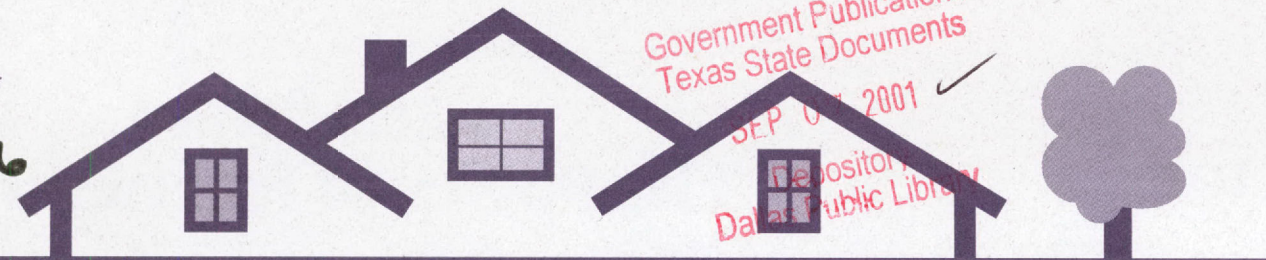


H 2370.6
B 74
2001
04.06

Government Publications
Texas State Documents

SEP 07 2001

Depository
Dallas Public Library



Breaking Ground

The quarterly newsletter of the Texas Department of Housing and Community Affairs

Tax credit developments: Affordable quality

By Jill McFarren
TDHCA Communications

On an annual basis, the Texas Department of Housing and Community Affairs (TDHCA) administers tens of millions of dollars in tax credit allocations to encourage the development of affordable housing. And every year, developers submit applications for the Department's Low Income Housing Tax Credit (LIHTC) program, describing their projects and design solutions to accommodate the various requirements intended to provide housing for low income families, the elderly, and the disabled.

Building affordable housing is challenging beyond the program's many requirements. It calls on the developers to balance construction costs with relatively low profitability margins. Glenn Lynch, vice president of Diva Enterprises, Inc., is one of those who meet these challenges head on, building affordable housing with the tenants in mind.

"I don't build anything I wouldn't live in myself," Lynch says.

To date, Lynch has completed two affordable townhouse projects, the 100-unit Fox Hollow townhomes in Weatherford, Texas, and the 120-unit Shenandoah Townhomes in Burleson, Texas, both of which include all the amenities found in full-price housing units. Both properties are 100 percent LIHTC. Lynch makes sure that every unit he builds includes:

- Ceiling fans
- Ceramic tiled kitchen, bathroom, and utility rooms
- Covered patio
- Crown molding
- Energy efficient appliances
- Fireplace
- Front and back yards
- Raised panel cabinets
- Single car attached garage
- Vaulted ceilings

Lynch believes affordable housing should encourage tenants to feel proud and take care of their new homes. He claims that

just because a development is "affordable" does not mean it has to look or be inexpensive, and his tenants seem eager to agree.

Ask him sometime to tell you the story of the time he was inspecting a new unit in one of his developments and met a nine or 10-year-old boy. He will tell you that while the boy's family was unloading their belongings from a moving truck, the boy was yelling, "We're rich! We're rich!"



An LIHTC townhome built by Glenn Lynch.

When Lynch approached the boy and asked him if his family had just won the lottery, the boy exclaimed, "No! But look at our brand new house!"

Cherno Njie, TDHCA's LIHTC director, says that Lynch is not alone in his drive to build quality affordable housing. "Lynch is one of a number of developers whose emphasis on quality is on par or better than market rate developments," he said. "Many developers go well beyond the requirements for building first rate affordable housing."

Lynch shares his perspectives on the LIHTC program quite readily. In a late March hearing, he testified before the Urban Affairs Committee of the 77th Legislature, offering his comments on House Bill 3449 regarding the continuation and functions of the TDHCA, including the LIHTC program.

A proponent of the program's tax opportunities, Lynch believes the goal of providing additional affordable housing in Texas can be met while achieving a high level of quality. "There's no reason to build cracker boxes with a few windows," he says. "It takes the same effort and resources to build quality developments."

TDHCA welcomes three new board members

By Jill McFarren and
Gordon Anderson
TDHCA Communications

This spring, the Texas Senate confirmed three appointees of Governor Rick Perry to the Texas Department of Housing and Community Affairs' Governing Board. Shadrick Bogany of Missouri City, Vidal Gonzalez of Del Rio, and Norberto Salinas of Mission, have joined six of their peers on the agency's policy-making body.

"These individuals bring unique talents and perspectives that are certain to benefit the board and the state of Texas," said Michael E. Jones, chair of TDHCA's Governing Board. "We look forward to sharing ideas and insights as we seek to alleviate the growing demand for affordable housing."

"We appreciate their commitment toward helping Texans in need through their guidance of our housing, community development, and community assistance programs," said TDHCA Executive Director Daisy Stiner.

Shadrick Bogany of Missouri City is a licensed real estate broker and manager of ERA Bogany Properties in Houston. He has served as director of Housing Opportunities of Houston, Inc., and is a member of each the National, Texas, and Houston Association of Realtors. Mr. Bogany holds a Bachelor's degree in Business from the University of North Texas. Appointed to the TDHCA Board on March 15, Mr. Bogany's term will end January 31, 2007. He replaces Donald R. Bethel of Lamesa, whose term expired in January 2001.

Vidal Gonzalez of Del Rio is president and chief administrative officer of the Del Rio National Bank and is a past president of the Wintergarden Bankers Association. He serves on the State Comptroller's Border Advisory Committee, the Del Rio Rotary Club Housing Development Board, and the United Medical Center's Board of Directors. Mr. Gonzalez received his Bachelor's and Master's degrees in Animal Science from Texas A&M University. Appointed to the TDHCA Board on March 15, Mr. Gonzalez's term will end January 31, 2007. He will replace Dr.

(See "Board", page 3)

Inside this issue:

Departments:
Letter from the Executive Director 2
Guest Corner 2
TDHCA program updates 4
Calendar 6

Features:
Selection process: ESGP 2
Community Action Month 3
Grants for Texas colonia CHDOs 3
TDHCA's Sunset Bill highlights 3
OCI partners with national coalition 5
Bond finance alternatives 6
Domino upgrades its water service 7
Market studies 7
Needs survey update 7
LIHTC reviews 2001 tax credit cycle 8
HUD officials visit El Paso 8

Texas Home Ownership Week

Governor,
housing agency
recognize symbol
of the
"American Dream"

By Gordon Anderson
TDHCA Communications

In early June, the Texas Department of Housing and Community Affairs (TDHCA) joined Governor Rick Perry in recognizing June 3-10 as "Home Ownership Week in Texas." Governor Perry issued a proclamation in support of the national designation for "National Home Ownership Week" by the U.S. Department of Housing and Urban Development (HUD). Throughout the week, federal, state and local housing finance agencies and housing authorities celebrated home ownership in Texas and throughout the nation.

"Home ownership is one of the most prominent symbols of the American Dream," Governor Perry noted in his proclamation. "It is a milestone indicative of a sense of security and achievement. Beyond personal achievement, home ownership positively impacts our economy and promotes community stability."

"The Department is committed to helping as many low-income Texans achieve home ownership as possible," said Daisy Stiner, TDHCA Executive Director. "The benefits of home ownership have been proven time and again. When a majority of people own the home in which they live, citizens tend to develop stronger families, better schools, safer neighborhoods and greater economic opportunities. We are also working equally hard to assist those households in need of decent, affordable rental housing. We must not lose sight of this important housing market."

According to U.S. Census figures, approximately 64 percent of Texans own the home in which they live, slightly below the national average of about 67 percent. While Stiner predicted the 2000 Census

(See "Ownership", page 2)

**Did you
know...**

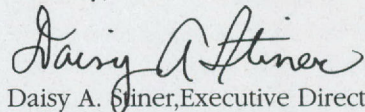
TDHCA's 2000 Annual Report
is now available online at www.tdhca.state.tx.us or
call Gaby Garcia for a free copy at (512) 475-3968.

