

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

PROGRAMS COMMITTEE MEETING

11:14 a.m.
Thursday,
April 7, 2005

Room 437
Waller Creek Office Building
507 Sabine
Austin, Texas 78701

PRESENT:

AUDIT COMMITTEE:

Kent Conine, Chairman
Beth Anderson

TDHCA STAFF:

Edwina Carrington, Executive Director
Eddie Fariss

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P R O C E E D I N G S

MR. CONINE: Call to order the Programs Committee meeting of the Texas Department of Housing and Community Affairs on April 7 at 11:14.

First order of business is to call the roll. Kent Conine, the Chair, is here. Beth Anderson?

MS. ANDERSON: Here.

MR. CONINE: Vidal Gonzalez, not here. We've got a quorum. Rocking and rolling. Any public comment? You need to fill out a witness affirmation form. I have none at the present time. Don't know whether anybody out there would like to speak publicly. But if you do, you need to get an affirmation form up here fairly quickly. If not, seeing none, I'll close the public comment period, and go to Item 1, Presentation, Discussion, and Possible Approval of Minutes of the Program Committee Meeting of February 10, 2005.

MS. ANDERSON: Move approval.

MR. CONINE: There is a motion. I'll second. Any further discussions? Seeing none, all those in favor, signify by saying aye.

MS. ANDERSON: Aye.

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

Item 2, Discussion of Section 8 Housing Choice Voucher Program. Ms. Carrington?

MS. CARRINGTON: Thank you, Mr. Chair. This is a continuation of the discussion that the board started last summer concerning the administration of our Section 8 Housing Choice Voucher Program.

And staff, at board's direction, conducted a survey in August of last year with local public housing authorities that were either in the areas where we administer vouchers, or were in close proximity to those areas where we administer vouchers.

The board then instructed us two months ago to do some additional surveying of -- well, to update our first survey, and then call additional entities that we thought might have an interest in administering the voucher program.

And what we have provided for you all today I think is actually two different charts. We called over a period of two or three days. And we actually asked the Policy and Public Affairs to go through the agency to do this.

We developed a script, and had them make the calls to community action agencies, to the large public

housing authorities, and also to the regional councils, because there are several of the regional councils around the state that do have housing programs.

So of course, our trick there was to look at where we had our vouchers and where there were those regional councils, and to see if there was any overlap. And indeed, there was some overlap.

In our current Section 8 existing program, we have 32 local operators around the state that we contract with for the administration of the vouchers. There are five areas that do not have local operators, and so our staff actually does the management of those vouchers in those areas.

The first chart we have for you is the Administrative Fee that is earned by each of these local operators. So how many vouchers they have, and how much administrative fee they earned.

And then the second part of the information we're providing you is the survey that we conducted. And the surveys that we conducted over a period of these last several days, and asking the question of should -- if TDHCA does decide to relinquish its vouchers, would you be interested in administering those vouchers on behalf of TDHCA and/or HUD?

And so what you have in front of you is the results of those calls. Since the board book went up now a week ago, we have formally a few more updated responses. You will see in some instances that we had to leave messages and had not heard back.

And so the first two pages are actually the existing current local operators that we've called. The next page is the community action agencies that either are currently administering vouchers. And then the last page is the Councils of Government -- actually, two more pages.

The count -- the COGs that cover the areas where we have vouchers, and then the last one is the large Public Housing Authorities from three HUD offices, because these, of course, would cover the whole state by covering these three areas of HUD.

So I don't really know what we draw in conclusion from this. Several of them did indicate an interest in administering the vouchers. They indicated to us that they would obviously need a whole lot more information, you know, what were all of their responsibilities going to be? How much would their administrative fee be?

The first, of course, key question would be would they have the ability to be designated as a public

housing authority by HUD? And HUD actually determined them eligible to administer the vouchers.

So I think present this to you for your information, and so -- and for continued discussion about our Section 8 Housing Choice Voucher program. This is not only a good time to say that we are still in discussions with HUD about Brazoria County. And that did come up at the earlier meeting.

And that is -- as we did our survey, I don't think it included Brazoria County. So that has not been finally resolved by HUD, although we are in correspondence with them.

