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Breaking Ground

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

Providing information about community resources and affordable housing in Texas.

July - September 2001

Physical changes due for TDHCA

CDBG moves to ORCA; Manufactured Housing Division gets governing board

By Michael Lyttle

TDHCA Governmental Relations and Communications

Several major changes are occurring at the Texas Department of Housing and Community Affairs (TDHCA) as the agency moves to implement the requirements set forth by Senate Bill 322 and House Bill 7. The shifts, all due to be in place by late 2001, include the:

- Appointment of new board members to TDHCA (the current nine-member board was replaced in September by a new seven-member board);
- Creation of the new Office of Rural and Community Affairs (ORCA);
- Subsequent transfer of the Community Development Block Grant (CDBG) and Local Government Services to ORCA; and,
- Appointment and installation of a new five-member governing board for TDHCA's Manufactured Housing Division.

CDBG moves to ORCA

HB 7 mandates the transfer of the CDBG program as well as the agency's Local Government Services to the newly created ORCA agency.

"We are working closely with the Governor and legislative parties regarding the details of ORCA's creation. Our ultimate concern is the smoothest possible transition for CDBG, so that no one is adversely affected by the transfer," said Ruth Cedillo, TDHCA Acting Executive Director. "We want the delivery of services to remain consistent during what we hope will be a seamless move."

ORCA is governed by a nine-member board, with three members each who were named by the Governor's Office, the Speaker's Office and the Lieutenant Governor's Office.

The aforementioned executive offices have been working with interested parties regarding the formation and physical location of this new state agency. Until then, CDBG will continue to be

housed in the TDHCA building in Austin. Firm decisions are expected to be in place by December 2001.

Manufactured Housing

The Manufactured Housing Board will have five members named by Governor Perry. The new board will oversee a division that is still "administratively attached" to TDHCA. Because the division will continue being a vital part of TDHCA, there is no physical move anticipated for the division.

TDHCA Board appointments

Chairman Mike Jones (attorney from Tyler) and Vice Chair C. Kent Conine (businessman from Frisco) have returned to the Department's governing board. New members include Elizabeth Anderson (high-tech marketing executive from Dallas), Shadrick Bogany (real estate executive from Houston), Vidal Gonzalez (bank president from Del Rio), and Norberto Salinas (Mayor of Mission, housing developer). ■

\$27.9 million in federal low income housing tax credits approved by TDHCA board

Allocation to assist in development of more than 5,000 housing units for low-income Texans

By Gordon Anderson

TDHCA Communications

The Governing Board of the Texas Department of Housing and Community Affairs (TDHCA) announced that 66 affordable housing developments will receive a total of \$27.9 million in federal housing tax credits, financing an anticipated 4,578 units of affordable multifamily housing for low-income individuals and families. The allocation, approved on July 31, 2001, was made possible through the federal Low Income Housing Tax Credit (LIHTC) Program, administered in Texas by TDHCA.

In addition to the \$27.9 million in new tax credits recommended for allocation, the Board also approved a forward commitment of \$5.5 million from the 2002 state credit ceiling. This forward commitment will help finance ten developments for a total of 912 additional units of affordable housing. Eleven developments are on the waiting list and will receive credits if any

developments that received allocations return the credits awarded to them or additional credits are received by TDHCA from the national pool.

Once the credits are awarded, they remain in effect for ten years for the selected housing developments. This makes Texas' 2001 LIHTC commitments worth an estimated \$33.4 million and will result in the development of more than 5,400 affordable rental units.

Demand for tax credits remains high, TDHCA Executive Director Daisy Stiner noted, making the selection process difficult. Stiner praised the quality of the 2001 applicants and the process that led to the staff recommendation to the board regarding the tax credit allocation.

"The federal LIHTC Program has provided for the construction or rehabilitation of nearly 85,000 affordable multifamily units in Texas since its inception in 1987," Stiner said, "and the applica- (See "Tax Credits", page 8)

TDHCA'S SUNSET BILL IS SIGNED JUNE 16, 2001



(Left to right) Rey Ocanas (Texas Association of Community Development Corporations), David Mintz (Texas Apartment Association), John Henneberger (Texas Low Income Housing Service), Senator Lucio, Daisy Stiner (TDHCA), Lori Flores (Senate-Intergovernmental Relations), Governor Perry, Representative Bill Carter, Representative Harryette Ehrhardt, Michael Lyttle (TDHCA), Jean Tellerico (Texas Association of Local Housing Finance Agencies), Donna Chatham (House - Urban Affairs), Ruth Cedillo (TDHCA), Carol S. Eisenberg (Texas Home of Your Own Coalition).

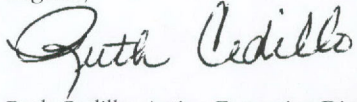
(Back row, left to right) Paul Cowen (Senator Lucio), Joey Longley (Sunset Commission), Homero Cabello (TDHCA), John Hawkins (Sunset Commission).

A message from the Executive Director

Dear Reader:

Earlier this summer, the residents of southeast Texas experienced a deluge of rain associated with Tropical Storm Allison. The weather system inundated the city of Houston and surrounding areas with several feet of water and created a nightmare for thousands of Texans. Our Department, along with many other state agencies and various organizations, banded together to help restore some degree of normalcy to the lives of those people who suffered so dearly through this calamity. Throughout this issue of *Breaking Ground*, you will find similar stories of lives being impacted in a positive way through a partnership between federal, state, and local groups. That is why we are in business and we are proud of our mission.

Regards,



Ruth Cedillo, Acting Executive Director
Texas Department of Housing and Community Affairs

Refunding tax-exempt revenue bonds secured by single family mortgages

The business of funding single family mortgages

Editor's Note: The following article describes one of the many influential factors TDHCA's Bond Finance Division considers when structuring bonds to fund below market interest rate mortgages for the First Time Homebuyer program. It is presented in the spirit of educating our readers.

By Heather Hodnett
TDHCA Bond Finance Division

A certain financial concept, commonly known as the "present value" of money, dictates that a dollar today is worth more than a dollar sometime in the future. This concept spans all facets of finance from checking account interest to mortgage payments and further, to the design and valuation of stocks, bonds, options and other financial instruments.

Present value concepts heavily influence the valuation of bonds. A bond is an interest bearing security which obligates the issuer (borrower) to pay the bondholder (investor) a specified sum of money (interest), usually at specific time intervals, and to repay the amount borrowed (principal). Essentially, the price or value of a bond is the combined present value of the stream of future interest and principal payments.

It is commonly known that when mortgage interest rates decline, an economic advantage i.e., a certain level of savings in the monthly payment, may be obtained by refinancing an existing, higher interest rate mortgage. The spread between the existing mortgage's interest rate and the current market's mortgage interest rates determine the level of monthly payment savings achieved through the refinancing.

In a similar fashion, tax-exempt bonds may be refinanced or refunded, to realize similar economic advantages. The spread between the existing bond's interest rate and the current market's bond interest rates determines the level of present value savings achieved through the refinancing. However, the Tax Reform Act of 1986 limits the ability of an issuer to refund outstanding tax-exempt bonds. Nonetheless, issuers of bonds secured by the good faith and

credit of the issuer or revenues from municipal water systems, transportation systems, utilities and other governmental purpose bonds typically may refund existing bonds and immediately realize mostly all of the economic present value savings produced by the refunding.

Conversely, the Tax Reform Act of 1986 severely limits the ability of an issuer to refund existing tax-exempt bonds secured by single family mortgages. These bonds are typically referred to as private activity bonds, meaning that although a public purpose is served, the primary beneficiaries of the tax-exempt financing are private individuals and not the governmental entity issuing the bonds.

Relevant Internal Revenue Code restrictions include limitations on types of refundings, the Ten-Year Rule and the Thirty-Two Year Rule. The Ten-Year Rule states that all repayments on the mortgage loans received ten years after the original issuance of the bonds must be used to redeem the bonds. This affects private activity bond refundings, because certain refundings are permitted only with payments received on the single family mortgages within ten years from original issuance. The Thirty-Two Year Rule states that the maturity date of refunding bonds cannot exceed 32 years from the original date of issuance of the bonds that are being refunded. This restriction may create cash flow challenges due to a disparity in bond and mortgage loan maturities.

