

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PROGRAMS COMMITTEE MEETING

8:30 a.m.  
Thursday,  
March 11, 2004

Waller Creek Office Building  
Room 437  
507 Sabine  
Austin, Texas

COMMITTEE MEMBERS:

KENT CONINE, Chairman  
ELIZABETH ANDERSON

STAFF PRESENT:

EDWINA CARRINGTON, Executive Director  
DELORES GRONECK  
SUZANNE PHILLIPS  
SARAH ANDERSON

A G E N D A

<u>ITEM</u>	<u>PAGE :</u>
CALL TO ORDER, ROLL CALL	3
CERTIFICATION OF QUORUM	3
PUBLIC COMMENT	3
ACTION ITEMS	
Item 1 - Presentation, Discussion and Possible Approval of Minutes of Program Committee Meeting of February 11, 2004	8
Item 2 - Overview of HOME Program	8
Item 3 - Discussion of Calendar of Items to be Discussed at Future Programs Committee Meetings (i.e., Preservation, HOME Program, Draft Bond Rule, Draft Qualified Allocation Plan, et cetera)	
EXECUTIVE SESSION	--
ADJOURN	87

P R O C E E D I N G S

1  
2 CHAIRMAN CONINE: I now call to order the programs  
3 committee meeting of the Texas Department of Housing and Community  
4 Affairs on Thursday, March 11, at 8:44. I'll call roll right quick  
5 to see who's here.

6 Kent Conine, the chairman, is here.

7 Beth Anderson?

8 MS. BETH ANDERSON: Here.

9 CHAIRMAN CONINE: Vidal Gonzalez?

10 (No response.)

11 CHAIRMAN CONINE: That's two here, which should get us a  
12 quorum.

13 I have some public comment, several folks that had  
14 wanted to speak before the programs committee. As customary here,  
15 we'll go through the list right quick and see if you want to speak  
16 now or speak at the particular agenda item.

17 John Henneberger?

18 MR. HENNEBERGER: At the item.

19 CHAIRMAN CONINE: Joy Horak-Brown?

20 MS. BROWN: I'll speak now.

21 CHAIRMAN CONINE: Okay. Come on.

22 (Pause.)

23 MS. BROWN: Good morning.

24 CHAIRMAN CONINE: Good morning.

1 MS. CARRINGTON: Good morning.

2 MS. BROWN: I'm here to thank you, to update you, and to  
3 make public comment. You may recall that recently the department  
4 funded \$1.25 million under the CHDO set-aside for the Canal Street  
5 Apartments, which will break ground in a couple of months, in  
6 Houston, Texas, in the historic Hispanic East End. We are very  
7 excited. Are we on? Is it off?

8 VOICE: Yes.

9 MS. BROWN: Shall I start over? Can we hear?

10 CHAIRMAN CONINE: Yes.

11 MS. BROWN: Has everyone heard me?

12 CHAIRMAN CONINE: That's great. Thank you.

13 MS. BROWN: Okay. We are very excited and very honored  
14 to have the department as a funder. You are our second largest  
15 funder in our ten-year history. We would not be building this  
16 project without you and other projects will be very heavily  
17 dependent, their success, on your willingness to continue to partner  
18 with us. So you will be updated and kept advised by me frequently  
19 and I will comment on many occasions. So I'm very happy to be here  
20 today.

21 I did notice on the February 11 minutes that Mr.  
22 Gonzalez asked Sarah Anderson for information about the poor and the  
23 homeless. You may recall that the type of housing that we build is  
24 single room occupancy housing and it serves largely a population at

1 30 percent of median and below in Harris County. That's \$10,500.  
2 That is very poor and many of the individuals have been literally  
3 homeless.

4 I very much encourage you to look at supportive housing  
5 again. I know it's something the department has not frequently  
6 funded. I understand what some of those reasons might be. My  
7 thoughts are that in order to spend your funds wisely -- and your  
8 CHDO set-aside this year is less than \$7 million under the current  
9 HOME Program -- I would suggest that you are very demanding, as I  
10 believe you were with us, that an organization has a record of high  
11 performance over time, that projects are extremely well presented and  
12 put together, and that you are demanding that other funding sources  
13 are in place.

14 You might even want to establish a benchmark that 50  
15 percent or 60 percent of the funding needs to be in place before you  
16 are approached. I do caution you and urge you to understand, as you  
17 did with us, that carrying debt for supportive housing is not always  
18 possible. I believe you funded us -- and I brought to you today,  
19 just to remind you, if you'll look at the red tab, you will see our  
20 track record of raising funds over our ten-year history. There's a  
21 pie chart and the next page shows about \$13.5 million in grants, 1  
22 million of that is financing commitments that is interim financing  
23 only. We cannot carry debt.

24 I believe that you funded us because of that very strong

1 record that we have of being able to achieve grant funds. That's not  
2 the profile that everyone can present to you, but others can present  
3 other types of profiles that I believe would be convincing. I'm not  
4 encouraging you to open the floodgates. I don't want you to fund  
5 projects that you feel are questionable because that then washes back  
6 and reflects on projects that are not. I need you to be here for me  
7 and for other projects such as Garden Terrace in Austin, which is a  
8 fabulous project you also funded.

9 I thank you very much for listening to me. If there are  
10 any questions that you have about what I've said or my project, I'd  
11 be happy to speak with you personally or at the moment.

12 CHAIRMAN CONINE: Questions?

13 (No response.)

14 MS. CARRINGTON: Thank you for being here.

15 MS. BROWN: Thank you very much.

16 CHAIRMAN CONINE: Thanks for coming.

17 Susan Maxwell?

18 MS. MAXWELL: I will speak at the item.

19 CHAIRMAN CONINE: Okay. Donna Chatham?

20 MS. CHATHAM: On the item.

21 CHAIRMAN CONINE: Okay. Tres Davis?

22 MR. DAVIS: At the item, please.

23 CHAIRMAN CONINE: Okay. John Meincowsky?

24 MR. MEINCOWSKY: Meincowsky. I'll speak later.

1 CHAIRMAN CONINE: Okay. I'm sorry about butchering that  
2 a little bit.

3 Pat Barbolla?

4 MR. BARBOLLA: Probably the most appropriate would be  
5 during the programs committee, after the TDHCA discusses the HOME  
6 Program.

7 CHAIRMAN CONINE: Okay.

8 MS. CARRINGTON: Jonas is going to want to talk, too.

9 CHAIRMAN CONINE: I'm shocked.

10 MR. SCHWARTZ: Well, I wouldn't want to disappoint you.

11 CHAIRMAN CONINE: You're late.

12 MR. SCHWARTZ: On the item.

13 CHAIRMAN CONINE: You'd like to speak on the item?

14 MR. SCHWARTZ: I would.

15 CHAIRMAN CONINE: All right. Okay. I've got everybody  
16 here ready to go on the item. I will then turn to the action -- I'll  
17 close public comment for now and move onto the action items. The  
18 first action item we have is the presentation, discussion, and  
19 possible approval of the minutes of our last meeting on February 11.

20 MS. BETH ANDERSON: I move approval of the minutes, Mr.  
21 Chairman.

22 CHAIRMAN CONINE: There's a motion to approve. I'll  
23 second it and by acclamation, we've approved the minutes.

24 The second item is the overview of the HOME Program.

1 Today, we want to take a look, on a programs committee level, at what  
2 we do, kind of from the 10,000-foot level of the HOME Program and  
3 then dig into some of the details. So with that, I'll turn it over  
4 to Ms. Carrington.

5 MS. CARRINGTON: Thank you, Mr. Chairman and good  
6 morning to you committee members and members of the audience.

7 Board members, behind tab 2 of your board book, and the  
8 first blue page, we have provided you an overview of the HOME  
9 Program. As staff thought about what we wanted to present to the  
10 committee today to help frame you all's discussion, what we felt was  
11 probably going to be most helpful was information that was already  
12 printed and available on the HOME Program. So we have extracted from  
13 our 2004 consolidated plan, our one-year action plan, 13 items and  
14 then some charts and graphs on activity of the HOME Program,  
15 utilization of funds, and the activities. So what you have behind  
16 the summary page for the programs committee are excerpts from the  
17 one-year action plan for the HOME Program.

18 There's several things worth noting, I think, as we just  
19 kind of very briefly go through this material that we provided for  
20 you. Current activities, which would be allocation of our 2004 HOME  
21 funds, our allocation would be approximately \$45 million. What we  
22 will have at the end of the day that we'll actually go through the  
23 regional allocation formula, however, is \$22,162,500. In between  
24 current activity's 45 million and the 22,162,000, you can see the

1 sandwich in between which are the various set-asides, federal and  
2 state requirements, and some policy decisions that have been made by  
3 the board on how we will allocate and utilize our HOME funds.

4 We've also provided for you the different activities  
5 that we program those HOME funds into and a brief description of each  
6 of those activities. On page -- uh-huh, no page number -- about  
7 three pages in, on the fund distribution, is the regional allocation  
8 formula. As you all know, we are required by state statute to  
9 allocate our funds on a regional basis, HOME funds, housing trust  
10 funds, low income housing tax credits. There are 13 state service  
11 regions per the comptroller. Those are the regions we use.

12 One of the things we've started using is putting a  
13 reference city in. So that first column on the left is the reference  
14 city. When some people look at this, they think that's like the only  
15 part of the region and it's not. We're just trying to identify the  
16 city that we think most folks would recognize and that way put it in  
17 context of where it's located around the state.

18 We also had, as you all know, as part of our state  
19 requirements this last legislative session, the requirement to  
20 provide funding for urban/exurban and then funding to rural areas.  
21 So instead of 13 pots of money, what we really have is allocation out  
22 of our funds in 26 pots of money.

23 With that, I will bring your attention to, two more  
24 pages over, Attachment A, local participating jurisdictions. I added

1 up this list this morning and I come up with 43 PJs. Those are  
2 communities, counties, cities around the state that receive their own  
3 allocation of HOME funds. We, of course, are allocating funds -- 95  
4 percent of our funds must go outside of participating jurisdictions.

5 The next couple of charts, HOME activity and then some  
6 pie charts on how we have awarded our HOME funds. Total contracts  
7 awarded per activity, this was 2002-2003 funds awarded per activity,  
8 and so on for set-aside. It's trying to give you a picture of how  
9 we've allocated over the last couple of years, and what those  
10 eligible activities are, and what our dollars are.

11 CHAIRMAN CONINE: Okay. Why don't we go back to the  
12 public comment now and listen to a few of those? And then, maybe we  
13 can open it up for some questions or discussion amongst the committee  
14 members.

15 John Henneberger?

16 MR. HENNEBERGER: I thank you, Mr. Chairman. My name is  
17 John Henneberger. I'm the director of the Texas Low Income Housing  
18 Information Service, a nonprofit organization.

19 I'd like to speak to three items which I think are  
20 related to the HOME Program. The first is to make the board aware  
21 that the Office of Rural Community Affairs has taken an  
22 unprecedented, and very unfortunate, step at their last meeting of  
23 eliminating all funding for housing from the community development  
24 block grant program that the office administers.

1           Traditionally, the community development block grant  
2 program has been a program which small cities and rural areas have  
3 relied on for the production of housing. With the introduction of  
4 the HOME Program, back a number of years ago, more of the funds were  
5 shifted into infrastructure provision and sort of general government  
6 type of functions. The amount of money which has been set aside by  
7 the state, when TDHCA administered it, in the CDBG program that is,  
8 has shrunk.

9           Nonetheless, it remained a significant amount of money,  
10 in excess of \$4 million, and cities had traditionally relied on it,  
11 both for the provision of infrastructure, to provide for new  
12 subdivisions for the construction of affordable housing in rural  
13 areas, and for the provision of housing rehabilitation, which is  
14 always the preeminent need as articulated by mayors and county  
15 commissioners.

16           That money, as you all may recall, was much discussed at  
17 public hearings over the course of many years. The decision was --  
18 and I think it was a wise decision by this board at the time -- to  
19 prioritize the allocation of the housing rehabilitation money for the  
20 elderly and the disabled, the rehabilitation of their homes. It's a  
21 very modest sum of money to serve all that region of the state, but  
22 nonetheless, in an effort to provide some assistance to those most  
23 needy populations, the department chose to target that.

