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Breaking Ground

A newsletter published by the Texas Department of Housing and Community Affairs

Subdivision Street Dedicated to 96-year-old Colorado City Resident

Every week for 50 years, 96-year-old Mattie Woods dressed in her Sunday best and walked on a gravel road to attend church services in the rural West Texas town of Colorado City. The dusty lane was a narrow, quarter-mile link between the church and the modest home built by her husband in 1943.

David Woods, one of 11 children raised in the four-room house, said his mother had a vision of what the future would bring to her barren neighborhood.

"I've never seen anybody with so much hope for the future. She always told me that 'one day there will be houses out here, son, and one day there will be a place where I can walk and not get my feet dirty,'" said David Woods.

Mattie's dream has finally become a reality.

In late November, Mattie was joined by

the mayor, community leaders, the Texas Department of Housing and Community Affairs (TDHCA) and private developer, Covenant Communities, to dedicate the newly paved road—Mattie Woods Lane—named in honor of the longest living resident on the street.

Her son David, who is the assistant principal for the local high school, reflected on his mother's dedication to her home and her community.

"I offered to buy her a new home but she wouldn't take it because it was the only thing she had left of Daddy," said David Woods.

Mattie Woods Lane was paved recently by Colorado City utilizing a \$492,136 grant from TDHCA's Housing Demonstration Fund. The grant money will be used to



Mattie Woods, 96, holds a copy of the new street sign bearing her name in Colorado City, Texas. She is joined by her son and daughter-in-law, David and Billie Woods.

create streets as well as water and sewer lines to support the construction of 72 new manufactured homes. The new subdivision will be located across the street from Mattie's house.

Bill Lee of Covenant Communities said that Mrs. Woods welcomed the changes in

"Mattie Woods" continued on page 5

More than \$146 Million Available for First Time Homebuyers

Very low to moderate income Texas families can already benefit from more than \$146 million in mortgage loan assistance available statewide through the Department's First Time Homebuyer Program. An October 1997 issuance of \$80 million coupled with \$66 million to be released in January 1998 will help more than 2,200 families buy their first home.

The Department has made the low interest rate mortgage financing available through 35 participating lending institutions with more than 250 branch offices statewide. The mortgage loans will carry a 30-year fixed 6.75 percent interest rate.

"The First Time Homebuyer Program helps working families and individuals throughout Texas realize the American dream of home ownership," said Larry Paul Manley, executive director of TDHCA. "Together with the Down Payment Assistance Program, many eligible families currently paying \$500 to \$600 a month in rent will now be able to buy a home."

The First Time Homebuyer Program helps individuals and families who earn sufficient income to make monthly mortgage payments but may have difficulty qualifying for a mortgage loan at the market interest

rate. Incidentally, a first time homebuyer is defined as an individual or family who has not owned a home within the past three years.

The Program makes buying a home more affordable by offering mortgage loans with interest rates that are below market rates. The lower interest rate reduces the monthly mortgage payment, and therefore, lowers the total cost of the home and the amount of income needed to qualify for a loan.

For example, a \$75,000 loan with a 30-year term at a 6.75 percent interest rate would result in a total monthly payment of about \$686 (not including taxes and insurance). The same loan at an 8 percent interest rate would result in a total monthly payment of about \$750. The difference between the payments is only a little over \$60, but that may be just enough to exclude someone from buying that particular home. Over the life of the same loan at 8 percent, the buyer would make payments totaling about \$270,000 for principal and interest. But at 6.75 percent interest, the buyer would make payments totaling about \$247,000 and therefore, reduce the total cost paid for principal and interest by \$23,000.

Qualifying income levels and purchase

"First Time Homebuyer Program" continued on page 5

Federal Legislation Filed Could Increase Affordable Housing

Legislators in Washington have recently filed several bills which, if passed, would increase the funding available for the creation of affordable housing nationwide. By increasing existing incentives to private investment in affordable housing, the U. S. Congress could direct desperately needed funds to the states to finance affordable housing, as well as help create jobs.

Private Activity Bond Cap Increase

S. 1251 and H.R. 979 represent a bipartisan effort to increase the private sector activity bond cap from \$50 to \$75 per capita. This increase will help to ensure that the private activity bond cap keeps pace with economic growth. This legislation will significantly increase the flow of private capital into Texas, financing affordable housing and other essential infrastructure while generating employment opportunities.