Typically, economic refundings of tax-exempt bonds secured by single family mortgages do not release cash to the issuer. Rather, the mortgages pledged to the outstanding bonds are merely transferred and pledged to the new refunding bonds. Subsequently, all of the economic savings generated by refunding tax-exempt bonds secured by single family mortgages may not be realized by an issuer due to extremely stringent Internal Revenue Code restrictions.

Because the issuer is earning interest on the mortgage loans at a higher rate than the interest (See "Bonds", page 6)

Guest Corner

Electric competition: Low-income households face critical choices

By Carol Biedrzycki
Executive Director

Texas Ratepayers' Organization to Save Energy (Texas ROSE)

On January 1, 2002, many consumers will have the opportunity to choose a new retail electric provider (REP) in a competitive electricity market.

Traditionally, competitive markets provide the lowest prices and best services to large volume customers, who subsequently have greater bargaining power than low-income households who tend to use less electricity. Thus, in the new competitive market, low-income households will more likely pay higher rates.

To counteract any adverse effects of competition, a special rate discount will be available to low-income households. For those who receive poverty-related assistance from the Texas Department of Human Services (TDHS), an automated system will verify eligibility for the discount to the electric provider. A third party contractor will verify eligibility to the customer's REP, and the REP will begin discounting the customer's bill. Customers who do not receive benefits from TDHS, but have an income at or below 125 percent of poverty, can self certify their eligibility to the third party contractor.

All providers will also have a billing assistance program supported by voluntary contributions. After the market opens to competition, the existing utility will become the affiliate REP. The affiliate must provide electricity at a regulated rate until 2007. (The PUC is currently determining the regulated rates.) Qualifying households will be eligible for the rate discount and equal monthly payment plans will be available to every consumer.

The procedures for disconnection of electric service will also change in the deregulated market. REPs will have no obligation to serve and no authority to disconnect service for nonpayment. When an electric bill is not paid, the REP will send a notice terminating the customer's service contract. Upon termination, the customer will be transferred to a new "Provider of Last Resort (POLR)" company.

Low-income consumers will be free to change REPs and be able to receive the rate discount from any REP, or the POLR.

The POLR will have the authority to disconnect service, will often require advance payment, and charge fees for routine services, such as calling the customer service center. POLR rates may run as much as 30 to 50 percent higher than current rates.

Overall, the new process will make disconnection and reconnection more expensive and increase costs to consumers who have an inability to pay.

REPs other than the affiliate can make their own rules about rates, bills, late fees, cancellation fees and other customer protection standards. The affiliates must follow the same standards they follow today.

Whether or not competition in Texas will achieve its goal of lower electricity prices and better service remains to be seen. California residential customers have seen no cost savings under deregulation. In Pennsylvania, REPs are pulling out of the residential market, rates are going up and many consumers are returning to regulated rates.

In summary, perhaps the best choice for Texas' low-income households is to take advantage of the regulated rate, the rate discount, and equal monthly payment plans to avoid risking the POLR disconnection process.

For information about choosing a REP, contact the PUC at 1-866-797-4839 or visit them on the web at www.powertochoose.org.

Texas ROSE is a statewide membership organization that promotes programs to help low-income families reduce electric bills through energy conservation. For more information about Texas ROSE, visit www.main.org/texasrose or call 512-472-5233. ■

TDHCA toll free telephone numbers	Compliance	800-643-8204
	Energy Assistance	877-399-8939
	Local Government Services	800-544-2042
	Manufactured Housing	800-500-7074
	Office of Colonia Initiatives	800-462-4251
	Texas First-Time Homebuyer Program	800-792-1119

Governor: Rick Perry
TDHCA Governing Board: Michael E. Jones, *Chair*
 Elizabeth Anderson Shadrick Bogany C. Kent Conine
 Vidal Gonzalez Norberto Salinas
Acting Executive Director: Ruth Cedillo
Director of Communications: Michael Lyttle **Managing Editor:** Jill McFarren

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Important LIHTC dates to know

November 27-30, 2001: 2002 application workshops in Austin, Dallas, Houston, McAllen
December 4, 2001: 2002 Application and pre-application cycles open
January 4, 2002: 2002 Pre-application cycle closes
March 1, 2002: 2002 application cycle closes
 For more information, contact Brooke Boston at 512-475-3296.

HRC/OSP named agency liaison for Sunset implementation

Division to accomplish goals, track TDHCA's progress

By Steve Schottman

TDHCA Strategic Planning

Senate Bill 322 (TDHCA's Sunset Bill) presents a number of requirements for the Texas Department of Housing and Community Affairs to implement before the next legislative session in 2003. Although the changes touch many of TDHCA's divisions and programs, the Department's Housing Resource Center (HRC)/Office of Strategic Planning (OSP) will be responsible for satisfying a number of the recommendations as well as coordinating the flow of information regarding the progress on other Department changes. The majority of this work will center on the following three activities:

- **Outreach** - make the public more aware of and provide better access to TDHCA's activities and facilitate the provision of public input on these activities;
- **Research** - collect a wide variety of demographic information to assess the type and degree of housing and community services needs in the State; and
- **Planning** - use the conclusions of the research to ensure that TDHCA's activities address specific regional needs. This article describes the primary sections of the bill that impact the HRC/OSP's ongoing activities.

Outreach Activities

§2306.0661 requires public hearings on TDHCA's programs and plans to be held annually in each of the 11 uniform state service regions. The HRC has drafted a tentative public hearing schedule and is working to finalize the times and locations of these hearings.

§2306.080 calls for the appointment of a database information specialist to provide affordable housing and community services information that is easily accessible to the public. It is envisioned that this HRC specialist will develop a database on TDHCA's website that will allow users to search for housing and community service assistance by different search criteria (city, county, zip code, etc.).

§2306.252 requires the implementation of processes to increase TDHCA's interaction with the public and other state agencies. Activities that the HRC will assist with include:

- preparing educational material in "plain language";
- working more closely with local governments

through provision of research assistance, training, and technical assistance. TDHCA will also serve as an intermediary between the local governments and the governor, legislature and other state and federal programs;

- providing, in cooperation with other governmental entities, information on the use of sustainable and energy efficient housing construction products. Plans to have an HRC staff member specialize in energy related issues and develop an ongoing series of related links and technical papers for publication on TDHCA's website are being discussed;
- providing information concerning the performance of each TDHCA program and maintaining a list of all affordable housing resources. This activity is already the main focus of the HRC and will continue to be its primary activity in the future. In addition to working to improve its data collection and reporting capabilities, it is expected that the HRC will develop a website application that

- an estimate of the housing supply in each region;
- an inventory of public and private housing resources;
- strategies for meeting rural housing needs;
- information on the demand for and public comment on contract-for-deed conversions, self help centers, consumer education and other colonia resident services;
- analysis of fair housing opportunities; and
- more detailed information about housing units provided by TDHCA.

§2306.079 requires a regional development coordinator to be employed or contracted within each uniform state service region to assist local communities in determining how to:

- address affordable housing and community development needs;
- establish regional planning and resource-sharing partnerships; and
- facilitate leveraging of local, state, and federal funds.

The section also requires the local councils of government and other planning entities to establish an advisory committee to advise TDHCA on the region's affordable housing and community development needs.

Planning Activities

§2306.111(d) and (g) requires TDHCA to develop and adopt funding priorities for each region in accordance with specifically defined criteria. As a major portion of the work to quantify these priorities will be based on

quantifiable, demographic need, the OSP will work closely with the various program areas to incorporate its research into their funding priorities.