24           The funds were transferred, as you are aware, to the

1 administration of the Office of Rural and Community Affairs, I think,  
2 by the last legislative session. Again, they took this very  
3 unfortunate and short-sighted action. That action is not yet final.

4 That is an advisory committee action, but nonetheless, I believe a  
5 majority of the executive committee board was present at which that  
6 action took place.

7 I make you aware of this because the HOME Program is one  
8 to which the small cities and rural areas must now look exclusively  
9 for the funding of housing rehabilitation. And so, a bigger burden  
10 has been placed on these funds. I think it is proper and appropriate  
11 for the department to continue an emphasis on the rehabilitation of  
12 the homes of the elderly and disabled in small cities through the  
13 HOME Program. I know that that is a very large portion of the  
14 allocation of the funds.

15 I also feel that the department's decision to spend a  
16 significant amount of money on tenant-based rental assistance is also  
17 appropriate. The rehabilitation of owner-occupied housing is  
18 important, but there are many families who don't have housing in the  
19 first place. It is not going to be cost effective to produce new  
20 units, especially at the targeted populations of 50 percent and 30  
21 percent of median family income. The TBRA program allows the state  
22 to do that.

23 I do think there need to be operational improvements in  
24 the administration of that program because it has been difficult to

1 get those funds out and spent. We remain concerned about that.

2 We would also like to see additional production  
3 programs, which are targeted, again, at those most needy populations.

4 That takes me to the second point that I want to make, which is that  
5 I'm going to sound a recurrent theme for me, which is the needs of  
6 the poor.

7 Secretary Martinez released to Congress, three months  
8 ago, the most recent and long-awaited report, trends in worst case  
9 housing cases. This is a report that Congress mandates. This is how  
10 Congress attempts to get a handle on getting HUD to tell them what  
11 the priorities ought to be. The numbers that are in this report are  
12 both encouraging and discouraging for the state of Texas.

13 In the newsletter, which I gave you a copy of, our  
14 latest newsletter, which we're mailing out this week, we provide  
15 those numbers. This is sort of interesting data because it's the  
16 first time in ten years we've had some new data in this area. What  
17 it shows is that in excess of two-thirds of the worst case housing  
18 needs is among the renters whose income are below 30 percent of  
19 median family income in the state of Texas. This is a very-  
20 difficult-to-serve population; I don't need to tell you.

21 We have clearly made, in an indication of preparing the  
22 previous reports to Congress and this report to Congress, significant  
23 progress in producing a lot of units in the 50 and 60 percent of  
24 median family income range. If you look at the HUD report, the

1 shortage in the number in that range, and especially in the range  
2 between 60 and 80 percent of the MFI, has closed dramatically in the  
3 past four years. This is, I think, a result of the success of the  
4 tax base program. It has put a lot of units on the ground and the  
5 shortage of those units has really shrunk dramatically.

6           Unfortunately, the shortage hasn't shrunk at the bottom  
7 of the equation. I think this is relevant to the HOME Program  
8 because some consideration of the use of HOME funds in order to  
9 enhance other existing tools within the department to serve that  
10 targeted population I think would be appropriate. If I knew how to  
11 do this, I would tell you. I just honestly, I think there's a lot of  
12 different ways that it might be attempted. What we really need is a  
13 flexible state equity revenue source put into these deals or, you  
14 know, more Section 8.

15           I guess that takes me to my third thing, which is that  
16 the administration's budget request proposes to cap Section 8  
17 expenditures at current levels, for the first time in history. We're  
18 deeply concerned about this. This impacts the 30 percent of median  
19 family income equation because, under current statute, Section 8 has  
20 a set-aside that three-quarters of the Section 8 certificates will go  
21 to people at 30 percent of median area income and below.

22           So this is the missing program. This is the program  
23 that is designed to serve this population that we're having a hard  
24 time getting a handle on and which is expanding rapidly.

1 Unfortunately, if you cap the Section 8 program as the administration  
2 is proposing, the practical effect of doing that is that rents will  
3 continue to rise among the existing Section 8 pool, which will mean  
4 there are fewer certificates overall.

5 There's only currently 139,000 Section 8 certificates in  
6 all of Texas. You all administer, I think, about 3,000 of those or  
7 so, for the small cities and rural areas. The budget projections  
8 based on current expenditures and increases in rents are that we will  
9 lose 54,000 of those certificates in five years if the Section 8  
10 budget is capped.

11 So there is a train coming down the track and it is this  
12 poverty train; 139,500 or so total Section 8 certifications exist.  
13 The proposal to cap the federal expenditures on Section 8 means that  
14 the rising rents will mean that fewer people will receive Section 8  
15 certificates.

16 At the same time, all of the demographic projections  
17 from Dr. Murdoch show that this is a rapidly growing portion of the  
18 population, this low wage population. It is indeed a wage  
19 population. Secretary Martinez says that three-quarters of this  
20 population below 30 percent MFI rely on wages and not welfare in  
21 order to get their income. One-third of them are welfare, there's no  
22 doubt about that, but two-thirds of them are out there working.  
23 They're out there working low wage jobs. That's the demographic of  
24 Texas which is expanding in the short run.

1           Those are my comments. I just wanted to provide you a  
2 little context about what I think are some of the important issues  
3 that need to be considered.

4           In closing, I would like to say that the legislature did  
5 act, a couple of sessions ago, to restrict the expenditure of HOME  
6 funds to small cities and rural areas, which I agree with and I think  
7 is totally appropriate. Prior to that, HOME funds were being spent  
8 outside of the areas for whom they were allocated, that is to say,  
9 larger cities. I think that this money is dedicated by HUD and given  
10 to the department on behalf of the small cities and rural areas in  
11 the state and the expenditure of those funds for those areas is  
12 appropriate.

13           Thank you very much.

14           CHAIRMAN CONINE: Thank you, John.

15           MS. BETH ANDERSON: Can I ask a question?

16           CHAIRMAN CONINE: Sure.

17           MS. BETH ANDERSON: Would you comment for me on the  
18 supply of rental housing in rural Texas? It seems to -- I understand  
19 why TBRA can be hard to administer, but it's a little murky for me  
20 about whether there's even the stock in rural Texas, you know, to use  
21 rental assistance payment.

22           MR. HENNEBERGER: I think generalization is a very  
23 dangerous thing. When you talk about an area like, you know, rural  
24 Texas, certainly there is supply some places. Other places, the need

1 is for supply. You know, it's just very difficult to generalize  
2 about that.

3 I think a properly balanced housing program would  
4 address both supply and rental assistance. I think that's what  
5 HUD -- if you look at HUD's program as a whole, HUD's determined, we  
6 need to do the Section 8 and we also need to stimulate production.  
7 We've got FHA, and we've got HOME, and they've got a variety of tools  
8 to stimulate production.

9 You have a lot of tools to stimulate production. Your  
10 TBRA expenditures are relatively low. The problem with TBRA, as  
11 you're aware, is it's a very expensive thing and it's a recurring  
12 expense. There's a tendency to say, Well, we can put that into  
13 production and we'd have more to show for it in the end. The problem  
14 is that the cost of producing and maintaining a unit at an income, as  
15 many people after me would probably tell you, at 30 percent of median  
16 family income, it requires a continuing subsidy. I mean, people have  
17 a hard enough time just paying the utilities at that wage level, much  
18 less rent. So there is, you know, we don't have enough resources to  
19 do it.

20 I know I didn't answer your question, but the truth is I  
21 can't generalize and I can't give you an answer.

22 MS. BETH ANDERSON: Well, I think it's instructive for  
23 the department, as we put out funding availability notices, for  
24 example, to try to figure out, from a programming perspective, what

1 areas need stock and which ones don't. I don't know how we get to  
2 that answer, but it seems like that's an important question to answer  
3 as we program funds. I guess one of the ways we do that is we let  
4 the local communities apply for the funds in the way that they see  
5 that they need them.

6 MR. HENNEBERGER: I would hope that the state would  
7 continue to provide planning assistance and leadership, especially  
8 for the smaller cities in the rural areas. Many of them don't have  
9 planning departments. They can't generate those type of numbers.  
10 They can't do the type of market analysis. They don't have the  
11 resources to do that type of thing.

12 Many times, when you put out a grant application, people  
13 apply for what is the easiest thing to apply for, or what they know,  
14 and they don't step back, and they don't have the tools, to really do  
15 an assessment and know what they need. The state low income housing  
16 plan is a tool to do that.

17 I think the department has made a lot of strides on  
18 doing that type of planning. I know you have limited resources, but  
19 there's a critical need for that. I think, to some extent, the very  
20 heavy emphasis on owner-occupied rehabilitation may reflect somewhat  
21 of a -- there's some overallocation of resources to that area and an  
22 underallocation of resources to, probably, rental housing production,  
23 because there is an infrastructure that understands how to apply for  
24 and use that type of money, and the rental piece is just more

1 difficult, and the like.

2 MS. BETH ANDERSON: Okay, one other question.

3 CHAIRMAN CONINE: Okay.

4 MS. BETH ANDERSON: I recently read an article that had  
5 a point of view that I'd like your comment on. It was talking about  
6 the Section 8 program and how the program by the way of its design  
7 runs the risk of removing the incentive for people to seek higher  
8 wage positions, because then that will, you know, make them  
9 ineligible for Section 8. So it tends to create an environment where  
10 people don't climb the next rung of the ladder. I'd be interested in  
11 your comment on that.

12 MR. HENNEBERGER: Well, it's sort of heresy among the  
13 advocates, but I sort of see the disincentive there. I don't think  
14 it's an overpowering disincentive, but I think that there might be  
15 ways that the program ought to be adjusted.

16 If there was a clear track where you could move toward  
17 home ownership out of Section 8 and that looked like a rung that you  
18 could reach for, I think that would be the best thing we could do.  
19 Or if there were a clear track to move from a Section 8 into a tax  
20 credit unit where the rent jump didn't just totally devastate your  
21 budget, and then, the tax credit unit would probably be a better  
22 quality unit, that would be a good thing to do.

23 Currently, the reality of the situation is that most  
24 people in Section 8 are either elderly, disabled, the working poor,

1 and about a third of them are AFDC moms. Okay. So that's a  
2 population that that rung of home ownership, or real market rate  
3 housing that's much nicer, is just so high up there, they can't see  
4 it. They can't reach it. I think our challenge is to figure out  
5 some way to bring that rung down a little bit.

6 MS. BETH ANDERSON: Thank you.

7 CHAIRMAN CONINE: John, you know, we're hopefully today  
8 going to talk about the overall allocation in the various silos, if  
9 you will, in our HOME Program, but I'd be interested in the mechanics  
10 of one of those silos and your comments on, say, tenant-based rental  
11 assistance or maybe the elderly and disabled. Is there anything  
12 about the way those particular programs are currently administrated,  
13 the various percentages, the mechanics of how they work, any comments  
14 there that they may have need for improvement?

15 MR. HENNEBERGER: Tenant-based rental assistance is a  
16 potentially expensive program to administer for an end-user. The  
17 goal -- and I think it's the right goal -- was to try to put the TBRA  
18 out there and make it work for people with disabilities. So what you  
19 were trying to do, I think, was scatter it broadly across the state,  
20 and say to people who were disabled who didn't have a current Section  
21 8 certificate, here's a chance to get a one-year certificate, while  
22 you're on a waiting list, and be able to live in some dignity and  
23 decency.

24 The problem is when you try to administer the program,

1 and you try to sort of get it out there all across the state, there  
2 become logistical problems to the administration of the program. I  
3 mean, you know, this is a Section 8 program. You have to do an  
4 inspection of the quality of the unit. You've got to do  
5 certifications of the tenant. You've got to do income certifications  
6 and all that stuff. It's a fairly labor-intensive process and it  
7 requires physical presence. That's an expensive thing to produce.

8 I don't know. The amount of administrative funds which  
9 were provided in the early rounds, I understand, it was just the  
10 applicants, they were basically stealing money out of other programs  
11 in order to try to administer that. The logical thing would have  
12 been if housing authorities would have come in, and grabbed hold of  
13 it, and done it.

