

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PROGRAMS COMMITTEE MEETING

State Capital Extension
Auditorium
1100 Congress
Austin, Texas

9:47 a.m.
Thursday,
August 19, 2004

COMMITTEE MEMBERS:

C. KENT CONINE, Chairman
BETH ANDERSON
VIDAL GONZALEZ

STAFF PRESENT:

EDWINA CARRINGTON, Executive Director
DAVID CERVANTES
EDDIE FARISS

A G E N D A

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P R O C E E D I N G S

9:47 a.m.

MR. CONINE: If I could call the programs committee meeting of the Texas Department of Housing and Community Affairs to order, it's now 9:47 a.m. on August 19. The first thing I'll do is call roll and make sure everybody is here. Kent Conine is here as chair. Beth Anderson?

MS. ANDERSON: Here.

MR. CONINE: Vidal Gonzalez?

MR. GONZALEZ: Here.

MR. CONINE: We have everybody here, and are glad to have everybody today, Beth and Dolores. The next thing on the agenda is for public comment. We allow folks from the public who wish to speak on any agenda item to speak either now or at the agenda item. I have -- if you're here to speak and haven't filled out a witness affirmation form, please do so.

I have several here. Most of them are checked that they want to speak when the item comes up on the agenda, except for one, I think. So I'll call on Diana Kile and see when she would like to speak.

Ms. Kile: When the item comes up.

MR. CONINE: When the item comes up. Okay. If

that's the case, then we'll defer public comment until those agenda items come up. The first item of business today is the discussion and hopefully approval of the minutes of our last meeting on June 10. That should have been in your packet. Everybody get those? Do I hear a motion?

MS. ANDERSON: Move for approval.

MR. CONINE: Motion to approve. Do I hear a second?

MR. GONZALEZ: Second.

MR. CONINE: Any discussion?

(No response.)

MR. CONINE: All in favor, signify by saying aye.

ALL: Aye.

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Item two is the update and discussion on our Section 8 program, which we started at our last meeting and have asked staff to come back with several things for this meeting. Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Chairman. At the June 10 programs committee meeting, staff presented to

the committee an overview of our Section 8 program. At that meeting, you asked us to return at a future programs committee meeting to provide some more specific information related to the administration of our Section 8 program, including the impact of eliminating or relinquishing the program within the department.

So what we have provided for you behind Tab 6-A is some information addressing your request at that June 10 board meeting. We will note, as we reported to you in June, that we have requested of HUD a consolidation of the three annual contributions contracts that we had, and we did receive a letter from HUD that they have consolidated those three ACCs, and that was effective for us July 1, 2004.

You will remember what staff reported as being the advantage of that is that it gives us more flexibility in being able to move those vouchers around to areas where they are more needed. We've also provided you information on how many counties and how many cities that we administer the Section 8 program in.

We currently administer that program in 37 counties and 63 cities throughout Texas. We also, as you requested, contacted both public housing agencies and regional counsels and community action agencies throughout

the region that we currently administer our vouchers in, to see if those entities would be willing to administer the vouchers if indeed the Texas Department of Housing and Community Affairs decided to relinquish those vouchers.

We presently are allocated 2100 vouchers, including 35 for the project access program. The total right now, I think, of what we have leased is a little over 1700 of those vouchers, and we have provided for you by jurisdiction the counties and the number of vouchers in each of those counties.

I believe, Mr. Conine, you had also had a discussion with Mr. Fariss at the meeting about waiting lists and, did these areas have waiting lists, and if so, how did we handle that? We did look at each of the counties that we administer the Section 8 program in, and some of them do indeed have waiting lists of quite a number of folks, and then others do not have any waiting lists at all.

Moving through the three regions, San Antonio jurisdiction -- that would be San Antonio HUD, the Houston jurisdiction and the Fort Worth jurisdiction, the next item that we have for you is we have identified those regional councils who are certified as public housing agencies. So these are COGs around the state that

currently are PHAs and do some or many vouchers in the state.

There are one, two, three, four, five, six of those. We only have one community action agency that is certified as a public housing agency, and that's the Panhandle Community Action Agency, which of course serves a very large 26 county area in the Panhandle, and they do a variety of programs and are contractor with us on a number of our programs through the community affairs division.

Mr. Conine, you had also asked for a breakdown of our vouchers by bedroom size, and we have provided that for you also, showing a total of 756 vouchers as of July 31 being leased. Counties not being served by Section 8 vouchers is on the next page, and the source for this information was the Texas Housing Association, which you all may know is a trade association in the state whose members are only housing authorities. There are 51 of those counties around the state out of 254 that are not served, that do not have any Section 8 vouchers in their area.

We have provided you a map that shows those counties that do not have vouchers. Moving on to the next page, on the impact of eliminating the Section 8 program,

which is something you had asked us to take a look at, what we have right now in the Section 8 program is eight staff that is allocated to that program, whose only responsibility is the administration of those vouchers.

Obviously, we have information services, IS, that provides support to those areas also. As we looked at the advantages and the disadvantages, of course one of the immediate issues that arises for the agency is that approximately \$9 to \$10 million of our vouchers do go to serve very low income, and as you all are aware about Rider 3 and the \$30 million in reaching extremely low income, moving those vouchers would certainly have an impact on that. As we've talked about it, from the staff standpoint, what we would look to do would be to reach more of that 30 percent goal through the home program, also through the housing trust fund to a much limited degree, because those dollars are so much smaller, but then also perhaps through the low income housing tax credit program.

You will remember that we do do some deep income targeting in the tax credit program, so we do get some 30 percent units there, and we also get some 30 percent units through our home ownership program also. We have about \$913,000 in fees that we earn, administrative

fees that we earn through our Section 8 program. Much of that pretty much is a wash.