Subchapter JJ requires TDHCA to work with the comptroller to assess the present and future affordable housing needs of the "border region" and the uniform state service regions using twelve specified factors. The OSP will be the lead division responsible for completing this report. ■



TDHCA's SB 322 implementation chart now available online

As Senate Bill 322 (TDHCA's Sunset Bill) takes life, TDHCA management and staff continue to field a number of inquiries regarding the Department's implementation of this important legislation. Given its extensive nature, the bill will no doubt have a profound effect on how TDHCA administers its programs.

In an effort to provide current information about the Department's changes, the agency has placed an implementation chart online. The chart enables all interested parties to follow the Department's progress in addressing the requirements of Senate Bill 322 over the agency's two-year transitional process.

"We feel communication is important when enacting a piece of legislation this significant and this extensive," said Daisy A. Stiner, Executive Director of TDHCA. "This online resource will track our progress daily as we make SB 322 become a reality. We want to share our progress with everyone and believe our web site is an ideal tool for this."

If you have any questions, please contact Michael Lyttle or Roy C. Lopez in TDHCA's Governmental Relations Division at 512-475-3964.

will provide the public with more immediate access to information.

§2306.111 requires a uniform application and funding cycle for all single-family and multi-family housing programs administered by TDHCA. Such an application is in the final stages of Departmental review. Upon approval, the ongoing administration (coordination of updates and revisions) of this application will be spearheaded by the HRC in coordination with an oversight committee made up of representatives from agency programs.

Research Activities

§§2306.0721 and .0722 adds to the State of Texas Low Income Housing Plan and Annual Report's (SLIHP) information requirements. Additional requirements include:

- research on a variety of demographic indica-

Texas observes Energy Awareness Month, WAP anniversary

By Jill McFarren

TDHCA Communications

The Texas Department of Housing and Community Affairs (TDHCA) observed Energy Awareness Month throughout the month of October 2001. The agency culminated its recognition on the 30th anniversary of the Weatherization Assistance Program (WAP) on National Weatherization Day, Tuesday, October 30, 2001. The agency supported the official declarations, made by the U.S. Department of Energy (DOE), noting the importance of improving the conservation of energy in homes through weatherization.



Weatherization Works!

TDHCA Executive Director Daisy Stiner said it is important for every Texan to take appropriate energy saving measures by weatherizing their homes. "It just makes good sense for homeowners," she noted. "Typically, homes are more affordable for everyone

when heating and cooling costs are kept to a minimum."

That's especially true for low-income households. According to the DOE, high energy costs during peak heating and cooling seasons create an unmanageable burden for low-income families. These households spend a much higher amount on energy - 14% of their annual income - than other households, which spend about 3.5%. Energy efficiency services are available to low-income households through TDHCA's WAP.

"It's important that we provide energy assistance for the elderly, persons with disabilities, and households with children," Stiner commented, noting that households experience energy efficiency, financial, and health and safety gains as a result of weatherization measures.

Texans are encouraged to join the Department in recognizing the importance of weatherization and energy conservation by making sure their homes are energy efficient. Tips on keeping homes energy efficient can be found on the TDHCA website.

TDHCA's WAP serves every county in Texas through a network of 36 local agencies. To locate your local provider, call toll free (877) 399-8939, or visit the Department's website. ■

Texans fight hunger

By Monica Murphy

TACAA

Texas hunters and meat processors donated over 72,400 pounds of meat during the 2000-2001 hunting season through Hunters for the Hungry (HFTH). HFTH is administered statewide by the Texas Association of Community Action Agencies (TACAA) with the assistance of local organizations. The program, funded largely by the Texas Department of Housing and Community Affairs, provides low-

income families with a source of protein.

Hunters take their legally harvested deer, hog, or other wild game to participating meat processors, who process and package the donated meat. Meat processors then notify local food banks, pantries, emergency feeding sites, community and faith-based organizations, which distribute the meat to families in need.

Interested in working with HFTH? Contact Monica Murphy or Laurie Stephens of TACAA at (800) 992-9767. ■

Low-Interest loans available for First Time Homebuyers!

TDHCA's Bond Finance and Housing Finance Programs Divisions are pleased to announce the release of **\$60.8 million** in low-interest rate mortgage loans made available through the agency's Texas First Time Homebuyer Program. The 30-year fixed mortgage loans carry interest rates of 5.45% and 5.95%. The loans will be offered by more than 40 participating lending institutions with more than 300 branches throughout Texas. The funds, which became available in early November 2001, are earmarked for eligible individuals and families who are purchasing their first home and those who have not owned a home in the past three years.

For more information, call the FTHB program's toll free hotline at 800-792-1119.

Panhandle group's effort warms winter chill of 2001

By David Duncan
Deputy Director
Panhandle Community Services

In early 2001, gas prices were already on the rise when excessively cold weather hit northern Texas causing an energy crisis. The Panhandle Community Services (PCS) stepped up their efforts to provide energy-related assistance to area low-income households through the Texas Department of Housing and Community Affairs' Comprehensive Energy Assistance Program. PCS staff heard many stories about the hardships the high costs caused their elderly, handicapped and other disadvantaged clients. In those first few months of the new year, Dorothy Holcomb, an 84-year-old widow, became one of PCS's new clients with a story to tell.

"My gas bills went from a total of \$184 for January through March of 2000 to \$398 for the same months in 2001", Ms. Holcomb told PCS Alamo Center representative Betty Gutierrez. "I know that doesn't sound like a lot of money,



(L-R) PCS's Gutierrez and client Holcomb.

but when you live on a set income of \$750 per month and you're on medication, every penny counts," Holcomb noted.

To pay her high energy bills, Holcomb cut back on medication and groceries. She set her thermostat much lower and wore layers of clothing. Feeding her 13-year-old Lhasa Apso, Precious, and her 8-year-old puppy, Mama, also became a hardship for Holcomb, as was taking them to the vet. Holcomb's companions had increasing medical needs because of their ages and eventually had to be put to sleep. "They were my babies," she reflected sadly.

After enduring as much hardship and loss as she could, Holcomb reached out for help and found the PCS Alamo Center. She dreaded making an appointment for a home visit. "I had never asked for help before, and I didn't want to feel, or be made to feel, inferior to anyone just because I needed help".

That all changed when Holcomb met (See "Energy crisis", page 7)

TDHCA awards \$7 million to benefit low-income Texans

By Gordon Anderson
TDHCA Communications

On July 31, 2001, the Texas Department of Housing and Community Affairs (TDHCA) awarded \$7 million in funding to 30 nonprofit and for-profit housing entities through the Department's Housing Trust Fund and the HOME Investment Partnerships (HOME) Program. The awards will help preserve or add to the state's stock of affordable housing, improve the energy efficiency of low-income housing units, and improve the capacity of nonprofit housing organizations to produce affordable housing.

Award recipients included public housing authorities, nonprofit service organizations, community development corporations, and for-profit housing developers. However, according to TDHCA Executive Director Daisy Stiner, the true beneficiaries are the thousands of low-income Texans that call these housing developments home.

"Texas has made a significant down payment toward improving the quality of life for so many of our neighbors," said Stiner. "Through these awards, the state will help provide thousands of low-income households a safe, decent home in which they can afford to live. Furthermore, we are providing the funding to help nonprofit

housing organizations receive the training necessary to improve their ability to create affordable housing. This is a significant achievement for TDHCA, housing advocates, and low-income households across Texas."

The awards were made through the following four TDHCA funds: 2001 Housing Trust Fund Awards, 2001 Housing Trust Fund/State Energy Conservation Office *Housing Partnership Awards*, 2001 Housing Trust Fund *Capacity Building Awards*, and 2001 HOME *Demonstration Fund Awards*.

The 2001 Housing Trust Fund awards allocated \$3.2 million to 13 housing entities that will create or preserve 1,182 units of affordable housing in 12 Texas cities. Eight of the 13 applicants also received \$1.1 million in funding through the 2001 Housing Trust Fund/State Energy Conservation Office *Housing Partnership Awards*. This fund provides financial assistance to housing organizations or for-profit developers to improve the energy efficiency of low-income housing. Over 93% of the affordable units created will benefit persons and families earning 60% or less of Area Median Family Income. Additionally, 38% of the units created will serve Special Needs populations.