Tax-exempt private activity bonds are issued by the state and local governments to finance basic community needs such as low interest mortgage loans for first time homebuyers, affordable rental developments, student loans and industrial development. The per capita bond cap allowed to the states

"Bills" continued on page 3

Inside

First Colonia Cottage Dedicated in El Paso
page 2

TDHCA Announces New Deputy Director
page 2

News in Brief
page 3

Community Services
page 4

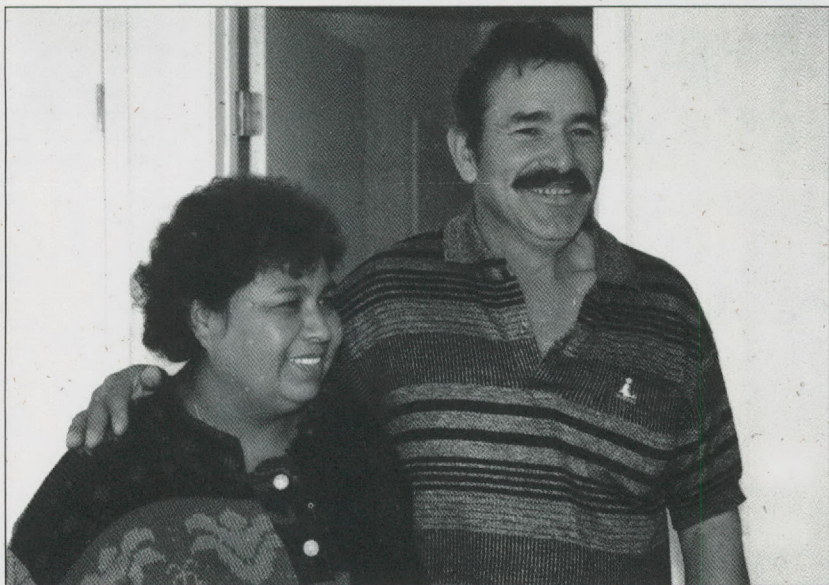
Manufactured Housing Update
page 5

TCDP Has Record Year
page 6

Calendar of Events
page 6

First Colonia Cottage Dedicated in El Paso County

Vista Serena Homes, L.L.C., Socorro Independent School District and TDHCA were joined in October at the dedication of the first "colonia cottage" by the family who has prequalified to purchase the affordable home. The home is located in the El Paso Hills Subdivision in El Paso County.



Luis and Amanda Avila stand proudly in front of their new home.

"This is complete happiness. I never thought it would be possible because I thought I would always be paying rent," said Luis E. Avila, who together with his wife, Amanda, will be purchasing the first cottage—their first home.

A total of 14 homes will be built by Vista Serena Homes through a \$553,000 loan under the C.A.S.A Fronteriza Loan Program.

This project is one approach taken to address the housing affordability crisis in El Paso. Local government and housing groups estimate that more than 30,000 units must be built to meet today's housing needs in the area. The lack of affordable housing is also a primary cause for the formation and proliferation of colonias in El Paso County.

The colonia cottage is the first home built to "colonia standards." Developing affordable housing in the colonias was difficult because of the U. S. Department

of Housing and Urban Development's (HUD) Section 8 housing standards. These standards were developed to protect families whose homes were being built or rehabilitated. However, the standards indirectly hurt those who were not able to meet these housing standards. In April 1996, TDHCA successfully obtained an alternate set of building standards for colonia areas from HUD. These standards, known as the Colonia Housing Standards (CHS), address the unique needs of colonia housing by allowing the state to use federal funds in border areas. Under CHS, colonia residents can obtain financing for safe, decent and sanitary affordable housing. The Federal Housing Administration (FHA) also agreed to insure homes that meet CHS under their mortgage loan programs.

Families living in the colonias struggle financially to buy adequate building materials to build their home and to provide the traditional features of a safe, decent and sanitary residence. The colonia cottage is unique due to the fact that it addresses the affordable housing needs of colonia residents. The interior of the colonia cottage home is not completely finished which helps keep the cost affordable and allows the family to complete the home when they have sufficient financial means.