We have almost \$500,000 that goes to support those FTEs, and we have \$240,000 that is paid out to local operators. So we not only have a staff internally, but we also have the local operators around the state who actually do the on the ground administration of those vouchers for us. So there's really about \$155,000 that supports indirect department functions as a result of the fees that we earn through the Section 8 program.

One of the other things that certainly occurred to us, and this is your last bullet, is that if Congress does administer Section 8 block grant program as proposed last year that the state will need a PHA to administer the funds. Well, we are a PHA and by relinquishing some or all of the vouchers, it would not take away our status as a public housing agency.

So I think as the board takes a look at this and as staff has taken a look at this, there are really several questions and considerations. Brazoria County has requested -- and I know there is some testimony from Brazoria County, that's planned for this morning. Brazoria County administers -- their allocation is 576 vouchers. So that's 576 out of our total of 2100.

As we reported to you in June of this year, Brazoria County has been designated as a public housing agency by HUD, and they subsequently sent a request to the department to be able to administer their vouchers. As I have spoken to the representative, Congressman Paul's office, and the Brazoria County judge, what I did explain is that the administration of this program years ago was brought to a prior agency of TDHCA and it was by board action that the board agreed to become a PHA and administer vouchers, and that we would be discussing this item today and that you would be hearing testimony related to Brazoria County's request.

I think we've also given the committee some information that we provided at our June 10 meeting, and since this was all information that was previously in the board book, we could provide this information to you all today. We just wanted to give that to you as a refresher to what we had presented to you in June. With that, that's my --

MR. CONINE: In color, I might add.

MS. CARRINGTON: Yes, sir. With that -- that's really the overview of our Section 8 program. We do have, from staff, Eddie Fariss, who is the director of the community affairs division -- Section 8 is within Eddie's

area -- and David Cervantes. David is the financial services director, and David's area is the one that does all the financial accounting for the Section 8 program.

So as the board wants to discuss this item, I believe that those two staff would be the ones perhaps who you could address your questions to.

MR. CONINE: Okay. Thank you, Ms. Carrington. Now, we'll call on public comment related to this particular agenda item. Diana Kile.

MS. KILE: Good morning. My name is Diana Kile, and I am here today on behalf of Congressman Ron Paul, who represents Brazoria County in the U.S. House of Representatives. Congressman Paul is a strong proponent of less government and more local control.

On behalf of Congressman Paul, I am respectfully requesting that the board of the Texas Department of Housing and Community Affairs allow Brazoria County to become its own housing authority in order to better serve the residents as well as the taxpayers of Brazoria County.

Brazoria County Judge John Willy is to be commended for having the vision and the wisdom to surround himself with the capable, knowledgeable professionals who on this very day are ready, willing and able to begin

administering the daily operations of the Brazoria Housing Authority. Ladies and gentlemen of the board, I thank you for your consideration in this matter.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: Thank you very much.

County Judge John Willy.

JUDGE WILLY: My name is John Willy, and I'm county judge of Brazoria County. Ladies and gentlemen of the committee, I thank you for allowing me to appear before you today, and I appear before you today to seek a resolve to the question of the issuance of the vouchers to our Brazoria County Housing Authority.

Brazoria County is a growing county with a population in excess of 263,000 at this time, of some of the finest people in this state, with people having some very special needs that we're trying to address. We have a population past Galveston County, probably Montgomery County, are exceeded only by Fort Bend and Harris County in our region now.

Last August, we began the process of establishing a housing authority. We were approved by HUD and they at that time gave us a November 2003 transfer date to begin our program. To date, the process of

transfer has not been completed. It is my understanding that the matter is before your committee for discussion and possible action at the September board meeting.

My purpose here today is to assure you that we are fully prepared to receive the requested vouchers and are adding and have added additional staff to our program to make ready for this transfer. We're currently administering the program for all of the cities of Brazoria County, except Sweeney, and we're helping them administer their program.

The county has currently -- I show a total that you were showing 500 and some odd. The report that I had was 629 total vouchers, which should match to the list of voucher recipients that I have here. I also would like at this time, if I may, to hand to the clerk letters in support of the -- or to you, Mr. Chair, however you wish to do it --

MR. CONINE: Just hand them up here and we'll make sure we all get them.

JUDGE WILLY: Thank you. The county, like I said, is currently -- I show a total of 629 vouchers, and the additional 14 vouchers issued by other housing authorities may have included the 14 in the 629 erroneously, so please forgive me for that. We originally

began with 150 vouchers for the city of Freeport and expanded to over 600.

Incidentally, just as a side note, with the decrease that we've had in the petrochemical industry due to the high fuel shortages we have now, for instance, we have Freeport to compare with the national jobless average of 5.5 percent. Freeport right now is pushing 17 percent because of the cutbacks, and there are going to be some people who are hurting down there that we need to be able to address.

We are serious in our effort to deliver quality service to those in our county who qualify for this program. In addition to administering the voucher program, we have plans in place to begin our housekeeping classes, budgeting classes and childcare classes. We also need the program in place to begin the self-sufficiency programs for which HUD has set aside 40 vouchers pending your action on our case.

In my conversation with Ms. Carrington on Tuesday, I was told this matter would probably be before the board in September, and I humbly request your favorable recommendation to the board and ask your help in consummating this issue at the September meeting. If there's anything else that we need to give you, please let

us know.

I know on several occasions, our office and the D.A.'s office has contacted you to see if there was anything else that we needed to do, that you wanted, and we've had no response to those questions, is my understanding. We are currently qualifying people for the November dates. We're local. We know what the needs of our people are. We see them every day. We're down there. We have housing available, and we ask your help in allowing us to deliver this much needed service to our citizens.