Another 13 organizations received awards to (See "HOME", page 5)

The Texas Department of Housing and Community Affairs recently awarded \$500,000 to United Cerebral Palsy Association of Texas from the Department's 2001 Home Investment Partnerships (HOME) Program. The award was made through the HOME Program's funding cycle in the Special Needs set-aside category.

United Cerebral Palsy Association of Texas will use the funds to promote the Home of Your Own (HOYO) *Home Ownership Program*. HOYO provides assistance to persons with disabilities with down payment and closing cost assistance. HOYO also assists with costs incurred while retrofitting existing housing to remove architectural barriers preventing wheelchair accessibility.

Eligible housing rehabilitation activities may include widening doors to accommodate wheelchairs and lowering fixtures to be within reach of someone confined to a wheelchair.

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

COMMUNITY DEVELOPMENT BLOCK GRANT

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.

Programs administered under the CDBG umbrella include the: Colonia Fund, Community Development Fund, Disaster Relief/Urgent Need Fund, Housing Infrastructure Fund, Housing Rehabilitation Fund, Planning & Capacity Building Fund, Small Towns Environment Program (STEP), and Texas Capital Fund.

Below are productivity reports for fiscal year 2001 (09/01/01 - 8/31/01):

Number of new community and economic development contracts awarded to date:	286
Target number of new community and economic development contracts awarded for FY2001:	280
Number of projected beneficiaries from community and economic development projects - new contracts awarded to date:	550,596
Target number of projected beneficiaries from community and economic development projects - new contracts awarded for FY2001:	350,000
Number of jobs created/retained through economic development contracts awarded to date:	1,202
Target number of jobs created/retained through economic development contracts awarded for FY2001:	1,300
Number of onsite technical assistance visits conducted to date:	623
Target number of onsite technical assistance visits conducted for FY2001:	350
Number of Programmatic monitoring visits conducted to date:	273
Target number of Programmatic monitoring visits conducted:	250

COMMUNITY SERVICES BLOCK GRANT PROGRAM

By Bea Tijerina

The CSBG program administers homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low-income persons throughout the state.

Below are productivity reports for this program year (09/01/01 - 8/31/01) as of June 2001: Number of persons assisted through homeless and poverty related funds:

Targeted 2001 Performance	341,000
1st Quarter 2001 Performance	114,040
2nd Quarter 2001 Performance	200,131
3rd Quarter 2001 Performance	128,437
Year to Date Performance	521,885
% of Annual Target	153%

COMMUNITY FOOD AND NUTRITION PROGRAM

By Bea Tijerina

The CFNP coordinates statewide efforts to address hunger and related issues by distributing surplus commodities and game donated by

hunters. CFNP funds are also used to support the expansion of child feeding programs to create farmer's markets that are designed to serve low-income neighborhoods.

Below are productivity reports for this program year (10/01/00 - 09/30/01) as of June 2001: Funding for program year 2001: \$282,552
Funding currently obligated for program year 2001*: \$306,504
Funding remaining for program year 2001: \$0
* Includes \$23,952 in unexpended funds from fiscal years 1998 - 1999.

COMPLIANCE

By Jennifer Boyer

TDHCA's Compliance division was formed to address long term compliance responsibilities of the various housing programs administered by the Department. Compliance monitors review necessary records to assure adherence to program requirements and terms of deed restrictions on the single or multi-family affordable housing properties. The Compliance monitors verify that the income of tenants and the rent charged for housing is at or below limits established by programs such as Affordable Housing Disposition Program, Low Income Housing Tax Credit, HOME, Tax Exempt Multifamily, and Housing Trust Fund programs. Monitors perform on-site and desk monitoring reviews and collect annual Housing Sponsor Reports.

Compliance updates and information

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

COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

By John Touchet

The Comprehensive Energy Assistance Program combines case management, education, and financial assistance to help very low- and extremely low-income consumers reduce their utility bills to an affordable level. Services include utility payment assistance, energy education and budget counseling.

Below is a productivity report for state fiscal year 2001 (09/01/00-08/31/01) as of August 2001:

	<u>No. of households assisted</u>
Year-End Goal*:	38,352
Year-to-Date:	121,865

* Legislative appropriations mandate the yearly goal, which is based conservatively on the maximum assistance allowed per household.

CONTRACT FOR DEED INITIATIVE

By Susana Garza

The Contract for Deed Conversion Initiative assists colonia residents in converting their contract for deed into a traditional note and deed of trust. The program guarantees conversion loans made by private lenders.

Below are productivity reports for fiscal year 2001 (09/01/00 - 08/31/01), as of August 20, 2001:

(See "Updates", page 5)

Updates (Continued from page 4)

Total dollars available for deed conversions available for FY2001: \$6,527,176.
 Total dollars remaining for deed conversions available for FY2001 (as of 8/20/01)*:\$2,182,991
 Target number of successful deed conversions for FY2001: over 434
 Number of deed conversions made to date: 423
 Number of families/households benefiting from program to date: 423
 As of 1998 to date, TDHCA has committed over \$11 million for this initiative.
 * Although these funds are committed to the Colonia Self-Help Centers, Colonia Loan Guarantee Program and Colonia Individual Conversion approved applications.

DOWN PAYMENT ASSISTANCE PROGRAM

By JoAnn DePenning

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

Since the program's inception in June 1999 through July 31, 2001, 1076 loans have been funded through this program totaling \$6,454,518.23.

EMERGENCY NUTRITION/TEMPORARY EMERGENCY RELIEF

By Bea Tijerina

ENTERP is a state program that provides emergency assistance to low-income persons. ENTERP aid is provided to each Texas county government to provide emergency services such as utility assistance, housing, food, clothing, medical services, and transportation to individuals or families that meet program qualifications.

Below are productivity reports for this program year (09/01/00 - 08/31/01) as of June 2001:
 Funding for program year 2001: \$472,998
 Funding currently obligated for program year 2001: \$472,998
 Remaining funding for program year 2001: \$0

EMERGENCY SHELTER GRANTS PROGRAM

By Bea Tijerina

ESGP funds are awarded through a competitive application process to eligible entities that provide shelter and related services for homeless persons, as well as intervention services threatened with homelessness.

Below are productivity reports for this program year (09/01/00-08/31/01) as of June 2001:
 Funding for program year 2001: \$4,649,000
 Target number of shelters assisted*: 40
 Number of shelters assisted: 74
 * Recommended for fiscal year 2001 funds.

FIRST TIME HOMEBUYER PROGRAM

By Jo Ann DePenning

The Texas First Time Homebuyer (FTHB) 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 FTHB Program as of May 31, 2001.

Number of very low / low income households that have received loans through the MRB Program state fiscal year 2001 (09/01/00 - 08/31/01):

Targeted 2001 Performance 1260
 1st Quarter Performance 297
 2nd Quarter Performance 324
 3rd Quarter Performance 551
 Year to Date Performance 1172

% of Annual Target * 93%

* Number of originations exceeded goals due to the strong Texas economy and market interest rates for mortgages exceeding the MRB interest rates.

Number of moderate income households that received loans through the MRB Program state fiscal year 2001 (09/01/00 - 08/31/01):

Targeted 2001 Performance 600
 1st Quarter Performance 65
 2nd Quarter Performance 41
 3rd Quarter Performance 53
 Year to Date Performance 159

% of Annual Target * 26.5

* 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.

HOME PROGRAM

By Ann Gusman-MacBeth

The HOME Investment Partnerships Program awards funding through a competitive application process to various municipalities, non-profit agencies, for-profit and public housing agencies around the state to administer program activities that provide safe, decent affordable housing to extremely low, very low and low incomes families. HOME allocates funds for four basic housing activities: Homebuyer Assistance (HBA), Rental Housing Development (RHD), Owner Occupied Housing Assistance (OCC) and Tenant Based Rental Assistance (TBRA).