Monthly Payment Around \$100

As purchased, the home is 1,020 square feet with three bedrooms (two unfinished), two baths (one unfinished), a kitchen and a living area. Based on the purchase price of \$38,500, which includes land, a homebuyer can obtain a 30-year-loan at a zero percent interest rate, to create a monthly payment of \$106.94 (not including taxes and insurance). Based on the property's present condition, the fair market appraisal yielded a current value of \$49,500. A fair market appraisal of the home, once completed by the occupant, indicates a value of \$55,000.

The primary beneficiaries will be very low income residents with annual incomes at or below 50 percent of the statewide

median income. At least four homes will be sold to extremely low income families at or below 30 percent of the statewide median income. Through a partnership with the University of Texas at El Paso and a grant awarded by the State Energy Conservation Office of the General Services Commission, an additional \$1,200 is going into each home to incorporate many energy efficient and water saving features.

Students Help Build the Homes

The first cottage was built through a partnership with the Rio Grande Tech Prep School to Work Consortium (Tech Prep) and Socorro Independent School District (SISD). Tech Prep brings private industry and schools together to develop projects to better prepare students for "life" after high school. Through the partnership, students currently in building trade programs provided labor to help construct the colonia cottage and received on-the-job training.

"Not only were the students learning specific construction skills, they were also cross training in various trades such as plumbing and electrical wiring," said David Ballard, regional director, B&G Land Management.

In addition to construction skills, students learned teamwork and the value of community service.

"This project has not only given me more experience, but more knowledge, so that I can help myself and others in the future. I like working for the community because it makes me feel good inside, when I look back at the house and can say, 'I helped to build that home,'" said senior high school student Rene Galviz.

TDHCA is optimistic about the realization of the colonia cottage project and that the incorporation of community partnerships will inspire other private housing developers to build affordable housing for the very low income families of Texas by creatively maximizing local, state and federal funds.

For more information, call the Office of Colonia Initiatives at 1-800-462-4251.

TDHCA Announces New Deputy Director

Daisy Stiner, with more than 20 years of housing and community development experience, assumed position in December

The Department recently announced that Daisy Stiner, director of TDHCA's Housing Programs Division, has been promoted to deputy executive director by Larry Paul Manley, TDHCA's executive director. In this position, Stiner will oversee all program divisions, including Housing Programs, Housing Finance, Community Development Block Grants, Community Affairs, Manufactured Housing and the Office of Colonia Initiatives.

"Stiner's 20-plus years experience in all facets of affordable housing and community development make her the ideal candidate for the position of deputy executive director," said Manley. "This move also acknowledges an on-going effort toward further increasing diversity within our ranks especially at the senior management level."

"The Department has an extraordinary opportunity to be in the

forefront for creating affordable housing and community development opportunities for families and neighborhoods throughout the state of Texas," said Stiner. "The Department has a wealth of talent in its human resources to meet this challenge. I am excited to have been selected to be a part of the innovative leadership that executive director Manley has shown is needed to move the Department forward and to make this goal a reality."

Prior to joining TDHCA in December 1995, Stiner was employed with the city of Houston holding various positions in government, as well as in the health care and savings and loan industries.

Stiner holds a bachelor of arts degree from Prairie View A&M University and a master of arts degree from Texas Southern University in Houston.

News in Brief

Community Affairs Holds Fourth Executive Directors' Conference

The 1997 Community Affairs Executive Directors' Conference was held July 30-Aug. 1, 1997 in San Antonio. Don Bethel, chair of the programs committee of TDHCA's governing board, and Larry Paul Manley, executive director, both spoke at the conference.

Information and training was provided on a variety of topics, including Results Oriented Management and Accountability (ROMA), immigration and welfare reform, microbusiness programs and affordable housing initiatives. In addition, Marjorie Witherspoon of the National Association for State Community Service Programs discussed the impact of the federal budget agreement on future funding for community services and energy assistance programs.

Forty-two community action agencies had representation at the conference.



Community Services Forms New Interagency Partnership

Gov. George W. Bush recently issued a Charitable Choice Policy Initiative to recognize the role of religious institutions in assisting persons with incomes at or below the poverty level.