MR. CONINE: I guess it goes without saying that the predominance -- predominant answer we got was yes?

MS. CARRINGTON: Uh-huh.

MR. CONINE: And which answers, I guess, one of the questions that we -- as a committee, I knew we had. Under the administrative fee chart, now those show a grand total of \$825,000. That is the fee that the current -- our current group gets. Is that correct? Am I correct in that number?

MS. CARRINGTON: Mr. Fariss, would you come up to address the question?

MR. CONINE: In other words, the 1,600 or whatever vouchers we've got left, that's the fee that --

MR. FARISS: That's the fee that we earned.

MR. CONINE: That's the fee that we earned.

MR. FARISS: That we earned. Well, the -- that administrative fee by a local operator would put -- we separated the counties by local operators. But that's the fee that we earn for the vouchers that we administer in each of those areas.

MR. CONINE: Is that a net amount or a gross amount? In other words, we -- these local operators --

MR. FARISS: We are paying the local operator \$10 a voucher. So that comes from the -- you know --

MS. CARRINGTON: Per month? Per year?

MR. FARISS: -- the 40 or the 50 -- most of them -- most of the fees that we earn per voucher are either \$40.80, \$52, \$48. There is a predominance of the \$40.80 administrative fee earned.

MR. CONINE: I'm like Ms. Anderson; you are confusing me more than helping me there. Is that a per month? Per year number?

MR. FARISS: Yes, that's per month. \$40.80. And then there is a column that says -- that gives the yearly total for each of the areas that we administer

vouchers.

MS. ANDERSON: So we're receiving approximately \$40 a month per voucher, and then giving the local operator approximately \$10 a month?

MR. CONINE: So a quarter of it, basically.

MR. FARISS: That is correct.

MS. ANDERSON: Per month.

MR. CONINE: So out of the 825,000, 250 or 200 goes out to the local operators?

MR. FARISS: Right.

MR. CONINE: Okay. In the stuff with the Brazoria County thing --

MR. FARISS: Yes, sir.

MR. CONINE: -- when do we make a board decision on --

MS. CARRINGTON: August.

MR. CONINE: -- getting a -- and so -- I mean, we're well into two-thirds of a year. And it's basically still waiting on us.

MR. FARISS: And we've provided the board with a large stack of correspondence that it's gone back and forth between the department and HUD. We have stayed on top of it. We have continued to, you know, tell them to -- ask them to move forward on this.

And I think Ms. Carrington mentioned earlier in the Audit Committee meeting that it really didn't seem to move much off the center stripe until she had an opportunity to talk to her HUD deputy --

MR. CONINE: But in the intervening time, we continue this \$40/\$10 arrangement with the Brazoria County --

MR. FARISS: That is correct. Yes. And of course, we have -- continue to have tenants in the units in Brazoria County. We have, at the time, you know, I'm not sure if you know that HUD recently changed the way that they fund the voucher program. And they don't fund it by vouchers. They're providing us with a -- basically a set amount of money from which we have to administer the vouchers.

And the way they determined that is they looked at the vouchers that were rent -- that were leased in May, June and July 2004. So they provided us funding for the Brazoria County vouchers and all of our vouchers based on the number of vouchers that were leased at that time. And I think that was 560 vouchers during that three-month period.

Today -- or actually, the last report that we had for -- which was February, there were five -- over 519

vouchers leased in the Brazoria County area.

MR. CONINE: That excluded --

MS. CARRINGTON: And it was allocated, and Brazoria County was the 576.

MR. FARISS: That's right.

MR. CONINE: You know, I guess I was hopeful that the process would conclude quicker than it has, just to be a -- I guess a test case, a good test case for us as board members to see how the beginning and the end would work out in a scenario like that.

And so I'm a little conflicted by the fact that it hasn't happened. And I also -- as I'm sure everyone does, pay close attention to what's going on in Washington, D.C. regarding the changes in the Section 8 program. You know, whether or not -- I don't think block granting to the states all Section 8 vouchers, which was proposed last year -- I don't believe it's on the table this year yet.

MR. FARISS: No, but --

MR. CONINE: But there seems to be a lot of stuff swirling around the Section 8 program that remains unclear to me, and I'm sure to those who benefit and use the vouchers.