A message from the Executive Director

Dear Reader:

The 77th Texas Legislature has adjourned and now it is time to move forward with implementation of the many important measures that affect housing and community development in our state. The most significant piece of legislation passed was Senate Bill 322, our Department's "Sunset" bill. While the bill's final outcome is vital in that it prescribes a course of action for the agency, the process in getting there is equally vital. Through the drafting of this bill, a number of groups came together for the common good of all Texans. Whether its our state agency, a non-profit or for-profit advocate, or an interested legislator, we all deeply care for our state's citizens and we all continue to work diligently in helping them have safe, quality homes in neighborhoods they call home.

Sincerely,



Daisy A. Stiner, Executive Director
Texas Department of Housing and Community Affairs

Selection Process:

Emergency Shelter Grants Program

By Bea Tijerina
TDHCA Community Services

For the year 2001, the Texas Department of Housing and Community Affairs received \$4,649,000 from the U.S. Department of Housing and Urban Development for the Emergency Shelter Grants Program (ESGP). TDHCA uses a statewide competitive application to obligate the ESGP allocation. The Department distributes an application packet on a request basis to any city, county, or private nonprofit organization.

ESGP funds are distributed based on 11 TDHCA service regions. A portion of the total available funds are reserved for each of the regions based on the poverty population of each region (i.e. Region 1, with 4.54% of the State's poverty population, is allocated 4.54% of the available funds, etc.). The allocations are based on county poverty population due to the absence of a comprehensive homeless census.

Applications are grouped, reviewed, and evaluated according to region. The review instrument allows each reviewer to determine if the application contains all the required items, and to score each question based on consistent criteria. Application scores are averaged, and applicable bonus points are added to the averaged scores. Applications are then ranked according to adjusted scores within each region.

TDHCA determines the number of applications that can be funded within each region based on the amount of funds available for distribution for the region and the amount of funds requested by the top-ranking applications within that region. To the greatest extent possible, ESGP funds reserved for a particular region will be obligated to eligible organizations within that

region or will become eligible for statewide projects, as determined by the Executive Director of TDHCA.

Factors considered in the review of each application include, but are not limited to:

- Documentation of the nature and extent of the unmet needs of homeless persons in the area to be served;
- Applicant's experience in providing services to meet the emergency needs of homeless persons (including documentation of fiscal accountability);
- The extent to which proposed activities meet identified needs;
- Applicant's ability to carry out proposed activities;
- Participation in local homeless coalitions, social service coordinating councils, continuum of care plans, or HUD consolidated plans;
- The documentation of outcomes that measure the effectiveness of programs; and
- Unresolved monitoring findings and other administrative concerns.

The criteria for awarding bonus points in the FY 2001 obligation process include:

- Applications received from non-entitlement areas;
- Collaborative applications - application in which two or more organizations work together to submit a single application for ESGP funding. One agency within the collaborative must act as the lead administrative agency.

For more information, visit TDHCA's ESGP web page at <http://www.tdhca.state.tx.us/cs.htm#esgp> or call Dyna Lang at (512) 475-3905. ■

Note: This information is derived from the current ESGP application packet, pages 11 and 12.

Ownership (Continued from page 1)

figures would show a rise in homeowners, the state must continue to increase housing opportunities among low-income Texans.

TDHCA accomplishes this by administering mortgage revenue bond proceeds that provide below-market rate home loans and related assistance for qualifying households. Households must meet income

guidelines to be eligible for this assistance, which is provided through a network of participating lending institutions. TDHCA in 2000 administered approximately \$135.3 million in below-market interest rate loans, down payment and closing cost assistance, helping approximately 1,767 very low-, low-, and moderate-income Texans purchase homes. ■

Guest Corner

The Power of Partnerships

By State Representative Bill G. Carter
Chairman, House Committee on Urban Affairs

We have just finished our 77th Legislative Session. Once again, I am amazed how the process works. Government at its best is a deep democratic process that entails both good business skills and consensus building. In their book, *Reinventing Governments: How the Entrepreneurial Spirit is Transforming The Public Sector*, David Osborne and Ted Gaebler explain their concept of government at its best. They believe that it should have a variety of community-owned, customer-driven, market-oriented, enterprising and entrepreneurial characteristics. This is what we witnessed in the 77th Session as we took the Texas Department of Housing and Community Affairs (TDHCA) through the "home stretch" of their Sunset review.

One of the many recommendations the Sunset Commission made for TDHCA requires the agency develop a comprehensive statewide plan, customized by region. This strategic "business plan" is to analyze each regions' existing housing stock and determine how to allocate federal funds based on a regional need allocation.

Within this statewide plan, the Sunset bill mandates that TDHCA place a Regional Development Coordinator within each state service region. The coordinator is to take a pro-active role in bringing all the "players" in the region to the table. The players include USDA, Local Housing Finance Corporations, Public Housing Authorities, Local Banks, Fannie Mae, TDHCA, Texas State Affordable Housing Corporation, Community Development Corporations, and the list goes on and on.

Sunset also found that TDHCA cannot strategically allocate housing funds to meet the most pressing needs as long as it operates its housing programs *independently* from other "players" in the market, both public and private. To address this issue, the 77th Legislature approved Sunset's recommendation that TDHCA expand its

scope to become a more active, statewide clearinghouse of affordable housing data and information.

The action-oriented role of a statewide clearinghouse, aided with the pro-active role of the Regional Development Coordinators, will go a long way toward helping TDHCA interact more with those in the "market place" who are administering public and private dollars.

The Committee on Urban Affairs, the legislative oversight committee for the House of Representatives, which oversees the activities of TDHCA, will be taking an active oversight role in the implementation of the Sunset bill. The Committee will be sharing this concept of Regional Planning and Collaborating/Consensus Building throughout the State.

The Committee on Urban Affairs will be holding symposiums throughout the State with such organizations as the Texas Municipal League, Texas Association of Local Housing Finance Corporations, Texas Association of Community Development Corporations, and the Texas Association of Affordable Housing Providers in order to ensure that the word gets out — *we are an entrepreneurial State that is looking to build public/private partnerships in order to meet the crisis of affordable housing.*

In conclusion, we all need to be planning, collaborating, and acting now if we are to meet the existing and future needs for affordable housing in Texas. Let's go into today and into the future with a partnership attitude. Dr. Stephen Covey, the well-known author of *7 Habits of Highly Effective People*, made a profound statement when he wrote, "Truly, the higher level of maturity is interdependency."

We do need each other. Our housing and economic challenges can be solved today and in the future as we embrace Dr. Covey's notion of interdependency. I believe we can solve our housing challenges today and in the future — *together.* ■

Governor: Rick Perry

TDHCA Governing Board:

Michael E. Jones, *Chair*

Shadrick Bogany
Vidal Gonzalez

Robert O. Brewer
Lydia Saenz

C. Kent Conine
Norberto Salinas

James A. Daross
Marsha L. Williams

Executive Director: Daisy A. Stiner

Director of Communications: Michael Lyttle

Managing Editor: Jill McFarren

Breaking Ground is a free publication of the Texas Department of Housing and Community Affairs (TDHCA), and is produced quarterly to inform the public about Department programs and services. It is written and designed in-house by Department staff. For permission to reproduce material from *Breaking Ground*, or to contribute articles for consideration of publication, please contact the editor.

TDHCA is an equal opportunity employer/program. Auxiliary aids and services are made available upon request to individuals with disabilities.

Copies of this publication have been distributed in compliance with the State Depository Law, and are available for public use through the Texas State Publications Depository Program at the Texas State Library and other state depository libraries.