I would be happy to answer any questions that you might have. If I can't answer them, I have Margaret Dixon, the director of our housing authority with us, as well as Jim Wigginton from the central division of the district attorney's office if there's anything legally we need to furnish you. They would be happy to answer any questions. I'd just like to say I want to thank you for allowing me to address you, and I look forward to working with whoever you designate for us to work with through this September date to accomplish any needs that you might have or any information that we could furnish you. I'd be happy to answer any questions.

MR. CONINE: Thank you, Judge. Any questions

for the judge?

(No response.)

MR. CONINE: I think not. Thank you for your presentation. Appreciate your being here.

MR. WIGGINTON: I would like to ask one question if I may.

MR. CONINE: Sure.

MR. WIGGINTON: I was not here in the early part of the previous committee meeting. The auditor allegedly said something to the effect that because there were proponents outside of Brazoria County -- I'm trying to quote from secondhand knowledge -- because of proponent outside of Brazoria County that -- the suggestion was to move this program, this transfer, to May of next year. Is that my understanding?

MS. CARRINGTON: No, sir. This program was not mentioned at the --

MR. WIGGINTON: Okay. Well, it was -- someone who was here mentioned that, and maybe it was -- they heard it in error, so I would hope that would not be the truth.

MS. CARRINGTON: No, sir. That was not said.
No, sir.

MR. WIGGINTON: May I ask one more question,

Mr. Chair?

MR. CONINE: Sure.

MR. WIGGINTON: Who do you wish to be our contact with your agency during the interim, so that we have somebody definite that we can talk to? Ms. Carrington, would that be you? I'd be more than happy to talk to you.

MS. CARRINGTON: Certainly.

MR. CONINE: Ms. Carrington would be great. If she can't answer it, she can get you to the person who will.

MR. WIGGINTON: Okay. Good. And is there anything that you can think of at this point in time that we have not given you that we need to give you?

MS. CARRINGTON: Mr. Fariss? No.

MR. CONINE: Ms. Anderson, do you have a question?

MS. ANDERSON: I do have a quick question. Our local operator today is -- I'm reading my material here. It says it's the Brazoria County Welfare Department, and so have you all in your planning worked through a transition about how all that contract transfer would happen?

JUDGE WILLY: Absolutely. We have the plan in

place, and we have people standing by. They actually have been waiting for quite a while now to consummate the transfer of this function. We're ready to go, have been ready to go for months. So we really would appreciate your help in this matter.

MR. CONINE: Thank you very much again. Thank you for being here.

The next witness affirmation form I have is John Henneberger.

MR. HENNEBERGER: My name is John Henneberger. I'm the co-director of a private non-profit organization, the Texas Low Income Housing Information Service, and I'm here today to expand on some remarks that I made to the committee back a month or two ago. I was asked at that time whether or not I would support the notion of the transfer of Section 8 to local operators, and I answered, Yes, I would.

I want to reiterate that I still believe that the operation of the Section 8 program by local operators is the best possible outcome that we can achieve. The question, though, which I think the board is looking at more broadly, is what is the department's role in administering the Section 8 program, or does the department have any role in administering the Section 8

program.

In other words, should the department divest itself of the responsibility of operating the Section 8 program by finding local operators or nearby local operators who would accept the responsibility to operate the program. While I do support efforts like Brazos Valley and others, where there is a local operator who directly serves that area, I am concerned and not supportive of the notion of having adjacent local operators serve to provide the Section 8 program.

The reason is the portability of the voucher certificates. I am concerned that if an operator two or three counties away or some distance away from the location of a current set of Section 8 vouchers is given those vouchers, that those vouchers will be lost to the local community where they are located, and will be relocated into another area. That's my first concern.

My second concern has to do with the role -- I think the state has an essential role as a public housing authority, which needs to be filled. Looking at the map which you have before you and the exhibit that the staff has presented to you, you can see that there are a large number of counties of the state of Texas which currently don't have any Section 8 authority.

The state has, in essence, always fulfilled or attempted to fulfill or fulfilled on paper perhaps -- filled the gap between those local housing authorities that are responsible for applying to HUD and getting the Section 8 certificates and fill the gap in those areas of the state where there is not responsible local housing authority to operate.

If the state withdraws from participation on the Section 8 program, then there will be no one to apply to HUD for additional Section 8 certificates, and this is very important because as you are, I'm sure, aware, Section 8 certificates don't come to the state by virtue of need.

They come by virtue of an affirmative effort on the part of a local housing authority or a state housing authority to actually go out and apply for those Section 8 certificates. We've done a study and looked at the per capita availability of Section 8 certificates in different Texas counties, and what we found really concerns us because Texas has a substantial under per capita allocation of Section 8 vouchers as opposed to many other areas of the country.

I was just working on some testimony for a Senate committee on Border housing issues, and what we

found is fewer than one in ten of the families below poverty actually have a Section 8 certificate on the Texas-Mexico border, but you look at major metropolitan areas of other parts of the country, for instance Philadelphia, it's more one in three, Chicago one in four, New York five out of ten of the people below poverty are able to have a Section 8 certificates.

That's because there is a housing authority that has been there for many years and has aggressively sought additional certificates and vouchers as they become available from HUD. If the state wasn't here to do that solicitation of the vouchers, to constantly try to bring this very important housing resource for the poorest Texans to Texas, then there would be no one to do so, and there are too many counties unserved.

Just because you're poor or just because you're elderly or disabled and you live in one of those counties, we should not remove the only option that you have to be able to afford decent, safe housing. So I wanted to expand on my remarks. Yes, I believe in local control where you can find local operators, as apparently you have here.

Absolutely, they should be given the authority, but the state should not forsake its obligation to provide

for those areas which have no housing authority that directly represents them. Thank you very much.