FY2001 HOME Allocations

The HOME Program announced the availability of approximately \$39 million for the 2001 funding cycle. These funds are subject to the state regulations and the federal Final Rule governing the HOME program (24 CFR Part 92) and are allocated to each Uniform State Service Region using a formula (developed by TDHCA with public input) based on need for housing assistance. Approvals for FY 2001 awards for Homebuyer Assistance, Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, Special Needs set asides, and Community Housing Development Organizations (CHDOs) were made at TDHCA's September board meeting.

HOME has posted a list of awardees for the HBA, OCC, TBRA and Special Needs Set-Aside for FY 2001 on HOME's web page at www.tdhca.state.tx.us/home.htm following the HOME recommendations and TDHCA Board approval. Dates and information for the 2001 Implementation Workshop for HOME administrators will also be posted to the website when that information becomes available.

FY2001 Demonstration Fund Awards

HOME made four award recommendations for the FY 2001 HOME Demonstration Fund. This housing rehabilitation program is reserved for applicants who will use the funds to preserve existing affordable or subsidized rental housing that can include a 4% or 9% Low Income Housing Tax Credit project. A list of the organizations that were awarded funds is posted on the TDHCA website.

Community Building Investment Program

The HOME Program is participating in a HUD pilot project to provide technical assistance to CHDOs that are working in Texas' colonias. Through the Community Building Investment Program (CBI), HUD will provide small grants as well as one year of technical assistance to selected nonprofits. Applicants are selected through a competitive application process. TDHCA is working with HUD's service provider, Training and Development Associates (See "Updates", page 6)

HUD Sec'y Martinez visits West Texas, New Mexico colonias

By Anibal Olague
 OCI El Paso Field Officer

U.S. Department of Housing and Urban Development (HUD) Secretary Mel Martinez visited El Paso during a tour of West Texas and New Mexico colonias in late July. The Secretary's visit followed a three-day fact-finding mission by a Washington, D.C.-based HUD team last April.

Ruth Cedillo, Texas Department of Housing and Community Affairs' Acting Deputy Director, and Elke Cummings, El Paso Colonia Self-Help Center Director, greeted Secretary Martinez. The group's discussions focused on developing partnerships between community, federal, state, and local governments to facilitate the development of solutions to meet the needs of Colonia residents.

"We are happy that Texas colonias are on HUD's radar screen," said Cedillo. "We look forward to working with the federal government and other interested parties to address all of our housing issues not only in the border areas but throughout the state as well."

Secretary Martinez also met with local colonia nonprofits and elected officials to further discuss border issues. The July 25, 2001 issue of the *El Paso Times* reported that Martinez had a special interest in visiting the area.

"I'm here to see with my own eyes, your needs," Martinez said to a group of residents at a trailer home that serves as a temporary community center. "I think it's sad; it's deplorable," he said, "but that's why we're here, to get a firsthand look and do something about it."

Martinez also announced that HUD would be donating 500 surplus computers to colonia groups and non-profits along the Texas/Mexico border region. He also mentioned two pilot programs that are intended to help colonia families pay for a home or start a business.

Before departing for New Mexico, Secretary Martinez promised a commitment from the Bush administration to improve the quality of life in colonias. ■

Bond Finance Division studies alternatives for financing Texas' single family mortgage challenges

By Heather Hodnett
 TDHCA Bond Finance

The Department's Board approved several Bond Finance Division initiatives at its August 21, 2001 board meeting. One of those initiatives includes research and development of a first lien, subprime mortgage "subprime mortgage alternative". To elaborate, the Bond Finance Division seeks to develop a subprime mortgage product without the requisite prepayment penalties, high fees, mandatory arbitration and other features usually associated with subprime mortgages. Bond Finance will examine financing this new product with mortgage revenue bonds.

The Board also authorized Bond Finance to study and develop a means of funding a very limited number of mortgages offered through a non-conforming (non-FHA, VA, Fannie Mae, Freddie Mac) mortgage program. Bond Finance is considering issuing taxable mortgage revenue

bonds to provide funds for funding such a non-traditional single family lending program. The size of the taxable issue may range from \$7.5 million to \$10 million. The ultimate allocation of these bond proceeds will be subject to prioritization of Departmental funding needs and public comment.

Normally, mortgage revenue bonds may not be used to fund non-traditional, non-conforming mortgages and similar programs due to bond indenture covenants, first time homebuyer restrictions and interest rate arbitrage restrictions imposed by the Internal Revenue Code. In addition, this is a unique financing opportunity and may not be available or executed annually or on any regular periodic basis.

More information regarding Bond Finance activities may be obtained by calling Byron V. Johnson, Director of Bond Finance, at 512-475-3856. ■

HOME (Continued from page 4)

taling \$562,000 through the 2001 Housing Trust Fund *Capacity Building Awards*. The funds will help these groups obtain the technical assistance necessary to increase their ability to produce affordable housing in an efficient and effective manner. As a result of this funding, 516 additional units of affordable housing will be created. One third of the organizations receiving funding this year will focus on serving special needs populations and 40% of the units created will serve persons and families earning less than 30% of Area Median Family Income.

TDHCA also awarded \$1.9 million through the 2001 HOME *Demonstration Fund Awards* to four developers for the preservation of affordable or subsidized rental housing. Devel-

opers use the funds either to acquire or acquire and rehabilitate existing affordable multifamily properties. The awards will help preserve 165 units of affordable housing, with 62 units (37 percent) serving households earning 30 percent or below the area median family income.

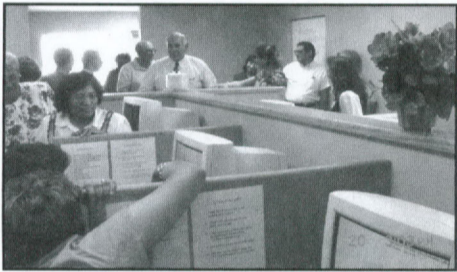
The goal of both the Housing Trust Fund and the HOME Program is to expand the supply of affordable housing and to alleviate the problems of excessive homelessness, rent burdens, and deteriorating housing stock. Both programs are administered by TDHCA; however, the Housing Trust Fund is the only affordable housing program to receive state funding. The HOME Program is funded through an annual allocation from the U.S. Department of Housing and Urban Development. ■

Community meets learning needs

State, local funding sources help community action agency create education lab

By Linda Hicks
Certified Teacher
Crosbyton Adult Lab

It's never too late to learn. Just ask Dallas native George Dawson who began visiting a Computer Curriculum Corporation (CCC) Destinations Lab at age 96 and learned to read and write for the first time in his life. Now, at age 103, Dawson is working toward earning his high school diploma.



CCC Destinations Lab

Residents of Crosby, Floyd, Dickens and Motley counties now have access to a similar lab thanks to Caprock Community Action Association, Inc. (CCAA). Plans to provide the same types of services in the four-county area began taking shape in 1998 when CCAA purchased a building in Crosbyton, the Crosby County seat.

Once the location was secure, the agency submitted applications to various funding sources for rehabilitation of the building and the purchase of the required hardware and software.

In September 2000, the Texas Department of Housing and Community Affairs provided \$30,000 in Community Service Block Grant *Demonstration and Special Projects Funds* to purchase complete computer stations. CCAA coordinated their computer purchase with the South Plains Regional Workforce Board, resulting in a reduced price for each computer. In doing so, CCAA purchased 18 total computers for the literacy lab, and for each of the outreach centers in Dickens, Floyd, King, and Motley counties. The networked computers give clients in the four north state counties access to the same information.

The lab opened on July 20, 2001, and has already changed lives. "I hope to get my GED soon, and my boss has promised to send me to refrigeration school afterwards," says 34-year-old Billy Whitaker, who attends the new Crosbyton Learning Center four days a week. "This will mean more money to me and my family."

The comprehensive curriculum of CCC Destinations offers more than 12,000 core learning activities in reading, math, writing, life and employability skills, citizenship and job-related applied skills.