To subscribe to *Breaking Ground*, or for more information about TDHCA, contact:

TDHCA

Physical Location: 507 Sabine, Austin, TX 78701

Mail: P.O. Box 13941 Austin, TX 78711-3941

Phone: (512) 475-3800 Fax: (512) 475-3840

E-mail: info@tdhca.state.tx.us Web: www.tdhca.state.tx.us

Agency's Sunset Bill passes

Highlights of the Enrolled Version of Senate Bill 322

By Roy Lopez
TDHCA Governmental Relations

The following are key elements of TDHCA's Sunset Bill, which was signed into law on June 16 by Governor Rick Perry, and due to go into effect September 1, 2001. A more detailed bulleted list may be found on the TDHCA's website at www.tdhca.state.tx.us.

- Changes the sunset date of TDHCA from 2001 to 2003 to provide for a two-year probationary period. The bill establishes criteria to be used to decide whether TDHCA has implemented the sunset recommendations.
- Restructuring the TDHCA governing board as a seven-member board composed of public members with demonstrated interests in housing and community support services issues by September 1, 2001.
 - Removes designated place seats that represent specific interests.
- Adds detailed processes for board meetings and actions.
- Enhances TDHCA's compliance process and requires the board to consider in greater detail an applicant's compliance history before approving any newly proposed projects.
- Board Support Services (administrative support personnel, office space, equipment, etc.)
- Project Compliance Database
 - Monitor and document the entire construction phase associated with specified projects
 - The Department must maintain a written complaint system.
- Requiring TDHCA to develop a strategic plan, customized by region, to provide affordable housing and to use the plan to allocate funds to meet regional priorities.
- Requiring TDHCA to create a uniform application and funding cycle for housing programs that support projects that meet established need.
- Added Public Hearing Requirements
 - Adds public hearing requirements for the Housing Trust Fund, HOME Investment Partnerships Program, Single and Multifamily Housing Mortgage Revenue Bond Program, Low Income

- Housing Tax Credit Program, and the Low Income Energy Assistance Program on an annual basis in each of the state's uniform service regions.
- Executive Award and Review Advisory Committee
 - The Department will establish an executive award and review committee to make recommendations to the board regarding funding and allocation decisions and set criteria as to who may serve on the committee and detail a ban on ex-parte communications.
- Priority For Certain Communities
 - In a manner consistent with the regional allocation formula, the department shall give priority through its housing programs scoring criteria to communities that are located wholly or partially in federally designated urban enterprise areas or economically distressed colonias.
- Added Responsibilities for the Housing Resource Center
 - They include communicating, advising, and acting as an advocate for local governments throughout the state.
- Establishing a program to preserve "at risk" affordable housing developments
 - Make low interest financing and grants available
 - Establish an outreach and funding program for this purpose
 - Use any available revenue to provide loans and grants
- Creating Colonia Residents Advisory Committees and Colonia Initiatives Advisory Committee to advise the board on the needs of colonia residents and requires TDHCA to develop an annual needs assessment and action plan.
- Creating a separate governing board to manage the manufactured housing regulatory program, which remains administratively attached to TDHCA.
- Establishing an Owner-Builder Revolving Loan Fund and the Model Subdivision Program with Designated Colonias
- Increasing the first-time buyers bond volume cap by \$219 million (from \$250.5 million to \$469.9 million) and the residential rental bond volume cap by \$200 million (from \$165.4 million to \$365.1 million) (See "Sunset", page 6)

Board (Continued from page 1)
Florita Bell Griffin of Bryan, whose term expired in January 2001.
Norberto Salinas, in addition to serving as chief executive for the City of Mission, is the current President of S&F Developers and Builders. He is a current member of the Anzalduas Bridge Board of Directors, First Vice President of the Lower Rio Grande Valley Development Council, and Vice Chair of the Texas Department of Transportation's Metropolitan Planning Organization Policy Committee. Mayor Salinas previously served as a County Commissioner in Hidalgo County from 1981 to 1992. Appointed to the TDHCA Board in May, Mr. Salinas' term will end January 31, 2007. He is replacing Margie

Lee Bingham of Houston, whose term expired in January 2001.
Members of TDHCA's Governing Board are appointed by the governor with the advice and consent of the Texas Senate. The members hold office for six years, with the terms of three members expiring on January 31 of each odd-numbered year. Members must be qualified voters and hold no other public office, with one exception reserved for a person representing local government. For more information about the Department's Governing Board, please visit TDHCA's Governing Board web page at http://www.tdhca.state.tx.us/au_board.htm.

TECHNICAL ASSISTANCE GRANTS Opportunities for Texas Colonia CHDOs

By Ann Gusman-MacBeth
TDHCA HOME Program

The Texas Department of Housing and Community Affairs is working with the U.S. Department of Housing and Urban Development (HUD) to assist Training and Development Associates (TDA), a HUD technical assistance provider, in responding to the needs of Community Housing Development Organizations (CHDOs) working in underserved areas of Texas, especially the colonias.

TDHCA is helping identify qualified existing or potential CHDOs for HUD special set-aside funding for technical assistance and operating grants under a one-year program. The use of funds will be strictly limited to allowable costs specified in the HOME Program rules. The organizations receiving financial support will be responsible for properly documenting compliance with all appropriate Federal rules and regulations.

Program Description

The Community Building Investment (CBI) Program is a program based on a successful national model that will seek to strengthen the capacity of existing and potential CHDOs to create more productive, resilient and successful communities in the colonias of Texas. The program's objectives are to:

- Increase the ability of existing and potential CHDOs to produce affordable housing
 - Enable existing and potential CHDOs to become more effective community builders
 - Strengthen the technical capacity and sophistication of existing and potential CHDOs
 - Provide a resource that enables existing and potential CHDOs to leverage funds
 - Contribute to the stability and resilience of existing and potential CHDOs
- Existing and potential CHDOs will request technical assistance from TDA. TDHCA will assist these CHDOs in making their requests for two types of technical assistance under the CBI program:
- Technical Assistance – Training, professional advice and related services at no cost from Training and Development Associates, a consulting firm assigned to the colonias.
 - Operating Grants – Grants for payment of organizational costs in these categories:
 - A. Equipment and Supplies (computers, software, etc.)
 - B. Skill Enhancement (training scholarships for staff and board members)
 - C. Professional Services (market study, feasibility study, engineering services, technical or legal assistance, audit, etc.)
 - D. Salaries (staff salaries)

CAA's celebrate Community Action Month

By Jill McFarren
TDHCA Communications

In May, the Texas Department of Housing and Community Affairs joined Community Action Agencies throughout the state in celebrating their achievements during Community Action Month in Texas.

In a proclamation recognizing May as Community Action Month, Texas Governor Rick Perry observed the accomplishments of CAAs throughout the state. "These agencies provide much needed assistance in local communities including, day care, and efforts to combat illiteracy and domestic violence, as well as substance abuse prevention programs," he noted.

The goal of CAAs is to fight poverty under the Economic Opportunity Act signed by President Lyndon Baines Johnson in 1964. Texas currently has a network of 46 CAAs who provide passage to self-sufficiency for many Texans and their families.

The TDHCA and the Texas Association of Community Action Agencies (TACAA) report that nearly 1,400 people transitioned from poverty into self-sufficiency with the help of CAAs in the year 2000. Additionally, over 100,000 households were assisted with utility bills.

TDHCA acknowledges the work of CAAs throughout the state, and tips its hat to community action volunteers, public officials and others who have worked to assist low-income Texans. ■



Awards for the technical assistance will be made on a competitive basis to organizations that best fit the selection criteria. Organizations that apply must meet two threshold standards. First, the organization must be an existing or potential CHDO that operates in the colonias. Second, the organization must complete a self-assessment with help from TDHCA. A selection panel comprised of TDHCA and TDA representatives will evaluate the requests using a set of selection criteria that favors existing or potential CHDOs that request technical assistance to undertake affordable housing projects.

The CBI program will award grant amounts totaling from \$2,500 - \$10,000 per organization for one or any combination of the four operating grants categories to organizations meeting eligibility for these awards.

For more information about the CBI program, contact Ann MacBeth, TDHCA's HOME Program at (512) 475-4606 or email amacbeth@tdhca.state.tx.us.