MR. CONINE: Any questions for Mr. Henneberger?

MR. GONZALEZ: John, I may have one here. Let me think for just a minute. If you're concerned that a local operator in one or two counties away would not take care of or shift the vouchers, let's say, from one county to the next, as a state, how are we to administer and quote-unquote move the vouchers where there's really need to the areas where, quite frankly, there are 51 counties that don't have any right now?

What justification can we have for taking out of a county that may have more than their fair share and shipping to a county which doesn't?

MR. HENNEBERGER: Well, from my perspective, at least the disabled person in a county knows that they can contact the Texas Department of Housing and Community Affairs and apply for a certificate and get a certificate.

If there is one available in your pool of 2100 certificates, then they have a shot at getting it.

The problem is, if we end up with this thing where those vouchers begin to migrate out of the county and over into the adjoining county or two or three counties away, then there is no place that person can call

once those vouchers go away that can really provide them with access to the voucher. I don't want to say --

MR. CONINE: Don't they go to the person who meets the same qualifications as they have?

MR. HENNEBERGER: They are. I'm just concerned about those low population rural areas that just may not have access.

MR. CONINE: Any other questions for Mr. Henneberger?

(No response.)

MR. CONINE: Thank you.

MR. HENNEBERGER: Thank you.

MR. CONINE: Okay. It seems as if we got -- that's all the public comment I have on that agenda item.

Is there anybody else here wishing to speak on the Section 8 issue?

(No response.)

MR. CONINE: Okay. It seems as if we have two issues for this committee. We have a Brazoria County issue, as well as the overall discussion that we wanted to have relative to our involvement, or the state's involvement, in the Section 8 voucher program. Any discussion? Comments?

(No response.)

MR. CONINE: It seems as if, Ms. Carrington, if we shift -- is the right number 576 or 629? Do we know?

MS. CARRINGTON: I'd like to ask for clarification on that. Mr. Fariss, are you the one who can answer that question for us?

MR. FARISS: Good morning, Mr. Conine, committee members, Ms. Carrington. Part of that difference is the difference between the number of vouchers administered by Brazoria County welfare department and those that are administered by the City of Sweeney as a local operator.

MR. CONINE: Okay. So they're getting some from other sources, which is again part of the problem that I have with the entire way the Section 8 system is distributed. There is absolutely no rhyme or reason, unlike, say, the nine percent tax credits, which is done at least by one entity, which is us.

It's just such a disjointed system of distribution that to me, it's not very well thought out. That's why my feelings were up to this point, if it's not real well thought out and 90 percent of it's done at the local level anyway -- is that right? How many -- we probably talked about this at the last meeting.

MS. ANDERSON: We administer two percent of the

Section 8 vouchers in the state.

MR. CONINE: Ninety-eight percent is done at the local level already, so there are how many vouchers in Texas total?

MS. ANDERSON: Mr. Henneberger maybe could tell us that. Last time I asked for the data, it was more like 100 --

MR. CONINE: 100,000 or so.

MS. ANDERSON: Yes.

MR. FARISS: At the last meeting, Mr. Henneberger said it was 140,000 vouchers in the state of Texas.

MR. CONINE: So it's, again, just a disjointed system of distribution that is not anybody's fault, probably, sitting in this room. But our job as board members is to try to make the department as efficient and as lean and mean as possible and serving as many people as humanly as we can within the resources that we have.

It seems to me that the three regions, the Fort Worth, Houston, and San Antonio regions that we distribute the 2100 that we have to, may or may not allow us to get to the count of 51 counties that don't have any vouchers at all, which concerned me a little bit. What kind of overlap is there between the three regional offices, which

is this map, and the counties that aren't served, which is this map?

In other words, if you took the area of jurisdiction, would they encompass all 51 of those counties in blue that don't have any vouchers at all?

MR. FARISS: Well, yes. The entire state of Texas' Section 8 program is administered by one of those three, so every county would be under one of those three jurisdictions.

MR. CONINE: So we've got them all.

MR. FARISS: For the department, however, as Ms. Carrington mentioned, the U.S. Department of Housing and Urban Development did approve our request to consolidate all of our vouchers under one annual contribution contract with Fort Worth, so that has a little bit to do with what you are asking. So it adds an additional wrinkle to the --

MR. CONINE: We've got eight staff people full-time working on 2100 vouchers, running in \$900,000 worth of revenue and taking care of a third of our \$30 million low income Rider 3 responsibility. That's kind of the big picture here. If we give Brazoria County a third of them, you're going to gut some full-time employees, you're going to have a reduction of a third of the administrative fees

that we have and we're going to get rid of a third of our \$9 or \$10 million that we do currently. Correct?

MR. FARISS: That's pretty accurate. Yes.

MR. CONINE: So to me, and I'm rambling here so board members, you can speak up. I'm just thinking out loud. To me, we've got an issue with the Rider 3 being a fixed number of \$30 million, being able to attain that in any other form or fashion.

Ms. Carrington made some comments relative maybe to some HOME funds taking up some of the gap, the nine percent tax credit taking up some of the gap, but those are numbers that are counted already in our annual quest to achieve the \$30 million. Correct?

MS. CARRINGTON: Yes, sir.

MR. CONINE: And that number that we -- let's just say last year, we -- do we have a number that we hit last year that is on the top of somebody's head?

MS. CARRINGTON: We actually exceeded the \$30 million last year. I don't know --

MR. CONINE: Forty or 45? It seems like it was 40 or 45. Forty-six. I was close.

MS. CARRINGTON: Forty-six million.

MR. CONINE: So if we lose nine or ten, we're down to \$35 million, let's say, if the same sort of

projects came through the system. Going back to the legislature to get relief from the \$30 million because we gave away the Section 8 program would be an issue that I think would have a lot of discussion around it.

