



**Texas Department of Agriculture (TDA) Working Summary**  
**Consolidated Plan - Stakeholder Engagement**  
**Economic Development**  
**(revising current Texas Capital Fund – Real Estate / Infrastructure Programs)**

As part of the Consolidated Plan process (5-year plan), TDA is assessing the existing Texas CDBG program (available only to non-entitlement communities).

The Texas Capital Fund (TCF) is awarded through the Community Development Block Grant (CDBG) program.

- TCF Real Estate and Infrastructure Programs make up approx. 12% of the funding the TxCDBG program receives annually from the U.S. Department of Housing and Urban Development (HUD) (see last page for funding breakdown).
- Many current program processes and procedures are designed to meet the requirements of these federal funds, including those related to benefitting low-to moderate-income persons, expenditure of funds, environmental review, and maximum cost per job.

### **Current Challenges**

The demand for the TCF Real Estate / Infrastructure (RE/I) program has always varied according to economic circumstances. However, in recent years the use of the program as designed is not fully meeting the needs of small and rural communities.

- Beginning in 2015, TDA was required to revise its procedures to ensure that the required environmental review include the entire project, both the public infrastructure and private development needed for job creation. This generally means that the TCF benefitting business must not commit funds or begin new work between the application phase and the environmental clearance, a delay that has been problematic for a number of potential TCF businesses.
- Payroll information required to document job creation consistently proves challenging for the business, the community, and TDA staff. The inability to document job creation adequately has resulted in repayment of grant dollars by the business and/or community.
- Grant funding does not move at the speed of business. Despite adjustments to application and program procedures, TCF funding will require the business to accommodate grant requirements in its project schedule.
- Funds available through a local economic development sales tax, special district tax, or increment financing tax for similar infrastructure projects to assist business development may be more accessible and business friendly than the federally-funded TCF grants.
- Of the \$7.8 million dedicated to TCF RE/I for 2018 funding, over \$6 million was transferred to other categories (primarily TCF's Main Street / Downtown Revitalization programs) in order to meet HUD's deadline for obligating funds.

### **Available Opportunities for Economic Development through CDBG**

HUD's CDBG program parameters include many opportunities to promote economic development as follows:

- Assistance to For-Profit Businesses – based on job creation for LMI persons.  
*Example:* Current TCF program design
- Assistance to For-Profit Businesses – based on goods and/or services provided to a low- to moderate-income area.  
*Example:* Assistance to a new grocery in a food desert; medical clinic that will serve a specific industry in addition to the local community.

- Removal of Slum & Blight – spot demolition of blighted structures.  
*Example:* Dilapidated structure that limits the development potential of a downtown block
- Removal of Slum & Blight – area basis and/or neighborhood revitalization
- *Example:* Traditional Downtown Revitalization program design
- Microenterprise Loans – assistance for LMI-owned small businesses in need of capital.  
*Example:* SMRF program offered by TDA in 2017
- Economic Development Planning – planning assistance that includes CDBG-eligible projects.  
*Example:* TDA’s “Economic Development Plan Pilot Program”, which used state funding to explore this idea
- Job Training – industry-based training for LMI persons  
*Example:* Partnership between local community college and local medical center to train medical support staff

Below is an example of one potential program design that may better meet the need of rural Texas communities. This potential program would fundamentally change the focus of CDBG economic development efforts, shifting from a project based program towards one which focuses on the unique needs identified in a community’s economic development strategic/action plan.