TDHCA Program Updates: A status report on agency programs & services

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

By Cynthia Vallejo

The CDBG program maintains a competitive application process to distribute federal funds from the U.S. Department of Housing and Urban Development (HUD). Priority is given to basic human need projects (water, sewer and housing), and also funds economic development projects that create or retain jobs, and provides ongoing technical assistance, monitoring and contract management to ensure that needs of persons to be served are met.

The following is an update on the status of the programs administered under the CDBG umbrella:

Colonia Construction Fund

The allocation of these funds are distributed through an annual competition. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards. Funding priority shall be given to Texas Community Development Program (TCDP) applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the TCDP project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system.

Applications received for the 2001 annual competition: 29. Utilizing the Program Year 2001 allocation, TCDP awarded 13 grants totaling \$6,444,543.

Colonia Planning Fund

The allocation will be distributed through two separate annual competitions for applications that include planning activities targeted to selected colonia areas — Colonia Area Planning Fund, and for applications that include countywide comprehensive planning activities — Colonia Comprehensive Planning Fund. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards.

A county can only receive one-time assistance from the Colonia Comprehensive Planning Fund. Therefore, any county that has previously received a Colonia Comprehensive Planning Fund grant award may not submit another application for the Colonia Comprehensive Planning Fund.

Applications received for the 2001 annual competition: 4. Utilizing the Program Year 2001 allocation, TCDP awarded four grants totaling \$302,500.

Community Development Fund

This fund is available on a biennial basis (primarily for public facilities and housing assistance) for funding from program years 2001 and 2002 through a 2001 annual competition in each of the 24 CDBG state planning regions. Applications received by the 2001 program year application deadline of August 24, 2000, are eli-

gible to receive grant awards from the 2001 and 2002 program year allocations. The scoring of the applications is shared between TDHCA and the 24 Regional Review Committees.

Applications received for the 2001/2002 biennial competition: 709. Utilizing the Program Year 2001 Allocation, TCDP awarded 180 community development grants totaling \$48,780,080. 2002 funding awards will be available in May 2002.

Housing Rehabilitation Fund

This fund is available on a biennial basis for funding from program years 2001 and 2002 through a 2001 annual statewide competition. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards from the 2001 and 2002 program year allocations. Eligible cities and counties may use the grant funds to provide loan or forgivable loan assistance for the rehabilitation of existing owner-occupied and renter-occupied housing units and, in strictly limited circumstances, the construction of new housing that is accessible to persons with disabilities.

Applications received for the 2001/2002 biennial competition: 22. Utilizing the Program Year 2001 Allocation, TCDP awarded six housing rehabilitation fund grants totaling \$1,500,000. 2002 funding awards will be available in May 2002.

Planning And Capacity Building Fund

This fund is available on a biennial basis for funding from program years 2001 and 2002 through a 2001 annual statewide competition. Applications received by the 2001 program year application deadline of August 24, 2000, are eligible to receive grant awards from the 2001 and 2002 program year allocations. TCDP funds may be used to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements.

Applications received for the 2001/2002 biennial competition: 63. Utilizing the Program Year 2001 Allocation TCDP awarded 19 planning and capacity building fund grants totaling \$796,697. 2002 funding awards will be available in May 2002.

COMMUNITY SERVICES BLOCK GRANT PROGRAM (CSBG)

By Bea Tijerina

The Community Affairs Division will hold its 8th Annual Executive Directors Conference on August 1-3, 2001, in San Antonio. Approximately 200 conference participants representing Community Action Agencies (CAA) from throughout the state are expected to attend.

This year's theme is "Communities in Action: Shaping the Future Today".

Workshop presentations will focus on the topics of successful non-profits: what works; peer to peer assistance: the concept of community action agencies helping each other; Census 2000: the impact it will have on funding and services to communities; and issues regarding utility restructuring and increased funding through the System Benefit Fund and the impact on energy problems.

Community Action Agencies provide services to economically disadvantaged individuals and families. Funding from CSBG helps local community organizations deliver services to very low-income persons and serves as administrative support for other CAA programs.

COMPLIANCE

By Jennifer Boyer

TDHCA's Compliance Division web page located at <http://www.tdhca.state.tx.us/comp.htm> includes compliance information and helpful related links. Most recently, the 2001 HOME program maximum rent limits were posted to the website. A list of "FAQ's" has also been posted on the division's web page, answering the most frequently asked questions on annual reports, compliance forms, and eligibility criteria.

The Compliance Division is working in conjunction with ICF Consulting Inc.¹ to complete the first updated version of the LIHTC compliance manual since 1995. The new manual will include an overview of the LIHTC program with an expanded section on income eligibility. Also included will be new tips for combining affordable housing programs with the LIHTC program as well as guidance on leasing to Section 8 tenants and how to document compliance. The first draft of the manual was completed in May 2001. It is currently under review and should be finalized in the Fall 2001.

¹ ICF Consulting is one of many contractors who work with TDHCA to provide a wide variety of services including developing manuals, administering workshops, and providing technical assistance and other training materials for the administration of federal programs.

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP)

By John Touchet

A grant from the U.S. Department of Energy (DOE) and the U.S. Department of Health and Human Services (HHS), in the form of the Low-Income Home Energy Assistance Program (LIHEAP) grant, funds the Texas Comprehensive Energy Assistance Program (CEAP) and partially funds the Weatherization Assistance Program (WAP). CEAP pursues 4 goals:

1. Assist households in developing goals for energy self-sufficiency through case management and a utility co-payment plan;
2. Provide relief to those low-income elderly and persons with disabilities most

vulnerable to the high cost of energy for home heating and cooling;

3. Provide assistance in an energy-related crisis (usually defined by local weather extremes); and
4. Address inefficient home heating and cooling appliances through a retrofit, repair and replacement program.

In March 2001, the most current data available, EA subgrantees served 14,826 households to reach a total of 102,042 households served in the 2001 state fiscal year.

FY2001 (09/01/00-08/31/01)	Number of households assisted
Year-End Goal*:	38,532
Year-to-Date (as of March):	102,042

* Legislative appropriations mandate yearly goal.

Rapidly rising energy costs and a cooler than average winter contributed to a dramatic increase in client demand on the CEAP program this year. EA subgrantees provided CEAP services to 41,295 households between January and March 2001, compared to only 7,939 households serviced during the same months in year 2000 — an increase of 420%!

DOWN PAYMENT ASSISTANCE PROGRAM

By Jo Ann DePenning

The Down Payment Assistance Program (DPAP) helps very low- and low-income families purchase a home by providing an interest-free loan for down payment and eligible closing costs.

Since the program's inception in June 1999, until May 31, 2001, 1015 loans have been funded through this program, totaling \$6,029,229.23. See also "First Time Homebuyer Program".

EMERGENCY NUTRITION/TEMPORARY EMERGENCY RELIEF PROGRAM (ENTERP)

By Bea Tijerina

The Emergency Nutrition/Temporary Emergency Relief Program (ENTERP) provides emergency and energy-related assistance to low-income Texans. Services include utility assistance, housing, food, clothing, medical services and transportation. TDHCA receives funding for this program from the State general revenue and oil overcharges. ENTERP aid is provided to county governments or non-profit organizations serving each Texas county.

In the past, funding for this program has been provided through oil overcharge funds. Although these funds were depleted in state fiscal year 2001, funding will continue in state fiscal year 2002 due to support from the 77th Legislature which approved \$376,889 from the state general revenue fund. This baseline budget will be administered to ENTERP contractors, and will be distributed using a formula that allows for each of Texas' 254 counties to receive no less than \$1,000.

EMERGENCY SHELTER GRANTS PROGRAM (ESGP)

By Bea Tijerina

Texas Department of Housing and Community Affairs has obligated the Emer-

(See "Updates", page 5)

Visit the TDHCA web site at
www.tdhca.state.tx.us
for more detailed
program information.

