TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PROGRAMS COMMITTEE MEETING

9:00 a.m.
Wednesday,
May 30, 2001

Waller Creek Office Building
Room 437
507 Sabine
Austin, Texas

COMMITTEE MEMBERS:

JAMES DAROSS, Vice Chairman
SHADRICK BOGANY

STAFF PRESENT:

DAISY STINER, Executive Director
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MR. DAROSS: I'll call to order the meeting of the Programs Committee of the Texas Department of Housing and Community Affairs. Which mike am I supposed to use?

In the absence of Mr. Brewer, I will be acting as chairman of the meeting this morning. First order of business is public comment. And I will -- I have four witness affirmation sheets here. I will ask you all four to come up and speak now. Or if you want to come and speak at the time that the item you are here to talk about is up for discussion. Ms. Langendorf?

MS. LANGENDORF: I'll go ahead now.

MR. DAROSS: Okay.

MS. LANGENDORF: Personal preference.

MR. DAROSS: Thank you.

MS. LANGENDORF: It is on Item 8. And --

MR. DAROSS: Thank you.

MS. STINER: It's Item 4.

MS. LANGENDORF: The Public Housing Plan. Good morning. My name is Jean Langendorf, and I serve as the Project Director for the Texas Home of Your Own Coalition at United Cerebral Palsy of Texas.

The reason I'm here this morning is to ask your consideration for some additions to the plan that you are considering for the Section 8 PHA Plan.
We have reviewed it, and our concern is that there is very little, if any -- there is a slight mention of serving people with disabilities. We think it's critical that there be an effort by the department in this program to serve people with disabilities.

We're asking that you make a commitment to obtain data on the number of families. Currently, the plan indicates that there is not --

MR. DAROSS: I'm sorry for the noise here.

MS. LANGENDORF: That's okay. That there is no -- that you all have no data on serving families with disabilities. We think it's critical that the department make efforts to obtain that kind of data.

On page 10, Strategy 1, Target available assistance to Families with Disabilities -- we hope that you would check some boxes and actually commit to applying for special-purpose vouchers. They have come available. I have talked to the department before about submitting applications for these special vouchers.

We hope you all will check that. And in the future, when they do become available, you could apply for them. They're very critical to the population we hope to serve. Affirmative market it to -- and also, that you would check the area that you will affirmatively market to low -- to local non-profit agencies that assist families
with disabilities, realizing also that we can ask you to check it. We want you to make that commitment to actually do that through the plan.

Page 1 in -- I'm sorry, I put executive director. In your executive summary, and then on page 34, the PHA Plan for Section 8 Homeownership, you mention that you are going to be looking into a Section 8 Homeownership Program. And you are looking at partnering with Fannie Mae and rural development.

We would very much offer our partnership with the Home of Your Own Coalition with our experience in serving people with disabilities in other parts of the state.

We would be -- we think it's critical. There are particular issues. We have a lot of resources and information that has been developed over the past five years on this program, and we would hope that the department would be interested in partnering with us to implement a home ownership program for people with disabilities. I'm happy to answer any questions, and hope you will make those amendments to the plan. Thank you.

MR. DAROSS: Thank you.

MR. BOGANY: Thank you.

MR. DAROSS: I'm -- just noted that I neglected to do a call of the roll for this meeting at the very
beginning of it. Robert Brewer, as I noted, is absent.

Shadrick Bogany?

    MR. BOGANY: Here.

    MR. DAROSS: Present. And James Daross is present. All right.

The next public comment sheet we have is from Susan Maxwell -- Susan M. Maxwell.

    MS. MAXWELL: Since Jean has started that part of the agenda, and that's what I wanted to talk on, I'll just go ahead. I'm Susan Maxwell. I represent the Texas Council for Developmental Disabilities.

    Is this okay? Did you just pull that up?

    MS. STINER: Yes, just push it up.

    MS. LANGENDORF: Push it up.

    MS. MAXWELL: Well, I'm not -- okay. We were -- we reviewed the Public Housing Authority Section 8 Plan, and had a few comments. I think it's really exciting that the department is going to start targeting at least 25 Section 8 vouchers for home ownership.

    Our council has supported the Home of Your Own Coalition from the United Cerebral Palsy that Jean works for. And they have put lots of people with disabilities into home ownership. So I'm really hopeful that now there would be kind of a collaboration with their experience, because I'm sure that they have plenty that they can offer
The next part of the plan is the statement of housing needs and data collection. We know that the department is working hard to get a data collection on a base, and I encourage you to continue to collect data on people with disabilities throughout the State of Texas.

And that would -- perhaps, this will be a great opportunity to tell those parts that are administering the program in the state and in the rural areas to start paying attention to the needs of the people with disabilities.

I also think it -- we think it's important that we separate elderly from people with disabilities, because a person that is elderly may have a disability. A person who is elderly may be frail. Or a person who is elderly may be like my parents and is still in business and playing 18 holes of golf.

And so it's important to kind of keep these distinguishing characteristics so we know what the true needs are.

In Section C, Strategy for Addressing Need -- I think in here, I don't know that the box -- it would seem that the box should be checked. And of course, I know that this is a funny federal form you're dealing with. But the departments would necessarily have to require that
these monies pay attention to Section 504 of the Rehabilitation Act.

And monitoring and compliance of this standard would be, I would think, could be darn good to do. That's on page 10. And in doing that, you would also be collecting more data on what units are available for people with disabilities.

The affirmative marketing to non-profit agencies that serve people with disabilities needs to be done, because the Olmstead decision, which I'm sure you all have heard about, and the promoting independence where we were granted really start moving in Texas to get people out of institutions and into the communities.