In response, the Community Services Section has developed partnerships at the state and local levels among community action agencies (CAAs), the Texas Department of Human Services (TDHS) and various homeless coalitions. Community Services developed a memorandum of understanding that includes common goals and objectives.

The memorandum has been signed by Larry Paul Manley, executive director of TDHCA and Terry Trimble, interim commissioner, TDHS. Community Services has drafted a general memorandum to be sent to all CAAs and Emergency Shelter Grants contractors discussing the new partnership.



Second Border Housing Forum Held in El Paso

TDHCA and the City of El Paso hosted the Texas/Mexico Border Housing Forum II on Oct. 27-28, 1997.

Representatives from Mexico's border states of Tamaulipas, Chihuahua and Nuevo Leon joined TDHCA and several Texas and Mexico federal and state agencies. The states signed a collaborative bi-national agreement which created three working committees focusing on infrastructure development, financing mechanisms and public and private partnerships. Two sites, Laredo/Nuevo Laredo and Ciudad Juárez/El Paso were selected for the implementation of water and wastewater pilot projects.

The state of Coahuila was not able to attend the Forum, but they signed the agreement. The Texas/Mexico Border Housing Forum III is scheduled for Spring of 1998 in Saltillo, Coahuila.



\$27.2 Million in Tax Credits Awarded

The Low Income Housing Tax Credit Program (LIHTC) has awarded \$27.2 million in tax credits to create or rehabilitate 66 affordable rental housing developments statewide.

The LIHTC program was created by the federal government in 1987 and offers investors in nonprofit and for profit housing developments a dollar-for-dollar reduction in their federal tax liability. The tax credit can be used annually for a period of 10 years. In return, the developer must acquire, substantially rehabilitate or construct a rental housing project and set aside a percent of the housing units for very low income individuals and families.

These awards will result in 5,377 affordable housing units.



"Bills" continued from page 1

has not changed since 1986. According to Joint Tax Committee estimates, inflation has eroded its buying power by more than 30 percent.

Meanwhile, Texas' need for investment has not diminished, as shown by the demand for these bonds. In 1997, Texas received \$956 million in private activity bond authority, providing for less than half of the bond issuances requested. Demand is particularly acute for housing bonds. In 1997, investors requested three times the amount of multifamily bonds requested in 1996. This demand reflects Texas' need for affordable housing. In fact, the Texas State Data Center projects that by the year 2000 more than 1.9 million Texas households will need some form of housing assistance.

Texas' Severe Need for Affordable Housing

Demographic projections consistently show that the Texas population in greatest need for services financed by these bonds—such as low interest rate mortgages and student loans—is growing faster than other populations. With respect to housing, bonds both help create housing affordable to low and moderate income households and increase the overall stock of affordable housing, striking at two of the principal reasons people cannot afford housing: cost and availability.

Bonds not only allow for needed investment, they create jobs. For instance, bonds issued through the Department funneled almost \$122 million into the economy, moving over 1,700 families into homes. This included \$79 million for new homes, generating more than 2,100 jobs. Bonds issued or reserved for multifamily housing, economic development and pollution control will create an estimated 13,500 new jobs.¹ Current limits on private activity bonds hamper Texas' ability to invest in its communities and create these jobs. Under S. 1251 and H.R. 979, Texas' tax-exempt private activity bond authority would increase to \$1.4 billion. The bills also ensure that the cap keeps pace with inflation. The demographic trends cited and the pressure to expand entry level jobs in order to ensure the success of state and federal welfare reform make the proposed legislation timely for Texas.

Housing Tax Credit Allocation

Two additional bills, S. 1252 and H.R. 2990 were filed during the last Congressional Session. Like efforts to increase the private activity bond cap, these bills have bipartisan support. Like the bond cap bills,

they seek to increase an existing but stagnating incentive, in this case raising each states' allocation of low income housing tax credits from \$1.25 to \$1.75 per capita. This legislation would expand private investment in additional affordable rental housing for low income Texans, especially the elderly and disabled on fixed incomes. Through tax credits, communities can increase affordable rental housing as well as create jobs to stabilize and energize the economy.