OCI partners with national coalition to address fair housing, predatory lending

By Susana J. Garza

TDHCA Office of Colonia Initiatives

In May and June 2001, TDHCA's Office of Colonia Initiatives (OCI) partnered with the National Community Reinvestment Coalition (NCRC)¹ to host two-day workshops in El Paso and Laredo. The workshops addressed fair housing and predatory lending issues in Texas colonias. The goal of the "Financial Literacy and Fair Housing" workshops was to "train the trainer" to build positive community-lender partnerships while promoting compliance with the national civil rights laws.

Today, OCI and NCRC are extending their work together to inform colonia resi-

dents about problematic lenders and predatory lending practices, and conducting fair lending and financial literacy "train the trainer" programs for community lenders in Texas colonias.

The OCI-NCRC partnership is very unique in that it brings a combination of leaders together to discuss the various aspects of lending practices in Texas colonias. Participants in the partnership and the workshops include Texas colonia leaders, colonia residents,

non-profits, for-profits, local entities, and colonia advocates.

Why the OCI-NCRC partnership is important to colonia residents

Typically, colonia residents do not have access to traditional financing or professional assistance when purchasing a home or obtaining credit. They have limited credit histories and for some, it is difficult to save the amount required for a down payment on a conventional mortgage. To

achieve their home ownership goals, colonia residents often turn to a common and accessible financing transaction known as a contract for deed.

A contract for deed comes with high penalties to the borrower in two ways. First, the interest rates on these contracts for deed financing options are typically

offered at higher than market rates for conventional loans. Second, until the contract is paid in full, the buyer has no ownership rights to the land or anything built on it.

OCI continues to administer a contract for deed conversion program, which provides for the shift of contracts for deeds to traditional mortgages. Meanwhile, the OCI-NCRC partnership is working to alleviate and educate consumers about contract for deed practices.

For more information about OCI, visit their web page at http://www.tdhca.state.tx.us/au_colonias.htm or call toll free (800) 462-4251.

¹ The National Community Reinvestment Coalition (NCRC) is a collective of community reinvestment organizations from across the country whose goal is to increase the flow of private capital into traditionally underserved communities. To learn more about NCRC, visit their website at www.ncrc.org.

What is the Contract for Deed Conversion Initiative?
The Contract for Deed Conversion Initiative helps colonia residents convert residential property under contract to low-interest traditional mortgage loans.

Updates (Continued from page 4)

agency Shelter Grants Program funds for FY 2001. The Department chose 74 of the 122 applications received through a competitive application process. The new contractors are located throughout the state's 11 planning regions. To view a list of contractors, please visit our web page at <http://www.tdhca.state.tx.us/cs.htm#esgp>.

In total, \$ 4,323,770 of the \$4,526,000 available was awarded. In FY2001, ESGP contracts will begin September 1, 2001, and end August 31, 2002. The purposes of ESGP funding are to help improve the quality of existing emergency shelters for homeless persons; help make available additional emergency shelters; and to meet the needs of homeless persons. The contract amounts range from \$30,000 to \$100,000 per individual contractor.

Applications for FY 2002 will become available later this fall. To be added to our mailing list, new applicants may submit their name, address and contact information to: Debra Cox by email: dcox@tdhca.state.tx.us or fax: (512) 475-3539.

ENERGY ASSISTANCE

By John Touchet

TDHCA Energy Assistance (EA) Section currently receives grants from the U.S. Department of Health and Human Services (HHS), in the form of the Low-Income Home Energy Assistance Program (LIHEAP) grant, and the U.S. Department of Energy (DOE) Weatherization Assistance Program for Low-Income Persons (WAPFLIP or WAP). The EA uses a portion of these federal grants to leverage funding from the investor-owned utility (IOU) companies in the state. We call this latter utility-based energy efficiency program a "piggyback" because utility funds are used with regular WAP funds to install energy efficiency measures.

Barring infusion of unexpected emergency releases of funds in the current funding cycle, allocation standings are noted in the following "WAP Funds" box.

For more information about Energy Assistance programs and local client contact agencies, please visit the EA page on the TDHCA web site at <http://www.tdhca.state.tx.us/ea.htm> or contact EA toll-

WAP Funds:

Program	FY2000	FY2001	% change
LIHEAP	\$48,935,131	\$40,596,786	-17%
DOE-WAP	\$3,995,310	\$3,753,569	-6%
Utility Piggyback	\$4,333,601	Data not avail.	186%

free at (877) 399-8939.

See also: *Comprehensive Energy Assistance Program (CEAP) and Weatherization Assistance Program (WAP).*

FIRST TIME HOMEBUYER PROGRAM

By Jo Ann DePenning

The Texas First Time Homebuyer Mortgage Revenue Bond Program channels below-market interest rate mortgage money through participating Texas lending institutions to eligible families who are purchasing their first home, or to those who have not owned a home in the past three years.

Below are the quantitative performance measures for the First Time Homebuyer MRB Program as of February 28, 2001.

Number of very low / low income households that have received loans through the MRB Program SFY2001 (09/01/00-08/31/01):

Targeted 2001 Performance	1260
1st Quarter 2001 Performance	297
2nd Quarter 2001 Performance ¹	324
Year to Date Performance	621
% of Annual Target	49.3

Number of Moderate Income Households that received loans through the MRB Program SFY2001 (09/01/00-08/31/01):

Targeted 2001 Performance	600
1st Quarter 2001 Performance	65
2nd Quarter 2001 Performance	41
Year to Date Performance	106
% of Annual Target ²	17.7

¹ The 2nd Quarter data includes December, 2000, January and February 2001.

² Originations for moderate income households were lower than targeted as a result of marketing efforts over the past year that encouraged participating lenders to focus on lower income borrowers.

LOCAL GOVERNMENT SERVICES

By June Scott

Local Government Services assists local governments and local officials in providing essential public services and in resolv-

ing financial, social and environmental problems in their communi-

ties. LGS provides services through workshops, responding to individual requests for information, advice, and technical assistance, and through the development and distribution of publications and information packages of interest to smaller Texas cities, counties, rural fire prevention districts, and other local governments. The target is principally to serve those local governments under 10,000 population, but the Section responds to any requests.

Total number of city and county officials trained to date (since January 1): 684
Target number of city and county officials trained for calendar year 2001: 1500
Number of outreach activities participated in to date (as of June 8, 2001)*: 274

* Includes conferences attended, workshops attended/given, visits to communities, etc.

MANUFACTURED HOUSING

By Cindy Bocz

The Manufactured Housing Division ensures that manufactured homes are well-constructed and installed correctly; that consumers are provided fair and effective remedies; and that measures are taken to ensure economic stability for the Texas manufactured housing industry. The division also monitors manufacturers' performance in handling complaints; performs post-production monitoring; conducts training and issues licenses, state seals and titles; performs installation inspections; and investigates consumer complaints.

News

The U.S. Department of Housing and Urban Development (HUD) performs an audit of all State Administrative Agencies every two years. The purpose of the visit is to review the administration of the duties of a State Administrative Agency (SAA) pursuant to the Federal Manufactured Home Procedural and Enforcement Regulation (24 CFR Section 3282.501). The Manufactured Housing Division, which is the SAA for Texas, was visited on October 31 through November 2, 2000. The divi-

sion was given a rating of "substantially effective" in carrying out our duties as the SAA for Texas.

Below are quantitative performance measures for fiscal year 2001 (09/01/00-08/31/01), as of June 1, 2001:

Number of manufactured home titles issued to date:	42,654
Number of licenses issued to date: ..	1547
Number of routine installation inspections performed to date:	9,842
Target number of routine installation inspections to be completed:	25%
Percentage of routine installation inspections to date:	40%
Number of consumer complaints received to date:	1,263
Number of consumer complaints resolved to date:	1,152

MULTIFAMILY MORTGAGE REVENUE BOND (MMRB) PROGRAM

By Stephen Apple

The Multifamily Mortgage Revenue Bond Program issues mortgage revenue bonds to finance loans for qualified non-profit organizations and for-profit developers.