14 The housing authorities, Ms. Carrington called a meeting  
15 of small-housing authorities and we heard some of their -- there's  
16 some little synch up problems, like, you know, can we report on the  
17 same forms that we report to HUD on. There's some problems with  
18 getting the housing authorities to engage in the TBRA program, which  
19 seemed to me like the department would have a handle on how to work  
20 that type of stuff out and had indeed worked a lot of it out, but the  
21 providers didn't understand, you know, exactly that they could do  
22 that type of thing.

23 It is an expensive program and you have a relatively  
24 small amount of money. We're burdened enormously with the fact that

1 these are one-year commitments because, you know, usually a Section 8  
2 commitment with a tenant, it's going to be there for several years.  
3 The gear-up cost for an administrator to go out and do a housing  
4 quality inspection on the front end, and to certify a tenant for just  
5 a one-year period, is that cost effective? You know, I don't know.  
6 It's a little iffy on the thing.

7           If it could be better integrated into existing housing  
8 authority programs, I think it would be better. Of if you could find  
9 providers, and provide them adequate administrative funds, and  
10 narrowly target the assistance to either particular geographic areas  
11 or particular constituencies which were easily reachable, then I  
12 think those would be improvements in the Section 8 program.

13           CHAIRMAN CONINE: Well, I think it's incumbent upon the  
14 programs committee to try to -- that's part of my reason for doing  
15 this -- is to try to break down and listen to some of the public  
16 comment. Whether we have time to do it today, and get into the  
17 nuances of each of the programs, I don't know, but that's, I think,  
18 we want to make it as user-friendly as we can, as user-friendly as  
19 possible within the global parameters of x amount of dollars going  
20 into a particular silo or program.

21           Do we have public comment workshops, Ms. Carrington,  
22 related to, say, the tenant-based rental assistance program, just to  
23 pick on one, to get some input from the community on how better to  
24 make it work?

1 MS. CARRINGTON: As we put together our consolidated  
2 plan, which has to go to HUD every year, and the board approves it in  
3 December of every year, in the fall, you all have approved the draft  
4 plan which outlines the various activities that we are proposing to  
5 program our HOME funds into. And then, that does go out for public  
6 comment.

7 This last year, it was part of those 13 consolidated  
8 public hearings that we have around the state and we do use that  
9 feedback that we get from those public hearings to determine what the  
10 targets will be, in terms of what percentage is going to go to  
11 tenant-based rental assistance, what percentage is going to go to  
12 owner-occupied, what percentage is going to go to homebuyer  
13 assistance, you know, what percentage is going to go to preservation  
14 and other kinds of activities. So that's how we do determine what  
15 those target percentages are going to be.

16 CHAIRMAN CONINE: But not the nuances of the program --

17 MS. CARRINGTON: Right.

18 CHAIRMAN CONINE: -- which is where my question lay?

19 MS. CARRINGTON: Well, there are certain eligible  
20 activities under the HOME Program, per HUD.

21 CHAIRMAN CONINE: Right.

22 MS. CARRINGTON: And so, we lay those out. We wouldn't  
23 have to do all of them.

24 CHAIRMAN CONINE: Right.

1 MS. BETH ANDERSON: Are you suggesting, Mr. Conine, that  
2 maybe if there was something convened that was really just focused on  
3 tenant-based rental assistance, and maybe you invited the people that  
4 have received awards of that kind in the last two or three years, and  
5 ask them how we could be more user-friendly?

6 CHAIRMAN CONINE: Yes, that's exactly what I'm asking.

7 MS. CARRINGTON: We actually had, last year, we had some  
8 roundtables with the users of our HOME Program, those who had  
9 received allocations and those who had participated in the program,  
10 and got some feedback on issues, you know, as John as talked about,  
11 administration on trying to make forms consistent so that they are  
12 able to better utilize the funding. I don't know how many we had  
13 last year.

14 CHAIRMAN CONINE: What would be the deobligation  
15 history, over the last two or three years, of tenant-based rental  
16 assistance?

17 MS. CARRINGTON: I think we're trying to -- okay. Who's  
18 the best staff person to answer that question?

19 MS. PHILLIPS: Can I hide?

20 MS. CARRINGTON: No, I don't think so, Suzanne, not if  
21 you have the answers.

22 MS. PHILLIPS: Let me answer several questions as best I  
23 can.

24 CHAIRMAN CONINE: Introduce yourself.

1 MS. PHILLIPS: Suzanne Phillips, Director of Portfolio  
2 Management --

3 CHAIRMAN CONINE: Thank you

4 MS. PHILLIPS: -- and Compliance. Last year, during the  
5 hearing cycle, at the end of each meeting, the P&C group had a series  
6 of roundtables, where we talked to the administrators who were coming  
7 in to make comments. Based on those roundtables, we made many  
8 changes to the programs.

9 Initially, we started with the TBRA. We heard that  
10 there were a lot of administrative problems. What we've tried to do  
11 is match the TBRA program, as close as we could, to the Section 8  
12 program. Sadly, there's some mandated differences that are kind of  
13 illogical.

14 CHAIRMAN CONINE: Federally mandated?

15 MS. PHILLIPS: Federally mandated, for instance, with  
16 the payment standards that can be charged in Section 8 as opposed to  
17 TBRA. We've tried to eliminate as much of that as we can. We even  
18 talked to HUD about perhaps getting further ability to make those  
19 similar and also to make the TBRA payments standards closer to the  
20 maximum limits that we have on rental properties, the tax credit  
21 property, and our AHDP and housing trust fund. Even the rent  
22 calculation for HOME is different than all the other programs.

23 So it creates a little bit of confusion on the  
24 administration side when people try and combine HOME and tax credit

1 properties or our TBRA and out tax credit units. So we've been  
2 trying to do a lot of research and just policy decisions over the  
3 past couple of months on how to ease that TBRA. In fact, we've  
4 probably spent, I'd say, about 50 percent of the group under Sandy  
5 Mauro's team working in TBRA because it is so difficult and the  
6 administrators are having such a difficult time with it.

7 CHAIRMAN CONINE: Any idea of the deobligation history?

8 MS. PHILLIPS: The deobligation has generally been more  
9 related to the single family program than our TBRA program. I think  
10 that's anecdotal. I don't have specific numbers, but as I think  
11 about the contracts that we've worked and the reconciliation process  
12 that we've gone through, it's been more to those other programs than  
13 to TBRA. We can definitely do some specific research on that.

14 CHAIRMAN CONINE: Okay. This may be a thing we  
15 remember, and when we talk at the end of the meeting today on what  
16 we're going to do at the next meeting, it may be something we break  
17 down just a little bit further when we have a chance to. Okay.  
18 Thank you.

19 MS. CARRINGTON: Now, Mr. Chairman, before you call the  
20 next witness --

21 CHAIRMAN CONINE: Sure.

22 MS. CARRINGTON: -- the second color chart in you all's  
23 book outlines, both from a dollar standpoint and a percentage  
24 standpoint, of how we utilize the 2002-2003 HOME Program funds.

1 Remember, this was a double cycle. So down at the bottom of this,  
2 you'll see about 91 million. Indeed, this is a double cycle. We  
3 combined those two.

4 Tenant-based rental assistance actually composes the  
5 smallest percentage of dollars that we allocate under the HOME  
6 Program, with that being 6 percent, rental housing development, 7  
7 percent, homebuyer assistance, 10 percent -- that's down payment  
8 assistance -- and then, of course, the largest chunk of the money,  
9 the owner-occupied.

10 MS. BETH ANDERSON: The set-asides for various things,  
11 the known set-asides, are incorporated in here by their activity?

12 MS. CARRINGTON: Activity, correct. Yes, they are.

13 MS. BETH ANDERSON: Okay.

14 CHAIRMAN CONINE: Okay. Next witness will be Susan  
15 Maxwell.

16 Thank you, Mr. Henneberger, by the way.

17 MR. HENNEBERGER: Thank you.

18 MS. MAXWELL: Good morning. I'm Susan Maxwell. I  
19 represent the Texas Council for Developmental Disabilities. It's  
20 good to see you all again.

21 CHAIRMAN CONINE: Good to see you, too.

22 MS. MAXWELL: The council would like to express its  
23 appreciation for the HOME fund and how it has served people, and  
24 continues to serve people, with disabilities. The need for these

1 funds are great. The latest census figures show that over 3.6  
2 million Texans have disabilities and that 22 percent of these people  
3 live in poverty. The average poverty for the state is 15.8 percent.

4 So it's higher for Texans with disabilities.

5 Having a significant disability leads to poverty because  
6 the people can't find work or they are unable to work. They have to  
7 depend on things like Social Security disability insurance, or SSI,  
8 which is Supplemental Security Income. It's under \$550 per month per  
9 person supplement.

10 So in order to live in the community, the tenant-based  
11 rental assistance really becomes extremely important. In addition  
12 these two, or in this group, is about 12,000 institutionalized  
13 individuals with disabilities. In 2002, the Texas Health and Human  
14 Services Commission noted that with the waiting list for services  
15 from this part of our community, we are forcing people into  
16 institutions.

17 That leads us to the Supreme Court decision which you  
18 all have heard us talk about for quite a while now. In 1999, the  
19 Olmstead decision came about, which says that each state has a  
20 requirement to move people out of institutions if they are able to  
21 live in the community with supports and they want to go. Well,  
22 there's a lot of people that are trying to get out.

23 This department is to be commended for all of the work  
24 it's done to focus money and what was dedicated for the tenant-based

1 rental assistance as well as the staff time that's gone into piecing  
2 together all these bureaucratic parts from Texas Department of Human  
3 Services and MHMR, and to get a picture, and to get the providers  
4 out. It's been a difficult process. Some of the stakeholder  
5 meetings you were talking about, to get this money out, I've  
6 participated in. It's really been a good process, where people start  
7 to understand how to use the money, where the barriers are, and how  
8 to get money from other sources to make this all work.

9 We also think that the tenant-based rental assistance is  
10 just a really good, flexible program to be able to meet the needs of  
11 people in the lowest poverty rate. As you were talking about AFDC  
12 moms, or now they're called TANF moms, in doing some research on  
13 that, I found that there's an extraordinary amount of that population  
14 that actually has a disability or is relegated to depending on public  
15 welfare in order to take care of a family member with a disability.  
16 So, again, those funds are helping our population by reaching that  
17 group.

18 So I think that I just wanted to speak in support of  
19 that program. Thank you for all the good work.

20 CHAIRMAN CONINE: Can I ask a quick question? You can  
21 follow up if you'd like. I'm sure we have a -- and this is probably  
22 treading on a touchy subject -- definition of the word "disability"?

23 MS. MAXWELL: Oh, yes.

24 CHAIRMAN CONINE: Can you enlighten me a little bit on

1 that, please?

2 MS. MAXWELL: Well, our definition, as far as the Texas  
3 Council for Developmental Disabilities, we say that it has to affect  
4 three life areas, as in mobility impairments, or cognitive  
5 impairments, or  
6 self-determination, economic, being able to get enough money to be  
7 able to take care of yourself -- I'd have to go look up the rest. I  
8 never can remember the whole list. So you have to have three areas  
9 affected and because it's developmental disabilities, the disability  
10 has to occur before the age of 22. Now, this is our definition.

11 ADA, it's just one disability that's recognized. Oh,  
12 learning is another thing. Anyway --

13 CHAIRMAN CONINE: Okay.

14 MS. MAXWELL: -- there's many different definitions of  
15 disability and that's a very good question, how to keep in mind which  
16 statistics are measuring what and in what sort of way.

17 CHAIRMAN CONINE: Any questions?

18 MS. BETH ANDERSON: Thank you.

19 CHAIRMAN CONINE: Thank you, Ms. Maxwell.

20 Donna Chatham?

21 MS. CHATHAM: Good morning. For the record, I am Donna  
22 Chatham, Executive Director for the Association of Rural Communities  
23 in Texas. Our mission statement is "By being a strong voice and  
24 resource to government, we promote the policy of best practices in

1 the delivery of public services to enhance the quality of life for  
2 all rural Texans." ARCIT was formed in 2001 in order to advocate for  
3 rural Texas. It is shown in the membership directory, that I just  
4 passed out to you, that we now have over 250 non-entitlement cities  
5 and we're growing. We're excited.