Program's Dollar Value Diminished

The LIHTC Program provides investors with a reduction on their federal tax liability in return for investing in affordable rental housing. In Texas, the program has created nearly 74,000 rental units since 1986. However, Texas' tax credit allocation has not kept up with the state's housing needs. Nationally, affordable rental units generated through tax credits barely keep pace with

affordable units demolished, abandoned or otherwise lost each year. The tax credit allocation is based on a per capita limit that has not changed since 1986. In fact, the "buying power" of tax credits has declined by 45 percent as measured by the Consumer Price Index.

As with private activity bonds, Texas' need for tax credits is evidenced by the high demand. While Texas' 1997 allocation totaled about \$27 million and will create 66 developments, 195 applicants requested tax credits exceeding \$114 million—four times the amount available.

Like tax-exempt private activity bonds, the tax credit program lowers the cost of housing through rent caps and expands the overall housing stock. Like the bonds, tax credits help create jobs. Of the \$27 million allocated for 1997, \$25.4 million will be spent for new construction, helping to create almost 700 new jobs.² Under S. 1252, Texas' tax credit allocation would increase to \$33 million, helping to create about 7,200 housing units, and over 860 jobs per year.

Congress to Discuss Bills in January

Efforts to provide long overdue increases in the tax-exempt private activity bond cap and the per capita allocation of low income housing tax credits will funnel much needed private investment into Texas communities. This would especially impact the state's ability to meet its overwhelming need for affordable housing. More Texans could buy their first home; while the quantity and quality of rental housing would also increase.

It is anticipated that these bills will continue through the legislative process after Congress reconvenes in January.

In fact, the Texas State Data Center projects that by the year 2000 more than 1.9 million Texas households will need some form of housing assistance.



^{1,2}Based on the Texas Comptroller of Public Accounts' Spring 1997 State Economic Forecast Model.

Community Services

Helping Families Move Beyond Poverty

Many local poverty-relief programs across Texas annually receive administrative support from the Community Affairs Division. In 1996, through the federal Community Services Block Grant (CSBG), more than \$23.5 million in funding helped support local food banks and provided clothing, child care,



Many local food banks and nutritional assistance programs are supported through TDHCA's Community Services Block Grant. This picture shows customers at the Sustainable Food Center in Austin which uses farming as a means to improve the community's access to nutritious food and to provide economic opportunities to low and very low income individuals. The Center operates two community garden sites, a Farmer's Market and a free cooking school called La Cocina Alegre (The Happy Kitchen).

education, healthcare and other critical assistance to more than 258,000 Texans.

51 Agencies Covering Texas Counties

TDHCA administers the CSBG program through 51 community action agencies statewide, covering all of Texas' 254 counties. In recent years, the Division has modified the Community Services Program to encourage the agencies to implement programs that help families transition out of poverty. Now, in addition to helping Texans in poverty meet their immediate needs, agencies also address the long-term goal of helping families overcome poverty.

To implement this aggressive approach to reducing poverty, Community Services developed strategies to help agencies promote client self-sufficiency. Local agencies are required to submit an annual Community Action Plan (CAP) which identifies the needs within their community and develops a service delivery plan that targets identified needs. In addition, agencies are required to have a system of case management to ensure that available resources are coordinated at the local level.

In 1996, the total number of persons transitioned out of poverty through the program statewide was 530. This means that these individuals maintained an income above poverty level for at least 90 days.

Several agencies have developed very successful programs which helped many people in their communities become self-reliant. Outstanding agencies are recognized by the Community Services Section through an awards program.

This article highlights only a few of the

community action agencies' success stories.

Creating Opportunity for Young Adults

In South Texas, the *Student Alternatives Program* offers a flexible school schedule and curriculum to meet the needs of high school youth from migrant farmworker families living near the Texas-Mexico border.

Community Services began funding this start-up organization in 1994. Then, only two area school districts recognized the need for such a program. To date, participation has expanded to include 15 school districts and 446 students who have received their high school diploma or GED.

In 1994, the *American Institute for Learning* in Austin, received CSBG discretionary funds to operate a pilot job training program, *Casa Verde Builders*, that targets economically disadvantaged youth between the ages of 17 to 25. Program participants gain paid work experience, health care benefits, child care assistance,

GED courses and college credit for classroom training while simultaneously learning to build affordable housing. After one year in the program, participants receive a \$4,700 scholarship for further educational training.