Below are productivity reports for program year 2001 (01/01/01 - 12/31/01), as of June 8, 2001:

Private Activity Bond Program:

Total multifamily bond transactions:	2
Tax-exempt and taxable bonds issued (in dollars):	\$24,800,000
Total number of housing units*:	514

* All units new construction for very low-income households.

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

By John Touchet

The Weatherization Assistance Program (WAP) funds the installation of weatherization materials and provides energy conservation education.

FY2001 (09/01/00-08/31/01)	No. of dwellings weatherized
Year-End Goal*:	2,732
Year-to-Date (as of March):	3,120

* Based on the maximum funding allowed per house (\$2,500) by the U.S. Department of Energy.

Bond Finance Division considers alternatives

By Heather Hodnett
TDHCA Bond Finance

TDHCA's Bond Finance Division is currently working in conjunction with the Department's investment bankers, financial advisors and bond counsel to consider various structuring alternatives for the 2001 mortgage revenue bond allocation. One of the biggest challenges facing the financing team members is that current market conditions, specifically the decline in short-term interest rates, are producing significant *negative arbitrage*. Negative arbitrage occurs when the cost of borrowing funds (the bond rate) is greater than the cost of investing the funds while loans to homebuyers are originated (the short-term rate). For example, if the Department were to issue \$100,000,000 in bonds, and the short-term rate was 1.25% lower than the bond rate, the cost of negative arbitrage would be approximately \$104,000 per month.

With limited Department resources available to cover such negative arbitrage, a possible scenario to lessen the effect of negative arbitrage is splitting the 2001 bond allocation of \$108,600,000 into fixed rate bonds and convertible option bonds (COBs). COBs will allow the Department to reduce the cost of borrowing by issuing a short-term debt, investing those proceeds in a short-term investment, then refunding or "converting" that short-term debt to long-term debt six to twelve months later.

COBs also will allow the Department to maximize the use of the current year bond allocation by dividing it into two transactions of smaller mortgage loan pools resulting in mortgage rates that are more reflective of market conditions at the time of pricing. Bond Finance anticipates issuing fixed rate bonds and convertible option bonds in October 2001. ■

ON THE CALENDAR

AUGUST 2001

- TBA** TDHCA Governing Board meeting. Contact Gordon Anderson: (512) 475-4743
- TBA** HTF awards announced in late August. Contact Keith Hoffpauir, TDHCA's HTF: (512) 475-3986
- 1-3** Community Affairs Division's Executive Directors Conference, San Antonio. Contact Aurora Carvajal: (512) 475-3822.
- 8** USDA Guaranteed Rural Housing lender training session, Temple. Covers processing and underwriting issues. Contact the Texas state office of the U.S. Department of Agriculture Rural Development: (254) 742-9770.
- 13-15** Manufactured Housing Licensing Education Class, Austin. Contact Joe Garcia, TDHCA: (512) 475-4999
- 14** LIHTC Compliance Workshop, Austin. Contact TDHCA's Compliance Division: (512) 475-3926.
- 14-16** THA Annual Conference, Ft. Worth. Contact the Texas Housing Assoc.: (800) 837-0645
- 15** AHDP Compliance Workshop, Austin. Contact TDHCA's Compliance Division: (512) 475-3926.
- 16** HOME Compliance Workshop, Austin. Contact TDHCA's Compliance Division: (512) 475-3926.
- 16** ESGP Implementation Workshop, Austin. Contact Dyna Lang at TDHCA's Emergency Shelter Grants Program: (512) 475-3905.
- 21-23** NCHM Basic Primer for Site-Based Compliance for the Tax Credit Specialist, Dallas. Contact the National Center for Housing Management: (800) 368-5625 or visit www.nchm.org
- 25-26** CAI Community Governance Course, Dallas. Contact the Community Associations Institute: (703) 548-8600 or visit www.caionline.org
- 27-29** TAAHP Annual Conference, Austin. Contact the Texas Affiliation of Affordable Housing Providers: (512) 693-9948.
- 28** HIF applications due. Contact Jeff Vistein, TDHCA Housing Infrastructure Fund: (512) 475-3855.
- 29-31** NAHRO Senior Professional Housing

Manager course, San Antonio. Contact the National Assoc. of Housing and Redevelopment Officials: (202) 289-3500 or visit www.nahro.org

SEPTEMBER 2001

- TBA** TDHCA Governing Board meeting. Contact Gordon Anderson: (512) 475-4743
- TBA** LIHTC Carryover Training workshop. Contact Cherno Njie: (512) 475-1565.
- TBA** LIHTC Certification Training workshop. Contact Cherno Njie: (512) 475-1565.
- 1** CSBG submits its Annual Plan to the U.S. Department of Health and Human Services.
- 5-8** NACAA Annual Conference, San Antonio. Contact the National Assoc. of Community Action Agencies: (207) 265-7546 or visit www.nacaa.org
- 7** NPI Long-Term Preservation and Cyclical Maintenance of Historic Buildings, San Antonio. Contact the National Preservation Institute: (703) 765-0100 or visit www.npi.org
- 11** Tax-Exempt Bond Compliance Workshop, Dallas. Contact TDHCA's Compliance Division: (512) 475-3926.
- 11** RRHA Tax Credit Compliance Seminar, Salado. Contact the Rural Rental Housing Assoc. of Texas: (254) 778-6111.
- 12-13** RRHA Rental Occupancy Management Seminar, Salado. Contact the Rural Rental Housing Assoc. of Texas: (254) 778-6111.
- 12** USDA Guaranteed Rural Housing lender training session, Temple. Covers processing and underwriting issues. Contact the Texas state office of the U.S. Department of Agriculture Rural Development: (254) 742-9770.
- 17** TDHCA's Blueprint for the Future: Meeting Sunset's Specs, Austin. Briefings on TDHCA's Sunset bill requirements. Call (512) 475-3968.
- 19** LIHTC Compliance Workshop, Dallas. Contact TDHCA's Compliance Division: (512) 475-3926.
- 19** AHDP Compliance Workshop, Dallas. Contact TDHCA's Compliance Division: (512) 475-3926.
- 27-29** NCHM Training and certification for managers of housing, Dallas. Contact the National Center for Housing Management: (800) 368-5625 or visit

- www.nchm.org
- 29-10/1** Essentials of Community Action Management, Houston. Contact the Community Action Institute: (703) 548-8600 or visit www.caionline.org
- 29-10/1** NCSHA's Annual Conference, Boston. Contact the National Council of State Housing Agencies: (202) 624-7710 or visit www.ncsha.org

OCTOBER 2001

- TBA** TDHCA Governing Board meeting. Contact Gordon Anderson: (512) 475-4743
- 14-16** MBA 88th Annual Conference, Toronto, Canada. Contact J. Hunter, Mortgage Banker's Assoc.: (202) 557-2791 or visit www.mbaa.org
- 16-19** RRHA Annual Convention. Contact the Rural Rental Housing Assoc. of Texas: (254) 778-6111.

30 National Weatherization Day

NOVEMBER 2001

- TBA** TDHCA Governing Board meeting. Contact Gordon Anderson: (512) 475-4743
- 7** LIHTC Compliance Workshop, Houston. Contact TDHCA's Compliance Division: (512) 475-3926.
- 8** AHDP Compliance Workshop, Houston. Contact TDHCA's Compliance Division: (512) 475-3926.
- 13** HOME Compliance Workshop, Austin. Contact TDHCA's Compliance Division: (512) 475-3926.

- AHDP Affordable Housing Disposition Program
- CHDO Community Housing Development Organization
- CSBG Community Services Block Grant Program
- ESGP Emergency Shelter Grants Program
- HOME HOME Investment Partnerships Program
- HTF Housing Trust Fund
- LIHTC Low-Income Housing Tax Credit Program
- NOFA Notice of Funding Availability
- QAP Qualified Allocation Plan and Rules
- TBA Date to be announced
- WAP Weatherization Assistance Program

TDHCA entries are highlighted in color for your convenience.

SAVE THIS DATE!