6 I've had the pleasure of working with Ms. Carrington for  
7 over five years, starting when I worked over at the Capitol for  
8 Chairman Carter for the House Urban Affairs Committee, as his policy  
9 director. Ms. Carrington has always been there, proffering her  
10 inclusive, open-handed leadership that empowers those around her,  
11 both inside and outside the agency.

12 ARCIT, each year, awards one legislator from the Texas  
13 House and Senate and one state agency that has done outstanding work  
14 for Texas rural communities. I have the pleasure of letting you know  
15 today that our nominations committee, hands down, nominated TDHCA and  
16 Ms. Carrington for our Rural Partners Award for 2003. The board  
17 unanimously approved the nomination, as Ms. Carrington throughout the  
18 78th Legislature was extremely helpful and always ready there, with  
19 regard to any type of rural issues.

20 In addition, the HOME Program in particular has been an  
21 extremely effective tool in rural Texas to help with affordable  
22 housing needs. Thanks to Ms. Carrington, again, there have been  
23 major improvements in that program and I'm sure there are more to  
24 come also, we've been told.

1           Thank you, Ms. Carrington, for being the leader that you  
2 are and for helping rural Texas. We're going to get to have the  
3 pleasure of awarding her that at our annual legislative meeting on  
4 April 22. So we're excited that you're able to come.

5           MS. CARRINGTON: Thank you from the agency.

6           MS. CHATHAM: We all need heroes and Ms. Carrington and  
7 TDHCA is definitely our hero.

8           We've been told that programs committee intends to  
9 review all the programs and that's great. We think that's awesome.  
10 Of the \$464 million in total funds for TDHCA received for 2003, as  
11 you well already know, 12 percent was the HOME funds representing an  
12 amount of \$60 million, 38 percent was the multifamily bonds  
13 representing 185 million, and 15 percent was the single family  
14 representing 72 million.

15           Thanks to your staff educating me over these last three  
16 to four years, I'm beginning to understand the bond program a little  
17 bit more. It's my understanding that the combined total of the 257  
18 million of the single family and multifamily bond programs are very  
19 hard to do in rural Texas due to the market. Thus, rural Texas  
20 doesn't hardly benefit from these programs at all.

21           That's one of the main reasons the HOME Program is so  
22 very vital to rural Texas. It's the only program available in the  
23 state of Texas, besides the \$4 million of CDBG programs set aside for  
24 housing rehab and infrastructure, which the Office of Rural Community

1 Affairs is currently considering doing away with.

2 Just to let you know, my board is extremely upset with  
3 this. Right now, we're working with the rural caucus and lots of  
4 other different ways that we're going to try to lobby to make sure  
5 that ORCA doesn't do it.

6 Just another little side note, not only are they doing  
7 away with the program, but right now, they say they're recommending  
8 to do away with the programs, to put it into a fund yet to be  
9 determined and yet to be disclosed. My board is also very, very  
10 concerned. That's not good public policy to do away with something  
11 that's already oversubscribed, three to one, two to one, and to put  
12 it into a program that hasn't even been disclosed.

13 I was told yesterday, though, that they are going to  
14 disclose it when they go out with their action plan, but it looks  
15 like they're either going to go on April 2 at the Kerrville meeting,  
16 if the board chooses to pass it out. It looks like they'll even pass  
17 it out without even disclosing to the public what these programs are  
18 being used for. So we're very, very concerned, but that's not  
19 happening here and we're very thankful.

20 Without the HOME Program, the low to moderate income  
21 families in rural Texas do not have a financial tool to rehab their  
22 homes. It's my understanding the owner-occupied program that  
23 provides funds for the rehab of single family homes is oversubscribed  
24 due to the large demands in rural Texas. Rural Texas needs all the

1 assistance we can get to help rehab homes.

2 My board also wants to thank you for helping them  
3 strengthen their local economy. Obviously, when these homes are  
4 rehabbed and new homes are built, it definitely helps the rural  
5 economy.

6 As you review these programs, thank you. As you all  
7 have already discussed, I'm not a bit surprised to continue to gain  
8 in-depth public input and perhaps even maybe do roundtables like you  
9 did last year. That is so awesome because public comment is super,  
10 but as you well know, you don't get near the depth of the public  
11 comment as you do with the roundtable. You did it last year.

12 For reference, one more time, we are using TDHCA as an  
13 example when we're speaking to ORCA because of the way that you guys  
14 use your public input and the way you have your roundtable. It's  
15 wonderful public policy that you guys continue to do. We also wanted  
16 to express our desire for your continued support on the development  
17 of housing in rural communities that meets the needs of people with  
18 disabilities in HOME Programs initiatives.

19 Thank you again for all you do for the state of Texas  
20 and in particular for your rural communities in Texas that need and  
21 requests your continued support to meet the high demands of our rural  
22 affordable housing needs. Thank you.

23 CHAIRMAN CONINE: Any questions?

24 MS. BETH ANDERSON: I have a question for Ms.

1 Carrington, I think, to just clarify something that Ms. Chatham said.

2 About the 256 million in the bond programs, the multifamily bonds  
3 and single family bonds, I assume from the multifamily side that's  
4 the 4 percent private activity bonds were not -- there's tax credit,  
5 28 percent of the tax credit projects will go in rural Texas, more or  
6 less.

7 MS. CARRINGTON: That's correct. Yes, that would be the  
8 bonds in the 4 percent credits --

9 MS. BETH ANDERSON: Okay.

10 MS. CARRINGTON: -- and then single family.

11 MS. BETH ANDERSON: Okay.

12 CHAIRMAN CONINE: Ms. Chatham, this is the first I've  
13 heard about what's going on over there at ORCA and we hope, of  
14 course, that you tell some of these state legislatures that if that  
15 money was still here, it would probably be okay. In light of that,  
16 most of the HOME funds, as we've said, do go into rural Texas.

17 MS. CHATHAM: Right.

18 CHAIRMAN CONINE: I'd be interested in your comments on  
19 the current split out of tenant-based rental assistance and owner-  
20 occupied assistance, and if you have any thoughts about any shifts in  
21 that --

22 MS. CHATHAM: You did.

23 CHAIRMAN CONINE: -- in your organization.

24 MS. CHATHAM: Being a former city planner by trade, I

1 love to get more information and I'll be more than happy to come back  
2 the next time and give you all a specific comment. I also need to  
3 pass it in front of my board and get their recommendation, but we  
4 would love to do that for you.

5 CHAIRMAN CONINE: Okay. Thank you.

6 MS. BETH ANDERSON: I'd like to sort of amend that  
7 request. I may be -- the purpose of this committee, I think, is to  
8 explore issues. So that means you sometimes explore issues that are  
9 sensitive, but I'd be interested in ARCIT's view -- I mean, there are  
10 sound public purposes for set-asides, but I'm troubled by the fact  
11 that over half of the 45 million in HOME funds that we will receive  
12 this year are used in a set-aside way. Some of the set-asides are  
13 federally mandated. Some of them are mandated in legislation, but  
14 others are mandated sort of by board practice. So I'd be very  
15 interested in ARCIT's view of the set-asides --

16 MS. CHATHAM: You bet.

17 MS. BETH ANDERSON: -- as well.

18 MS. CHATHAM: You bet.

19 MS. BETH ANDERSON: Thanks.

20 MS. CHATHAM: Okay. You're welcome.

21 CHAIRMAN CONINE: Okay. Thank you. We'll see you  
22 again.

23 MS. CHATHAM: Thank you.

24 CHAIRMAN CONINE: Tres Davis?

1 MR. DAVIS: Good morning. I'm Tres Davis. I'm with  
2 Grant Works. We are a consulting partner representing approximately  
3 156 rural and extremely rural communities around the state. When I  
4 say extremely rural, I mean, they have a city hall that's a Morgan  
5 portable building that's open one day a week, with a secretary that  
6 works part-time, volunteer. Literally, that is one of our clients.  
7 So we do have some very, very rural communities.

8 Whenever we get notice of funds that are coming out, we  
9 always disseminate the information to all of our clients.  
10 Overwhelmingly, what our requests to make application on behalf of  
11 them for is for owner-occupied. I think the reason for that, just  
12 from my own personal experience, is because a lot of our communities  
13 are seeing shrinkage in their populations and the people who are  
14 still there are elderly, some families, that sort of thing.

15 When you get to the really, really small communities,  
16 you'll find that the median age goes way up because the younger  
17 people want to move to a more urban area. And so, what they're  
18 trying to do is hold onto their housing stock, make sure that it  
19 stays up in a way that the elderly people will be able to stay in  
20 their house and not go onto TBRA, or have to move into a rental  
21 project.

22 You know, I hope you all get out sometimes and see some  
23 of these families. Literally, we'll walk in sometimes and they'll  
24 have a dirt floor covered with linoleum. The only water will be a

1 hose coming in from the outside, that sort of thing. The impact it  
2 has on their lives, their kids' lives, if they can pass these houses  
3 on down to them, and the neighborhoods in general is just amazing.

4 I think when you're looking at the overall breakdown of  
5 the amount of money going into  
6 owner-occupied versus TBRA or homebuyer assistance, you need to keep  
7 in mind that for a situation like that, where it does call for a  
8 reconstruct -- obviously, you can't go in and rehab a house like  
9 that, because there's nothing really to rehab -- you're talking about  
10 maybe \$50,000. So that's \$50,000 to assist one family, whereas, TBRA  
11 or homebuyer may be \$5,000, \$10,000 over the course of the  
12 assistance. So to hit even close to the same numbers of people, it's  
13 obviously going to cost a lot more in  
14 owner-occupied.

15 Also, I'd like to just add my two cents about the  
16 department and your question about the roundtables. What I've seen  
17 recently, or over the past two years in particular, is the  
18 department's become a lot more responsive and receptive to comment  
19 from public, but from me, from our communities, that sort of thing,  
20 and much more responsive in calling back. They often, in my  
21 particular case, don't agree, but at least they'll tell me why they  
22 don't agree and I can respect that. That is a huge change from under  
23 the old administration.

24 I think staff needs to be congratulated and Ms.

1 Carrington needs to be congratulated. In particular, Eric Pike and  
2 group, Suzanne and her group, Sarah Anderson and her group, Sandy  
3 Mauro, and Brooke, they've all been just extremely responsive both to  
4 us and our clients. That's come back to me from our little  
5 communities that will call up. They used to always call me up  
6 complaining, Who do I need to call to get some action around here?  
7 Now, they call and say, This is great. So I just wanted to pass this  
8 on to you.

9 MS. CARRINGTON: Thank you.

10 CHAIRMAN CONINE: Mr. Davis, thank you for that love  
11 fest. Don't leave.

12 MR. DAVIS: Okay. I'll tell you, last time I was up  
13 here, Hal Rose from Temple Housing Authority told me I was a  
14 blankety-blank Pollyanna every time I came to talk.

15 CHAIRMAN CONINE: Your comments about it may take \$50,000  
16 to fix up a house in owner-occupied assistance versus tenant-based  
17 rental assistance being something less than that --

18 MR. DAVIS: Uh-huh?

19 CHAIRMAN CONINE: -- in your experience with spending  
20 money like that on houses in rural Texas, is there some recoverable  
21 real estate value there? Or is it -- in other words, do the dollars  
22 you spend equate to a rise in the value of the home?

23 MR. DAVIS: Absolutely.

24 CHAIRMAN CONINE: Or is it something less than that?

1 MR. DAVIS: Absolutely.

2 CHAIRMAN CONINE: Total? Does the value of the house go  
3 up 50,000 if you spend 50- on it?

4 MR. DAVIS: No.

5 CHAIRMAN CONINE: Something less than that probably?

6 MR. DAVIS: It would be something less than that. I  
7 can't tell you what the percentage is because we're always trying to  
8 get the taxing authorities to freeze our assessments, if they will.  
9 Some are receptive to that. Some are not.

10 CHAIRMAN CONINE: As long they're elderly or not?

11 MR. DAVIS: Exactly. Ninety percent of the people that  
12 we assist are elderly, either elderly or have some kind of  
13 disability.