To date, *Casa Verde Builders* has trained 62 youth and built 12 energy-efficient, affordable homes to be sold to low income families.

The *Casa Verde Builders* Program has captured the attention of the Texas Legislature, which passed a bill during the recent legislative session authorizing the program statewide. The organization has also received recognition from the National Community Service Program.

The *Economic Opportunities Advancement Corporation of Planning Region XI* in Waco operates a charter elementary school in a low income neighborhood within their service delivery area. Under the

services for younger children, emergency services, GED preparation and job seeking preparation and training. Through this method, the needs of the entire household can be addressed.

The school opened in September 1996 with 51 students from kindergarten to third grade. This school year, the enrollment more than doubled to 146 students. Next year's enrollment will include students through fourth grade, and will increase to fifth grade the following year. Although the school's primary funding source is the Texas Education Agency, administrators are continually seeking grant funds to build capacity, increase the availability of technology and add innovative programs.

Helping Texans Help Themselves

The *City of Lubbock* began a self-sufficiency pilot program in 1996 to help single parent families out of poverty by providing them with job/educational training. To qualify, participants cannot be eligible for other similar programs and must be low or very low income. Through the program, clients are assisted with budget preparation and enroll in either educational or vocational training courses. Participants receive funding for childcare, transportation and emergency services while attending classes. Participants are encouraged to regularly visit with their case manager, who provides guidance and support.

Just in the program's initial year, 235 families have enrolled and two families have already transitioned out of poverty.

Panhandle Community Services (PCS) in Amarillo helped 68 individuals earn incomes above the federal poverty level in 1996 through their Families in Training Program. Many of these individuals, who formerly relied on public assistance, now have jobs that earn an average of nine dollars per hour. When considering that some of these individuals are supporting households of four or more people, it can easily be determined that more than 300 individuals are no longer in need of government assistance.

The *Families In Training (FIT) Program*

In 1996, the total number of persons transitioned out of poverty through the program statewide was 530. This means that these individuals maintained an income above poverty level for at least 90 days.

neighborhood school's charter, it offers a low ratio of about 18-20 students per teacher, and life skills training on topics such as hygiene and courtesy, in addition to grammar school subjects. Parents of the students also receive referrals for comprehensive services through the community action agency. Services include Head Start and child care management

emphasizes education as the key to breaking the cycle of poverty. Individuals work toward a degree to improve their ability to obtain employment. While working toward their goal, they receive assistance in the form of rent and/or utility subsidy, and motivation and encouragement from caseworkers.

For information on these programs, contact Eddie Fariss at 512/475-3897.

"Mattie Woods" continued from page 1

the neighborhood with an open heart.

"In Colorado City we had the critical ingredient to any good neighborhood, we had a good neighbor in Mrs. Woods," said Lee.

Demand for affordable housing

The new development in the community is a result of the city's success in gaining two state prisons, and a third is in the planning stages. The new prisons led to economic development and job growth. Due to families moving into the area, the community faced a severe housing shortage.

The affordable homes in the Hillcrest Subdivision will range from \$43,900 to \$54,500. TDHCA is also making \$360,000 in down payment and closing cost assistance available to individuals and families earning 80 percent or less of the area median family income (AMFI). For example, a family of four in Mitchell County cannot earn more than \$25,200 in order to be eligible for down payment assistance.

The development also will have a community center, basketball court, play area, covered picnic area and public restrooms.

The Hillcrest Subdivision will offer many families an opportunity to find security in a home, pride in belonging to a community and hope for the future. These families will share goals similar to what Mattie Woods envisioned when she moved to the area 50 years ago.

David Woods credits his parents for the fact that all 11 children today are responsible adults and "other than a speeding ticket" have not gotten into any trouble in life.

"My parents were praying people. They were parents that were concerned about our welfare," said Woods. "Mother marched us down this dusty lane to church. She walked behind us and kept us in line."

For information on the Housing Demonstration Fund, contact Oralia Cardenas at 512/475-3911 or Eric Pike at 512/475-3628.

