

Water for Texas

Economically Distressed Areas Program

What is the Economically Distressed Areas Program?

The 71st Texas Legislature (1989) passed comprehensive legislation that established the Economically Distressed Areas Program to be administered by the Texas Water Development Board (TWDB). The program is authorized under Texas Water Code § 16, Subchapter J, and § 17, Subchapter K, and governed by the TWDB rules in Texas Administrative Code Title 31 § 363. The program provides financial assistance in the form of a grant or a combination grant/loan to provide water and wastewater services to economically distressed areas where services do not exist or systems do not meet minimum state standards. The program also includes measures to prevent future substandard development. The 81st Texas Legislature (2009) passed further legislation that allows funds from the Economically Distressed Areas Program to be used to pay for first-time water and wastewater connections for homes in areas served by the program. The homes must meet additional federal low-income criteria.

What is an economically distressed area?

An economically distressed area has the following characteristics:

- ▶ the water supply or sewer services are inadequate to meet minimal needs of residential users;
- ▶ the financial resources are inadequate to provide water supply or sewer services to satisfy those needs; and
- ▶ the area was an established residential subdivision as of June 1, 2005.

What areas are eligible to receive financial assistance?

Projects must be located in an economically distressed area as defined above. In addition, the area to be served by the proposed project must have

a median household income that is not greater than 75 percent of the median state household income for the most recent year for which statistics are available.

What can be funded?

The Economically Distressed Areas Program can fund planning, land acquisition, design, and construction for new service or improvements to water supply and wastewater collection and treatment works, including all necessary engineering work. The program does not fund ongoing operation and maintenance expenses, nor does it fund new development. The applicant is responsible for operation and maintenance of the system.

The TWDB will work with an applicant to establish a financial assistance plan for planning, design, acquisition, and construction. TWDB staff will also work with the applicant to help secure joint funding by the Economically Distressed Areas Program and other financial assistance programs available through the TWDB and other state and federal agencies.

Who can apply?

All political subdivisions, including cities, counties, water districts, and nonprofit water supply corporations, are eligible to apply for funds. The applicant, or its designee, must be capable of maintaining and operating the completed system. The applicant is also responsible for securing any necessary water permits or rights, wastewater discharge permits, and any other required licenses.

**Texas Water
Development Board**

The applicant must provide a citation to its legal authority to provide service in the area (authorization under the Texas Constitution and Statutes). If an applicant is required under Texas Water Code § 13.242 to have a Certificate of Convenience and Necessity to provide service to the proposed project area to be considered for financing under the Economically Distressed Areas Program, the applicant must have obtained or have applied for the certificate.

How do I apply?

The first step in the application process is to schedule a preapplication conference with TWDB staff. The purpose of the conference is to discuss the proposed project and receive any needed guidance and assistance. Requesting a preapplication conference does not in any way obligate an applicant to continue the process.

Second, the applicant will complete a financial assistance application for planning, acquisition, and design for the proposed project. Once this portion of the project is complete, the applicant may seek funding for the construction portion of the project through the Economically Distressed Areas Program.

An application for financial assistance for project construction requires all planning, acquisition, and design to be completed and approved by TWDB staff.

Are there any other special requirements?

The Economically Distressed Areas Program includes measures to prevent future substandard development. Effective September 1, 2013, if the applicant is a municipality or the project is located within a municipality, then both the municipality and the county must adopt and enforce the model subdivision rules as adopted by the TWDB. If the applicant is not a municipality and the project is within the extraterritorial jurisdiction of a municipality, the applicant must demonstrate that the model subdivision rules have been adopted and are enforced in the extraterritorial jurisdiction by either the municipality or the county. If the project is outside the extraterritorial jurisdiction of a municipality, the county must adopt and enforce the model subdivision rules.

The applicant must apply for and maintain a designation by the Texas Commission on Environmental Quality as an authorized agent for regulating onsite waste disposal facilities.

Revenues received from rates or fees collected from the water/wastewater system to be constructed by the applicant may not be used for any purposes other than utility purposes. The audited annual financial statement prepared by the applicant must include a specific report on compliance with this requirement.

Where may I get more information?

For more information, contact the TWDB at (512) 475-0590, or visit the Assistance section of the TWDB Web site at <http://www.twdb.texas.gov/financial/programs>.