14 CHAIRMAN CONINE: But there's a measurable rise in real  
15 estate value --

16 MR. DAVIS: Absolutely.

17 CHAIRMAN CONINE: -- from the family's standpoint?

18 MR. DAVIS: It's a lot easier for us to go in, and the  
19 before value would be under \$10,000, and that just is essentially the  
20 lot because the house has no value at this point in time. So once  
21 you're putting on a decent piece of real estate on top of that piece  
22 of property, you do see an increase. I think it's evidenced by that  
23 whenever there's a mortgage on that property, which, amazingly  
24 enough, some of these do have mortgages on them, we have never had a

1 bank blink at giving us a letter authorizing us to tear down the  
2 shack that's on there and build a new house because they know that  
3 they're going to have first lien position and be in a much better  
4 situation if there's ever a foreclosing situation.

5 CHAIRMAN CONINE: You know, my dad told me when I was  
6 growing up that that old car in the driveway that I kept adding new  
7 stuff onto, I couldn't ever make a new car out of an old car. I'm  
8 just curious now, if you took that same \$50,000 block of funds and  
9 built them a new house next door or in the neighborhood, where they  
10 could somewhat live in the area that they're accustomed to living in,  
11 but have an appreciable asset that has much more life to it than  
12 maybe fixing up the old, how much --

13 MR. DAVIS: When I'm talking about 50,000, I'm talking  
14 about a reconstruct, which is to tear down the old house and build a  
15 new one on the same lot.

16 CHAIRMAN CONINE: Okay. All right.

17 MR. DAVIS: When you're targeting 30 percent, which is  
18 what we do exclusively, either using 30 percent state or 30 percent  
19 area depending on right of three limitations, there's not a lot of  
20 rehabbable homes.

21 CHAIRMAN CONINE: How do we ascertain whether or not the  
22 requests from rural Texas, say it's 25,000, okay, and you're going to  
23 fix up the old house, you're not going to scrap it and build a new  
24 one, how do we ascertain appropriately whether that's money well

1 spent or not?

2 MR. DAVIS: That's a tough question.

3 CHAIRMAN CONINE: Thank you.

4 MR. DAVIS: I would think that rehab in particular is a  
5 very difficult question because if you're going to target 30 percent,  
6 and then you're going to want to look at rehabbing, you're going to  
7 have a much tougher time actually finding homes that are rehabbable  
8 that you can bring up to code, to make a decent house. You know,  
9 just leveling a floor can tear up a house.

10 CHAIRMAN CONINE: Well, here's the breakdown of that  
11 city. You're dealing with a city that's got a Morgan building and a  
12 part-time secretary --

13 MR. DAVIS: Uh-huh.

14 CHAIRMAN CONINE: -- that's applying for HOME funds --

15 MR. DAVIS: Uh-huh.

16 CHAIRMAN CONINE: -- and there is no extra piece within  
17 these small cities to make that assertion of whether that 25,000 is  
18 being well spent or not. How can we help?

19 MR. DAVIS: Well, that's actually why they hire us. We  
20 have field people who are trained in construction oversight. They do  
21 construction inspections and that sort of thing on behalf of the  
22 city. We also write plans for the cities.

23 CHAIRMAN CONINE: Okay. It's just an area that --

24 MR. DAVIS: If anybody here would like my card, I'd be

1 happy to pass it on.

2 CHAIRMAN CONINE: It's an area that makes me curious.

3 Okay. Any further questions?

4 (No response.)

5 CHAIRMAN CONINE: Thanks.

6 John Meincowsky?

7 MR. MEINCOWSKY: It's tough to begin with and then my  
8 handwriting makes it worse.

9 CHAIRMAN CONINE: Well, I've got one of the same  
10 problems so don't worry about it.

11 MR. MEINCOWSKY: Can I bring this over here?

12 CHAIRMAN CONINE: Yes, we'll fix that for you.

13 (Pause.)

14 MR. MEINCOWSKY: I have no idea what that looks like on  
15 paper.

16 (Pause.)

17 MR. MEINCOWSKY: I'm John Meincowsky. I'm with ARCIL,  
18 Inc., which is the Center for Independent Living here in Austin.  
19 We're part of the state and national network of local, nonprofit  
20 organizations that provide assistance to people with disabilities.  
21 We provide direct services that promote independence and community  
22 integration, target people with all types of disabilities and all  
23 ages. One of the things that, among our services is that we are  
24 involved in trying to relocate people out of institutions and also,

1 for others, to help prevent them from having to be in institutions  
2 and maintain their residences in the community.

3           ARCIL and nine of the eleven, I believe, of the 14  
4 organizations that operate Centers for Independent Living in Texas  
5 are involved in contracts with the Texas Department of Human Services  
6 to relocate people from nursing homes, to actually help them find and  
7 move to their own home or a new home in the community. That is as of  
8 last week.

9           There were some original contracts last year. Those  
10 that were in limbo and the time that they were in limbo was the time  
11 that the Olmstead set-aside limitation was coming out. So I'll come  
12 back to that.

13           What I wanted to say today, and I feel embarrassed about  
14 it now because it looks like I'm just jumping on the band wagon, but  
15 I really wanted to say, Thank you to this board, and congratulations  
16 to this board and to Ms. Carrington, for the tremendous work they've  
17 done, particularly around the HOME Program, assisting people with  
18 disabilities. I've heard, in the last year, two years, every time I  
19 leave the state, to some sort of need, conviction, or whatever, that  
20 involves services to people with disabilities, everybody wants to  
21 know what the heck are they doing? They actually have an Olmstead  
22 set-aside? They actually use HOME funds for rent assistance?  
23 They're shocked.

24           This is groundbreaking. This is national news kind of

1 stuff. Again, I feel like I'm just jumping on the band wagon since  
2 everybody else has too, but I really do mean it. If our organization  
3 had an award to give away, we would have been looking at you guys. I  
4 promise you that.

5 CHAIRMAN CONINE: Create one.

6 MR. MEINCOWSKY: We really should. Again --

7 CHAIRMAN CONINE: We like plaques, remember.

8 MR. MEINCOWSKY: We've got no money. That's our  
9 problem.

10 The real news I have today is that ARCIL, here in the  
11 Austin area, and several other Centers for Independent Living around  
12 the state are now working on applications to apply under the Olmstead  
13 set-aside. It's been troubling to you and to us that that money  
14 wasn't gobbled up quickly, but it is a difficult situation for us who  
15 are new to it.

16 Again, because of the timing of the original  
17 announcement, because we weren't really, except for two or three  
18 organizations, it is just new territory to us, and it is pretty  
19 imposing. One, we're getting over that. Also, because, like I said,  
20 our relocation activities under the contract with the Texas  
21 Department of Human Services were in limbo. So now, we're past that.  
22 So the real primary difficulties, we seem to have gone past.

23 Hopefully, you'll see applications in the next few weeks  
24 that will be taking up some pretty sizeable chunks of the Olmstead

1 set-aside that you have. We hope that you will continue to recognize  
2 that TBRA is the best, most useful way of assisting people with  
3 disabilities who are in the very low income level.

4 That was what I had planned. Would you indulge me to  
5 direct a minute of the discussion towards some of the things that you  
6 had brought up before?

7 CHAIRMAN CONINE: Sure.

8 MR. MEINCOWSKY: Particularly around the idea of a  
9 disincentive and a rent subsidy, there are really two types of  
10 subsidies that are considered disincentives to work. One is a rent  
11 subsidy like Section 8 or other TBRA. The other one is Social  
12 Security benefits. It's been a real big issue, you know, and subject  
13 to a debate for a long time. Does this prevent people from going to  
14 work? Disincentive is a fair way of saying it.

15 So let's look and try to define our population. I think  
16 that may help. You have the total picture of people with  
17 disabilities. Under the ADA definition, that's something close to 50  
18 million people nationally, about 3.6 million in Texas. If you break  
19 that down into the working age population, you cut it in less than  
20 half, but once you get to that point, you look at who has those  
21 disincentives.

22 If you just get rid of all the people who already have a  
23 rent subsidy, and get rid of all the people who are already receiving  
24 Social Security benefits, and look at that population, people who

1 have disabilities, but are working age and don't have a rent subsidy  
2 or Social Security, you recognize that we've had a federal-state  
3 vocational rehabilitation system in place for 50 years, specifically  
4 to provide employment-related assistance to this population.

5 We've had hundreds and hundreds of federal grants and  
6 research and projects aimed at figuring out what are the keys to  
7 getting this population employed and self-sufficient. You've had the  
8 ADA in place since 1990, and other laws previous to that, that would  
9 help with employment rights issues and try to prevent discrimination.

10 What you've seen over these years is that, of this population, about  
11 two-thirds are unemployed. That's been steady, regardless of  
12 whatever else we've done. It just looks like they're just immune to  
13 disincentives, or incentives, regarding employment.

14 You haven't seen any magic trick, adding incentives or  
15 getting rid of disincentives, that really impacts, statistically,  
16 numbers of people; individuals, yes, of course. I hope that helps  
17 some because if it was a question of people not working because it's  
18 easier not to, then we would have a different debate. The population  
19 we're looking at, we don't see that. We see a population in a high  
20 unemployment rate among that population. It's been very steady and  
21 very resistant to remediation.

22 CHAIRMAN CONINE: I think it's a case of unintended  
23 consequences. It's kind of like the marriage penalty under the tax  
24 code, very similar to that. You may be a dollar over the limit of

1 Section 8; all of a sudden, Section 8 goes away that's picking up a  
2 \$500 apartment, or \$400 apartment, and then the taxes kick in on that  
3 income. You know, your net amount is less than -- and that's the  
4 disincentive that Ms. Anderson's speaking to.

5 MS. BETH ANDERSON: Yes, right.

6 CHAIRMAN CONINE: It's an unintended consequence that,  
7 you know, we ought to have some thought on how, maybe, to fix that.  
8 It's very similar, again, to fixing the marriage penalty in the  
9 taxing system.

10 MR. MEINCOWSKY: Yes. I wish they would do something  
11 with the single guy penalty.

12 CHAIRMAN CONINE: I can't help you with that.

13 MR. MEINCOWSKY: Real quickly, if you guys have a  
14 thought about the structure of the HOME Program, specifically TBRA,  
15 I'm personally very new to this, but we definitely want to get  
16 involved in that conversation because if there's better ways of  
17 focusing on this, we want to do them.

18 CHAIRMAN CONINE: I think you'll find that we will,  
19 again, be user-friendly with all of our program. I think you'll also  
20 find, later on in our board meeting this afternoon, we're going to  
21 talk about marketing at least part of our programs. I think, you  
22 know, at least from this board member's position, that we need to do  
23 a better job of marketing. We need to figure out to better let the  
24 communities know that the monies are available within certain time

1 frames, rather than just posting it in the Texas Register. So any  
2 comments you would have on that, we would appreciate.

3 MR. MEINCOWSKY: Thanks a lot.

4 CHAIRMAN CONINE: Pat Barbolla?

5 (Pause.)

6 MR. BARBOLLA: My name is Pat Barbolla. As will become  
7 apparent very quickly, I am a rural multifamily developer. I'm from  
8 Fort Worth, Texas.

9 I think it -- in reviewing the HOME Program, I think it  
10 would be important to consider, how did it develop and what's its  
11 legislative purpose. I mean, the needs, as you've heard them this  
12 morning, are great. The demands on housing funds are great, but in  
13 considering these demands, we need to consider what is the purpose of  
14 the HOME Program.

15 As you'll see, as I refer to in my presentation this  
16 morning, it states in the legislation that actually enacted the  
17 creation in Gonzales, that the very first purpose of the HOME, there  
18 are many, is to expand the supply of decent, safe, sanitary, and  
19 affordable housing, with primary attention to rental housing. That's  
20 in the statute. That's a primary purpose. It's in the regulations  
21 that HUD adopted, in Section 92.1. It again uses the phrase that  
22 HOME should have the primary attention to rental housing.

23 Yes, HOME is a now 13-year-old program, but even  
24 recently, in 2002, when HUD was adopting some regulations, and I

1 think I've attached it as attachment 3, they again, HUD -- I'm  
2 talking about the background and regulations that were adopted -- is  
3 that HOME should be have the primary attention given to rental  
4 housing.

5 Now, you may ask why did this happen. Well, HOME was  
6 enacted as a replacement program when the Rental Rehabilitation  
7 Program of 1983 went into effect. I show that. Frankly, when HUD  
8 adopted the program, in tab 4, you'll find, HUD published a document  
9 entitled, "From Rental Rehabilitation to HOME, A Transition." The  
10 first paragraph goes through, it was a transition. HOME was  
11 initially, primarily intended to be for rental housing. It took the  
12 place of a rental rehabilitation program.