MS. ANDERSON: I have a question. Of the -- information we have is that of the 37 housing authorities you spoke to, approximate and based on what -- I've looked at the map and kind of looked at these lists. It doesn't look like they are several counties away. It looks like they're --

MR. FARISS: They were either within the county or next to.

MS. ANDERSON: Adjacent to.

MR. FARISS: That's correct.

MS. ANDERSON: Good. So 30 of them agree. Thirty contiguous housing authorities said that they would be willing to take these vouchers on and seven did not. Did the seven give you any -- was there any pattern to their reasoning? That they didn't just do Section 8 for any other reasons or --

MR. FARISS: Willie Faye Hurd, who is currently the manager of Section 8, told me that the ones that did not want to administer the vouchers was because of distance and lack of staff.

MS. ANDERSON: Okay. Thank you.

MR. CONINE: Do we have a feel for the cost side of the administration of the Section 8 program relative to the \$913,000 in fees that we earn?

MR. FARISS: Well, I think it's -- as Ms. Carrington mentioned earlier, the \$913,000 in administrative fees that we earn covers the cost of the staff and the indirect costs, and as she said, it was basically a wash.

MR. CONINE: Would Mr. Dally agree with that?

MS. CARRINGTON: Mr. Cervantes, I think, would actually be the one who could -- not that Mr. Dally couldn't, but --

MR. CONINE: Or wouldn't.

MR. CERVANTES: Good morning. David Cervantes, director of financial administration. In relation to your question, Brazoria County brings in about \$383,000 in administrative fees for the department.

MR. CONINE: My question was related to the entire Section 8 program.

MR. CERVANTES: Our recent year-end settlement numbers show that the total administrative fees are about \$1,071,000 for the -- in terms of bringing --

MR. CONINE: What about the cost side?

MR. CERVANTES: On the cost side, we're running about \$985,000 overall, and that includes all of the components which you mentioned.

MR. CONINE: Would that include indirect costs as well as direct costs?

MR. CERVANTES: It does include the local operating costs, the direct costs and the indirect costs associated with running the program.

MR. CONINE: Thank you very much.

MR. CERVANTES: You're welcome.

MS. ANDERSON: I have a question, Ms. Carrington, for you or someone about the project access vouchers.

MS. CARRINGTON: Yes.

MS. ANDERSON: We have 35 of these vouchers?

MS. CARRINGTON: Correct.

MS. ANDERSON: How many of them are in use today?

MR. FARISS: I think there are 26 that are issued.

MS. ANDERSON: Are they issued in the same geographic areas as where we do the other Section 8 that the other however many counties, or are they --

MR. FARISS: No. They are not. Those vouchers

are available statewide.

MS. ANDERSON: Are they typically more likely to be awarded in an urban area?

MR. FARISS: Yes, ma'am.

MS. CARRINGTON: Yes. They are, since those are what we affectionately call the Olmstead vouchers.

MS. ANDERSON: Thank you.

MR. CONINE: Ms. Carrington, Mr. Henneberger made a statement that the board decided for the department some time back to become a PHA and that if we got rid of the vouchers and sent them to the local level, we'd still be a PHA. Can you give any history on that and how long ago that took place? Is he correct in saying we'd still be a PHA if we --

MS. CARRINGTON: Well, actually, I made that comment. Yes, sir, we would be. This was -- the original entity was the Department of Community Affairs. So this was back probably in the late '70s, and so when community affairs and the housing agency were combined in 1991, it was at that point that TDHCA assumed the responsibility for administering the vouchers and became the public housing agency.

Also those numbers of vouchers has, of course, increased through the years. But yes, just because we

would relinquish the Section 8 program, we would not eliminate our designation as a public housing authority.

MR. CONINE: Okay. Mr. Henneberger, could I ask you another question? If we were to block grant this to the local level, why could we not still advocate along with the PHAs around the state who advocate as well? As a department, why couldn't we -- why would you think that we would lessen our advocacy for more Section 8 vouchers if we didn't administer the program?

MR. HENNEBERGER: The process for obtaining Section 8 vouchers is essentially a bureaucratic and administrative one, and Texas has a whole lot of little different public housing authorities. Many of them are very small, have only an executive director.

The state is better equipped to stay on top of annual requests to HUD for additional vouchers. It also has more capacity and more sophistication to be able to take the case to Washington about our gross under-allocation of Section 8 certificates statewide and I believe would have more credibility speaking as the state housing authority to HUD and to Washington about this problem.

Do I think the state has done all it could do to date to be that advocate? No. But I think that this

committee's focus on this issue has brought this to all of our attention, and I think the state needs to go bring these monies that we should be eligible for and we should be receiving back to Texas.

Again, it's just -- I guess my short answer to your question is, if you depend on one of the 100 plus little local housing authorities, they are not going to have the administrative capacity to stay on top of all this stuff. HUD is a vast bureaucracy.

MR. CONINE: I guess my point was that I wasn't going to depend on them. I was going to go side by side with them, even if I'm letting them administer the program. I still think the goal is laudable and worthwhile, and you're right. We are better suited to go do that. That doesn't mean I have to be the administrator of two percent of what's going out in the state.

MR. HENNEBERGER: I share your goal that the state should delegate wherever possible to responsible housing authority the local administration of Section 8 vouchers, but again, I think that would be a useful role if you could play that. I think you would have more credibility playing it as a party with an interest at stake, a direct interest in obtaining the vouchers.

I think being aggressive about going after

those 51 counties that don't have any Section 8 vouchers and the state expanding its reach to try to bring some vouchers into those areas -- you are a player with an actual fiduciary stake in that as a housing authority, and you are just an advocate standing on the outside as the state housing agency.

MR. CONINE: Question?