Manufactured Housing Responds to Rising Consumer Needs

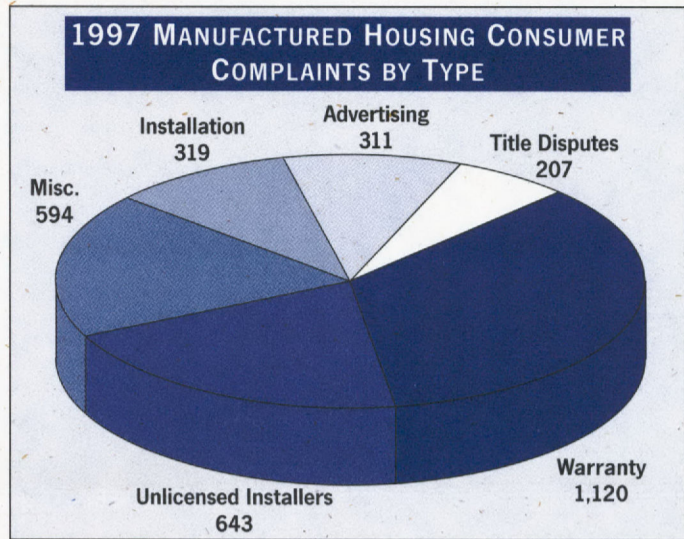
Today, manufactured housing is one of the most affordable homebuying alternatives, with the industry experiencing tremendous growth in recent years. For the staff of the Manufactured Housing Division, this growth translates to a dramatic increase in workload. Larger numbers of consumers need walk-in and telephone assistance, manufactured housing titles issued, complaint investigations and enforcement of the Texas Manufactured Housing Standards Act (the Act).

In the past two years, information packets mailed to consumers rose from 17,000 to 65,000, phone calls answered increased from 48,000 to 96,000, and titles issued rose from 86,016 to 95,000. To respond to the increased volume of telephone calls, internal procedural changes were implemented and updated equipment was purchased. The actual calls answered have now increased from less than half in fiscal year 1995 to 92 percent in fiscal year 1997.

Even with a more than 10 percent increase in the number of titles issued in the past two years, the Division has decreased the average time for issuing a title from three months in fiscal year 1995 to less than four weeks in fiscal year 1997. This was made possible by upgrading computer equipment and streamlining procedures.

Soaring Consumer Complaint Issues

Also in the past two years, the number of complaints rose from 884 in fiscal year 1995 to 3,194 in fiscal year 1997. The Division has already resolved 2,784, and 2,169 of those were resolved informally. The increased enforcement of the Act is illustrated in the rise of the number of cases pursued by the Division. For example, the number of unlicensed installer cases pursued rose from nine in fiscal year 1995 to 643 in fiscal



year 1997. This is significant because proper installation is critical to both the safety of the homeowner and the public, and the durability and value of the manufactured home.

Most complaints are related to the warranty or installation of the home. If the item in a complaint is out of warranty (usually one year), then the Division does not have the jurisdiction to investigate the complaint and the consumer must "pursue other methods of remedy." If the home is still in the warranty period, then the Division has jurisdiction to investigate the complaint.

The division also has jurisdiction over the following issues: advertising/deceptive trade, delinquent summaries, unlicensed installers and title complaints.

Manufactured Housing staff have been able to provide better customer service, quicker title processing, more complaint investigations and a higher success rate for resolving cases. The Division has made a concerted effort to improve operations in order to effectively and efficiently serve more consumers, license holders and industry-related businesses in less time.

"First Time Homebuyer Program" continued from page 1

prices vary for the program according to geographic location and family size. In Austin for example, a family of three or more persons can earn no more than \$55,890 per year. Also, the maximum purchase price for a new home is \$125,642 and for an existing home is \$107,264.

Since 1990, the program has helped more than 9,000 Texas families buy their first home through low-interest rate financing.

In addition to the First Time Homebuyer Program, TDHCA offers additional assistance to help low and very

low income families become homeowners. Individuals and families who earn 80 percent or less of the AMFI may apply for down

to be paid until the borrower sells the home, refinances the mortgage or completes payments on the original mortgage.