13 Where are we today? Yes, they allow me to do different  
14 things, but it still is in the statute. I would like for the board  
15 to consider the fact that primary attention should be given to rental  
16 housing. That is the purpose of the statute. We all know that HUD  
17 can be rather unforgiving when they come back many years later, and  
18 review a program, and decide how to use their funds. They do give  
19 you flexibility, but I think it may be relevant for the board also to  
20 look.

21 What are they doing nationwide? How does Texas stack  
22 up? Well, I contacted HUD. Now, in tab 5, you will notice,  
23 especially the top of page 3, since enactment, HUD has spent slightly  
24 over \$13.1 billion in the HOME Program. Funds that have been

1 committed nationwide, it's 56 percent of the money has gone to rental  
2 housing. Of that 56, that's mainly for acquisitions, rehabilitation,  
3 and new construction, they do include TBRA, tenant-based rental  
4 assistance, as part of the rental housing. Nationwide, that's less  
5 than 3 percent. It's a very minor component. It's basically \$340  
6 million out of \$7.3 billion.

7 I think when you compare Texas, you will find that we're  
8 not exactly at 50 percent of our money at rental housing. We're  
9 probably at 9. That's been the history of Texas. I think that  
10 probably should be reviewed. Now, I'm not saying doing it  
11 immediately can we get it up to 50 percent, but I think something  
12 needs to be adjusted immediately to move the funds, to bring us more  
13 in line with the statutes, its primary purpose, and basically the  
14 nationwide average.

15 Now, the other point I'd like to bring up today is we  
16 talk about -- I think it's good when you review programs, let's look  
17 where we came from, and what's going on, and what the statutes  
18 demand. I think there's a frequent misconception with the HOME  
19 Program that only 95 percent must be used in rural areas. If you  
20 look at the Texas statute that I think everyone relies on, it states  
21 that at least 95 percent of the funds should be used for non-  
22 participating jurisdictions. And then, it goes on, if the funds are  
23 not spent in non-participating jurisdictions, then the funds should  
24 be used for housing for disabilities. That's fine. I think that is

1 a worthy cause, but I think the needs in rural Texas are great.

2 The statute states -- and the reason the Texas  
3 legislature put that in is because too many of the funds were going  
4 to urban areas. You know, the department's job is to give money to  
5 non-participating jurisdictions, which are basically small cities in  
6 rural areas.

7 Now, how can we change this? I recommend that the  
8 department allocate 100 percent of its funds to rural Texas, but you  
9 can have like a mini-set-aside of this \$2.2 million that's been going  
10 to housing for disabilities. Let's put that in kind of like a sub-  
11 rural fund and say, it's rural housing for people with disabilities.

12 So that people in Marble Falls, or you know, rural Texas, can come  
13 in. You would still use the money for individuals with disabilities  
14 housing, but if there was no demand, or if it was not used, then it  
15 could slide back over to rural development, to rental housing  
16 development.

17 I do think it's important because basically what has  
18 happened is only 95 percent of the funds have gone to rural Texas.  
19 Over the last several years, 5 percent of the money off the top, you  
20 can almost guarantee is going to Austin, Houston, Dallas, or Fort  
21 Worth, or San Antonio for housing for disabilities. That's fine.  
22 It's worthy, but Austin already gets its money from HOME. They are a  
23 participating jurisdiction. Let Austin decide how to spend their  
24 money on that, but let's take care of housing for disabilities, but

1 let's allocate 100 percent of the money to rural Texas.

2 If you want to have a set-aside for housing with  
3 disabilities, that's great, be it \$2.5 million or 2.25. Let that  
4 come in as a priority item. If it's not going to do, we can move it  
5 on over to rental housing.

6 Probably a third point, and how to phrase this nicely,  
7 the legislature has given you a statute to govern, 2306, that's, in a  
8 way, convoluting and sending you in different directions. It's very  
9 difficult to understand, with conflicting priorities.

10 I do think that one item that probably needs to be paid  
11 attention to is Section 2306.008(b)(2) of this section of Government  
12 code, which states that the department "shall support the  
13 preservation of affordable housing under this section by prioritizing  
14 available funding and financing resources for affordable housing  
15 preservation activity." That would be consistent. If you give  
16 priority to housing preservation, it would be consistent with,  
17 frankly, one of the main requirements of the HOME Program, which is  
18 rehabilitation.

19 In your annual report, or your consolidated plan to HUD,  
20 every year, one of the questions they ask -- and it's under Section  
21 24 CFR 91.320(g)(2)(A) is that you're required to certify that  
22 rehabilitation is a primary eligible activity. I think it's time to  
23 step back. You all have done a pretty good job in the past. The  
24 HOME funds are going out. We've had some blips in the past, but

1 they're doing a good job. I do think that a re-emphasis, maybe step  
2 back and look at the statutes controlling the Act and try to go back.

3 In a way, the HOME Program should not just be a slush  
4 fund for unfunded mandates from the state's and everyone's wish list.

5 I mean, Congress did enact it for a purpose and we should try to  
6 follow that. If we can't fund some of these things, we need to find  
7 other ways, or maybe fund them to a lower extent. Let's try to stay  
8 within the parameters of what Congress intended.

9 Probably one other thing, I didn't intend to speak to  
10 it, but it was whether grants or loans. To be honest, I'm a big  
11 believer in loans. To the greatest extent possible, the department  
12 should direct all of its programs to go to loans, whether they're low  
13 interest rate, no interest rate, but the money should try to be  
14 repaid. The reason for that is to try to eventually develop, like, a  
15 revolving fund. It will come back.

16 Also, just psychologically, I think a loan, people will  
17 take greater pride in it, if they're required to pay the money back.

18 It may be low interest rate, but let's develop this revolving fund  
19 and set up for a time -- because HOME is here today. It probably  
20 will be here for the next five years, but I don't know for how many  
21 years we can continue to expect Congress to send Texas \$45 million a  
22 year. Someday, it may not be there and we need to develop our  
23 mechanisms to have this revolving fund that we can fund some of these  
24 eligible activities in the future.

1 I know time is short and I didn't intend to take this  
2 long. That's why I gave you a written presentation that you could  
3 take. I know that last thing you probably need is another piece of  
4 paper to put in your brief case when you fly back, but are there any  
5 questions?

6 CHAIRMAN CONINE: No, we're appreciative of the work you  
7 did. You obviously have way too much time on your hands to quote all  
8 the statutes, but I know you're mentally into the game. We  
9 appreciate that.

10 Any questions for Pat?

11 MS. BETH ANDERSON: I have a couple of questions. The  
12 first is asking for clarification on your comments about preservation  
13 and the prioritization, you know, per 2306, that the agency give  
14 preservation funds. Now, maybe I've learned something this morning  
15 because it sounds to me like owner-occupied is less often  
16 preservation and more often, I mean, effectively new construction. I  
17 was, at least until I heard that this morning, I was considering the  
18 owner-occupied stuff we do to be preservation of housing stock. So  
19 do you want to tell me a little bit more about your point of view?

20 MR. BARBOLLA: Obviously, I do quite a bit of  
21 rehabilitation of multifamily housing. Let's get that out in advance  
22 so everyone knows where I'm coming from. I'm a big believer in that.  
23 And so, I have a strong bias in favor of it. So my views are going  
24 to be tainted by my personal perspective.

1 Yes, I'm a believer in rehabilitation. I think it's  
2 easy. In multifamily, it is difficult to do. I mean, I have done  
3 new construction. I love doing new construction. Your costs are set  
4 and you have something.

5 Rehabilitation, especially in multifamily, there is  
6 always going to be a surprise somewhere, sometime. It varies by  
7 property, but from a cost effective standpoint, it is very effective.

8 I can go out and do an acquisition cost, rehabilitation, total turn,  
9 around 25,000, where if I was building it new, we're talking about  
10 80- or 90-. That helps me keep my rent low.

11 The key thing is -- the lower we can keep our rents, the  
12 better off our tenants are going to be, our intended, frankly,  
13 ultimate beneficiaries. So I am definitely a big believer in rental  
14 rehabilitation.

15 The HOME Program, I'm a big believer in that because  
16 that was the program that was evolved from. They terminated the  
17 Rental Rehabilitation program in order to develop HOME. So I think  
18 it should go back to being a priority of the program.

19 MS. BETH ANDERSON: Thank you. I have one more  
20 question. Well, actually, I guess I have two questions for staff  
21 about some of the comments that were made, but I guess I'll wait and  
22 do that.

23 I will tell you when I was a new board member, Pat, I  
24 remember in learning, you know, at the feet of the expert, one of the

1 first things that Mr. Conine spoke to me about, with great pride, was  
2 the notion of a program that he had several years ago helped create  
3 in the department, which does make some homebuyers assistance being  
4 made in the form of loans, not grants.

5 I felt like that, as you suggest, a revolving fund that  
6 would build up over time, that would let us, as people sell these  
7 homes, that would let, you know, then be able to recycle those  
8 monies, it was the kind of innovation that I was proud of this board  
9 for doing. I think it's very fair to ask that we examine our  
10 practices in that area and make sure that we're doing all we can do  
11 to establish programs that move in that direction.

12 MR. BARBOLLA: I was -- I agree with you. I feel rather  
13 presumptuous being up here, speaking about housing to Mr. Conine. It  
14 just doesn't seem right. I should be the one listening and not the  
15 one giving the presentation.

16 CHAIRMAN CONINE: No, that's why I've got two ears. I  
17 like to listen. Thank you for your testimony.

18 MR. BARBOLLA: All right. Thank you.

19 CHAIRMAN CONINE: Jonas Schwartz?

20 MS. BETH ANDERSON: Oh, I --

21 CHAIRMAN CONINE: Do you want to ask your two questions  
22 now?

23 MS. BETH ANDERSON: Well, whatever you want me to do.

24 CHAIRMAN CONINE: We've got one more testimony and then

1 we'll do it.

2 MS. BETH ANDERSON: All right. Okay.

3 CHAIRMAN CONINE: Jonas Schwartz, please.

4 MR. SCHWARTZ: Good morning.

5 CHAIRMAN CONINE: Good morning.

6 MR. SCHWARTZ: My name is Jonas Schwartz. I'm here on  
7 behalf of Advocacy, Inc. We are a legal services organization that  
8 provides advocacy and legal services to people with disabilities.  
9 I'm also, right now, the chairman of TDHCA's disability advisory  
10 committee.

11 I'm pleased to be in front of you this morning. It's  
12 been a while. With running the risk of overdoing it, I must just add  
13 to the love fest. I want to start by just reviewing just a little  
14 bit of history.

15 Now, seven years ago when the disability community as a  
16 whole began to interact with this department, there was not a lot of  
17 emphasis or a lot of thought given to the housing needs of people  
18 with disabilities in the program's that the department administered.

19 We, as a disability community, got organized and began to educate  
20 both the board and staff members of the department and advocate for  
21 the needs of people with disabilities. I'm here to tell you, we've  
22 come an incredibly long way.

23 Particularly over the last two years, under Ms.  
24 Carrington's leadership, the department is very responsive to the

1 needs of people with disabilities. That's very evident in the  
2 programs that it administers, and they have really tried to look at  
3 what people with disabilities need, and to see how their programs can  
4 address those needs. Particularly I would also want to just say that  
5 Sarah Anderson has done an outstanding job of being the disability  
6 community's liaison between the community and the department as  
7 decisions are being made.

8 Now, one example of what the department has done,  
9 particularly with their HOME fund, is in the area of tenant-based  
10 rental assistance and being responsive to the Supreme Court's  
11 Olmstead decision around allowing people to move from institutions to  
12 the community. You've heard me talk about that decision and the \$2  
13 million set-aside of TBRA specifically for individuals is a great  
14 thing.

15 Now, Mr. Conine, you asked a specific question about  
16 what are the technical difficulties, if you will, with administering  
17 that program. You've heard different people say, and I'm going to  
18 put my two cents in here, it is a very difficult program to  
19 administer and it's burdensome to administer. Particularly for  
20 organizations that serve people with disabilities, they have a very  
21 small amount of confidence.