Plan to attend
TDHCA's Blueprint for the Future: Meeting Sunset's Specs

This FREE one-day conference will summarize Sunset's recommendations for changes to TDHCA's programs and services.

Monday, September 17, 2001
in Austin, TX

For more information, call (512) 475-3968 or visit the TDHCA website at www.tdhca.state.tx.us
See you there!

Sunset (Continued from page 3)

- million).
- Requiring TDHCA to obtain certifications of compliance with anti-discrimination laws by applicants for all housing-related programs.
- Establishes a regional planning process and regional development coordinators within the Department to encourage local housing providers to use innovative products and tools that best meet the housing needs in their region.
- In administering the state HOME Investment Partnerships funds, the Department shall expend at least 95% in smaller cities and rural areas that do not qualify to receive federal housing assistance funds directly from HUD. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities in non-entitlement communities.

- Reforms the \$300 million a year Low-income Housing Tax Credit program & establishes clear guidelines and disclosure requirements to govern the administration of the housing tax credit program.
- In conjunction with the Comptroller of Public Accounts the Department shall assess the present and future affordable housing needs of the border region and of the uniform state service regions of the state.
- Transferring the Community Development Block Grant program from TDHCA and establishes it as part of the new Office of Rural Community Affairs.
- Requiring TDHCA to develop a single-family mortgage loan product to make loans to homebuyers who would otherwise be forced to borrow utilizing higher priced lending products.
- Enhancing information available to the public about housing funding through

- TDHCA.
 - Establishing a regional allocation method for multi-family housing. Gives TDHCA 25% of the multi-family allocation and local issuers 75% of the allocation, which is to be divided among the 11 state service regions to encourage the development of affordable housing in all areas of the state.
- For more information, contact Roy Lopez at (512) 475-3964. ■



The market study: An important development tool

By Tom Gouris

TDHCA Underwriting Division

One of the secrets to any successful building project is laying a solid foundation. But before you even touch a shovel, begin planning your job with the most important tool you'll use to develop your project: a market study. You won't want to move any dirt until you review the following to make sure you are in the right place at the right time.

Real estate is about three things:

Location, location, location

- Affordable housing faces the same fundamental constraints as conventional
- Any project that is not well located will not succeed
- A market study is key to early understanding of location
- Market studies from a third party gives an unbiased evaluation of the pros and cons of a project

Market Studies

- Should be used as a tool to define the application, not just as proof to support an application
- Should be well researched, documented, & verifiable in narrative format
- Evaluate:
 - Attributes of the subject property location
 - Comparable properties
 - Need for housing

Site attributes

- Quality and condition of neighborhood and adjacent properties
- Visibility/ marketability from major traffic routes
- Linkages to community services and resources
- Physical site features and concerns
- Comparisons to all alternatives

Comparable property analysis

- Rental rates or sales price comparables
- Occupancy and absorption trends
- Physical condition of existing housing
- Amount of existing subsidized or affordable housing
- Impact of the proposed housing on market
- Other proposed housing on the horizon
- Availability of alternative sites

Typical comparable adjustments

- Size/square footage
- Age/condition
- Amenities

- Location

Supply analysis

- Existing housing units
- Number and percentage of owner units
- Number and percentage of renter units
- Total number of units should equal 100%
- Growth of housing units
 - Annual number of single family housing starts
 - Annual number of multifamily unit starts

Sales price mortgage loan stratification

- Stratify number of submarket MLS sales or recorded mortgages for last 12 to 24 months
- Make assumption of 80 to 90% loan to value
 - e.g.: Less than \$75,000
 - \$75,001 to \$90,000
 - \$90,001 to \$105,000
 - \$105,001 to \$120,000
 - over \$120,000

Comparable properties/supply (sources of information)

- Local real estate professionals
- Physical survey of existing properties
- Local housing authority
- Local lenders
- Chamber of Commerce or local economic development organization
- Local tax appraisal district
- County records

Need for housing

- What has been the performance record of existing affordable housing?
- How well does the existing housing stock address the targeted income groups?
- How realistic will it be for those in need to relocate to the proposed housing?
- What is the potential for additional demand (new industry, economic engine in area)?

Additional sources of information

- TDHCA Housing Resource Center at <http://www.tdhca.state.tx.us/hrcpub.htm> or call (512) 475-3976
- U.S. Census Data at <http://www.census.gov/datamap/www/48.html>
- Texas A & M Real Estate Center at <http://recenter.tamu.edu/>

For more information, contact me at (512) 475-1470 or send an email to tgouris@tdhca.state.tx.us. ■

Domino matches human resources with self-help funding

Small town works to upgrade water service

By Cynthia Vallejo

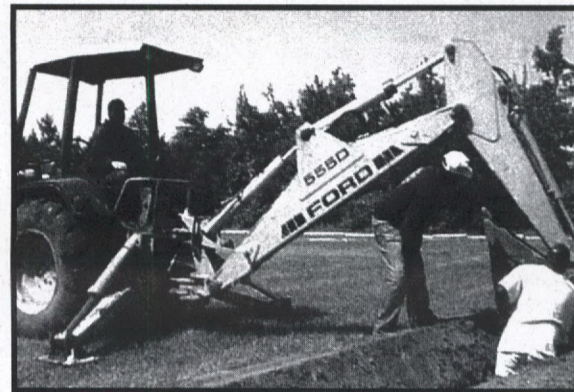
TDHCA CDBG Program

The city of Domino is a small incorporated community with a population of 190. According to a recent door to door survey, 97 percent of the community is minority and more than 80 percent is lower income.

Domino did not become an incorporated city until 1978 but has been a part of the East Texas landscape for almost a century. The city's name came from the call for domino players at the old Texas and Pacific (T&P)

mail stop. The community was well known for their almost 24-hour domino games. Even today if you drive by the old pecan shade tree near the tracks (not more than 100 yards from the original site of the game) there is always a game going on. Night games are still played by the light of a lantern.

In 1998 the city of Domino received a Community Development Fund grant from the Texas Department of Housing and Community Affairs' (TDHCA) Texas Community Development Program (TCDP) to construct a 75,000-gallon storage tank. The storage tank would bring needed pressure to their water system. Unfortunately, after the completion of the water storage tank, the city recognized the dilapidated condition of their current water system. Leaks sprang up all over town as the undersized lines buckled under the new pressure. Domino once again applied for a community development grant not once but several times and were not funded due to the program's scoring criteria, which favors first time water service requests over replacement service such as that needed in Domino.



Domino residents work on their community's water service lines.

Undeterred, their new mayor began looking for other funding sources. The size of the community made the possibility of a loan almost out of the question. Self-help funding was one of the sources available to them, requiring only sweat equity as its match.

Mayor Marvin Campbell and his "co-Spark-plugs", Frank Propps and Henry McCant, brought the community together and applied for a Texas Small Towns Environment Program (STEP) fund grant through TDHCA's

TCDP.

Because replacing all of the lines in the community would be a huge task, the community was advised to break the project into smaller pieces so they would not take on more than they could handle.

"Although self-help did not seem like the best solution to the community members at first, after again not making the cut in this highly competitive region, the community committed itself to doing whatever it would take to complete the project", Mayor Campbell said.

Domino received \$172,950 for the first phase of its project. As the work began volunteerism rose as more and more residents wanted to lend a hand and bring clean drinking water to their families and neighbors. At this time, Domino has completed this phase of the project, which included 10,000 linear feet of 8' water line, 16 fire hydrants and 30 water reconnections.

On June 8, 2001, Domino was awarded another \$195,000 through the Texas STEP fund to do an additional 12,700 linear feet of eight-inch PVC water line, 15 six-inch gate valves, 16 more fire hydrants and 35 more water service connections. ■

2001 TDHCA Consolidated Plan Community Needs Survey Update

By Steve Schottman

TDHCA Strategic Planning

In 2000, the Department undertook a significant initiative in conducting the 2001 TDHCA Consolidated Plan Community Needs Survey (CNS). On October 3, 2000, the Department's Office of Strategic Planning distributed the survey to the local officials (mayors and county judges) of approximately 1,450 cities and counties. The survey was designed to provide TDHCA with a better understanding of the housing and community development needs, issues, and problems at the state, regional and local levels. This effort provided the local officials, who are the most familiar with their own unique situations, with a voice in planning for Texas' affordable housing, supportive service and community

development needs. The survey primarily covered three topics: housing needs; homeless persons and other special needs populations; and community development needs.