Two-thirds of 1997 Funds Helped Low and Very Low Income Families Buy Their First Home

The income guidelines for the First Time Homebuyer Program are set by the U. S. Congress and are based on area median income guidelines. Although the program may assist moderate income families, the majority of TDHCA's funds, or 66 percent, in fiscal year 1997 went to low and very low income families. During the fiscal year, 1,773 families purchased homes totaling more than \$121 million, creating an average loan amount of about \$66,000.

payment assistance. Using the Down Payment Assistance Program, the Department may provide up to \$5,000 to defray reasonable closing costs and the first year of hazard insurance. The loan does not have

U. S. Department of Housing and Urban Development.

For information, contact the Department at 800/792-1119.



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Breaking Ground

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Breaking Ground

December 1997

1998 State Low Income Housing Plan

Public hearings for the 1998 State Low Income Housing Plan and Annual Report will be held during the month of February. For more information, contact the Housing Resource Center at 512/475-4595.

Calendar of Events

January

Public Hearing on the 1998 draft qualified allocation plan for the LIHTC Program
Austin, January 5

Application Training Workshop for the Emergency Shelter Grants Program
Austin, January 13

February

Application deadline for the Emergency Shelter Grants Program
Austin, February 16

TDHCA's Annual Black History Program
Austin, February 19

March

Manufactured Housing Licensing Education Class
Austin, March 9-11

Compliance Training
Austin, March 11-12

Compliance Training
Dallas, March 24-25

For information, please contact the Communications Division at 512/475-3966.

Record Year for TCDP Applications

The Texas Community Development Program (TCDP) received a record high 782 applications requesting approximately \$187.5 million in Community Development Block Grant Funds for the biennial competition for fiscal years 1997 and 1998.

Of the applications received, TCDP funded 255 communities totaling \$60.2 million in 1997 and will fund about 240 applications totaling \$60 million in 1998.

The biennial competition improves the program's efficiency by reducing the administrative workload, gives communities a greater opportunity to be funded and helps expend funds more quickly.

TCDP funds are available to nonentitlement communities, cities less than 50,000 in population and counties less than 200,000 in population, to assist with public facilities, infrastructure and housing rehabilitation.

For many small communities, these funds are the only means they have to improve the living conditions of their residents.

Eight Funding Categories

There are eight funding categories under TCDP: community development, planning and capacity building, disaster relief/urgent need, housing rehabilitation, housing infrastructure, colonia, Texas Small Towns Environment Program (Texas STEP) and the Texas Capital Fund.

The biennial competition applied to the community development and the planning/capacity building funds. Community development received 633 applications requesting close to \$165 million, of which, 198 totaling \$48.7 million were awarded in 1997 and 173 totaling about \$49.5 million will be awarded in 1998.

The planning and capacity building fund received 90 applications requesting about \$2.4 million, of which, 24 totaling

\$792,000 were awarded in 1997 and 33 totaling the same will be awarded in 1998.

The remaining 59 applications in 1997 requested approximately \$20 million in funds and included: 20 housing rehabilitation, 28 colonia construction and 11 colonia planning. Of the 59 received, 33 grants totaling more than \$10.6 million were awarded. The colonia and housing rehabilitation funds will accept applications again in 1998.

Non-competitive Funds Available

Disaster relief, urgent need and Texas STEP funds are available on a noncompetitive or as-needed basis.

The disaster relief fund helps communities struck by a natural disaster following a declaration by the president or a request by the governor. Urgent need funds solve water or sewer problems that are of recent origin and constitute a serious and immediate threat to the health and safety of residents.

The Texas STEP Fund assists communities that are willing to use self-help techniques to solve their water and sewer problems. By utilizing the communities' own resources, such as volunteer labor or donated materials, the project costs can be dramatically reduced. TCDP has set aside more than \$2.9 million for additional Texas STEP projects in fiscal year 1997.

In addition, economic development funds are available through the Texas Capital Fund. For information, contact the Texas Department of Economic Development at 512/936-0277.

All communities receiving community development and planning/capacity building grants in the first year of the biennium were funded in August 1997. Communities receiving grants in the second year of the biennium, should be funded by Spring 1998.

For more information, contact TCDP at 512/475-3900.

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