For more information contact Claudia Cowley at the CCAA at 806-675-7032 or email Ms. Cowley at claudiac@llano.net. ■

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Updates (Continued from page 5)

(TDA), to select the nonprofits that will receive this assistance. TDA is administering the program. A selection panel comprised of TDA and HOME staff reviewed and scored applications in August 2001. The HOME Program announced awards shortly thereafter.

For up-to-date information about the HOME Program call 512-475-3109 or visit the TDHCA website. HOME encourages individuals to register on HOME's electronic mailing list at: <http://www.tdhca.state.tx.us/home.htm#mail> to receive information about HOME's Notice of Funding Availability or other funding that may become available. Notification is also sent to individuals and organizations registered in TDHCA's Housing Resource Center mailing list.

LOCAL GOVERNMENT SERVICES

By June Scott

Local Government Services assists local governments and local officials in providing essential public services and in resolving financial, social and environmental problems in their communities. 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.

Below are the quantitative performance measures for the Local Government Services as of August 16, 2001 for calendar year 01/01/01 - 12/31/01.

Target number of city and county officials trained this year: 1500
Total number of city and county officials trained to date: 1294
Total number of outreach activities participated in to date *: 36
* 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.

Below are quantitative performance measures for fiscal year 2001 (09/01/00 - 08/31/01) as of August 17, 2001:

Number of manufactured home titles issued to

date: 676,446
Number of licenses issued to date: 1,947
Number of routine installation inspections performed to date: 14,745
Target number of routine installation inspections to be completed: 25%
Percentage of routine installation inspections to date: 42%
Number of consumer complaints received to date: 1,789
Number of consumer complaints resolved to date: 1,532

MULTIFAMILY MORTGAGE REVENUE BOND PROGRAM

By Robbye Meyer

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 August 22, 2001:

Private Activity Bond Program:

Total multifamily bond transactions: 4
Tax-exempt and taxable bonds issued (in dollars): \$45,485,000
Total number of housing units: 918
* All units new construction for very low-income households.

OFFICE OF COLONIA INITIATIVES

By Susana Garza

The Office of Colonia Initiatives (OCI) coordinates Department programs that seek to improve living conditions in the state's colonias. OCI assists the Department's program divisions by coordinating activities in the colonias that provide consumer education on contract-for-deed issues and assistance with housing and infrastructure.

Below are productivity reports for fiscal year 2001 (09/01/00 - 08/31/01):

Target number of onsite technical assistance visits conducted from field offices for calendar year 2001: 400
Number of onsite technical assistance visits conducted from field offices to date (as of June 30, 2001): 320
Number of Colonia Residents Receiving Technical Assistance Annually through the field offices: 1,700
Number of colonia residents receiving technical assistance visits conducted from field offices as of June 30, 2001: 851
Number of entities and/or individuals receiving informational resources: 1,200
Number of entities receiving informational resources: 1,448

TEXAS "BOOTSTRAP" LOAN PROGRAM

By Maria Cazares

The Texas "Bootstrap" Owner-Builder Loan Program provides low-interest home mortgage

bond markets impose restrictions on refunding tax-exempt bonds. The bond indenture, which is the contract between the bondholders and the issuer, dictates timeframes allowable for refunding, mandates requirements for refunding bonds and states whether or not a specific series may be refunded at all.

Single family mortgage revenue bond indentures generally state that the issuer must pass refunding present value savings on to the borrowers in the form of an interest rate subsidy as described above. As noted above, these subsidized loans however, must still comply with the same mortgage underwriting criteria as the mortgage loans under the indenture.

Finally, current bond market conditions greatly impact the ability of the issuer to re-

fund bonds. Obviously, current bond rates must be low enough to generate adequate present value savings and justify the costs of issuing refunding bonds.

Outlined above are only a few of the numerous factors constraining and affecting refundings of tax-exempt bonds secured by single family mortgages.

The Bond Finance Division prepared a brief but highly informative report in March 2001 entitled "Refunding Single Family Mortgage Revenue Bonds". The report summarizes the peculiarities of refunding tax-exempt bonds secured by single family mortgages. A copy of the report may be obtained by calling Byron V. Johnson, Director of Bond Finance, at 512-475-3856. ■

loans of up to \$25,000 to low-income families who agree to help build their own home. Two-thirds of the total funds are used to help residents of impoverished border colonias and communities build new, better homes. The remaining one-third is available statewide to low-income families.

Below are productivity reports for Phase I of the program, which was implemented in fiscal year 2000 (09/01/99 - 08/31/00):

Total dollars available: \$2.8 million
Total dollars awarded: \$2.8 million
Total number of loans awards made: 5
Total number of families/households benefiting from program: 143

Phase II, for fiscal year 2001, will provide \$2.8 million for the program. The Office of Colonia Initiatives (OCI) is planning to publish the Phase II NOFA late this fall. Please visit the TDHCA website for more information.

The Texas Statewide Homebuyer Education Program (TSHEP) is a statewide homebuyer education program designed to provide information and counseling to prospective homebuyers about the home buying process. A Request for Proposals seeking to contract with an organization to conduct the "Train the Trainer" trainings was published in September. TSHEP "Train the Trainer" proposes training local nonprofit organizations to initiate coverage in underserved areas of the state. The purpose of the training is to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education, and to certify participants as homebuyer education providers. The training locations will be announced at a later date.

WEATHERIZATION ASSISTANCE PROGRAM

By John Touchet

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

TDHCA's Energy Assistance section anticipates replacing its utility piggyback program in most areas of the state with contributions from the System Benefit Fund (SBF). The SBF will receive support from a non-bypassable fee on utility bills overseen by the Public Utility Commission. The Legislature approved a program year 2002 budget for SBF energy efficiency programs in the amount of \$7,178,000.

State Fiscal Year 2001 **No. of dwellings**
(09/01/00-08/31/01) **weatherized**

Year-End Goal*: 2,732
Year-to-Date (as of August): 4,798
* Based on the maximum funding allowed per house by DOE of \$2,500. ■

Identifying housing development sites

Tips for finding the best location for your project

By Tom Gouris

TDHCA Credit Underwriting

If you've been in the affordable housing development business for any length of time, you know that there are certain assumptions that would be better left off the drawing board. Below is a list of points worth considering when you're in the market for a housing project site.

Get professional help

- Talk to Brokers and other real estate professionals in the area
- Engage a market analyst to help review the pro's and cons of proposed sites
- Talk to the local authority in charge of planning and use their input
- Make sure the site conforms with zoning and cities land use plans

Location, location, location

- Affordable housing faces the same fundamental constraints as conventional
- Affordable housing typically does not need more "affordable" land than conventional housing
- Look for: Infrastructure, community linkages, and general appeal

General site appeal

- Quality and condition of neighborhood
- Quality and condition of adjacent properties
- Visibility/ marketability from major traffic routes
- Comparisons to market rate alternatives

Infrastructure

- Free land does **not** usually mean **easy** development
- Cheap land often means lack of infrastructure
- You get what you pay for
- Contribution cost of land should not be more

than it is worth

Infrastructure checklist

- Roads to site
- Water
- Sewer
- Electricity
- Gas
- Sidewalks
- Traffic lights
- Storm sewer/water control
- Turn lanes
- Telephone
- Cable TV

Community access

- Proximity to community resources
- Schools
- Employment
- Emergency services
- Religious facilities
- Grocery and retail establishments
- Recreational facilities

Current TDHCA/ORCA* programs

- The Community Development Block Grant program funds infrastructure to developments (51% of benefit must serve low- to moderate-income citizens)
- Housing Trust Fund will fund infrastructure for specific single- and multifamily developments
- State HOME program is currently only funding limited multifamily development
- LIHTC excludes land and infrastructure from basis
- * Office of Rural Community Affairs

Obtaining TDHCA Infrastructure funding

- Focus is on specific affordable housing project
 - Overall feasibility of housing project must be verified
 - Preference for local match/leveraging of additional funds
- For more information, contact me at 512-475-1470 or email tgouris@tdhca.state.tx.us

International summit: Drawing attention to Tex-Mex border

From The University of Texas-Pan American website

The elections of President George W. Bush and Mexican President Vicente Fox created an unprecedented opportunity for the development of the U.S.-Mexico border, spurring a U.S.-Mexico Border Summit in late August 2001. The three-day event, held at The University of Texas-Pan American in Edinburg, provided an historic occasion for representatives of the corporate world, major foundations, and government leaders to begin the process of developing and implementing a strategic action plan.

