are awarded by comparing applicant's quarterly county unemployment rate to the state unemployment rate for the same time period. This information is generated by the Texas Workforce Commission and can be found on the Texas Labor Market Information TRACER website.



Jobs Created/Total Job Activity – 15 Points

- Score 5 points if 50% of job activity is job creation
- Score 10 points if 75% of job activity is job creation
- Score 15 points if 100% of job activity is job creation

Data Source: Company job commitment letter

For this metric, points are awarded by dividing the proposed number of jobs created by the sum of all proposed job activity (which is, the number of jobs created AND retained). The data for this scoring criteria is supported by a copy of the Company's job commitment letter.



Wage Impact – 15 Points

- Score 5 points if the median wage meets or exceeds 50% of the county average
- Score 10 points if the median wage meets or exceeds 75% of the county average
- Score 15 points if the median wage meets or exceeds 100% of the county average

Data Source: Most recently available Texas Workforce Commission quarterly county data for private sector average weekly wages.

Next, points are awarded for wage impact by taking the business's median weekly wage commitment, for all jobs proposed to be created and retained, and divide by the applicant's most recent county, quarterly, private sector average for weekly wage.

This information is generated by the Texas Workforce Commission and can be found on the Texas Labor Market Information TRACER website. For instructions on locating this information, please page 34 of the application guidance.



Preferred/Primary Jobs – 10 Points

- Score 10 points for the following NAICS categories:

31-33 Manufacturing	62 – Health care and social assistance
111 – Crop Production	112 – Animal, Poultry and Egg Production
115 – Support Activities for Agriculture	

- Score 5 points for the following NAICS categories:

113 – Forestry/Logging	42 – Wholesale Trade
114 – Commercial Fishing	48-49 – Transportation/Warehousing
211-213 – Mining	51 – Information
5182 – Data Processing, Hosting Related Svs	

- Score 5 points for projects involving non-primary jobs (i.e., retail), when the business offers a choice of medical and prescription drug benefits to 51% or more of the employees, including coverage for the family. Applicants may **not** receive points for both the NAICS code and health coverage.

Preferred and Primary Jobs points are awarded if the business's NAICS code falls into the following categories.

NAICS numbers are reported on the business Texas Workforce Commission Quarterly Contribution Report (form C3), IRS business tax return, documentation from Texas Comptroller, or other documentation outlined in the application guidance.



Cost Per Job – 10 Points

- Score 5 points if the request for TCF funds is equal to or less than 85% of the maximum allowable for funding
- Score 10 points if the request for TCF funds is equal to or less than 75% of the maximum allowable funding.

Cost per job is awarded by calculating the maximum allowable cost-per-job for job creation and retention activity compared to the actual amount of TCF funds requested.



Executed Company-Contractor Agreement – 15 Points

Awarded to applicants that have a fully executed Company-Contractor agreement (CCA) in place prior to application submission.

- CCA containing “if funded” clause will be considered acceptable for the purposes of this scoring metric.
- Please see Appendix V of the 2019 TCF Application Guide for additional information on drafting a CCA

This new scoring metric awards points to applicants that have a fully executed CCA in place prior to the application submission. CCA can include an “if funded” clause and additional instructions are included in final appendix of the app guide.



Approved Environmental Clearance – 15 Points

Awarded to applicants that have completed the environmental review process and submitted an Environmental Request for Release of Funds (RROF) to the Department.

Both new scoring metrics incentivize proactive steps taken by applicant communities. Early completion of these milestones demonstrates a project's readiness to proceed.



Common Application Deficiencies

- Application Errors
 - Missing/incomplete cost estimates
 - Table 1, Table 2, Form 424, Resolution and Match documentation are inconsistent
 - Missing attachments
 - Deficient Business Underwriting
- Poor maps/layouts
- Scoring Errors
 - No supporting documentation
 - Incorrect data source(s)

In addition to submitting a complete application, it is important to ensure all information is accurate and necessary documentation is included.

Application deficiencies often result in loss of points



Complete Applications

- A completed 424 Form with original signature;
- All application forms, fully completed;
- A passed/adopted Local Government Resolution authorizing submission of the application;
- Evidence of compliance with the TxCDBG Citizen Participation Plan including the Public Hearing Notice;
- Legible, quality maps;
- Applicant's Annual Audit FY2017 or later (Independent Auditor's letter) and;
- Documentation of an active [SAM Registration](#)

**Applications lacking any of the items listed above
will be disqualified**

Applications submitted MUST be complete and, at a minimum, should include the following to be considered complete.

424 Form with original signature from authorized representative

All application forms, fully completed

Passed/Adopted local government resolution authorizing the submission of the application

Evidence of CDBG Citizen Participation Plan

Legible, quality maps

Annual Audit for fiscal year 2017 or later

Documentation of active SAMs Registration for the applicant (not consultant)

These items must be originally included in the application and cannot be accepted after the deadline.



Attachments

- Scoring Sheet Supporting Documentation
- Project Maps
 - Area Map
 - Project Site Map
 - Floodplain map
- Job Commitment Letter from Business
- Business most recent payroll (as applicable)
- Resolution
- Documentation of Matching Funds
 - Verification of Deposit
 - Match commitment letter

Additionally, a complete application will include the following attachments:

Supporting documentation for scoring

- Area maps, project maps, and flood plain maps
- Job commitment letter from the business
- Most recent payroll of benefitting business
- Resolution from local City Council authorizing the submission of the application
- Documentation of all financial resources committed in the application for “matching funds” – this is very important

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