On the other hand -- so we have -- in my mind,

we have a philosophical issue. Should the State Housing Agency continue to participate in it, at what level?

And I think we also have a financial issue. And I don't see any numbers here in this report, but I would be very interested in seeing just financially with -- assuming that the Brazoria County stuff goes like we think it's going to go, and we have left remaining what we have left, then what impact on our operational budget would be keeping the 1,600 as a net gain or net loss position?

And of course, then disregarding the philosophical point, you know, what would -- if we let it go, what would be the financial ramifications?

MS. CARRINGTON: And we did, I think, back in August, or June or August last year when we were talking about this, we did talk about the dollars. And we can pull that out and present it back to the board.

MR. CONINE: Are you talking about -- we didn't talk about the dollars, though, with the Brazoria County thing figured in, I don't think.

MS. CARRINGTON: I --

MR. FARISS: I think we did.

MR. CONINE: We did?

MS. CARRINGTON: I think so.

MR. CONINE: Well, I've slept since --

MS. CARRINGTON: But we certainly can.

MR. FARISS: Yes. We can pull that out again for you. I'm not sure if I have it with me, but I know that that was part of the information that we provided at one time or another in prior board meetings.

Of course, that voucher -- the Brazoria County vouchers represented between 20 and 25 percent of the total vouchers that we administer. So obviously, it would be a 25 percent reduction in the administrative fees that we earn, and that are used for direct and indirect support of the program.

MR. CONINE: I understand that.

MS. ANDERSON: It's a pro rata.

MR. CONINE: Yes. I -- but I don't have a -- I don't know how many people that we have over in that department, or what they're paid, or any of that sort of stuff. So I'll need the expense side of the equation, or at least a refresher.

MR. FARISS: Well, I will tell you at this point, we have a resignation in the Section 8 staff, and I have not moved to fill that, because that will -- that's -- you know, anticipating the change, anticipating the loss of those vouchers. That may be enough. I'm not

sure. And it would also affect, to some degree or another, financial staff who support --

MR. CONINE: How many FTEs do we have over in the -- just working on Section 8?

MR. FARISS: Eight. There were eight.

MR. CONINE: Okay.

MR. FARISS: That's down --

MS. ANDERSON: So you've got eight -- a head count of eight, but now with a resignation, you'll have seven --

MR. FARISS: I have seven positions --

MR. CONINE: Filled.

MR. FARISS: -- filled. Right?

MR. CONINE: Okay.

MR. FARISS: Excluding me.

MS. CARRINGTON: In looking to see what has happened with Brazoria County, we also think about Marble Falls, where the board did agree to a relinquish those vouchers back to HUD with the, I think, idea and intent that those vouchers would indeed go to the Marble Falls Housing Authority.

And I know, as we have reported to you all, they did go back to HUD. We did relinquish those vouchers to the Fort Worth HUD office. And they did not get

reallocated to Marble Falls.

So Marble Falls is coming in, I think, under tenant-based rental assistance in the HOME Program to look for assistance to those elderly individuals that they had already put in their units in the anticipation of receiving those vouchers.

So I think one thing that we certainly think about as the staff, is if we relinquish that to HUD, at least our experience is, they are not necessarily being reallocated.

MR. CONINE: To the same spot?

MS. CARRINGTON: Well, from what we understand in Marble Falls, they just weren't reallocated.

MR. FARISS: What happened with Marble Falls is that --

MR. CONINE: But they may have gone to Wichita Falls or somewhere else.

MR. FARISS: What happened with Marble Falls is that while we probably transferred the vouchers, those vouchers were not leased. They weren't used during May, June and July when HUD took the snapshot.

So we were not -- you know, we didn't have those vouchers. So we didn't get an allocation for those to support those vouchers. And Marble Falls didn't have

them leased. And so they weren't officially theirs during May, June and July. They didn't have them leased, so they didn't get an allocation.

No one has allocated funding for those vouchers.

MR. CONINE: But my point was, I doubt if they went unused all over the whole country. It was just that particular geographic area didn't get them.