NAFTA, maquiladoras, growth in jobs and earned income, plus a measure of activity in critical technologies that foster future growth are transforming the border region into what *The Economist* calls, "one of the most positively dynamic regions of the 21st Century." A recent Forbes/Milken Institute study cites three border metropolitan areas among the top 25 places in the nation to do business, they include, McAllen-Edinburg-Mission (the summit site), San Diego, California and Tucson, Arizona. Two other border communities, Brownsville and Laredo, are listed in the top 60 metro areas.

U.S. Secretary of Transportation Norman Y. Mineta opened the conference with a discussion of major transportation corridors. He was followed by high-ranking officials from both countries, representatives of major national foundations, and corporate leaders who focused on international trade, energy, telecommunications, utility infrastructure corridor development, border manufacturing opportunities, water and the environment, housing, and health issues.

Representatives from the Texas Department of Housing and Community Affairs attended the Summit, which marked the first step in addressing important issues that have broad range implications for Texas and other border states.

For more information about the Summit, visit <http://www.bordersummit.com/nobjectiv.html> or contact the University of Texas-Pan American toll free at 1-888-432-4033 or 956-381-3361. ■

Energy crisis (Continued from page 4)

Gutierrez. "The minute I saw her smile, I could sense her compassion", Holcomb recalls. Gutierrez made Holcomb feel like PCS understood what she was going through and made her feel like an equal.

"When Betty told me she would call, she did. When she told me she would come to my house at a certain time, she did", Holcomb continued. "I will always be grateful to her and PCS. Betty will always be my friend". ■

ON THE CALENDAR

For additional up-to-date information and details, check out what's on TDHCA's "Calendar" on the Department's website at www.tdhca.state.tx.us/au_calendar.htm.

NOVEMBER 2001

- 14 TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- 6-9 Texas Homeless Coalition Conference, Corpus Christi. Call the Texas Homeless Network toll free: 800-531-0828 or visit www.thn.org
- 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.
- 12-14 TDHCA Manufactured Housing Licensing School, Austin. Contact Joe Garcia: 512-475-4999.
- 13 HOME Compliance Workshop, Austin. Contact TDHCA's Compliance Division: 512-475-3926.
- 14-16 TACAA Fall Conference, Corpus Christi. Contact the Texas Assoc. of Community Action Agencies: 512-462-2555 or visit www.tacaa.org
- 15-16 THN's Continuum of Care Technical Assistance Training, Denton. Call the Texas Homeless Network toll free: 800-531-0828 or visit www.thn.org
- 27-30 LIHTC 2002 Application Workshops, Austin, Dallas, Houston, and McAllen. Contact Brooke Boston: 512-475-3296.
- 28-30 Annual Texas Municipal League Conference, Houston. Call 512-231-7400 or visit www.tml.org

DECEMBER 2001

- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- 3-5 NCAA Executive Training Seminar, Orlando, FL. Call the National Assoc. of Community Action Agencies: 202-265-7546 or visit www.nacaa.org
- 4 LIHTC 2002 Application and Pre-Application cycle opens. Contact Brooke Boston: 512-475-3296.
- 6-8 NCFH Midwestern Farmworker Stream Forum, Austin. Call the National Center for Farmworker Health, Inc.: 512-312-2700 or visit www.ncfh.org

JANUARY 2002

- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- TBA Public hearing: U.S. Dept. of Energy's Weatherization Assistance Plan. Call TDHCA's Energy Assistance section toll free: 877-399-8939.
- 4 LIHTC Pre-Application cycle closes. Contact Brooke Boston: 512-475-3296.
- 10-12 Developers Tax Credit Conference, Orlando, FL. Call Novogradac & Company: 415-356-8037 or visit www.novoco.com/Events/event_center.htm
- 31 Results of LIHTC Pre-Application round released. Contact Brooke Boston: 512-475-3296.

FEBRUARY 2002

- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- 13 LIHTC Application public hearing schedule submitted to Texas Register. Contact Brooke Boston: 512-475-3296.
- 22 LIHTC Application public hearing schedule published in Texas Register. Contact Brooke Boston: 512-475-3296.
- 27-31 TACDC Community Development Conference, El Paso. Call the Texas Assoc. of Community Development Corporations: 512-457-8232 or visit www.tacdc.org

MARCH 2002

- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.

- 1 LIHTC Application cycle closes. Contact Brooke Boston: 512-475-3296.
- 23-4/15 LIHTC Public hearings on submitted applications. Contact Brooke Boston: 512-475-3296.

APRIL 2002

- FAIR HOUSING month!**
- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- LIHTC Program review occurs throughout the month.
- 1-7 **Community Development Week**

MAY 2002

- COMMUNITY ACTION month!**
- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- 15 LIHTC Board recommendations submitted to Texas Register. Contact Brooke Boston: 512-475-3296.
- 16-18 Credit & Bond Financing for Affordable Housing Conference, New Orleans. Call Novogradac & Company: 415-356-8037 or visit www.novoco.com/Events/event_center.htm
- 24 LIHTC Recommendations published in Texas Register. Contact Brooke Boston: 512-475-3296.

JUNE 2002

- HOMEOWNERSHIP month!**
- TBA **Homeownership Week**
- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- 27 LIHTC Allocation recommendations due to Board. Contact Brooke Boston: 512-475-3296.
- 30 LIHTC Staff recommendation review by Board due. Contact Brooke Boston: 512-475-3296.
- 30 LIHTC List of applications for allocation approved for 2002. Contact Brooke Boston: 512-475-3296.

JULY 2002

- TBA TDHCA Governing Board meeting. Contact Gordon Anderson: 512-475-4743.
- 10 LIHTC Final allocation submitted to Texas Register as board agenda item. Contact Brooke Boston: 512-475-3296.
- 19 LIHTC Final allocation published in Texas register as board agenda item. Contact Brooke Boston: 512-475-3296.
- 31 LIHTC Final commitments approved by board. Contact Brooke Boston: 512-475-3296.

- HOME HOME Investment Partnerships Program
- LIHTC Low-Income Housing Tax Credit Program
- NOFA Notice of Funding Availability
- QAP Qualified Allocation Plan and Rules
- TBA Date to be announced

TDHCA entries appear in color.

CAA News

TDHCA's Community Affairs Division held its **8th Annual Community Action Agency Executive Director's Conference** in early August. Over 150 CAA representatives attended the San Antonio event, which covered new census data, management information for nonprofits, crisis intervention, utility restructuring, and tips on marketing and working with the news media.

Service, performance, recognition and life-time achievement awards were also presented at the two and a half day convention. Visit the TDHCA website to review the list of awardees and photos of the conference. ■

TDHCA awards \$500,000 for homebuyer assistance, housing rehabilitation for persons with disabilities

By Gordon Anderson

The Texas Department of Housing and Community Affairs (TDHCA) recently awarded \$500,000 to United Cerebral Palsy Association of Texas from the Department's 2001 HOME Investment Partnerships (HOME) Program. The award was made through the HOME Program's funding cycle in the Special Needs set-aside category.

United Cerebral Palsy Association of Texas will use the funds to promote the Home of Your Own (HOYO) Home Ownership Program. HOYO provides assistance to persons with disabilities with down payment and closing cost assistance, as well as with costs incurred while retrofitting existing housing to remove architectural barriers preventing wheelchair accessibility.

Eligible housing rehabilitation activities may include widening doors to accommodate wheelchairs and lowering fixtures to be within reach of someone confined to a wheelchair.

"This award will make a significant and lasting impact on the lives of Texans often most in need of assistance," said TDHCA Executive Director Daisy Stiner. "Persons with disabilities too often live on fixed incomes and are among those most affected by the high cost of housing."

"Furthermore, housing units are rarely designed to be accessible to persons in wheelchairs or other physical disabilities, such as the sight impaired," she continued. "These Special Needs funds will go a long way toward improving housing and providing homeownership opportunities for fellow Texans too often ignored in the marketplace."

TDHCA and United Cerebral Palsy Association of Texas estimate that this award will serve 20 households. Of these, 18 will be at or below 80 percent of the area median family income and 2 will be at or below 30 percent of the area median family income.

TDHCA had previously projected in its 2001 Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD) that \$500,000 would be available for Special Needs funding to promote HOYO. HUD is the funding source for the Department's HOME Program.

United Cerebral Palsy Association of Texas, through HOYO, will allocate these funds to eligible applicants statewide. Because the state's larger cities and counties receive additional HOME funds directly from HUD, the Department and the Texas Legislature have placed a high priority on allocating HOME Program awards in rural parts of the state. However, program rules allow the Special Needs set-aside, which represents 5 percent of all HOME Program funds, to be allocated statewide. The Special Needs category includes persons with disabilities, elderly persons, persons with AIDS, and homeless persons. ■

TDHCA awards grants totaling \$1,045,822 for colonia activities

State grants help counties address water needs

By Gordon Anderson

El Paso, Hidalgo, Starr, and Terrell counties each received community development grants from the Texas Department of Housing and Community Affairs (TDHCA) in August 2001. The funds, awarded by TDHCA through the Texas Community Development Program, are earmarked to help bring water service to households in the specific unincorporated areas of each county.

"These funds will help these counties provide one of the most basic of public services to these residents, a necessity many of us take too much for granted," said Daisy Stiner, TDHCA Executive Director. "A reliable water system is a fundamental building block for any community. Unfortunately, these building blocks are absent in far too many colonias. It is a priority of this Department to bring these services to Texas communities most in need."

Colonias are substandard housing developments typically lacking adequate water, wastewater and drainage systems, paved roads, and other infrastructure. According to the Texas Water Development Board, approximately 400,000 Texans live in an estimated 1,500 colonias, the vast majority of which are located

within 150 miles of the Texas-Mexico border.

Stiner explained that the awards were made through TDHCA's Texas Community Development Program's *Colonia Economically Distressed Areas Program Fund*. The counties will use their grants to install water yard lines and house connections to a total of about 825 households, allowing residents access to facilities installed through funds from the Texas Water Development Board's *Economically Distressed Areas Program*.

Funds from the *Colonia Economically Distressed Areas Program Fund*, one of seven funding categories within the Texas Community Development Program (TCDP), are distributed to eligible activities that must principally benefit low- and moderate-income persons and are limited to unincorporated areas of counties within 150 miles of the Texas-Mexico border.

TCDP provides financial assistance generally to cities under 50,000 in population and counties under 200,000 in population for public works, housing, economic development, planning projects, and colonia activities. The U.S. Department of Housing and Urban Development (HUD) is the funding source for this program. ■

The following counties received grant awards from TDHCA's TCDP:

- El Paso \$190,692
- Hidalgo \$491,000
- Starr \$72,130
- Terrell \$292,000

The Oaks at Hampton A model for affordable housing

From the HUD website

The Oaks at Hampton ("Project") is a 250 unit affordable multi-family housing development that is restricted to senior citizens aged 55 years and older. It is located in a Planned Development (PD), and one hundred percent (100%) of the 750 and 950 square foot one and two bedroom floor plans would be \$545 and \$655, respectively. Section 8 vouchers and certificates will also be accepted at this development.

The property will be handicapped accessible and will specifically target units for seniors with special needs. The property amenities will include an on-site community center designed and operated to provide a comprehensive range of physical and social services to the residents of the development.

The on-site community center will be operated by Housing Services of Texas (HST), a locally based 501 (c)(3) non-profit corporation. Services provided by HST, which will be free to residents, will include a full time social worker, social and recreational activities, transportation, coordination with other local senior service providers, physician referrals, health clinics, exercise classes and other services based on needs of residents.

Location, Location, Location

The Oaks at Hampton will be built in a low-density design of 12-14 units per acre, taking advantage of the site topography and open space. Its proximity to the Southwest Dallas Medical Center Hospital and Kiest Park make it particularly appropriate for the senior resident population.

Tax credits (Continued from page 1)

tion process remains extremely competitive. The Department received 162 applications this year, requesting a total of \$91.3 million, or about three times the amount of funds available. This made the selection process difficult, as did the overall high quality of the applications."

TDHCA's scoring system awards points to a developer's application for meeting specific program objectives, Stiner said. Once public comment is accepted, the Department is authorized under the rules that administer the program to take other factors into consideration when allocating the credits.

"Beyond the geographic dispersion of units the Department must achieve under the program's rules," Stiner explained, "we also try to take into account such factors as project feasibility, the experience of the development team, concentration of low-income projects within specific markets, and a wide host of other variables."

"I believe we have diversified our tax credit awards this year more than ever. Through the regional allocation formula, we were able to shape the geographic distribution of the credits," said Stiner. "Texans from across the state will reap the benefits of this novel funding approach that creates quality affordable housing."

Creative Financing Produces Affordable Housing for Seniors

The development has received a \$9.535 million tax-exempt bond allocation from the Texas Department of Housing and Community Affairs, a state agency. Receiving a reservation for an allocation of tax-exempt bond authority from the state qualified the Project for tax credits of \$7.94 million. Approximately \$465,000 in taxable bonds were issued for the Project financing. The tax credits were issued and finalized at the closing of the bonds. The state will require a land use restriction agreement be placed on the Project requiring 100% of the units be reserved for households for senior citizens earning 60% or less of the Dallas County median income. The construction developer will be Southwest Housing Development.

There's More

The City's Section 108 loan funded land acquisition, eligible site preparation, professional, financing and other non-construction related soft costs in connection with the Project. Texas Hampton Senior Housing, a Texas limited partnership, borrowed \$1.5 million of Neighborhood Renaissance Partnership Section 108 Notes. The terms of the City's NRP Section 108 loan is a one percent interest rate, which will accrue interest but defer payment until June 30, 2018, at which time the full principal and accrued interest will be payable. The term of the tax-exempt bonds will be 40 years, with an optional pre-payment at the end of the Qualified Project Period for the tax-exempt

The development has received a \$9.535 million tax-exempt bond allocation from the Texas Department of Housing and Community Affairs. Receiving a reservation for an allocation of tax-exempt bond authority from the state qualified the Project for tax credits of \$7.94 million.

bonds, which is 15 years from the date on which 50% of the residential units in the Project are first occupied. The City's NRP Section 108 loan is in second lien position, subordinate to the tax-exempt and taxable bonds in an estimated aggregate amount of \$10 million. Collateral is the 30-acre development site, which will be deed restricted during the term of the City's Section 108 loan to require that 100% of the units be used for affordable multi-family housing for low-and-moderate income senior citizens 55 years or older with incomes of 60% or less of the Dallas County median income. ■

A breakdown of the 2001 LIHTC Program allocation reveals:

Set Aside	Number of Projects Receiving Awards	Total Credits
General	34	\$21.3 million
Nonprofit	13	\$4.7 million
Elderly	7	\$2.7 million
Rural	11	\$4.1 million
TxRD*	11	\$0.6 million

* Texas Rural Development

The LIHTC Program was created by the Federal Tax Reform Act of 1986 and is the state's primary means of directing private capital toward the development of affordable housing. The Act provides each state with a credit allowance equal to \$1.50 times its population. The program encourages developers of affordable housing to apply for a tax credit which is then used to offset a portion of their federal tax liability in exchange for the construction of new rental housing or rehabilitation of existing affordable to low-income households. ■