MS. ANDERSON: Help me understand why you think that the department would be more effective in that role than would a local housing authority. Again, I'm not talking about one that administers seven vouchers, but if we use Brazoria County as an example, going up to HUD arm and arm with the senator and their local congressman, Congressman Paul, why wouldn't that be more effective?

MR. HENNEBERGER: I think that would be quite effective, but I do also believe and I know the way HUD is. When incremental vouchers are made available, these days, it's usually under a new categorical program. It's like this small program you have with 35 vouchers. It's like a welfare to work voucher, or a -- it's a high item boutique program.

It's like Congress' latest and best great idea on how to package the vouchers with some kicker to make you do something else. That's an extremely difficult

thing for a very small public housing authority to do, just administratively and bureaucratically. Yes, I believe the department should partner with those local housing authorities and help them get more certificates in their areas where possible.

I'm arguing that you have -- there are unserved areas of the state. Even under the most optimistic scenario, there are a number of areas that won't take the vouchers, and there are those 51 counties out there that we need to -- that came as a surprise to me. I think we need to devote immediate attention to try and address that problem.

Again, it's just filling out the forms and staying on top of the NOFAs and all that type of stuff. If you are one person administering a small housing authority or with maybe an assistant or something like that, it's very difficult to stay on top of the Federal Register and the NOFAs, much less package a special categorical Section 8 program or something like that.

I think the state has a vital interest in this, and the economic impact on Texas is totally apart from that. The economic impact on rural Texas is totally apart from that. These Section 8 vouchers bring in -- each one of them brings in thousands of dollars to that local

economy, into that small city.

If we can leverage any more of those, that's an enormous impact on rural Texas, which desperately needs that money. That rent money stays in those local communities. This is an economic development question, not just a housing question.

MR. CONINE: Any other questions? Any other comments from board members?

MS. ANDERSON: Suggestion.

MR. CONINE: You have an idea?

MS. ANDERSON: I have an idea. I agree with you, Mr. Chairman, that there are kind of two issues, interrelated though they are, at work here. But I would take the matter of Brazoria County first. I note that the material from the staff says that they asked the department clear back at the end of April, so I think it would be my desire to see -- first of all, I believe in local control, local management. The people closest to the community are best able to deal with the community.

It sounds like they've thought this through. They have supportive services lined up. I believe this is the kind of a county that would go with their congressman and aggressively seek additional vouchers to meet additional need, in their, according to the judge, very

rapidly growing area.

So I would request that we direct staff to bring us a resolution or whatever the appropriate vehicle is to the next meeting for board action to relinquish the vouchers for Brazoria County on as expedited a basis as possible.

MR. CONINE: That was in the form of a motion. Do I hear a second?

MR. GONZALEZ: Second.

MR. CONINE: Second. Any other discussion on the motion?

(No response.)

MR. CONINE: Seeing none, all those in favor, signify by saying, Aye.

(A chorus of ayes.)

MR. CONINE: All opposed.

(No response.)

MR. CONINE: The motion carries. So staff will put that on the list for their September meeting for the board with the recommendation from the programs committee to move it to Brazoria County. As far as the other issue, the more global issue, is concerned, there have been a couple of issues raised this morning that would cause me to want to do a little more homework, but I think it would

also be good to have the overall Section 8 program listed on the agenda for the September board meeting, so we can involve the full board in our discussions to this point next month, as well as any follow-up issues at the programs committee prior to the board meeting next month.

So we've got two chances at it. So if I could get concurrence with the rest of the committee members for staff to do that for next month, I think --

MS. ANDERSON: Help me understand what we're going to do next month.

MR. CONINE: We're going to put the Section 8 issue back on the program committee and the board meeting agenda, so we can take action at the board meeting one way or the other, or have a full discussion at the board level. I'm concerned about meeting the Rider 3 issues, and I want to explore the PHA status issue a little bit between now and then to get a better feel for that, and I think I can get that done between now and then. Is that okay with the rest of the committee?

MS. ANDERSON: Yes.

MR. GONZALEZ: Yes.

MR. CONINE: Okay. Moving on to Agenda Item Number 3, Presentation and Discussion of the 30-90 Day Rule Regarding the Weatherization Assistance Program. Ms.

Carrington?

MS. CARRINGTON: Thank you, Mr. Chairman. You may remember at the last programs committee meeting, we had some testimony from the industry related to the implementation of a suggestion in the state auditor's report from 2003 on selected assistance programs of the Texas Department of Housing and Community Affairs, and you may remember that what that recommendation revolved around was rather than using 90 days of in calm for verification for the weather resistance program for the CEAP program and the CSBG program, that the department had issued a policy issuance and said that that would be a 30 day, that we would look at 30 days to determine an applicant's eligibility income.

There was much discussion about that. It was not an agenda item, I don't believe, at that committee meeting, so what we have done is bring this item back as an agenda item for the programs committee meeting today.

MR. CONINE: Okay. I have some public comment.
Dan Boyd.

MR. BOYD: Hello. Thank you, Mr. Chairman, committee members, Ms. Carrington. My colleagues from around the state who join me and Ms. Rodriguez from TACA. My name is Dan Boyd. I'm deputy director from Galveston

County Community Action Council. First, I want to let you know that we understand why the policy issuance came down and we believe in its intent.

Its intent was to more accurately certify clients and not miss those who would be eligible and not certify those who shouldn't. So we fully agree with that intent, and you may have read testimony to such from the last time we were here. But the implementation of such now has a seven month track record in the field, and it's not working.

We're denying needy persons such as those Judge Willy said in Freeport who have lost their jobs recently.

They're not eligible. It's causing long-term eligibility for people who are certified now, yet their situation is improving such that three months from now they really shouldn't be eligible but still are.