MR. FARISS: Well, the vouchers not being -- going to be used anywhere --

MS. ANDERSON: Or it may be --

MR. FARISS: -- because if it's not --

MS. ANDERSON: -- you think now that we've gone to a fixed-amount basis, instead of a per voucher basis, they're taking these relinquishments as a way to sort of balance the books.

MR. FARISS: Yes. It doesn't matter that there were 30 vouchers there.

MS. CARRINGTON: Yes. That is an --

MR. FARISS: What matters is that there was no money to support those 30 vouchers. So you know, just like the Brazoria County issue with 576 vouchers allocated there, but less vouchers than that were being used at the time that HUD took its snapshot.

And so while they didn't pass the block grant legislation proposed, basically, by the -- by changing the way that they calculate their formula, they imposed a block grant upon us. That's basically what's happened.

MS. CARRINGTON: Created a savings.

MR. FARISS: And created a savings. But that's -- but like Ms. Anderson said, we are administrating vouchers based on how much money was allocated, as opposed to how many vouchers we have.

MS. ANDERSON: And it seems to me that with the shift in a per voucher funding to a fixed amount, call it a savings or a block grant, or whatever, that that argues to protect the maximum amount of money going to the residents that need that voucher, that the place where you balance the books is you try to deliver the vouchers through whatever agency, local government, whatever does it most efficiently in terms of administrative costs.

So that you do, in fact, take the savings out of the administrative side of the equation, not -- you know, so that you, as little as possible impact the people that need the rental assistance.

MR. CONINE: All right. In our case, though, we're paying ten bucks to whoever it is. Right? Currently?

MR. FARISS: We're -- our local operators are providing us that direct liaison -- direct local liaison with the tenants. You know, there is a local presence. That \$10 buys us a local presence to interact with that tenant.

MR. CONINE: Okay.

MR. FARISS: And we, on the other hand, are able to maintain the system's -- the financial and programmatic systems that are necessary to manage. And what I --

MR. CONINE: I'm trying to follow your train of thought, because I'm --

MS. ANDERSON: Yes. What I'm trying to say is that when we got a fixed amount this year, and we don't know what's going to happen next year -- we may get a smaller fixed amount. And so I'm just arguing that in a situation where you --

MR. CONINE: You don't have to argue with me --

MS. ANDERSON: I'm not -- I don't mean I'm in an argument with you.

MR. CONINE: Oh.

MS. ANDERSON: What I'm saying is, my point is that when you have a situation where you're not on a per voucher/per-unit kind of deal, but you're on a fixed deal,

that my preference would be that we try to get the administrative element of that total pie as small as possible through -- you know, through our own efforts, and those of the local operator so that we protect more of the pie for the people that are in -- live in this -- need the rental assistance.

And I know there is an administrative point below which you can't go, but --

MR. CONINE: Right?

MS. ANDERSON: -- the -- I wouldn't concede that if you get a smaller fixed amount, that all that has to come out of the voucher side of the pie and not some of it out of the administrative.

MR. FARISS: No, it would never come out of the -- you know, that's one of the reasons that we recommend it to you, and that you approved the changes in our fair market rent values two or three months ago, because we looked at the average rent, the average cost of rent per unit in each of our areas, and then looked at the new fair market rent, and made those recommendations so that the -- if we were recommending a reduction, it still covered the average rent in each area.

So we were able to -- and that's what a lot of housing authorities are doing. They're looking at their

fair market rent to make sure that they maintain the tenants in the units with money that they're getting.

MR. CONINE: Maybe the way to do this or to recommend to the board to do this would be to go ahead and go through, I guess, an RFP or whatever you want to call it, to ask for the balance of our vouchers, you know, for proposals to come in from those that have expressed interest and even others, to kind of see what the proposals would look like.

And for the board then to have all of that information there before we, you know, finally decide to do something or not do something, we do that.

MR. FARISS: I think maybe there is one other piece that we're not talking about. And that is whether HUD would support that. You know, we can put out a request for proposal and ask all these people that said yes to submit a proposal.

But you know, we still have to deal with HUD and whether they would certify any of these local operators as a housing authority, or whether they would -- or whether those housing -- whether those local operators would have adequate vouchers available to them to provide the critical mass necessary to implement the systems that we are able to do with the critical mass of vouchers that

we administer.