And that includes nursing homes. And a lot of people, I think, don't think about that. But there's a lot of people in nursing homes who are there because they have to be, not because they want to be. And accessible housing will help them.

Finally, I know this part of the plan does not include TDHCA, but I cannot help but mention it on behalf of our council. We firmly stand against any public policy that would result in the creation of segregated communities of people with disabilities.

And on page 32, there is some indication that the federal government may have designation of public
housing occupancy for elderly families or families with disabilities in very segregated ways.

And so I thank you for this opportunity to give comment, and welcome any questions. And I also have written this up in case you want to refer to page numbers and all that sort of thing.

MR. DAROSS: Please. I had a question. You said something about on page 10?

MS. MAXWELL: Uh-huh.

MR. DAROSS: That there was a box that you thought probably was meant to be marked but wasn't?

MS. MAXWELL: Page 10, it's Section C, Strategy for Addressing Needs, Strategy 1, Target available assistance to Families with Disabilities. And there's something about no boxes are checked to -- by the -- you're going to be administering --

MR. DAROSS: Hold it.

MS. MAXWELL: -- the Section 8 vouchers to comply with modifications mandated by Section 504.

MR. DAROSS: Just a second.

MS. STINER: The top. The second box.

MR. DAROSS: Yes. Okay. Is that right? That there should be a check to that?

MS. STINER: I will direct the manager here.

MS. MAXWELL: Somebody is supposed to do it.
So --

MS. STINER: Well --

MS. MAXWELL: Yes. And I don't totally understand how bureaucracies work. So I was concerned when I saw that.

MS. STINER: Okay.

MR. DAROSS: Well, we'll get --

MS. STINER: We'll look at that. Sure. 504 is required at public housing. Yes.

MS. MAXWELL: Yes, I know.

MS. STINER: Okay.

MS. MAXWELL: Thank you.

MR. DAROSS: Thank you.

MS. STINER: Come forward, Mister --

MS. HURD: I'm Willie Faye Hurd, Manager of the Section 8 program. The reason that that box is not checked at this time is because we have not applied for no -- and there has just been available, vouchers for the elderly.

These are special purpose vouchers. And at present, TDHCA does not have these. This is one of the things that we are going to be looking to in the future. Thank you.

MR. BOGANY: Thank you.

MR. DAROSS: Okay. Thank you.
MS. STINER: Thank you for the clarification.

MS. HURD: Thank you.

MR. DAROSS: All right. The next witness affirmation form is from Dennis Borel -- Borel.

MR. BOREL: Good morning. My name is Dennis Borel. I'm with the Coalition for Texans With Disabilities. And I guess I would say I'm here to speak on the Section 8 Plan.

And I would say that the Section 8 Plan, as I've reviewed it, doesn't necessarily mesh with the record of TDHCA in providing affordable, accessible housing to people with disabilities.

The two speakers ahead of you pointed out there is a section where TDHCA failed to check that they would do any of the five strategies -- or any of the five boxes that were there.

One is pretty minimal, which is going ahead and applying for special purchase -- special purpose vouchers that will become available and are available. That seems like a pretty minimal thing that TDHCA should incorporate into the Section 8 Plan.

But basically, I want to talk about that there are two things that may be going on that may not have been taken into consideration during the development of this plan, the Olmstead decision and the Promoting Independence
Plan that was referred to, which is moving people out of institutions to community settings.

And we're talking about in excess of 70,000 people. You should know that this plan is not meant to address 1,000 of those 70,000. It should eventually fit them all. And there in fact are eight states in the Union that have nobody supported by the state in an institution. They've all been moved into communities.

This is the paradigm shift that is going on, about a potentially up to a five-year plan here. That should be taken into consideration. The other thing I wanted to mention is a study released in December which showed that people with disabilities are the only -- the only demographic subcategory that actually lost real income in the boom years of the 1990s.

Even the minorities -- single mothers, high-school dropouts, all did better in this decade. The one demographic group that did not is people with disabilities. So you've got this Olmstead situation, which is going to move people who may not be able to work at all or work minimally out into the community.

Those that are out in the community have a declining economic fortune. Okay. So this is a population that is going to be growing -- a growing clientele for you all. And a final thing, which I'm sure
you're very well aware of, is the state legislature in this session paid special attention to housing for people with disabilities as far as the TDH plan goes.

And House Bill 1811 as well as Senate Bill 322 -- there are several mentions there, which means that this is an issue that is of increasing importance on the state legislative level. I encourage you to check a box or two in that area, if you would.

The data collection -- frankly, a very, very strong and well-funded state agency shouldn't look in the data collection and have no data available for families with disabilities. Definitely support your efforts in-house to strengthen that.

And finally, working with an organization like HOYO, Home of Your Own, would be a very wise move, indeed. And the Coalition of Texans With Disabilities would very much support that. Thank you for your time. James, glad you came in. I just -- right on top, but I appreciate your efforts, all of you.

MR. DAROSS: Thank you.

MR. BOREL: Thank you very much. Any questions? Thanks.

MR. DAROSS: Thank you. And the last affirmation form I have is from David Danenfelzer. Was that close?
MR. DANENFELZER: That's close enough.

MR. DAROSS: All right. Thank you.

MR. DANENFELZER: I am David Danenfelzer, and I'm representing the Enterprise Foundation. The Enterprise Foundation is a national non-profit corporation. But we've worked in Texas for over ten years now in several cities, and in fact, on a statewide basis for the past three years with local -- locally-based non-profits, as well as regional non-profits and organizations on affordable housing issues.