It's causing hardships with respect to utilities and housing. You'll hear more about that later.

It affects urban and rural areas alike, and it's causing a high level of no-shows in appointments and making it hard to expend higher levels of grant funds. What we're really doing is asking the department to either rescind issuance 04-3.3 or to collaborate with agencies in a focus group to come up with some sort of compromise, because the

issuance as it stands is simply not doing the job.

We would like to go back and certify our clients in the same manner that we certify CSBG, Section 8 and other TDHCA programs, and not have weatherization, CSBG and CEAP singled out for this action. I have a bit of a treat for you today. You mentioned Panhandle Community Services earlier. In a moment, you're going to hear from Phyllis Cook from that agency on how this very issuance affects the housing and voucher situation in her service area, but first I believe you have a form for Ms. Jan McMullen from City of Fort Worth.

MR. CONINE: She's next.

MR. BOYD: If I may, I'd like to defer to her at this time. Thank you.

MR. CONINE: Okay.

MS. McMULLEN: Good morning. I'm Jan McMullen. I'm the CEAP coordinator with the City of Fort Worth Community Action Partners. I'm here today to give you an idea of how this 90 day rule is affecting us in the urban areas. We serve Tarrant County, and we have a pretty large metroplex. We are having a change in the economy in that area.

We send now -- a lot of people now are coming into our office that were formerly two income families,

and for reasons -- because of the change in the economy, we now -- they now only have one income. What we're seeing is these folks are not eligible under the 90 day rule because of the previous income, even though they were barely getting by and it was taking two incomes to keep them going.

So now they have the one income and they're not eligible. If we wait 90 days to certify them, by the time the 90 days is up, they've already started spiraling down, and it is extremely difficult to bring them out of that spiral. We'd much rather serve them at the beginning of the crisis, 30 days into the crisis, where we get a safety net under that family and prevent them from spiraling into poverty. Thank you.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: Thank you very much.

Ms. Phyllis Cook.

MS. COOK: I feel like the last leg on a three man relay. I just hope I don't drop the baton.

MR. CONINE: You are.

MS. COOK: Oh, dear. Thank you for hearing from us. Now see, you've done messed me up there, sir. You know, we all make decisions based on the information

that we had, and we truly believe that you made the decision on the 90 day rule based on the information that you had, that you were presented, and we went out and we tried to do it.

I am with Panhandle Community Services, and we cover the whole 26 counties of the Texas Panhandle. Not only do we deliver CSBG and CEAP but we are a housing authority. So I don't know if it was divine intervention that all of this HUD information is coming to light for today or not, but it's true: Not only in rural America, but in metro and with all of my colleagues from all over the state, we've seen how we're hurting the people that we need to serve.

When I was flying in, I thought, If I were sitting in your chair, I would say, Well, what's the big deal? They're still going to get some services at some point. After 90 days, they're still going to get some services. But what we have to remember is that our people come in due to maybe loss of income, or we've even had people that the husband has died.

He had a job. When the wife came in, they didn't qualify because I had to count his income for the past 90 days. And that's hard enough. So they come in; they've had a loss of income. So we deny them based on

their previous income. So they don't get their utilities.

We can't pay their utilities, so they lose their utilities. Now, that includes tag fee, turn-off fee, reconnect fee, all of those types of things.

If you lose your utilities, according to our HUD admin plan, failure to maintain utilities, you lose your HUD. So you've lost your job, you've got your utilities turned off, you've lost your HUD. Now, if you don't have a permanent residence, you can lose your food stamps. So you're just spiraling down. You lose your food stamps.

You don't have somewhere to live. You move in with brother and sister. You move in with somebody. These kinds of things just keep spiraling down. We have hungry kiddos because you don't have food stamps. We have people not going to school. You lose ABA money, and it's just a ripple effect. It doesn't seem like a 90 day eligibility would be that big a deal, but it truly is, and we've seen that.

It's not stories that we've made up of doom and gloom. These are real people that have worked. These are the new poor. They've never had to ask for help. They come in and we say, I am so sorry, but come back in 90 days. Well, in 90 days, lots of things can happen. We're

just asking that now you take this information and you go back and look at it and revisit it.

We would hope that you could look at that and maybe reinstate the 30 days. I'd be happy to answer any questions that you may have.

MR. CONINE: Ms. Anderson.

MS. ANDERSON: What ideas do you have to bring a solution to the department, other than just reinstating the 30 days?

MS. COOK: Well, if it ain't broke, don't fix it, and it worked. I realize that when the auditors came in, they found, what, ten percent that maybe slipped through the cracks, that maybe weren't eligible.

MS. ANDERSON: We have an obligation to provide eligible service, equitable services for eligible people.

MS. COOK: Eligible, eligible, eligible. The 30 percent worked. We used that. In CSBG and WAP, we're using the 90 day. On other things, we're using a 30 day. It would even help if we could all get on the same page.

MS. ANDERSON: I'm going to ask Eddie about that one.

MS. COOK: Okay. Any other questions?

MR. CONINE: I guess I'll piggyback what Ms. Anderson was saying. My assumption is there are people

who are abusing the 30 system.

MS. COOK: Absolutely. And we agree with you on that.

MR. CONINE: Okay. I'm not --

MS. COOK: I think it would be minuscule in comparison.

MR. CONINE: We have to figure out something. Is there a -- you've mentioned a lot of different circumstances: The death of a spouse, and two income to one income --

MS. COOK: Abuses, the husband moves out.

MR. CONINE: Right. There is a lot, so what's coming into my head that either 90 or 30, just a day number is probably not the right solution for all of life's situations. Maybe we need to have some sort of tier structure for different life situations. What we're asking for is solutions from those who are on the front lines, not for us to sit up here and come down once a month and listen and try to make a decision.