22 One of the things that you have to be able to do with  
23 that program is expend money from someplace else and then wait to be  
24 reimbursed. The way you administer TBRA, and then these Centers for

1 Independent Living have very small budgets, and so they don't have  
2 the cash flow to be able to put the money out to be able to  
3 administer the program, and then wait for reimbursement to come back.

4 That is a huge issue that small nonprofits grapple with, number one.

5 Number two, when you are first beginning to administer  
6 this program, it can seem rather daunting. I think once you get into  
7 it and get some experience under your belt, you become more  
8 comfortable with it.

9 You also have to have expertise on your staff, or be  
10 able to pay someone, to do the rental certifications for the  
11 individuals coming forward to access tenant-based rental systems.  
12 Then your staff, or someone that you're comfortable with, has to be  
13 able to go out and inspect the unit that the assistance is going to  
14 be used for and they have to know what they're looking for.

15 So the one thing the department might look at doing is  
16 looking at how to provide capacity building or technical assistance  
17 to organizations who want to come forward and apply for this money.  
18 I will say that the department held a meeting about six to eight  
19 weeks ago, specifically with representatives from the disability  
20 community, including Centers for Independent Living, and had them  
21 come talk to staff about the issues of why they didn't apply for this  
22 money. It was a very good discussion and the department has worked  
23 really, really hard to try to minimize or eliminate some of these  
24 barriers.

1           The other barrier that was in place was the amount of  
2 money that you can use for admin is very small and it's a very labor-  
3 intensive process. So as an organization, you have to be able to pay  
4 for staff time and you may not have another resource, or another  
5 fund, to draw from. So TDHCA has worked hard to minimize some of  
6 these barriers and it's continuing to work. So I just wanted to put  
7 a plug in for that.

8           Ms. Anderson, in response to your question around the  
9 benefit of set-asides in the HOME Program, and particularly right  
10 now, there is 5 percent of the HOME money that is set aside  
11 specifically for people with disabilities, that is critically  
12 important and here's why.           Now, rural Texas does have  
13 individuals with disabilities living out there who need your help and  
14 assistance, but I will tell you that -- and I don't have numbers for  
15 you because presently they don't exist -- but the majority of people  
16 with disabilities live in more urbanized areas for a couple of  
17 critical reasons. Number one, there is not the infrastructure in  
18 rural Texas to support people. I'm talking about things like access  
19 to community support services and home health care agencies that  
20 provide your attendant services and the other in-home supports that  
21 people might need.

22           Number two, there's not transportation available in  
23 rural areas. So when people with disabilities don't drive because,  
24 number one, they're unable or, number two, their income is such that

1 a car is not a feasible item for them to have, without there being  
2 transportation in rural areas, then they become very isolated. We  
3 tend to move to more urbanized areas where there's access to  
4 community support services and there's access to transportation and  
5 other kinds of infrastructure.

6 The waiting list is long. Yes, most of the  
7 participating jurisdictions do have programs, but they do have  
8 waiting lists. In my view, the department has a responsibility to  
9 serve all Texas. And so, this 5 percent set-aside is really quite  
10 helpful in making sure that people with disabilities have access to  
11 things like down payment assistance, which some of that money is used  
12 for, for home ownership.

13 We have a home ownership program for people with  
14 disabilities in this state. It's been extremely successful over the  
15 last five years.

16 There is a real need for owner-occupied rehab. People  
17 who live in urbanized areas access that primarily because if they  
18 acquire their disability later in life, then the home that they may  
19 have may or may not be accessible. So you have to do things like  
20 widen doorways, put in ramps, and make bathrooms accessible, and that  
21 kind of thing. So the set-asides are extremely

22 important. They provide a really needed service.

23 Now, let's see here. Mr. Conine, you asked about the  
24 definition of disability. Well, I could spend the next two hours --

1 CHAIRMAN CONINE: No.

2 MR. SCHWARTZ: -- but I will not, giving you definitions  
3 of disabilities because each federal program has a little bit  
4 different definition of disability. HUD has their definition. The  
5 Americans with Disabilities Act has their definition. Some  
6 definitions are meant to be broad and inclusive and capture everyone.

7 Other definitions are meant to target specific people who need  
8 specific things and the definitions are written so that you can  
9 target, or in some cases, exclude people and hit a certain target.

10 Now, what I will do is put together -- because I have  
11 some information in a presentation that I give regularly about the  
12 different definitions just in housing programs. I will put that  
13 information together and give it to you so that you will begin to  
14 just kind of have an understanding. I think your question is a great  
15 one and the different definitions, many times, cause more barriers  
16 for folks than they do help.

17 The disability community, and particularly the advisory  
18 committee of this department, is very pleased that you're having this  
19 discussion and we certainly want to be at the table and help you as  
20 you have your discussions and whatever decisions that you ultimately  
21 decide to make that come out of this exploration of the HOME  
22 Programs. Thank you for your time. Can I answer any questions?

23 CHAIRMAN CONINE: I heard a number earlier that John  
24 mentioned, I think, that there are 3.6 million Texans disabled. If

1 you talk about the working part of those, it's less than half that  
2 number. So we're down to, you know, 1.8 or 1.7, whatever it is. Is  
3 there a way to decide how many of those live in urban, exurban, and  
4 rural? Is there a resource for that somewhere?

5 MR. SCHWARTZ: I think probably so. I'll have to do  
6 some research and figure out exactly what that is. I think we might  
7 be able to look at the census as a beginning. Sarah, do you know,  
8 because you look at numbers all the time?

9 MS. SARAH ANDERSON: We actually, yes, it's available  
10 through the census. We're actually in the process of doing a study  
11 with the DA council and some other people, with specific numbers and  
12 the types of disabilities in Texas, broken out by region, broken out  
13 by urban, rural, and such. We can do probably a quick analysis, but  
14 we'll have more details in the future, very soon.

15 CHAIRMAN CONINE: Okay. I'm just curious about the  
16 numbers and how they relate to the 5 percent set-aside because it  
17 seems to me that there should be a science related to that. I'm not  
18 sure that we've done anything other than grab a nice healthy number  
19 of 5 percent.

20 MS. BETH ANDERSON: Is that in the legislation?

21 MR. SCHWARTZ: Yes, it's in 322.

22 MS. BETH ANDERSON: I would be interested, not in a  
23 sloppy analysis, but in an expedited analysis because I think the  
24 reason we're doing this is to, over the next, you know, few months,

1 look at how we would program funds in future years in HOME. Having  
2 the data on where people with disabilities live, urban, exurban,  
3 rural, I think would be very instructive.

4 I would add two additional, related items. I would like  
5 to know for the last couple of years, how much of the Olmstead set-  
6 aside went to rural versus urban/exurban --

7 MS. SARAH ANDERSON: Uh-huh.

8 MS. BETH ANDERSON: -- and how much of the persons with  
9 disabilities 5 percent set-aside actually went to urban/exurban  
10 versus rural.

11 MS. SARAH ANDERSON: Okay.

12 CHAIRMAN CONINE: I'm going to stack one more on top of  
13 that. I'd be curious if Jonas has done any research, or we've done  
14 any research, relative to the PJs and their disability set-aside, or  
15 if they have any.

16 MS. SARAH ANDERSON: That's part of the analysis that  
17 we're doing for the big study, is we're going through all of the PJs  
18 plans for HOME money and CDBG money, to see where their spending, and  
19 if they're doing it for elderly disabled.

20 CHAIRMAN CONINE: When is that going to be ready, do you  
21 think?

22 MS. SARAH ANDERSON: It's supposed to be in November.

23 MS. BETH ANDERSON: Well, when would we vote the HOME  
24 Program rules?

1 CHAIRMAN CONINE: In December.

2 MS. BETH ANDERSON: In December. Well, I would urge,  
3 among your myriad of priorities, to have the board have more than 30  
4 days to try to absorb the contents of that study. I mean, I think it  
5 would be important.

6 CHAIRMAN CONINE: Right.

7 MS. SARAH ANDERSON: Right. The reason the study is in  
8 November -- I mean, we'll probably have that information prior to  
9 that. We're working with the DA council, who are doing focus groups  
10 and other things. That's part of the final analysis. Hence, that's  
11 why November, but I'm sure we can get you that information sooner.

12 MS. BETH ANDERSON: Great.

13 MR. SCHWARTZ: Can I add one more thing? One of the  
14 things that we have felt as an advocacy community that has been very  
15 much needed, and the department didn't have the resources to do it,  
16 is a housing study that gives you the numbers that you are asking  
17 for. Some of this data is available nationally and you can  
18 extrapolate some of it to give some kind of a picture, but there is  
19 none of this Texas-specific data available. So the purpose of this  
20 study that TDHCA and the Developmental Disabilities Council is  
21 engaged in will, hopefully, give us some of these numbers.

22 Mr. Conine, I wanted to just address for the moment --  
23 and other people have done this, I wanted just to add to it -- your  
24 question about disincentives. The other issue that hasn't been

1 addressed around increasing people's income is if you are a person  
2 with a disability and you are at 30 percent or below, you are on  
3 Medicaid. Medicaid provides you two things. It provides you just  
4 your basic medical care that you need, but it also provides you with  
5 access to your community-based supports, such as in-home, attendant  
6 care services that allow you to live in the community every day.

7           When you're no longer on Supplemental Security Income,  
8 you lose your Medicaid. If you go to work and your income goes up,  
9 you lose your Medicaid. Now, maybe the company or organization you  
10 go to work for may or may not provide its employees health insurance.

11       That is becoming harder and harder to do when you're going to work  
12 for a small company. Even if it provides you with health care, you  
13 lose your access to the community-based supports and services and  
14 usually your salary is not big enough to pay for all of the support  
15 you need as well as the housing and all those sorts of things. So  
16 losing access to your Medicaid is another big disincentive that we  
17 need to put in the mix with getting off of Section 8 and all of those  
18 other kinds of things.

19           Now, the state of Texas is attempting to do something to  
20 address that. It is this. There was a bill passed in the last  
21 legislative session that will allow Texas to explore the feasibility  
22 of a Medicaid buy-in for people with disabilities, which will allow  
23 an individual to pay a portion of their Medicaid premium based on  
24 their income.

1           There is a study going on, as we speak, of adding that  
2 as an option to our Medicaid because Congress, in 1999, realized that  
3 until this disincentive is dealt with people with disabilities are  
4 not going to be able to, in many situations, move from the situation  
5 they are in, which is extreme poverty, you know, up the rungs, as you  
6 say. So there are some things going on to try to address this.

7           Are we going to see benefits of this immediately? No,  
8 but in long term, I think if I had anything to say about it, we're  
9 going to get there eventually.

10           CHAIRMAN CONINE: Well, this probably is not the right  
11 forum to debate that subject, but you're certainly more expert at it  
12 than most and may be providing a solution. There's a lot of us  
13 sitting in this room that go to Washington, D.C., every now and  
14 again. It seems to me that some of our funds are being used to  
15 supplement a problem that may exist there, which happens in a lot of  
16 cases, in a lot of different areas, not just housing, but your input  
17 into that process, we'll be glad to take it and send it up to where  
18 the right, appropriate people might be.

19           MR. SCHWARTZ: Thank you.

20           CHAIRMAN CONINE: Thank you. Any other questions of  
21 Jonas?

22           MS. BETH ANDERSON: No, thanks.

23           CHAIRMAN CONINE: Okay. That concludes the public  
24 comment that I have relative to agenda item number 2. We've got a

1 little bit of time left. Ms. Carrington, do you have any, I guess,  
2 overall thoughts, after listening to a lot of the public comments,  
3 that you'd like to share with us?

4 MS. CARRINGTON: I think the discussion is very timely.  
5 It's March and we have time. We have time to really take a look at  
6 this and have additional thoughtful discussion.

7 My thought, as I was sitting here as Jonas was finishing  
8 up, was how much I appreciate -- and I was going to say this -- how  
9 much I appreciate all of you all who are actively involved in our  
10 HOME Program, who have participated in it, coming in and sharing with  
11 us, the staff and the board, on what you all think about how we're  
12 doing, and how we're programming the funds, and what you all feel  
13 like the needs are in the community. So at least in the two years  
14 I've been here, this has been the most thorough and thoughtful  
15 discussion about the program that, certainly, I've ever been engaged  
16 in.