MR. CONINE: I mean, could we not ask them to come testify to the board as part of this process, just so we can get their feelings? You know, make them come and let them tell us, you know, heads up from somebody from Fort Worth show up and let us know what they're thinking on their side. It would be very helpful to me, and I think it would be to you.

But -- and my whole point is, we start the ball rolling, we get the process started. And we invite, you know, more -- and we're going to get other PHAs to come in and testify, you know, as we'd go through the process. But if we just never start, we'll never know.

MS. ANDERSON: Do you have a -- I know you do with your community action agencies that we work with, do you have some kind of Section 8? Is there a venue where you'd have a critical mass of them already coming together, a meeting of some kind, or --

MR. FARISS: Well, there are -- I'm not sure exactly how to answer your question. There are a few community action agencies that are local operators for us. And there are some other -- there are -- there is at least one community action agent -- no, there are two community action agencies that I know of that administer

Section 8 vouchers in multiple counties. That they are, you know, Panhandle Community Services is administering --

MR. CONINE: Don't they have regional conferences, though? I think is what --

MS. ANDERSON: I was just trying to figure out, instead of bringing them all -- making them all come to Austin to testify, is there somewhere where there's a -- where you bring a critical mass of your Section 8 partners, whether they're community action agencies or county governments, or whatever. Do you have an annual Section 8 thing like you do --

MR. FARISS: No. but we can do something like that. But what I thought Mr. Conine was saying was to have HUD representatives come and testify, to tell the board if they, you know, how that certification of -- as a PHA would work, or should work, or if it would work. Maybe I misunderstood.

MR. CONINE: I'm always interested in understanding the mysteries of how HUD works. And to have someone here to testify to that, or to tell the board how that works in Fort Worth or Washington, D.C., I think, would be very helpful.

MR. FARISS: Yes. I think so. I think that would be -- I'd like to hear them say it too, because --

MR. CONINE: I mean, it's what I'm just saying. That would be a piece of information that the board would have ultimately -- to ultimately make the decision of whether to or not to.

MR. FARISS: I can tell you --

MR. CONINE: Which I think is going to take several months to figure out anyway.

MS. CARRINGTON: One of the thoughts that I have related to Ms. Anderson's question is in late July there is the large community action agency meeting. It is an annual meeting. And perhaps at that meeting a subgroup of the agencies that administer Section 8 -- and I know obviously it's not going to be all of our local operators --

MR. FARISS: Right.

MS. CARRINGTON: -- but it would give a critical mass of them. And we could have that discussion in late July.

MR. FARISS: Well, it would get a few -- of probably five, five or so of the 32 local operators would be, you know. It --

MS. CARRINGTON: Okay.

MR. FARISS: But certainly, you know, we have some other opportunities to do that. And you know, we

could -- we're going to be doing some housing quality standard training with our local operators, and that would be an ideal opportunity to talk to them about that, because we will have that group together for that.

MS. CARRINGTON: That was just as a result of an SAO audit comment, and it was discussed this morning in looking at the training implemented by June 1. So I think we have a couple of possibilities for doing that, committee members. And then also I will certainly extend an invitation to the Regional HUD Office. And would you all like to have that presentation by HUD, if possible, at the May meeting, or --

MR. CONINE: IT would be wonderful.

MS. CARRINGTON: Okay. Then we will follow up.

MR. FARISS: Will that be at the full --

MR. CONINE: Board meeting.

MS. CARRINGTON: At the board meeting.

MR. CONINE: I think the full board needs to hear that.

MR. FARISS: Yes, sir.

MR. CONINE: That okay with you, Ms. Anderson? I don't want to drive this thing in the ditch, but I think it's important to get you more pieces of information. Any other questions? Thank you very much.

I appreciate your testimony.

MS. CARRINGTON: Thank you. We will follow up.

MR. CONINE: The Programs Committee stands
adjourned.

(Whereupon, at 11:43 a.m., the meeting was
concluded.)

C E R T I F I C A T E

MEETING OF: TDHCA Programs Committee
LOCATION: Austin, Texas
DATE: April 7, 2005

I do hereby certify that the foregoing pages, numbers 1 through 26, 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.

(Transcriber) 04/15/2005
(Date)

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