We are here to talk about or discuss some of the issues that have been already spoken about -- the Section 8 PHA Plan. As noted by some of the earlier speakers, we also take note that the plan does not require data be collected on persons with disabilities, on waiting lists, or in Section 8 tenant-based rental assistance programs.

This data would greatly improve the service provision and allow the agency to target localities with critical needs in these areas.

There are small counties, rural areas in the state that have higher concentrations of persons with disabilities because of the location of health services and other programs and services that are provided by other state agencies or federal agencies.
And there is a critical need for these services to be provided -- public housing to be provided to these populations.

Not having this data also kind of -- basically, it goes against the idea that we have in our society identified protected classes under several federal regulations and rules. Persons with disabilities are a protected class.

By not taking this data, we are ignoring that status in the housing field. And I don't believe that is what's, for lack of a better word, I don't believe it's kosher. I think we should be identifying all of the protected classes within our public housing services, and making sure that they are treated equally throughout the state.

We've also taken note that on page 10, Strategy 1, the missing checks -- we believe that it should be required that the steps for persons with disabilities -- to allow them -- that the agency should make known that applying for special-purpose vouchers -- the special-purpose vouchers are available.

The application is no harder than any other application, and making that check will make a big difference for persons with disabilities.

Also, we believe that marketing to non-profits
who assist these families already will make a big difference as well. We've really seen in different programs that we've run throughout the state the cooperation by state agencies, local public housing authorities, and non-profits and coalitions on a local basis have really made a difference.

One of our big successes recently was 20 universally designed single-family apartment homes in Lufkin and Nacogdoches. These homes are available, they're open, and they're a wonderful, wonderful project which we hope to repeat in other areas with the help of local PHAs by combining the strengths of non-profits as well.

I would also like to note that the PHA plan does not ask for enough assistance by these locally based, regional-based, and statewide-based non-profit organizations which bring a lot to the table.

Planning is one of the things that I think we can all agree we not only spend a lot of money, but sometimes waste a lot of money in the State of Texas on. And the reason we end up doing that is because we don't plan purposefully.

We don't include all the groups who are involved in the process, who have an interest and a say. And then we end up having to do the whole planning process
over again. So we'd like you to require, and we request
you to add this into your plan, so that more and more
voices can be heard -- the voices that need to be heard in
this process.

We would like to thank the committee members
and the board members of the Texas Department of Housing
and Community Affairs for allowing these comments to be
read into the public record. Thank you.

MR. DAROSS: Thank you. That is the last
witness affirmation sheet I have. Is there anyone else
who would like to make public comment before the
committee? Any further public comments? No one else who
would like to make public comments?

(No response.)

MR. DAROSS: All right. We will then turn to
the agenda for the committee meeting. The first item is
Presentation, Discussion and Possible Approval of Minutes
of Programs Committee Meeting of May 19, 2000.

Since Mr. Bogany was not on the committee at
that time, and since Mr. Brewer is not here, I suspect we
need to pass that until the next meeting. It's waited
since May 19 of 2000. I suppose it can wait another
month. We'll just pass that.

On Item 2 on the agenda is Presentation,
Discussion and Possible Approval of Builder Incentive
Partnership Pilot Program in Laredo, Texas.

Ms. Stiner?

MS. STINER: Thank you, sir. In the last session, the department had added to its legislative mandate to create a program that would provide incentives for builders to build housing for lower-income families. And should that housing not be sold to a family, then to provide funding to a non-profit until that housing could be sold.

So this is the promised attempt to come up with a Builder Incentive Pilot Program. I'm going to ask Homer Cabello to come forward and make the presentation on behalf of the staff.

MR. CABELLO: Good morning.

MR. DAROSS: Good morning.

MR. CABELLO: I hope you're all doing well. As Ms. Stiner -- oh, for the record, my name is Homer Cabello. I'm the Director for the Office of Colonia Initiatives. As Ms. Stiner indicated, this piece of legislation was incorporated into the Texas Government Code under Chapter 2306, Subchapter EE.

The Builder Incentive Program provides for the development of affordable housing, and does not encourage the growth the -- the further growth of colonias. As Ms. Stiner indicated, it was created to provide incentives to
builders to build homes at or below $70,000, or
guaranteeing the purchase of the home if it is not sold
within 30 days after completion.

The concept is to -- that anticipates to
provide the incentive for builders to work in the lowest end of the market, while minimizing their risk. We have -- the department had identified the City of Laredo as the location to implement this pilot program. We have two Fannie Mae representatives here today in our audience, Mr. Ray Flores from the Dallas office, and Ms. Ninfa Moncada from the San Antonio office, which they will be leveraging their dollars --

MR. DAROSS: Welcome to the meeting. Thank you.

MR. CABELLO: The partners that we have identified in the City of Laredo would be Laredo Homebuilder Association, of which two builders will build the homes under this concept.

The Metro Affordable Housing -- it's a non-profit organization which provides housing counseling and works with low-income families to get them ready for home ownership and help them address their credit issues and anything to that nature.

And in partnership with Fannie Mae, the International Bank of Commerce, IBC, will also be
leveraging its dollars with us. IBC and Fannie Mae will be providing the interim construction dollars that they will lend to the builders in order to buy the underlots and to build the homes.

IBC and Fannie Mae will leverage a minimum of $1 million into this initiative. The department is requesting approval to utilize 500,000 of collateralized mortgage obligations, commonly known as CMO funds, that have been transferred to the Housing Trust Fund for this program, and to provide a guaranteed purchase of the new homes if the homes do not have a qualified purchaser within 30 days of the date of completion.

As Ms. Stiner mentioned, if the unit is not sold, the department will provide funds to the non-profit, which is Metro Affordable Housing, to buy the home from the builders and to actively carry the responsibility to selling the homes within six months after purchase. Both -- not -- Metro will pay the department back upon the sale of the home.

Just briefly, the partnership, as I mentioned -- Fannie Mae will be participating in two ways. First, its American Community funds will provide the interim construction funds for the builders involved in the program. Through a participation agreement with IBC, Fannie Mae will purchase half of the construction line,
and IBC will manage the construction loan.

Fannie Mae will also work with its seller services in Laredo to provide the mortgage -- the permanent mortgages for these homes. The potential lending partners are Valley Mortgage, CTS Mortgage, IBC Bank, and Falcon National Bank.

Currently, the Laredo -- the City of Laredo has an attractive mortgage -- bond program, which offered down payment assistance, which we will try to utilize. And also, Fannie Mae has a conventional mortgage product that provides 1 percent down from the borrower, which will represent $700 for this program.

IBC has been in Laredo for over 40 years. It is the largest Hispanic privately held bank incorporation in the United States, with its owners in Laredo, Texas.

Metro Affordable Housing -- it's a non-profit home buyer education provider in Laredo. It will partner with the builders to market the project and identify pre-approved home buyers to purchase the newly built homes.

The department's $500,000 will be used in two ways. We -- the $500,000 of program funds will be set up into two accounts. The first account will be funded with 420,000 to be the guarantee of the six homes at the sales price not to exceed $70,000 per home.

We're starting off with six homes. And if, you
know, we don't sell within 30 days of completion, we will fund a non-profit to sell the home.

The second account will be funded with 80,000 to be used for down payment and closing cost assistance, up to 10,000 a home. But we're going to try to not utilize those funds in order to continue revolving those funds for future projects.

The -- upon completion of the -- of those six homes that will now have been sold, it is anticipated to replicate the process two additional times to build 17 homes. So the monies leveraged by IBC and Fannie Mae and IBC will obviously increase if we revolve this project two additional times.

Finally, we, the staff, recommend that the board approve the utilization of $500,000 of CMO funds that was previously transferred to the Housing Trust Fund to implement the Builder Incentive Partnership Pilot Program in the City of Laredo, as I mentioned.

It is recommended not to implement this pilot program in the eleven regional areas at one time until full implementation takes place. Do you have any questions or comments?

MR. BOGANY: I have several questions. In regards to the department's strategic plan, it talked about the partners that were available, Fannie Mae and
Laredo Home Builders, Metro Affordable Housing.

One of the concerns I had is that there is no mention of partnership with the Laredo Association of Realtors down there to help market these particular pieces of property.

And it always concerns me with affordable housing is that people put it together and they never include the people with the strongest urge to dream. That makes it all work and put the glue together to make it work.

We're going to be paying a marketing fee through the Metro Affordable Housing. The first concern I have is that what kind of marketing plan they're going to do. And my second concern is that do they have a broker on staff so they can put the properties in MLS so people who are working with affordable housing customers will know that the properties are available?

And I guess one of the concerns you're going to have is that how are we going to pay these people? And my thought is that everybody in this deal is making money. The title company is making money. The banks are making money on the loans. You've got a cap on the profit on the builders. And I looked at that. And that's okay.

But it looks like you ought to have some minimum fee or the marketing fee to be able to go out to
the people who are selling houses out there to help get this program together. It always concerns me that a lot of these programs don't ever get off the ground.

I don't want to see us buying six houses back. I doubt if we'd have to. I don't want to see us buying any houses back. And I think if you bring in the people who do it for a living, to be in this partnership, that you'll have a better and easier product.

The other concern I have was with the design of the houses being a minimum 1,000 square feet. Personally, I think you ought to bring a realtor to help you say these are what people want or would like to have if you could make this work.

So many times, these houses are being built with no design at all. And I can cite many instances even in the Houston area where they're doing affordable housing with one bath with three bedrooms. And people -- now, most people are going to want to try to have an extra bath. And that was my concerns.

MR. CABELLO: I clearly understand. Being a licensed realtor myself, I have -- I clearly understand where you're coming from.

We did talk about getting the realtors involved. But Metro, the non-profit, has a long waiting list of families that it's been working with in trying to
fix its credit problems and lower its debts in order to
get them ready for home ownership.

So the issue about finding low-income families
to get into these homes -- well, we have a long -- Metro
has a long waiting list that they feel that people are
getting close to get into the homes.

Now, the builders have incorporated a realtor
fee in to settle the home in case a realtor does bring one
forward. But we did not discuss about putting it on the
MLS system.

In reference to the three-bedroom/one bath, we
did have lengthy discussion about wanting -- because the
low-income families along the border tend to be large --
about five members. We will recommend that they do have
three-bedroom/two-bath home, or at a minimum, a one-and-a-
half bath, because that is an issue that large families do
tend to mention to realtors. But that's my response.

And --

MR. BOGAN: Okay. The other question, and
this is -- because I don't know affordable Metro, but do
they have a broker on staff there? Now, they may have
helped the people get their credit cleaned up. They may
have helped everything get done.

But I can go to any housing agency, and I can
tell you now they'll tell you they have a long list of
people wanting to buy houses. I sit on the board at HOH down in Houston. They'll tell you they've got a long list of people wanting to buy houses.

But it's still, you can go to different affordable home projects, and you'll still see affordable housing sitting there. And my -- just concern is the expertise at affordable housing. Do they have a broker on staff?

Do they have somewhere where they can put these houses in the MLS computer through their broker on staff so all the realtors or people in that area can know, Oh, I've got a house where you could -- usually, we're the first place of contact. And so I'm just concerned if they've got that expertise on board, or in this project.

MR. CABELLO: As far as having a real estate broker, I do not know. I do not believe they do have a broker. But the Metro non-profit is a non-profit component of the Laredo Housing Authority.

MR. BOGANY: Okay.

MR. CABELLO: So they do have expertise in public housing. But in reference to putting it on the MLS, we didn't discuss that.

MR. BOGANY: Okay.

MR. DAROSS: Yes, Ms. Stiner?

MS. STINER: Is there anything to preclude us
from looking at the design of the program again? I know we've gone through it, but to ensure that there is some expertise there in terms of consummating a sale once it's happened?

I know we've talked about the experience from a non-profit, but there's nothing to preclude since they have already considered a fee for a realtor, the amount of incorporating the real estate community in the partnership. Is that possible?

MR. CABELLO: Yes, it's possible.

MS. STINER: Because I think that -- I know that we haven't put together the partnership agreement yet. So there's still some room --

MR. CABELLO: Exactly.

MS. STINER: -- to look at that. Is that something that --

MR. CABELLO: Yes, we can easily incorporate that and making sure it gets put on the MLS system and it's known by the realtors in both --

MS. STINER: Okay.

MR. BOGANY: And the last comment I have -- it's -- what I'm trying to see done is the maximum exposure for these houses so the program will be successful, not for them to sit there, and not for us to buy one back.
I can't see why all of them won't sell. But I think the maximum exposure is what we're looking to make a successful program and pilot to move it to the next area or whatever.

But you know, it begins, I would think, differently, if the houses sit there and we're paying a construction loan or interest or any of that. So I'm just looking for the maximum exposure.

MR. CABELO: I understand it. It's almost like a physical -- not getting the proper marketing.

MR. BOGANY: All right.

MR. DAROSS: I have one small question. Is the down payment assistance portion due on a sale?

MR. CABELO: If there -- if we utilize the Laredo bond program, we won't use the down payment closing costs. But if they use, say, the Fannie Mae 1 percent, and the families don't have the money to close the deal, that's when we'll utilize our money, is at closing.

MR. DAROSS: No, what I'm talking about is when the initial purchaser sells the house at some point down the road, is the down payment assistance then repayable back to us as part of that sale?

MR. CABELO: I was looking at it more as a grant. I didn't --

MR. BOGANY: That's forgiven?
MR. CABELLO: Well --

MR. BOGANY: As -- if they stay there a certain period of time?

MR. CABELLO: Well, we didn't --

MS. STINER: Our traditional program is repayable on sale, but since this a pilot program, we are anticipating to structure DPAP differently than we do in our traditional DPAP program.

MR. CABELLO: No, I think we ought to stay with what the department is doing. We'll incorporate that in the partnership agreement, that it will be repayable upon sale.

MR. DAROSS: Yes. I mean, that would allow us to revolve it there. All right. Can we have a motion to refer this to the board?

MR. BOGANY: I move that we refer it to the board.

MR. DAROSS: Do you believe we need to make that in a motion with the suggestions that we've just talked about -- the inclusion of the Multiple Listing Service and some involvement with realtors and the due on sale? Or would -- or is that just part of what would go along with referral to the board?

MS. STINER: I would suggest that it goes along with referral to the board. I have not participated in
the discussions with the partnerships when these things have been laid out.

I don't think the partnership agreements have been consummated yet, but these would be subject of additional negotiations with them, unless the board instructs and directs the department to enter into those negotiations with these specific things.

And Homer, I'm kind of looking for you to -- for some feedback on where I'll be with our partners, with Fannie Mae and the rest of them.

MR. CABELO: I know that Mr. Flores was going to present it to his committee soon to get those approved. Let's ask Fannie Mae. See what they think.

MR. FLORES: We don't have any problems with the suggestions.

MS. STINER: Great. Good. That's all I was concerned about, if the partners --

MR. DAROSS: All right. Well, we'll --

MR. CABELO: I didn't think they would.

MS. STINER: So I would suggest that you put it as part of your motion.

MR. DAROSS: Okay. Well, why don't we put that as part of the motion.

MR. BOGANY: Okay. Move that we refer it to the board with the -- including a partnership with the
Laredo Association of Realtors and the current down payment/repayment program on any home that we may sell, the recouping fund.

MR. DAROSS: All second it? All in favor?

(A chorus of ayes.)

MR. DAROSS: Aye. It passes. Thank you. Next item on the agenda is Presentation, Discussion, and Possible Approval of Housing Trust Fund Awards for Affordable Housing and Youth Training. Ms. Stiner?

MS. STINER: Thank you, sir. As the board will recall, the department participated in a pilot education [phonetic] program several sessions ago. I guess it was a couple of sessions removed, where we worked with a local organization to demonstrate how our funds may be used to successfully develop affordable housing utilizing at-risk-youth as laborers in the building of affordable housing.

That has been a successful initiative. When we prepared our plan for this particular fiscal year, we noted that we didn't have a source of funding for the program, but it was such a successful program, that we wanted to continue the initiative.

So we've spent this time trying to identify funds that may continue this program. We came to the board some several months ago having identified a million dollars to continue the initiative. Subsequent to that,
the staff issued a request for proposals.

So this is the combination of those responses.

And I'm going to ask that this -- Mr. Hoffpauir -- Keith Hoffpauir, who is the Manager of the Housing Trust Fund to come forward and make the presentation to the committee this morning.

MR. HOFFPAUIR: Good morning, everyone.

MR. DAROSS: Good morning.

MR. HOFFPAUIR: My name is Keith Hoffpauir. I'm the Manager for the Housing Trust Fund. And this morning, we are here to present our recommendations for funding under our -- we felt like calling it YouthWorks or Youth Build. And those names were taken. And we didn't want to seem partial, so we went ahead with Construction of Affordable Housing and Youth Training.

A little brief history -- in April, we published a request for proposals making a million dollars available for organizations experienced in developing affordable housing which utilized at-risk youth.

In addition to training these youths in the area of housing construction, the organizations must also have in place an educational component to the program that will provide the youth with an opportunity to complete their high-school education.

Additionally, support services also need to be
included, such as a training stipend, counseling, life
skills training, peer tutoring, parenting and childcare
skills, gang prevention and job placement, just to name a
few.

Each organization also must establish an
advisory board and a participant council to aid and guide
the development of policy and the implementation of the
program.

Additionally, housing constructed under this
program must serve persons and families at 80 percent and
below of area median income, and must be energy-efficient
and sustainable.

The funds provided under this program will
serve as interim construction financing for the housing
development. Construction and funding will be made
available in the form of zero-percent interest loans with
25 percent of the loan amount being forgiven upon
confirmation that all program guidelines and performance
criteria have been met.

The deadline for receiving these responses was
May 22. At five o'clock on May 22, we received seven --
by five o'clock we received seven responses requesting a
total of $1,406,684.

In our review of the applications, one
application was returned for not meeting threshold, and as
a result of the scoring process, the four highest-scoring responses totalling $982,694 are now being recommended for approval.

If you'll allow me, I'll briefly go through those being recommended for funding and what they are proposing to provide.

The highest-scoring applicant was Brownsville Community Development Corporation and their YouthWorks II Program located in Brownsville, Texas. They will be training 15 youths and providing six single-family homes to be constructed. They requested $250,000. And that is what we are recommending for them.

Next in line, with a score of 90, was the George Gervin Youth Center. Their project was the Future Builder's Youth Education and Training Program. They are located in San Antonio, Texas. They will be training 30 youth constructing four units, and we're recommending an award in the amount of $250,000 for this organization as well.

The next organization is Harlingen Community Development Corporation with their Youth Build Program. They will be providing housing in Harlingen and San Benito, utilizing ten at-risk youth and creating five single-family residences. And we are recommending an award in the amount of $248,400.
Then the Walker-Montgomery Community Development Corporation. The project name is Cherry Circle Estates in New Waverly, Texas. They intend to train 50 youth and provide four units of affordable housing. We are recommending an award of $234,294 for this organization.

This will result in a total of 19 affordable housing units being developed utilizing these at-risk youth, with 105 at-risk youth being trained throughout this process. That concludes my summary of the awards. I will be happy to answer any questions anyone may have.

MR. DAROSS: I have a couple of questions. There is a considerable variance in the cost per units in grants here. And it results in considerable variance in the total project cost.

So my two questions are, was the price per unit a factor in reaching the recommendation that you made, and if so, what kind of factor.

And second, are we sure that the additional funds, in addition to our funds, are going to be available to make sure these projects complete?

MR. HOFFPAUIR: Well, with regard to the first question, with regard to cost per unit, what we did -- and we've included a copy of the scoring for -- and the scoring criteria under the heading, Operating budget.
We've provided those comparisons. I'll try to answer your questions along those lines.

We did take an average of the cost per unit based on three separate factors and ranked these applications accordingly, as to how they fit in within their group. These programs are going to vary a great deal in cost per unit because of a lot of different factors associated with providing these programs.

But we based -- we took one average based on Housing Trust Fund dollars only, and provided scoring for that. We also take an average cost of Trust Fund dollars per at-risk youth -- excuse me, Housing Trust Fund dollars per at-risk youth, and calculated an average based on that and compared that against the population of applicants.

And we also looked at the cost per unit based on the total funding identified, which we took to be the total project cost. And we made those three comparisons among the application population.

With regard to how we know if those other funds are going to be available, in some cases, we don't know for sure because many of these applicants are providing -- are going to be applying under HUD Super NOFA [phonetic] for at-risk youth training, which is one of the reasons that this program went ahead and scored these and prepared this -- prepared these recommendations for this board.
meeting, so that they could gain additional points for applying for those HUD funds.

But we do know that they will be applying for them. They will be receiving credit in their applications for receiving the funding recommendation from us. And then they -- you know, they're hopeful of receiving HUD funds under this program.

But we tried to do this, given the HUD deadline for the Super NOFA, we're trying to do this as closely as you could call in a partnership effort with HUD as we can given the circumstances.

MS. STINER: Mr. Chair --

MR. DAROSS: Yes?

MS. STINER: So our funds are going to be made subject to all funding be in place. Is that correct?

MR. HOFFPAUIR: We -- well, we didn't specify that, but we would certainly not want to put our funds into a project where the other funding sources have not been identified yet. So we will -- you know, we will review that prior to closing on the award.

MS. STINER: I guess my point is that if the other funds are not available, then it wouldn't be the same development that we are proposing to participate in?

MR. HOFFPAUIR: Right.

MS. STINER: And because these funds have no
timing element per se, we would be able to come back to
the board and none of these --

MR. HOFFPAUIR: These funds --

MS. STINER: Well, if -- say -- if the ones
that -- if several of the ones we've selected are not
successful in getting HUD funds, then we'll have to go
back out for another proposal -- request for a proposal in
order to completely get this initiative funded for this
year?

MR. HOFFPAUIR: Yes, these funds are considered
local funds, and as such there is no time frame on them
with respect to the way they are with general revenue
dollars.

MR. DAROSS: All right. So if we recommend
approval and the board approves it, then the approval is
for this project with these funds in place? And if the
other funds do not materialize, then it would just not --
automatically drop out, I suppose?

MR. HOFFPAUIR: Right.

MR. DAROSS: Okay.

MS. STINER: Okay. Yes. I would -- yes, if
the -- because these were not funding a hundred percent.
None of these were a hundred percent funded?

MR. HOFFPAUIR: No, not at all.

MS. STINER: So yes, we're a partner in the
proposal, and if other funds do not materialize, then that project would -- that development wouldn't move forward?

MR. HOFFPAUIR: Right. It would not be able to be completed as it's designed.

MS. STINER: Okay.

MR. DAROSS: Right. Have the motion recommend approval?

MR. BOGANY: Recommend approved subject to Ms. Stiner's statement in regards to that of the other fund. Recommend approve it subject to that they are able to obtain the other funds.

MR. DAROSS: Do you all second that? All in favor?

(A chorus of ayes.)

MR. DAROSS: Thank you, Mr. Hoffpauir.

MR. HOFFPAUIR: Thank you.

MR. DAROSS: The next item on the agenda is Presentation, Discussion and Possible Approval of the Section 8 Public Housing Authority Plan for the Year 2001. Ms. Stiner?

MS. STINER: Thank you, Mr. Chair. We're going to ask Mr. David Burrell, who is Director of Housing Programs, to come forward and make the presentation. I think you've heard -- well, I know you've heard -- I don't think.
You've heard some comments this morning from the public with regard to the plan. And I think he has some proposals that he and the staff have worked out in response to those comments. Mr. Burrell, will you make the presentation, please?

MR. BURRELL: Good morning. I'm David Burrell, Director of Housing Programs. We do have a proposal to you all this morning to approve our Section 8 PHA plan, which is Public Housing Authority Plan.

This plan would outline what we plan to do during the next year in our Section 8 program. As a result of the public comments this morning, we would like to make a proposal to you all that we get this plan approved with a couple of changes.

We clear it under page 10, checked the box where we would apply for special-purpose vouchers which will be targeted to the elderly if those are available. As of today, we haven't received any information from HUD on those. But if they are available now, we will go ahead and apply for those.

Then under Strategy 1, the Target for Families with Disabilities, we clear it. Check the box which says apply for special-purpose vouchers targeted to families with disabilities, should they become available.

As of today, we don't have any information on
that being available. But if HUD has some, we will apply. Then also the next one, we can affirmatively market to local non-profit agencies that assist families with disabilities.

As to the other major items which they had, which -- the collection of data for assessing needs, we are not currently able to because of budget constraints. We are not able to prepare that type of collection statewide.

But we're hoping that through our housing-resource center, which has been directed by the legislature this session to do housing needs, we're hoping that maybe we can get them to help us along with being able to collect additional data when we get our central database up and running.

So we would like to continue working with the groups that are representing the persons with disabilities. We do need to go ahead, though, and try to get a plan approved now. HUD requires that we have an approved plan on file with them. And we have that due now.

They do, however, allow us to go through the year as we see needs change, we can go back and make amendments to this plan. And so we're recommending that we approve the plan with the changes we've recommended.
here now, and that we'll just continue working with the
groups. And if we see that we can make some additional
changes, we will make those recommendations to HUD.

MS. STINER: Mr. Burrell, on the one check mark
on page 11, I think Ms. Hurd answered that before where we
talked about carrying out the modifications needed in
public housing based on Section 504.

Is the reason we did not check that is because
the type of housing? I'm just -- let me not even
interject my reasoning. Can you talk to us about why that
box is not part of the plan?

MR. BURRELL: That's a very expensive area to
move into when you start to -- making substantial
modifications --

MS. STINER: Is it a requirement under the --
this program, Section 8, as it is a federal program?

MR. BURRELL: No, not -- we have some minimum
requirements, but we're not required to do all the 504.
I'll let Ms. Hurd speak to that. She can give you more
detail.

MS. STINER: I would -- we were talking just
briefly about this. And I thought it had more to do with
the public housing, where you have congregate housing
versus where you have the single-family structures with
single ownership by single landlords. But let me hear
from -- let us hear from you, Ms. Hurd. And --

MS. HURD: Yes, Ms. Stiner. Your thinking is along that line. When we think of Section 8, the choice of the housing is really up to the client. It's not up to the PHA. And as a result, a disabled client can choose housing that is not accessible to the handicapped. It is, you know, their choice.

And so that's the reason that the program does not gear toward the effort of the 504. We do encourage landlords to amend their units to fit the needs of the handicapped. But we -- mandatory, we can't make them do it.

MR. BOGAN: Is it possible to provide those sort of funds available to the landlord at a -- if they were willing to do that? If -- at an interest rate or anything like that?

MS. HURD: Mr. Bogany --

MR. BOGAN: Bogany.

MS. HURD: Not through this particular program.

MR. BOGAN: Okay.

MS. HURD: There could be other programs in the agency, but not the Section 8 program.

MR. BOGAN: Okay.

MR. DAROSS: Well, I guess the response, then, on carrying out the modifications, is it's not required of...
us to do that. And --

MS. HURD: No. And that's -- as Mr. Bogany has said, it's a very costly activity. We are -- to participate in any 504 as far as making available applications for the handicapped and people with disabilities, our offices must be 504-accessible.

MR. DAROSS: Ms. Langendorf?

MS. LANGENDORF: Under the law, Section 504, they have to make a reasonable accommodation. Under Section 504, you're receiving federal funds for the person with a disability.

MS. HURD: Yes. And we do that in all our offices. We call the local operator offices.

MS. LANGENDORF: No, I'm talking about the agreements. If a person has to have modification, the landlord has to make those modifications -- provide them funds to make those modifications.

MS. HURD: We don't have at this time funds for those.

MS. STINER: Let's speak to -- and it's a very -- Jean?

MS. LANGENDORF: It's federal law.

MS. STINER: Yes, I understand what the law says. But I'm not sure that every unit that's in the -- what we have, tenant-based assistance, that the landlord
is required to do 504 modifications before tenants with
disabilities can live there. That's not the law.

MS. LANGENDORF: No, I'm saying if a person
with a disability has a voucher, and they need a
modifications, this landlord has to allow those
modifications to be made and provide -- you all have to
provide those modifications for that --

MS. STINER: Well, we can certainly look at
that. That hasn't been an interpretation of how we've
looked at that requirement. And I couldn't -- and that's
the reason I made a reference to this when we first
opened, because this -- these units are owned by single
landlords and were not a PHA with congregate housing.

That was one of the reasons why the
interpretation of the law that reasonable accommodations
have been looked at to be the offices where the PHAs
exist. But it hasn't been applicable to every single unit
of housing that's available to the disabled.

Again, I would urge that the committee and
board adopt a plan. We'll continue to work with you with
this. We can amend this plan as we move forward and get a
better interpretation of this.

We've looked at it on several occasions, and
that's been the interpretation that we've come away with.

MR. DAROSS: Well, I would like to have this
issue revisited, not only for the Section 8, but for any other programs that could possibly be modified to carry this out.

I know my developer friends would have a heart attack, but frankly, I'd like to see 504 as a threshold for everything. But we've got his plan here. It's not required of the agency. And we're choosing not to put it in this particular program.

MS. STINER: At this particular time, we'll continue to work with them on that and get further clarification on it. I'm not talking to you --

MR. DAROSS: All right. Any other comments on this item?

MR. BOGANY: I have just one comment. I would like to see us set up a -- some sort of advisory committee with the disability to different organizations, because undoubtedly, they know where the data is, or have access to the data.

It'd be nice if we could put together some sort of advisory committee to give us some sort of information that we don't know so that we can work this thing out over time, and different organizations get together, provide us with the individuals who have it and maybe just put together and run a -- just a temporary advisory committee and see if we can partnership and put together a program.
that we can come back and find the money, or find a way to 
put it in this particular program, or redo this program, 
or I guess, amend it so to speak.

And it would be nice to see if we could partner 
with them, because they have the data. They know which 
organizations have all the list of people with 
disabilities. And you don't have to recreate it. Just 
get it from them in a partnership and see if we can make 
this work.

MS. STINER: Mr. Chair?

MR. DAROSS: Yes, ma'am?

MS. STINER: Mr. Bogany, a quite excellent 
recommendation. That's been a recommendation that's been 
before the board for some time now. And the chair of the 
board has instructed the staff to put that together, a 
post-sunset bill and how the agency was going to be 
organized.

And I think that's one of the first things we 
need to work toward in terms of setting that kind of 
advisory committee for the disabled community.

MR. BOGANY: Thanks.

MR. DAROSS: There a motion on the PHA Plan?

MR. BOGANY: I move we accept it with the 
changes.

MR. DAROSS: Second that. All in favor?
(A chorus of ayes.)

MR. DAROSS: Thank you. The last item on the agenda is the Presentation, Discussion, and Possible Approval of the HOME Multifamily LURA Amendment for Commonwealth Apartments.

MS. STINER: Thank you. This item was postponed to the last board meeting. And Suzanne Phillips -- Ms. Suzanne Phillips here -- sorry, Ms. Pam Morris is the Director of Housing Finances here to make a presentation on behalf of the board -- I mean, on behalf of the staff.

MS. MORRIS: Thank you. Good morning. Pam Morris, Director of Housing Finance Programs, which includes the HOME program. There was a presentation last month to the board with -- recommending an amendment to LURA -- land-use restriction agreement, to lower the set-aside units for the Commonwealth Apartments in Nacogdoches from what the current LURA states as 70 units, and they wanted it to be lowered to 14.

Due to the comments that were made by the board, we asked that -- the item was pended, and we did meet with the borrower, the property manager, and TDHCA staff to discuss the details of this project.

It is our recommendation at this time that the item be pulled as a pending item -- the recommendation be
pulled. We are recommending that the borrower close on their loan into permanent, which has not occurred as of yet.

Until that transaction occurs, we will relook at their performance and their financial feasibility and see if there is any hardship on the project before we would bring it back as a recommendation to lower the number of units.

MR. DAROSS: Okay. Good enough. Thank you. There are no other agenda items for the committee. Any other questions or reports?

MS. STINER: No, sir. No reports were submitted.

MR. DAROSS: All right. At this time, I will adjourn the committee meeting.

(Whereupon, at 10:10 a.m., the Program Committee Meeting was concluded.)
CERTIFICATE

MEETING OF: TDHCA Programs Committee
LOCATION: Austin, Texas
DATE: May 30, 2001

I do hereby certify that the foregoing pages, numbers 1 through 50, 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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(Transcriber) (Date)

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