17 I'm pleased to hear that you all feel like the focus  
18 groups, the working groups that we have, are beneficial and useful.  
19 Sometimes, from an agency standpoint, I say, "One more working group?  
20 Are we really going to have one more working group?" Staff always  
21 says, "Yes, we are going to have one more working group" because  
22 we're going to talk about this topic, or we're going to talk about  
23 that topic. It, indeed, does give you all an opportunity to come and  
24 share your concerns, and share your thoughts.

1           So I appreciate that feedback and that reinforcement, in  
2 that we are doing a good job of working to be open with the community  
3 that we serve. I would be absolutely remiss -- and I'm sorry she's  
4 out of the room; Mr. Conine, she's doing your total for you -- when I  
5 got to this agency, two years ago, our work with the disabilities  
6 community was well under way. The Disabilities Advisory council, or  
7 group, had been established, had been set up. There were several  
8 meetings that had already happened.

9           Sarah Anderson and housing resource center are the folks  
10 that have spearheaded that and lead that. I don't remember what  
11 speaker it was that commented on when he goes out of state, it's  
12 commented about the good work that Texas is doing with people in the  
13 disability community. John, was that you back there that said that?

14         Thank you.

15           I know that our agency was invited, and Sarah did  
16 participate, several months ago, at a national forum in Baltimore.  
17 It was related to working with people with disabilities. And so,  
18 that was an honor for the department.

19           I agree with almost everything that was said by folks  
20 that it's time for us to take a look at what we're doing, how we  
21 program it. I think one of the things that we do is we come out with  
22 targets about what we believe the funding allocations are going to  
23 be.

24           What we see in reality, when applications come in, is

1 that it's somewhat different than the amount of money that we target  
2 for particular kinds of activities. We take that to be that the  
3 communities are determining what their needs are at the local levels.  
4 Therefore, that is what they're applying for.

5 So with that, I think you, Mr. Conine and Ms. Anderson,  
6 for asking us to bring this for discussion. We look forward to  
7 continuing it.

8 CHAIRMAN CONINE: I don't want to get the programs  
9 committee into some micromanagement situation, but I heard some  
10 things today that give me enough concern about the individual  
11 workings of the individual programs, that I think at the next  
12 meeting, Ms. Anderson, I'd like to spend some time on each of the  
13 programs, and to lay out physically and mechanically how they work  
14 with basically the rural Texas community.

15 As a for instance, when Jonas was talking about having  
16 to have the money from somewhere else on the tenant-based rental  
17 assistance and then get a refund back from the actual money, I think  
18 there's ways this department can think through the difficulties of  
19 that specific instance and provide some relief there.

20 I'd like to explore each of those and we can't do that  
21 unless we have a thorough dialogue at least at the board level. I  
22 don't necessarily think -- I think why I'm advocating doing it at the  
23 next meeting is maybe from the programs committee listening to, and  
24 maybe offering up some suggestions, we can maybe then evolve to a

1 public comment, roundtable, whatever the case may be, and then have  
2 staff come back to us before November, and be able to, hopefully,  
3 offer some thoughtful creative solutions to any perceived problems  
4 that might be out there.

5 I also have an extreme interest -- and I know Ms.  
6 Anderson's out adding up the tape -- on how much the PJs get from  
7 HOME fund and the research as to how they're using their funds. It  
8 seems to me to be a little disjointed to have the cities doing a  
9 gazillion dollars of HOME funds in the way they see fit and for us to  
10 be doing the rest of the state in HOME funds in the way we see fit,  
11 with the advice and counsel of the state legislature, and trying to  
12 create a housing policy that makes sense for urban, exurban, and  
13 rural Texas. It seems like there needs to be some dialogue in there.

14 If it takes a municipal league coming in and having some  
15 best practices conversations with the state, I think we need to have  
16 time for some of that discussion to take place. So I see a need to  
17 continue this dialogue in any kind of dissecting what we've heard  
18 today.

19 I'm just curious what the number is -- \$78,500,000 worth  
20 of PJ money is out there, which is an interesting number.

21 Any comments, Ms. Anderson?

22 MS. BETH ANDERSON: I agree with you that it would be  
23 good to continue this discussion next week. I mean, I think your  
24 agenda is, over time, to get through all the programs, but from my

1 perspective, HOME and housing trust fund are, frankly, where we do  
2 end up spending the dollars to fulfill all of the various mandates  
3 that we have and where we, you know, have some flexibility in how the  
4 dollars are funded. So I think it's wise to spend an appropriate  
5 amount of time. If that means dedicating another meeting to it, I'm  
6 certainly in support of that.

7 I guess maybe if we're going to do that, then I would  
8 maybe frame some additional questions for staff that I would ask them  
9 to be prepared for the next meeting, and ask that this be captured,  
10 you know, along with Mr. Conine's comments, in the meeting minutes.

11 I have particular interest in the homebuyer assistance  
12 program and the actual performance of this program in terms of the  
13 deferred, forgivable loan, where if you sell the house in the first  
14 ten years of the life of the house, that you owe a prorated amount of  
15 that loan back to the agency. I'd be interested in our collections  
16 on that. I mean, does that work from a policy and an implementation  
17 standpoint on that? And then, what's the record of collections?  
18 How, then, do we reprogram that money? It seems like if that's in  
19 place we should be building something up that can be reprogrammed.  
20 So I'm interested in staff's thoughts on that.

21 The second observation I will make is that there is a  
22 set-aside, Mr. Barbolla, for rural housing preservation, but I note  
23 that it is all allocated. It has been, for that last three years, if  
24 I'm reading the data right, to the Colonias model subdivision

1 program. And so, I clearly need -- that's what this says. So I  
2 clearly need an understanding of what that program does and how it  
3 performs, what the take up has been, in people coming to try to get  
4 that money. It says, 2 million, Sarah, on one page, and then back in  
5 the detailed description, it says 1 million. So I need some  
6 education about that program and how it operates, how user-friendly  
7 it is, and what the take-up, the demand for those dollars are.

8 I would like to have more information with regard to  
9 tenant-based rental assistance, around the efforts that the agency  
10 has made with the small public housing authorities, because I heard  
11 enough here today that made me think that that may be a good channel,  
12 because they're already in the business of inspecting properties for  
13 their Section 8 voucher holders, et cetera. So I'd be interested in  
14 hearing a little bit about the work that the department staff has  
15 done with the small public housing agencies.

16 CHAIRMAN CONINE: Again, to piggyback on some of the  
17 notes that I made on the tenant-based rental assistance, as a for  
18 instance, security and utility deposits are an eligible use of the  
19 funds. Again, it seems to me that generally those deposits come  
20 back, at least even in a partial nature. If they come back to the  
21 tenant, well, then they ought to be coming back here to be used for  
22 future security and utility deposit use for the next needy Texan.

23 The owner-occupied housing essentially is my question  
24 earlier about it says here, in the form of grants. Again, if you're

1 establishing some real estate value there, even if it's not 100 cents  
2 on the dollar, then I want to thoroughly explore the use of having,  
3 after the work's done, an appraisal, and coming to some understanding  
4 of maybe how we recycle some of that money in future years.

5           Again, if we can have some clue as to how this 78  
6 million is being spent by the cities, it would sure help us, I think,  
7 and this board, into a general overall feeling in how to reallocate,  
8 or not reallocate, the 45 million that we get every year. That  
9 input's going to be critical as we go along. That's obviously, if  
10 it's going to come later in the year, fine, but we probably need to  
11 take some time next month to kind of break the programs down, but as  
12 we roll into the end of the year, that information will be helpful in  
13 the board making its ultimate decision.

14           Ms. Carrington?

15           MS. CARRINGTON: One thought, I certainly heard Sarah  
16 say that they're gathering up the consolidated plans and the action  
17 plan, and taking a look at that, but it does seem like, to me, that  
18 between now and next month's board meeting, we should be able to get  
19 a funding report from each of the participating jurisdictions around  
20 the state. I'm sure they, like us -- I mean, it will be historical,  
21 and it may be a year or a year and half old, because they may be  
22 ramping up data from their prior year, but I would think at a minimum  
23 we could have a funding report from the various PJs around the state  
24 so that you all can see how those dollars have gone. So we will

1 commit to have that being part of the package for you all next month.

2 As I introduce the item, one thing we did, I didn't call  
3 particular attention to, but as we go through each of the set-asides,  
4 we do mention to you all whether it's a federal requirement --

5 CHAIRMAN CONINE: Yes.

6 MS. CARRINGTON: -- whether it's a state priority, a  
7 board policy, or whether it's a state requirement. So I think next  
8 month, as we do present the activities, because the activities, of  
9 course, are eligible activities under the HOME Program with HUD, but  
10 underneath that, we will put the activities that we are utilizing to  
11 either satisfy federal requirement, state requirement, board policy.

12 CHAIRMAN CONINE: You know, I guess, I'll just share  
13 with the group here that we just came from an NSCA/B meeting and one  
14 of the issues at the board retreat this summer is going to be  
15 innovative use of the HOME funds, in August.

16 It will be interesting to hear from other states, and  
17 Ms. Carrington, you could probably check with some of the other  
18 executive directors around the state, to be able to add to this list  
19 of things that, you know, for whatever reason, we may not be aware  
20 of, of things that may be working in other states that might make  
21 some sense to put forward here in Texas, and implement here. So I  
22 look forward to that input, again, in the fall sometime.

23 MS. CARRINGTON: Maybe one more comment, sort of related  
24 to John Henneberger's comments. While I was in Washington with my

1       esteemed colleague, Mr. Conine, I had an opportunity on Tuesday to  
2       meet with the HUD secretary designate, who says wonderful things  
3       about you, Ms. Anderson. We talked really specifically about the  
4       Section 8 program.

5                 I think it is very clear that with Section 8 vouchers,  
6       and this capping the amount, it's going to come to PHAs that you may  
7       be serving the same number of families, but they're going to be  
8       families who are at higher incomes. What the HUD secretary indicated  
9       was that HUD was really looking at that mix, that spectrum of incomes  
10      being served with Section 8, as opposed to very low income. That's  
11      just, I think, a very good piece of information for me to have to see  
12      what they're thinking.

13                CHAIRMAN CONINE: Any other comments, Ms. Anderson?

14                MS. BETH ANDERSON: Yes. I'm sorry. I have two more  
15      for those of you all who are keeping a list of everything for next  
16      month.

17                I received a letter from a local housing authority about  
18      the homebuyer assistance program in HOME. I don't -- you know, I  
19      haven't even discussed the letter with Ms. Carrington and I think I'd  
20      rather just do it next month, but the issue posed in the letter is  
21      whether or not it's appropriate to do deep, 30 percent kind of  
22      targeting of homebuyer assistance with HOME funds for down payment  
23      assistance. You have the letter. I'm sure you're aware of it, but I  
24      would like a discussion about that when we talk about the homebuyer

1 assistance tower activity.

2           And then, the last thing -- I promise -- is in our  
3 meeting last month, as we were talking about rider 3 and the various  
4 sources of funds, I asked for, and Ms. Groneck dutifully captured in  
5 the minutes, that I wanted an analysis of \$6 million in the Office of  
6 Colonia initiatives. I know that that wasn't on our agenda today,  
7 but I think since it's in the minutes maybe it's legal for me to  
8 bring it up. I would like to make sure that we don't let that one  
9 fall through the cracks.

10           MS. CARRINGTON: There's some information in the  
11 executive report.

12           MS. BETH ANDERSON: Oh, okay.

13           MS. CARRINGTON: It's a report item only.

14           MS. BETH ANDERSON: Oh, okay.

15           CHAIRMAN CONINE: Anything else?

16           (No response.)

17           CHAIRMAN CONINE: It's been a very fruitful discussion.

18 Thank you for your attendance.

19           MS. BETH ANDERSON: Yes, thank you.

20           CHAIRMAN CONINE: We stand adjourned.

21           (Whereupon, at 10:40 a.m., the meeting was adjourned.)

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MEETING OF: TDHCA Programs Committee  
LOCATION: Austin, Texas  
DATE: March 11, 2004

I do hereby certify that the foregoing pages,  
numbers 1 through 79, inclusive, are the true, accurate,  
and complete transcript prepared from the verbal recording  
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Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 03/19/04  
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