	<b>Current TCF Real Estate/ Infrastructure Program</b>	<b>Potential TCF Community-based ED Program (ED Planning - Phase 1 and Phase 2)</b>
Program focus	<ul style="list-style-type: none"> <li>• Project to create or retain jobs through participating business</li> </ul>	<ul style="list-style-type: none"> <li>• Community with a strategic plan that identifies economic development gaps</li> </ul>
National Program Objective	<ul style="list-style-type: none"> <li>• Assistance to Low- to Moderate-Income (LMI) Persons through Job Creation</li> </ul>	<ul style="list-style-type: none"> <li>• Area Benefit to Low- to Moderate-Income (LMI) Persons</li> <li>• Benefit to LMI Persons – Job Creation</li> <li>• Slum &amp; Blight Removal, Spot-Basis</li> <li>• Slum &amp; Blight Removal, Area-Basis</li> </ul>
Eligible Use of Funds	<ul style="list-style-type: none"> <li>• Infrastructure to assist a business</li> <li>• Property acquisition and/or building improvements for a business</li> </ul>	<ul style="list-style-type: none"> <li>• Any CDBG-eligible activity that meets a national program objective AND serves an economic development purpose</li> </ul>
Maximum Grant Amount	<ul style="list-style-type: none"> <li>• \$750,000 per application</li> <li>• Up to \$1,000,000 per application for major employment (~40-50 new jobs)</li> </ul>	<ul style="list-style-type: none"> <li>• \$750,000 per application, may include multiple projects</li> <li>• May include separate planning award up to \$30,000</li> </ul>
Selection Process	<ul style="list-style-type: none"> <li>• Quarterly competitive rounds</li> <li>• Scoring based on both community and project characteristics</li> <li>• Business must be ready to proceed</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive round(s) to be determined</li> <li>• Scoring based on community characteristics</li> <li>• May include separate ED planning opportunity</li> </ul>
Other HUD / Program requirements	<ul style="list-style-type: none"> <li>• Some crosscutting regulations apply to work on business site (ex. environmental review)</li> <li>• Maximum of \$25,000 per job created or \$10,000 per job retained</li> <li>• 100% matching funds required</li> </ul>	<ul style="list-style-type: none"> <li>• Crosscutting regulations apply</li> <li>• TDA technical assistance to identify relevant CDBG regulations</li> <li>• Beneficiary requirements, cost per job amounts, and matching fund requirements dependent upon project type</li> </ul>

TDA is requesting feedback /comments on the potential redesign of the TCF program be submitted in writing to Suzanne Barnard, CDBG Director, at [Suzanne.Barnard@TexasAgriculture.gov](mailto:Suzanne.Barnard@TexasAgriculture.gov) no later than December 31, 2019. Suzanne Barnard can be reached at 512-463-6612 for questions.

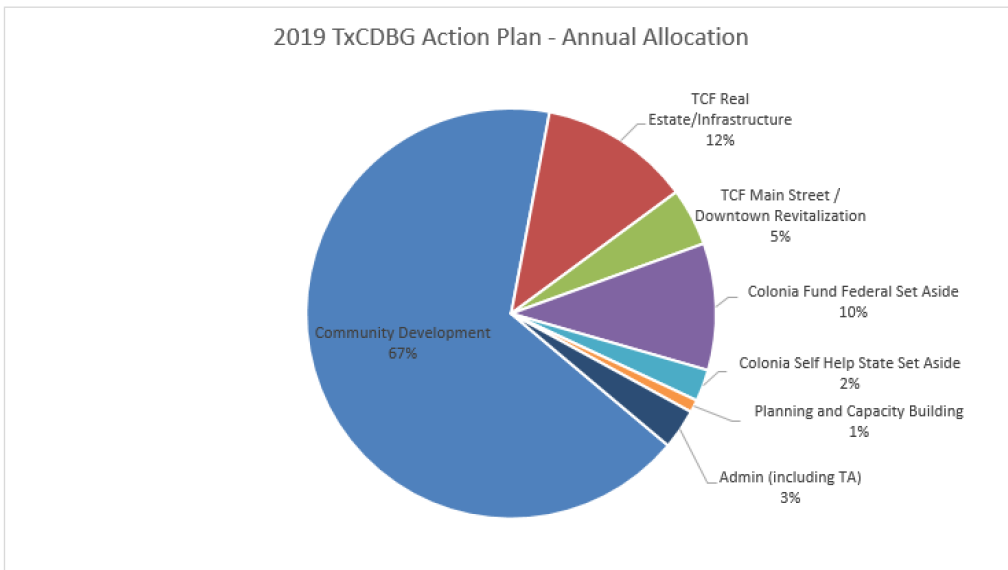
## TxCDBG Funding Breakdown

### Action Plan

Each year, the State submits to HUD its One Year Action Plan, which outlines the objectives for CDBG funding. Included in this plan is the Method of Distribution, which identifies for each funding category the total amount of funds allocated, maximum amounts for individual grants, competitive cycles, and other key information.

### Annual Allocation

For Program Year 2019, TDA received \$65,974,016 and allocated its annual funding as follows:



### Program Income

Funds received through TCF loans repaid to TDA are called “program income” and are used for new awards under any of the TCF programs.

### Deobligated Funds

If a grant project does not fully expend its CDBG funding, either due to cost savings or a decision not to continue the project, the remaining “de-obligated” funds are pooled and used to make new awards. For Program Year 2019, TDA has allocated available deobligated funding as of 12/1/2019 as follows:

