TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PROGRAMS COMMITTEE

Tuesday, January 13, 2004
Waller Creek Office Building
507 Sabine Street, Room 437
Austin, Texas

COMMITTEE MEMBERS:
C. KENT CONINE, Chair
BETH ANDERSON

STAFF:
EDWINA CARRINGTON, Executive Director
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ON THE RECORD REPORTING
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EXECUTIVE SESSION

OPEN SESSION

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MR. CONINE: The Programs Committee meeting of the Texas Department of Housing and Community Affairs on January 13 at 9:10 a.m. We'll call roll. Kent Conine is here as the chair. Beth Anderson?

MS. B. ANDERSON: Here.

MR. CONINE: Vidal Gonzalez --

(No response.)

MR. CONINE: -- is absent. We've got two members present; that makes a quorum. We have an opportunity for public comment for the Programs Committee. If anyone who is here that wants to speak to the Programs Committee, we've got witness affirmation forms. Don't confuse the Programs Committee with the board meeting, if you want to speak at the board meeting. But if anyone is here to speak at the Program Committee meeting, they are welcome to do so. Anybody on public comment?

(No response.)

MR. CONINE: Seeing none, I'll close public comment and move to the action items. What I thought we would do, is just have a general discussion between those of us here and Ms. Carrington, staff-wise, and the rest of the staff that happen to be here on a reconstituted Programs Committee moving forward, since Ms. Anderson has
juggled the committee members structure, we need to take a
look at what the Program Committee responsibilities are
and take a look at how we want to move forward more of a
general discussion today at least, and then we can get
specific as we go through some of the items.

Ms. Anderson, we've got behind your agenda -- I
think you are going to find what would be the duties
listed here for the program committee and obviously as the
board chair, I'd love to have your input on whether these
are the appropriate duties for this committee or not, the
first being to evaluate program structures that the agency
has; second, to approve marketing plans for the various
programs we do; third, approve evaluation methods for
lender fund allocations; fourth, review and evaluate
program compliance, which has been an issue over the
years; fifth, review and approve housing programs that may
come up; and sixth, evaluate new products for housing
programs.

Ms. Carrington, I guess, if you would, comment
on what you feel the appropriateness of those duties are
for the committee, and then we'll let Ms. Anderson follow
up from your perspective.

MS. CARRINGTON: Thank you, Mr. Chairman. I
believe that in looking at the list and talking to staff
about this, we feel like this is a fairly comprehensive evaluation of the list of the duties for the Programs Committee. As we talk about evaluating program structure I would imagine that under that, that we would also put program rules, because that certainly is a really the driving and the deciding factor of how we will then allocate our funding under our various programs.

So I don't know if that needs to be a separate item or if we would just assume that it would be part of that structure. But certainly, as we propose draft rules for our various programs, that would be a component also.

And as you all know from last year, one of our objectives has been to be as much as possible to make our rules consistent across our program. And so that's something that I think should continually be in our mind as the program committee performs their duties for this year.

MR. CONINE: Ms. Anderson?

MS. B. ANDERSON: Before I make comment, I'd like to ask a question. I confess to not understanding item number three about evaluation methods for lender fund allocations.

MR. CONINE: Okay. Ms. Carrington, do you want to let us know what the thought process was?

MS. CARRINGTON: I'm looking around for one of
my single family folks who probably put this on the agenda. Or, Bill Dally, do you?

MR. DALLY: I'll make a follow-up.

MS. CARRINGTON: Okay.

MS. B. ANDERSON: We can come back to that.

MS. CARRINGTON: I think we need to.

MS. B. ANDERSON: I feel like this list is amply broad to allow the committee to look across the range of programs in a flexible manner. I am mindful that, at least in my thinking, as I thought about the benefits of having an active program committee to advise the board and to work with staff on program evolution, that one of the two things that were in my mind were priorities and effectiveness of the programs. And effectiveness is a little bit different than compliance to me.

So I want to make sure that we encapsulate the notions of classic program evaluation where you are evaluating effectiveness based on some agreed-upon criteria.

And then my sense is, as a board member that doesn't spend my time full-time in the housing industry, that we have a plethora of priorities that we try to satisfy. And I think try to analyze what those priorities
are or where they are in harmony and where they are in
certainty, and how we allocate money against those
priorities is something that ought to be part of the
charter as well.

MR. CONINE: So if we took the fifth bullet
point there and changed that to say, Review and approve
the effectiveness of housing programs, would that
encompass what your thoughts might be?

MS. B. ANDERSON: Or, Review, evaluate and
approve?

MR. CONINE: Okay. Well, we’ve got evaluate
programs.

MS. B. ANDERSON: Compliance, right. So you
could also put "program compliance and effectiveness."
You could put it either place.

MR. CONINE: Okay.

MS. CARRINGTON: Ms. Anderson, as you mention
effectiveness, and I go back and look at number three and
think about that for a moment, I believe what we would be
addressing here is on our single family mortgage revenue
bond program, we do a first come, first served with our
lenders.

MS. B. ANDERSON: Right.

MS. CARRINGTON: Unlike the old kinds of
structures, where the lenders took down an amount of money and then originated those proceeds, now lenders sign up to participate in our program and some originate loans using our mortgage money and some do not originate loans using our mortgage money.

And it would be my thought until somebody comes in and tells us something different, that probably what we are looking at doing there is creating some kind of evaluation tool. And it could be just as simple as how many loans did you all originate -- to see their effectiveness in utilizing our funding.

MS. B. ANDERSON: And this is the network of the 75 or so lenders around the state, then?

MS. CARRINGTON: Actually, 200 or so, by the time you look at all their branches.

MS. B. ANDERSON: Okay. I think you could argue, I'm not an economist, but you could argue that in a rising interest rate environment, that everybody keeps saying we're going to have, but that day of reckoning keeps being put further and further off. But if we had a rising interest rate environment, and then we've got this set of mortgage money that's -- you know, we've already issued the bonds.

We have sort of the opposite of the situation
we were in last year, where market-based products were competitive with us. We're in a little different economic environment, and we have a more attractive, relative to other sources of financing, set of mortgage products that then you do want to allocate based on some criteria that recognizes production and or something.

MS. CARRINGTON: Those lenders who have aggressively utilized our product.

MS. B. ANDERSON: And have marketed our products to the populations for which they are intended -- you know, how do you go out in a first-time homebuyer program and target single working mothers or librarians or what?

MS. CARRINGTON: And I think it was the board meeting last month where we were talking about our Single Family program. And we have some Single Family items on the program, on the board meeting agenda today. One of the things the staff did talk about was developing a marketing strategy for our Single Family program, and doing a better job of that.

MS. B. ANDERSON: Okay.

MR. CONINE: Okay. So I heard a couple of -- let me see if I heard this right. A couple of amendments, shall we say, to this list? The first one, we added,
Evaluate program structures and rules.

MS. B. ANDERSON: Rules, yes.

MR. CONINE: And was it the fifth one? Review, evaluate and approve the effectiveness of housing programs. Those are the two amendments that maybe we could make to this document to have it as kind of our guidelines?

MS. B. ANDERSON: Can I just have one more?

MR. CONINE: Well, if you'd like, yes.

MS. B. ANDERSON: On number one, after rules, can we have "and priorities"? "Program structures, rules and priorities"?

MR. CONINE: And priorities? Okay.

MS. B. ANDERSON: Thank you for your indulgence.

MR. CONINE: IS that in form of a motion for all that?

MS. B. ANDERSON: Yes it was.

MR. CONINE: Great. Is there a second? Yes.

All in favor, say aye.

(A chorus of ayes.)

MR. CONINE: Okay. All right, let's take a look at a little pie chart that Ms. Carrington provided to us that breaks down the funding overview of -- this is
2003, is that correct? Do you want to kind of go over this for us right quick?

MS. CARRINGTON: Yes, sir. And I would like to tell the audience that what the committee is looking at today came right out of our state low income housing plan, which was approved by the board in December of last year. And we have actually provided the board two pie charts that came out of our slip.

The first one is the total funding by program, total funds committed by program for 2003, and as we looked at our priorities, as we look at our funding sources, as we looked to see where our money goes, we thought it was a good idea to remind this committee of what those numbers look like.

And for 2003, fiscal year 2003, TDHCA received actually $464,096,192 in funds, but we committed over 492 million in serving lower income Texans and the reason that amount is about 30 million more than what was actually received for TDHCA is in the deobligated funds and some previous year funding that rolled forward.

So, the first pie chart that we have -- and I might say that as Michael Lyttle and I are making visits with state legislators -- that we take these two charts with us to give a picture of the amount of funding that
flows into TDHCA and what we utilize that funding for. And we have a breakdown of each of our programs and the dollar amounts that were committed last fiscal year.

And the other pie chart that you have shows '04 and these are projected funds. And there really aren't too many changes in the dollar amount so that if you will notice in '03, the amount of federal dollars, of the amount of dollars into this agency, 90 percent of it is federal funds, and 4 percent of it is state funding and in '03 that state funding was attributed to the Housing Trust Fund and the System Benefit Fund, SBF, which came from the Public Utility Commission.

When you look at '04 on the projected allocation amount, you will notice that the federal funding is now up to 99 percent for the agency, with state funding being at 1 percent. And the reason for that was the System Benefit Fund money, the 10 million or so on an annual basis that we had been receiving was reallocated by the Legislature from weatherization for TDHCA to other programs that were without, outside of this agency.

You will notice the difference in the HOME Program in '03, we had over 60 million in HOME funds. In '04 it is projected to be 45 million. That difference, of course, is because of the double cycle that we had in HOME
in '03. And now we will just be on an annual cycle.

And most of the other dollars, the single family, the multi-family bond program, 185 million on '03. We're projecting about 150 million in '04.

MS. B. ANDERSON: What's the -- the comparison year to year is very helpful. It is very interesting to look at this data this way. The decline in the housing tax credit from 59 million to 38 million. That looks like -- I don't know what that looks like. Is that because of the 30 million decline in the multi-family side?

MS. CARRINGTON: It included not only the 9 percent credits but the amount of the 4 percent credits.

MS. S. ANDERSON: Because this is committed or allocated, as opposed to projected.

MS. B. ANDERSON: Okay. So you don't have 4 percent housing tax credit in the projected number?

MS. S. ANDERSON: No. Not projected.

MS. CARRINGTON: We probably could have, if we had bonds at 150 million on multi-family. We certainly could have attached a number of the 4 percent credits on that.

MR. CONINE: I would think that the pie chart is only slightly misleading in that you really don't get a
picture of the impact that you are providing the state of Texas when it's related to creation of housing. As a for-instance, in the single family bond program, you are basically gobbling up most of the house value on the bond issuance between some cases you do more, with down payment assistance being 103 percent.

But in the multi-family bond program and the housing tax credit program, if you don't have the 4 percents on there, then you could take the 150 million and almost match it up with 4 percent credit to come up with some guess of what the projected '04 funding of 4 percents would be.

But you've got 38 million sitting over in the 9 percent round, and there's no real place to measure the multiple of that. So if we could, just for our benefit, if nothing else, in parenthesis or some other kind of side nomenclature, say that that 38 million produces X dollars of rental multi-family housing across the state. And we could take a pretty good guess at what that number would be, based on our historical standards.

MS. B. ANDERSON: And I would think for purposes of educating our publics, I totally agree with you, I would just add that when you can tie that to people served or unit created, that that's something. I mean, as
a layperson I don't know what 38 million does. But we know that it creates 6,000 units. And so that's a layperson's benchmark, if you will. So we might do that.

MR. CONINE: The same thing with some of the others, the HOME funding, for instance.

MS. B. ANDERSON: Yes, yes.

MR. CONINE: If it has a multiple effect to it, we need to consider that. Because it is misleading, especially if you're talking to state legislatures for instance, to think that we only do $483 million in housing. That's just not the case. We do a lot more than that. So let's take another run at that, if we can, and see, at least for our benefit, what we can come up with.

MS. CARRINGTON: And I think the phrase for your all's benefit is sort of the operative phrase. What we find when we go out is that we do some multiple charts and that one of the first things that the Legislature is interested in looking at is what shows up in the build pattern for TDHCA -- you know, what comes in, in the way of federal funds, appropriated receipts, state funding, and so what we attempt to do with these charts is allow them to be able to make a real easy comparison to what they know shows up as appropriated to TDHCA and how we utilize it. I do agree then, that additional pages, we do
do some of this, but I certainly understand what you all are talking about.

MS. B. ANDERSON: It needs to tell a story.

MS. CARRINGTON: That the pages behind says okay, 38 million in tax credits creates approximately 6,000 units of multifamily housing, $161 million in single family bond programs provides home ownership opportunities for 10,000, 12,000 families around the state, absolutely.

MR. CONINE: Either do it in units or do it in dollars. Either way. Dollars are going to be more impressive but units is also a pretty good number to look at.

MS. B. ANDERSON: And I have one more suggestion, just sort of for the next time the Programs Committee meets. There's one other way I'd like to look at this. This is back to my little thing about setting priorities. I'd like to look at this 492 million and 493 million by purpose. So how much of this is going into single family mortgages, versus down payment assistance, versus owner-occupied rehab -- you know, just break it down by -

MS. CARRINGTON: By activity.

MS. B. ANDERSON: Yes. By activity. Because we've got, as we know, for any activity, we have
sometimes multiple streams of -- cut this way, supporting those activities.

MR. CONINE: Well, there's the couple of pie charts that we do have here also in our packet deal with income.

MS. B. ANDERSON: Income, yes.

MR. CONINE: Which is also obviously a concern to us, and to the state legislature as well. If you look at what we did in 2003 for instance, for the very low-income, it's pretty substantial. And I wouldn't have guessed that, I guess. But that's very, very good.

MS. B. ANDERSON: Is the extremely low income number is that what equates to 0 to 30?

MS. CARRINGTON: Zero to 30 is extremely low income, yes.

MS. B. ANDERSON: That's where we have a rider about that?

MS. CARRINGTON: Rider three says 30 million, at least 30 million of TDHCA's funding on an annual basis will go to serve families at or below 30 percent of area median family income.

MS. B. ANDERSON: Mindful of that rider and the legislative intent related to it, I just give it a list of things to do today. But I'd like to know, of the 61
million, what are the sources of those funds? Is that mostly community affairs plus a little -- if you could enlighten us on how we -- what programs and what activities that 61 million, what comprises that?

MS. CARRINGTON: We do have that information in our performance measures.

MS. B. ANDERSON: Great.

MR. CONINE: Ms. Carrington, do you want to walk us through this last little sheet here on department priorities?

MS. CARRINGTON: Yes, sir. I will happy to. I'll ask Sarah Anderson to come up because she is the author of this. But what we looked at, what Sarah and I looked at yesterday, was what are the priorities of the agency and basically how those priorities have been developed. And they have been developed of course, primarily through legislation, through riders for the Agency, and then also, of course, through our multiple public comment, public hearing procedures and processes as we go out with rules for programs with the public telling us how they believe we should be utilizing our funding.

So based on all of those factors, the following populations received funding priority through all of TDHCA's programs: Extremely low income individuals and
households, which are those at or below 30 percent of area media family income; low income, special needs populations, including persons with alcohol and/or drug addictions; persons with disabilities; victims of domestic violence; elderly populations; persons with HIV/AIDS; migrant farm workers; residents of the Colonias and the homeless.

And those -- as we look at those four priorities, then as we develop the rules for our programs, then those priorities are always in our mind as we are looking at our funding and at our scoring mechanism. I think Sarah and I were talking about this yesterday, and it was kind of interesting information that she came up with, when she went back for eight years, looking back from '95 to '04 and looking at the percentages within those income ranges of where TDHCA's money had been utilized.

And I think probably what was -- and I don't want to speak for you, Sarah, but perhaps the most surprising to you was that even though in the '99 legislative session -- or was it '01 where we got rider three about the 30 million?


MS. CARRINGTON: 99?
MS. S. ANDERSON: Well, actually before that.

MS. CARRINGTON: We had already been serving a great number of very low income families. Sixteen percent of very low income, 17 percent in '04.

I think what has changed though is -- my guess is if you went back and looked in 1995 to see what programs we were serving the very low income with, it would probably be Section 8. It would be Weatherization. Where I think if you look at -- or when we look at this 30 percent and below now, it's much more broadly across our programs.

We're able to do some single family home ownership because of down payment assistance. We used some Housing Trust Fund money to leverage very low income units in our tax credit developments. So I think what we see is that now that income spectrum of 30 and below, we are reaching across more of our programs as opposed to being really isolated in the community affairs area.

MS. S. ANDERSON: Basically, there is almost a double in funding with the increase in tax credits and bonds allocations and the per capita. So while our other programs didn't really increase, we went from about 250 million a year to close to 500-. So before it was almost all Section 8 funding was hitting 0 to 30 and a little bit
of trust fund.

And we've been able to maintain, which I suppose is significant that with the double in funding, we've still been able to keep it about 16 to 17 percent in 0 to 30. And what has happened is, the HOME Program now and you were asking, Ms. Anderson, is where the funding was coming from for 0 to 30. And it's almost primarily from the HOME Program at this point.

But we have been able to tap into trust fund leveraging with tax credits now, we're actually getting some out of tax credits and so trust fund tax credits and even single family through the first-time homebuyer. So while it looks like it's the same figures, we've doubled our production and been able to maintain that percentage as we've gone on.

MS. CARRINGTON: We have listed the activities for you that we utilized to reach extremely low income populations. One of them is tenant-based rental assistance, which of course is with the HOME Program. It looks just like Section 8 and looks like a Section 8 voucher.

Owner-occupied rehabilitation which is also the HOME Program, where we will go in and use HOME dollars to rehabilitate an eligible tenant's home that they own.

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Housing vouchers, rental and home ownership through the Section 8 program.

The rental housing development and that is the HOME Program that we used for developing rental housing, the point incentives to applicants to serve 0 to 30. And this was -- particularly in the tax credit program for a couple of years we provided some incentives for developers who are targeting to extremely low income and then continuing marketing and encouragement for organizations to serve 0 to 30.

MR. CONINE: It strikes me once again, maybe in our communications area, we should probably figure out a way to communicate some of this information as we walk through some of this, this year, to not only the public but the state legislature as well.

I think the better communication we can have with them and dialogue we can have with them during the interim period would be very well served. And I would suspect that not many of them understand or realize some of the transitions that we've made during the last eight years.

So do you think it would be the communications group could take some time to come up with a good way to communicate these messages to the board and the state and
the public state legislature? Is that something we should try to do over the first couple, two or three months here?

    MS. S. ANDERSON: We're actually working on a piece to do that. Specifically, we're targeting one specific for the legislature. It's sort of as a calling card, and as we go out and try and educate on these programs and then one to the public. So we have something in the works and we're hoping to have that published in March if possible.

    MS. CARRINGTON: And also, over the fall, and certainly is the plan, through the winter and the spring and the summer before the next legislative session. As you know our governmental affairs director, Michael Lyttle, and I have been making multiple one-on-one visits with the legislature. And one of the pieces or two of the pieces of information we do provide them are these pie charts that show our funding.

    And also, we always do a funding report for the dollars of TDHCA that have gone in their development, that have gone in their district, because we do find that really the best method of communicating is to sit down one on one when a session is not going on -- when they're not really preoccupied and they can spend, really some time looking at and asking questions about TDHCA and its
programs and its funding.

One of the things that we have done as a result -- several things we did as a result of the reorganization is the communications area is now in the Center for Housing Research, Planning and Communications.

So our communications arm of the department is in the area that is doing all of the plans for the department, that does the research for the department, that has been taking the lead on the public input groups. And the other thing that we did was move the department's performance measures to the Center for Housing Research, Planning and Development.

So what we are attempting and working to do with that consolidation is -- the division within our department, does the research, has the numbers, has the information, is also the department that is helping develop communication and marketing tools for our programs and for our mission and what we do here.

And I think that generally, we're finding out that that is working really, really very well for us. Much better coordination, much better understanding of what is coordinating what's going on within a department.

MR. CONINE: I know we do the amount of funding for '03 in U.S. congressional districts by the March
legislative conference, but do we have the capacity to do
the state legislators that same way on about that same
time frame, or does that take a while longer?

MS. S. ANDERSON: No it's sitting in a
database, ready to go whenever.

MR. CONINE: Ready to go?

MS. CARRINGTON: We do that every -- when we're
getting ready to go out and make a visit with a
legislator, we just update that information and take that
funding report to them.

MR. CONINE: Okay. So we could get copies of
all that electronically or whatever for the board members?

I think that, don't you think the board ought to take a
look at that? Can I? They can cherry-pick which district
they want to look at and talk to, but as soon as we can
get that, that would be helpful.

MS. S. ANDERSON: It's a pretty big database.

MS. CARRINGTON: I think what would be helpful
for us is if you all have a particular district you are
interested in, because we can give you any and every
district in the state you want.

MS. B. ANDERSON: But we don't want 32 Senate
districts and 31 Senate districts right now.

MR. CONINE: Well then we need to communicate
to the board then, which we'll do at the board meeting. Try to get that done. Okay.

MS. B. ANDERSON: I just -- to Ms. Carrington's point and yours as well, about communications -- the staff, we have a lot to be proud of in this agency. And the staff, this is good information that's in the handout today but, I said just a minute ago but how you tell the story is as important as the data.

And so, we have to connect the dots for people that aren't involved in this on a day-to-day basis, like the staff is. So I challenge Sarah and Gordon to make the data sing and make it tell the story that reflects the accomplishments of the agency.

MR. CONINE: Okay. We also have a sheet entitled the Overview of Programs and Services, which is really the core of what we do here, broken out, all the different programs. I don't think that we need to go over all these different programs, but I do think for the committee's perspective and for the staff's perspective, outlining what we would like to try to accomplish this year, in taking a look at each one of these, virtually every time we have a board meeting, if we can get the Programs Committee to meet and have a review of each of these programs presented by staff so that the Committee
can then ask questions and make recommendations up to the full board on any changes that might be made.

I know we've pretty much committed, I hope, Madame Chairman -- the single family bond program, we've been trying to do that review for quite some time and to my understanding it's scheduled for the February meeting.

MS. B. ANDERSON: Is that going to work? Good.

MR. CONINE: And so we can kind of keep that on the radar screen to get done first. From a second perspective, at least from my viewpoint, I'd say the HOME Program and its various functions as it spreads across both single family and multi-family might take a couple of meetings to get through all the different nuances of that.

But I think the intent and the purpose here is to take our HOME Program block dollars and for us to understand where they're going now in the various programs and maybe take a look at something, some things that we're not doing, maybe, that other states are doing.

I know a lot of us are involved in other groups that share information with other states and I think that sort of input and dialogue is something that we want as a committee to do. So may we take that up second?

MS. B. ANDERSON: I think that's great.

MR. CONINE: And then as time goes along, we'll
figure out what is going to be third, fourth and fifth. But those two are two pretty good things that I know that a lot of our funding comes in and a lot of our needs are met using those two programs. And we can take a look at those and see over the next couple of meetings.

So if we do the single family bond program in February and then we'll crank up the HOME Program, starting in March, and kind of take it from there.

MS. CARRINGTON: If I might say, Mr. Chairman, I think what we're doing on that bond workshop is broadening it to a bond workshop, so we'll be talking about structuring on both single family and multi-family. Obviously, a lot of similarities, a lot of the same kinds of requirements. So we thought that that might be a better approach to it.

And then another thought that I had as I was looking through this sheet yesterday afternoon, we do provide this sheet also as the quick synopsis of our program when we go out and meet with legislators. One thing we don't say on this sheet is what is the funding source, and I noticed that yesterday as I was reading down through here.

And really, the largest funding source for this agency is Health and Human Services. I imagine a lot of
folks would think HUD and indeed, it was the Department of Housing and Urban Development when the community development block grant program was still with TDHCA.

But when that moved over to the Office of Rural Community Affairs, Health and Human Services is our largest funding agency with about, I think, 92 or 93 million coming in through HHS. And of course, it's primarily through the community services block grant program, and through the LIHEAP program also.

MR. CONINE: So, you're just disregarding the Treasury on the tax credits and bond program, the Treasury Department.

MS. CARRINGTON: Direct funding, I think I said, Mr. Conine.

MR. CONINE: Oh, all right.

MS. CARRINGTON: Oh no. Not discrediting, not dising, not -- just a little bit of a clarification here.

MR. CONINE: Okay. That was, again, kind of the intent of this morning's meeting, just to kind of frame what we want to try to do this year, a thorough review of all of our programs. Hopefully, we can get it done in a year. If we can't, we'll drag it on into the next year.

But being the senior board member and having a
lot of other board members that have come on the board recently, I think the review will be very helpful and then maybe we can take the Programs Committee work and share it with the full board in the following board meeting on a bullet point review and keep them as updated as possible, in the chance that we might need to educate one or two of them. We probably might do that.

Any other comments, Ms. Anderson?

MS. B. ANDERSON: I just have a question about performance measures, because we're entering a cycle on development of performance measures, and I think that's integral to programs. It becomes a key way by which we measure the effectiveness of these programs. So I would be interested in Ms. Anderson's thoughts on how the Program Committee and the board would participate in that.

MS. S. ANDERSON: Okay. Well, we're starting up the process actually this month. But to backtrack a little bit, we actually started last August and went through with those divisions that have performance measures, just to make sure that they're going to meet '04 performance and to start thinking about what changes they may want to submit.

The way the process works is, in March of this year, we have the opportunity to submit requests for
changes to our performance measures and then in June, our strategic plan is due. And then as you follow through, you go through with the LAR, and the biannual operating plan, and then you go through session, and then you start over again.

What we're doing right now is my staff has started working with individual divisions to go over their specific performance measures. Because of legislative changes over the last ten years and a reorganization, frankly, the measures that we have don't necessarily reflect the agency mission exactly, nor do they reflect the structure of the agency so what we're doing, almost starting from scratch, trying to realign.

And of course, as you do this, it has to tie in with your budget structure. And so starting this month, we're going to be meeting with the LBB and our analysts over there. We're also going to invite in representatives from the Governor's Office of Budget and Planning and Lisa Gonzalez from the Governor's office who works with us on the policy side.

And we'd like to show these preliminary drafts of what we would like to submit. I guess the way I had envisioned this working would be that staff would take the first shot at it and then try and bring it, maybe run it
through, just to make sure that we're not going too far out with the powers that be as we go and then bring it to the Programs Committee, perhaps next month, to give you an idea of the direction that we're going.

But I want to make sure that we get a little bit of a green light there before we go too far in our thinking. So I was thinking, bring it in, if we could, before the Committee in February, working with direction from there and perhaps bring it to the full board in March before we submit it. Is that right?

MS. B. ANDERSON: All right. That sounds like a good plan. Thank you.

MS. S. ANDERSON: Thank you.

MS. CARRINGTON: I'd like to compliment Sarah and her staff who are beginning the process of taking a very critical look at these performance measures and saying are they reflective of our mission? Are they reflective of what we do? Are they reflective of our bill pattern and our funding sources?

And I would dare say that it's probably been a while since we've done that. And I think we're starting fairly early. We are involving the LBB and we are hopeful that we will be able to make some modifications or changes in our performance measures.
MS. B. ANDERSON:  Great.

MR. CONINE:  Anything else?

(No response.)

MR. CONINE:  The Programs Committee stands adjourned.  Thank you.

MS. B. ANDERSON:  Thank you.

(Whereupon, the meeting was adjourned at 9:50 a.m.)
CERTIFICATE

MEETING OF: TDHCA Programs Committee

LOCATION: Austin, Texas

DATE: January 13, 2004

I do hereby certify that the foregoing pages, numbers 1 through 34, 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.

01/19/04

(Transcriber) (Date)

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