So maybe the focus group concept that was mentioned earlier needs to happen, so that we can get some sort of --

MS. COOK: Some type of compromise.

MR. CONINE: Right.

MS. COOK: Our goal is to certify eligibility, deliver services and follow up. That's what you are telling us to do, deliver services -- certify eligibility to those who are eligible, deliver those services, spend the money, use the money, keep the money in Texas and then do follow up. So we would be more than happy to work with that.

MR. CONINE: If I wanted to abuse the system and I was self-employed, single person, it would be easy to say, I made no money in the last 30 days.

MS. COOK: That's correct, and sign a declaration.

MR. CONINE: Right. So find me a solution to that. That's what we're saying. Find me a solution.

MS. COOK: Okay.

MR. CONINE: Any other discussion?

MS. ANDERSON: I have a question.

MR. CONINE: For Eddie? Go ahead.

MS. COOK: Thank you.

MS. ANDERSON: Raised an interesting point that we've got this 90 day rule in place for WAP, CEAP and CSBG, and then we've got something different for emergency shelter grants, etc. Now --

MR. FARISS: That's the only program that --

MS. ANDERSON: We're audited.

MR. FARISS: No. That's the only program -- the emergency shelter grants program is the only program that we suggested to SAO that we would have an exemption on.

MS. ANDERSON: Because of the nature of the immediacy of the crisis of people that enter shelters.

MR. FARISS: That's correct.

MS. ANDERSON: Okay. So actually, I don't even think this audit -- it doesn't even look like this audit covered that, but you're saying -- the court didn't cover that program, but you're saying in the course of the discussions with the state auditor's office about how to adjust policy, you had that conversation, and they seemed --

MR. FARISS: That's right.

MS. ANDERSON: So we're not likely -- I mean, you never know what the auditors are going to do till they do it, but you believe that they understood your position so that if that program is audited, the state might look at the 30 days differently and that that's a reason to have a different rule in place for emergency shelter grant as opposed to the others.

MR. FARISS: They accepted our response, and

that was part of our response, so they approved of us using that exemption in our change in policy.

MS. ANDERSON: Have you -- I hear a lot this morning about rescinding the rule. Have you and your team brainstormed any alternates that don't rescind the rule but that may give us something in the nature of a compromise?

MR. FARISS: We really haven't, but I do think that I need to say a couple of things about the process that happened in the audit and discussions that occurred. We did assert to the SAO that the 30 days was federally acceptable, and they acknowledged that in their review.

Also, while they said that they found ten percent ineligible clients, they didn't identify who they were, where they were, nor did they give us the opportunity to discuss what the circumstances might have been in them determining those people as ineligible. In addition, they used a method to determine eligibility that was completely different than the agencies that were determining eligibility.

They went back and got the past year's income tax information from the Texas Workforce Commission. If you're doing 30 day --

MS. ANDERSON: Benefit of hindsight?

MR. FARISS: Yes. Absolutely hindsight, plus the circumstances are different when you're determining income and predicting what that income will be for the next 30 days, for the next 60 days, for the next 90 days.

There's no guarantee that that is going to look the same when you have the benefit of hindsight and look back at the past 12 months.

Also, in our discussions with SAO during the audit, we told them that not only is the 30 days acceptable, but there were a lot of states that used that, while other states used -- it varies from state to state as to how they annualize income in these three programs.

MS. ANDERSON: But some -- a significant number of other states use 30 days?

MR. FARISS: Yes. I didn't get a response from every state, but I got about 20 states that replied to me over a web listserv, and about a third used 30, about a third used 90 and the other third varied from six months -- some even used 12 months. But a significant number of the states that responded to me use 30 days.

MR. CONINE: Okay. Here's the big picture as I see it. We obviously have got some grief in the system from a staff director, not a board director, that came out as a result of the state auditor's office, which is

probably further away from the situation than anyone humanly possibly could be.

MS. ANDERSON: You might say that. I wouldn't possibly comment.

MR. CONINE: I think the two choices are to ask the staff to temporarily rescind back to 30 days until we can get some folks who actually deal with the issue on a daily basis to come back to us with a recommendation that makes sense, because to me we need much more -- I use the word tier -- much more tiered structure in our system than just 30 or 90 days. It's obviously not working.

Or we can just keep the 90 days in place, ask that to take place, and bring this back to this committee in a future meeting. That's kind of where we are.

MS. ANDERSON: I would -- I agree that we need to look for tiers or some sort of something other than straight 30-straight 90, but I'd be reluctant as a board member and former member of the audit committee to just diss the state auditor and say, We're going to waive that rule.

I also think that leaving the rule in place while we come up with a better solution might have the effect of creating a little urgency around coming up with a better, different solution, so you might get to one

faster.

MS. CARRINGTON: Mr. Conine.

MR. CONINE: Ms. Carrington.

MS. CARRINGTON: We have scheduled on September 15 a focus group already with our community action agencies to address another couple of programs and issues, so we will put this on the agenda for that meeting on September 15.

MR. CONINE: And can we have a report back to both the programs committee and a board item agenda on the October meeting?

MS. CARRINGTON: Yes, sir. We can.

MR. CONINE: Is that fast enough for everybody, I think? Okay. Any other discussion to come before the programs committee?

(No response.)

MR. CONINE: I don't think we need an executive session or anything, so at this point, we stand adjourned. Thank you very much.

MS. CARRINGTON: Thank you.

(Whereupon, at 10:55 a.m., the meeting was adjourned.)

C E R T I F I C A T E

MEETING OF: TDHCA Programs Committee

LOCATION: Austin, Texas

DATE: August 19, 2004

I do hereby certify that the foregoing pages, numbers 1 through 53, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing and Community Affairs.

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