The Department would like to take this opportunity to sincerely thank all of the officials that returned the completed survey. The time and effort spent on their part to compile the information necessary to complete the survey is greatly appreciated.

The Department was pleased with the overall level of response. At the close of the survey phase on February 28, 2001, 792 surveys had been returned which represents a response rate of 55%. It is estimated that approximately 72% of the state's population resides in areas whose elected official submitted the survey. Fifty-six percent (446) of the returned surveys were from rural areas and 44% (346) were from urban areas. The returned surveys represent a diverse cross section of the state and will allow for an informative analysis of the data at regional, urban and rural geographical levels.

The Department is well into its analysis of the data and expects to have a final report available towards the end of summer. When it is completed, a copy of the report and associated statistical summaries of the collected data will be posted on the Department's website at www.tdhca.state.tx.us. It will also be available through the Department's Housing Resource Center at (512) 475-3976. ■



Breaking Ground

The quarterly newsletter of the Texas Department of Housing and Community Affairs

Providing information about community resources and affordable housing in Texas. April - June 2001

LIHTC reviews its 2001 tax credits application cycle

By Brooke Boston
TDHCA LIHTC Program

The 2001 Tax Credit Application Acceptance Period closed on April 23, 2001. A total of 162 applications were received during the period, 87 of which were submitted during the bonus round period which closed March 23, 2001. All applications received were reviewed for board action. As of press time, the credits were scheduled to be awarded at the Texas Department of Housing and Community Affairs' Governing Board meeting on July 31, 2001.

The number of applications is down 11% from last year's total of 182 applications (which excludes forward commitments). The amount of credits requested is down 17% from 2000.

The decrease in applications may be partially attributed to the increased utilization of the tax-exempt bond program in conjunction with 4% tax credits. The tax-exempt bond program also utilizes Qualified Census Tracts and Difficult Development Areas, which may limit the availability of ideal sites. Likewise, there has also been a reduction in the pricing of tax credits by syndicators¹, which may contribute to the reduction in applications for the 2001 cycle. A summary of the submissions by set aside² is provided below:

Set Aside	No. of Applicants	Credit Requested (M)	Anticipated Availability (M)	Oversubscription Rate
General	92	64.1	20.3	3.2 to 1
Non-Profit	19	9.3	3.1	3 to 1
Rural	35	9.7	4.7	2.1 to 1
Elderly	16	8.2	3.1	2.6 to 1
Total	162	91.3	31.2	2.9 to 1

In accordance with the 2001 Qualified Allocation Plan and Rules, "At least 15% of the State Housing Credit Ceiling for each calendar year shall be allocated to projects which meet the Rural Project definition. Of this 15% allocation, 25% will be set-aside for projects financed through Rural Development (TxRD-USDA). Projects financed through TxRD-USDA's 538 Guaranteed Rural Rental Housing Program will not be considered under the 25% portion. Should there not be sufficient qualified applications submitted for the TxRD-USDA set-aside, then the credits would revert to projects that meet the Rural Project definition. Rural Projects applying for greater than 76 units will be ineligible for the Rural Set-Aside." Below is the breakdown between TxRD and non-TxRD Rural application submissions.

Set Aside	Non-TxRD	TxRD
Number of Applicants	23	12
Credit Requested (M)	8.9	0.8
Anticipated Delivery (M)	3.5	1.2
Oversubscription Rate	2.5 to 1	1 to 1

The LIHTC Program is required by Section 2306.111 of the Texas Government Code to use a regional distribution formula in distributing its credits. There are 11 state service regions.

The amount of credits to be allocated in 2001 is \$31,277,730 based on the state population multiplied by \$1.50 per capita. After this figure is decreased by the 2001 forward commitments³ from 2000 (\$3.4 million), the amount available for the 2001 Application Round will be approximately \$27,877,730 plus any credits from the national pool and any returned credits from previous allocations.

Seven public hearings were held in May and June to gather comments on the 2001 LIHTC Applications. These hearings were held in San Antonio, Austin, Houston, Nacogdoches, Dallas, Laredo, and Big Spring. Individuals who are interested in the hearings or would like a copy of the 2001 Application Submission Log are encouraged to visit the LIHTC web page at www.tdhca.state.tx.us/lihtc.htm where this information is posted. A written request for this information may be submitted to Cherno Njie, LIHTC Program Manager, TDHCA, P.O. Box 13941, Austin, TX 78711-3941 or via fax at (512) 475-0438.

¹ A "syndicator" is a professional who markets housing credits that are for sale to a large number of investors to obtain the highest possible return.

² A "set aside" refers to a specific number of units (apartments or homes) that must be made available to individuals or families having specific incomes.

³ "Forward commitments" are tax credit commitments made for the following year by the TDHCA Board.



TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS
P.O. Box 13941
Austin, Texas 78711-3941
www.tdhca.state.tx.us

PRSR STD
U.S. POSTAGE
PAID
AUSTIN, TX
PERMIT NO. 261

HUD Officials visit West Texas, New Mexico colonias

TDHCA's Office of Colonia Initiatives coordinates tour

By Jill McFarren
TDHCA Communications, and
Anibal Olague
OCI El Paso Field Office

A fact-finding team from the U.S. Department of Housing and Urban Development (HUD) visited Texas and New Mexico colonias in late April. The officials were sent by Secretary Mel Martinez to interview residents and assess the infrastructure and housing needs of the area. Staff from the Texas Department of Housing and Community Affairs' (TDHCA) Office of Colonia Initiatives' (OCI) El Paso field office organized meetings and tours for the HUD visitors who spent three days in the border region.

The HUD representatives met with colonia non-profit organizations, at which time five colonia groups gave presentations on the status of Texas colonias. The organizations attending the meeting included Alianza Community Development Corporation (CDC), Sparks CDC, Union & Progreso*, Bienestar Familiar*, and Adults and Youth United Development Association (AYUDA).

OCI also organized a colonia tour of San Elizario, Agua Dulce, Hueco Tanks, Sparks, and Panorama Village Colonias.

Overall, the OCI staff provided the federal representatives with a first-hand view of colonia issues, and noted how HUD can facilitate its ongoing assistance to colonia residents.

"We appreciate Secretary Martinez's interest in our border region," said OCI Director, Homero Cabello. "We look forward to continuing our work together to ensure that current successful programs continue and future federal funding addresses our most important colonia issues."

TDHCA Executive Director, Daisy Stiner, applauded Mr. Martinez's interest

in the Texas colonias, and welcomed the opportunity to host the HUD officials. "TDHCA needs and encourages involvement and support from HUD and other federal, state and local organizations to address colonia housing and community development issues," she said. "We are very concerned about the living conditions in our colonias and will actively partner with those who are also working to improve

the quality of life in the border region."

The HUD team returned to Washington, D.C. to report to Secretary Martinez on the conditions of the colonias. HUD is presently exploring ways to improve colonia assistance through HUD funded programs. Meanwhile, OCI has been informed that there is a possibility that Secretary Martinez will visit El Paso late this summer, but as of press time a date had not been set.

Profile of a colonia:

- The majority of the population is composed of individuals and families of low and very low income, who lack safe, sanitary and sound housing, together with basic services such as potable water, adequate sewage systems, drainage, streets, and utilities.
- Housing in the colonias is primarily constructed with scarce materials. Professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard or other materials, and as finances allow, continue to improve their homes.

* Union & Progreso and Bienestar Familiar are non-profit organizations working with colonias. They focus on projects empowering women in colonias, education, and small business development. ■