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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.

January - March 2003

TDHCA Reorganization is Complete

By Jorge Reyes

TDHCA Center for Housing Research, Planning, and Communications

The Texas Department of Housing and Community Affairs (TDHCA) recently put the finishing touches on a significant reorganization of its programs and services, resulting in both a new organizational structure and approach to the creation and preservation of affordable housing. The Department completed this lengthy reorganization on March 3, 2003. Its main objective was to align TDHCA housing programs along functional lines rather

than funding source, creating single-family and multifamily housing production units in addition to the creation of a Portfolio Management and Compliance Division.

Although TDHCA's 2001 Sunset Bill (SB 322) was a major factor in the reorganization, Executive Director Edwina Carrington wanted to increase efficiency and effectiveness, increase service delivery and scope, and focus on productivity with accountability.

"The reorganization is designed to create a state housing finance and community affairs agency that is responsive to the needs of our state's lower-income citizens and accountable to the Legislature," stated Carrington. "It will also design and implement our programs in a manner that is consistent with agency goals and strategic priorities through processes that are logical, transparent, and focus on production."

The Department is striving to become a leader for housing policy throughout the State by creating the

momentum necessary to move forward in productive and innovative ways and to tackle new initiatives such as the 2002 \$10 million Taxable Junior Lien program. Through partnerships with advocates, housing providers, and trade associations, the Department aims to better fulfill its mission of helping Texans achieve an improved quality of life through the development of better communities.

(See "Reorganization," page 2)

Texas Senate Confirms Six Members to TDHCA Governing Board

By Roy C. Lopez

Governmental Affairs Division

The Texas Senate voted in March to confirm six Texans, appointed by Governor Rick Perry to the governing board of TDHCA. All six members currently serve on the Department's governing body that successfully guided the Department through a protracted review process by the Texas Sunset Advisory Commission and two-year probationary period.

Confirmed to the TDHCA board were the following individuals:

Michael E. Jones, Chairman, of Tyler is a managing partner at the law firm of Potter Minton. He is a board certified civil trial lawyer and a member of the State Bar of Texas. Former Governor George W. Bush appointed Mr. Jones to the Board in 1996 and to the position of Board Chair in April 2000. As Board Chair, he provides leadership to the Department's policy making body. Mr. Jones has been reappointed and confirmed by the Senate a total of four times.

C. Kent Conine, Vice Chair, of Frisco is the owner of Conine Residential Group and is President of the National Association of Homebuilders. Former Governor George W. Bush appointed Mr. Conine to the Board in February 1997, and he was reappointed in 2001. He has served as Vice Chair for the board since October, 2001 and currently serves as Chair of the Board's Finance Committee. In this capacity, Mr. Conine guides the de-

(See "Texas Senate Confirms," page 2)

News Flash!

TDHCA announces that this is the final issue of *Breaking Ground* to be printed and mailed in the traditional fashion. In the future, TDHCA will offer this newsletter in an electronic format through the Department's website. Changing to an electronic format will result in significant printing and postage savings to TDHCA.

The Department will announce future newsletters by postcard which will include a list of that issue's story topics. Readers will be directed to TDHCA's website where they can view or download and print the content. If readers would like to receive notice of upcoming issues via email instead of postcard, please forward your request to info@tdhca.state.tx.us. Individuals unable to view the newsletter electronically can request that a copy be mailed or faxed to them by calling (512) 475-3976 or emailing info@tdhca.state.tx.us.

Reorganization (from page 1)

The Department held a Reorganization Workshop in Austin on March 18, 2003, to review the impact of this reorganization on current and future housing partners. Approximately 150 people were on hand to hear TDHCA staff explain the new Department divisions and how existing programs fit into those divisions. Below is a brief summary of the new divisions and their new responsibilities. To view the PowerPoint presentation given at the workshop, log onto the TDHCA website at www.tdhca.state.tx.us/feature_reorg_workshop.htm.

Center for Housing Research, Planning, and Communications

Director: Sarah Dale Anderson

Supervisors: Gordon Anderson, Steve Schottman

Mission: To research and analyze housing and housing-related data, assist in the development of housing policy, and facilitate and coordinate the efficient dissemination of information regarding TDHCA programs and funding opportunities.

Responsibilities: Strategic planning; housing needs assessments; coordination of public hearings; Texas Statewide Homebuyer Education Program; Information Clearinghouse; Publication Clearinghouse; Speakers Bureau; and media contact.

Community Affairs

Director: Eddie Fariss

Managers: Jesse Mitchell, Peggy Colvin, Willie Faye Hurd

Supervisors: Dyna Lang, Laura White, Joe Guerrero, Michael De Young, Barbara Howard

Mission: To improve living conditions of poor and homeless persons, reduce home energy costs for very low-income persons, and to increase availability of affordable housing to very low-income persons and families.

Responsibilities: Three Sections manage seven programs. Each Section is responsible for planning, contract management, monitoring, and technical assistance for the programs administered. The Community Services Section administers the Community Services Block Grant Program; Emergency Nutrition/Temporary Emergency Relief Program; Community Food and Nutrition Program; and Emergency Shelter Grants Program. The Energy Assistance Section administers the Comprehensive Energy Assistance Program and Weatherization Assistance Program. The Section 8 Section administers the Section 8 Voucher Program.

Texas Senate Confirms (from page 1)

cision process critical to the Department's allocation of taxable and tax-exempt mortgage revenue bond proceeds.

Elizabeth "Beth" Anderson, Treasurer, of Dallas is a consulting employee of Science Applications International Corporation. Governor Rick Perry appointed Ms. Anderson to the TDHCA Board in September 2001, and her fellow Board members voted her to the position of Treasurer in February 2003.

Shadrick Bogany of Missouri City is a licensed real estate broker and Manager of ERA Bogany Properties in Houston. He is a past president of the Houston Association of Realtors, the largest Realtors' organization in the country. Mr. Bogany was appointed to the Board by Gov-

ernor Perry in March 2001 and reappointed in September of that year. He serves as Chair of the Board's Programs Committee which provides direction to the Department's divisions that allocate federal and state funding for the creation of affordable housing.

Vidal Gonzalez of Del Rio is a banker and 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 Centers board of directors. Governor Perry appointed Mr. Gonzalez to the Board in March 2001, and he currently chairs the Board's Audit Committee.

Mayor Norberto Salinas of Mission is a land developer and President of S & F Developers.


Executive Message

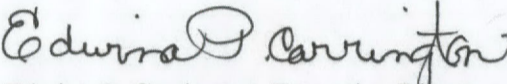
News from TDHCA's Executive Director

Dear Reader:

We are at the halfway point of the 78th Legislative Session. Our time and efforts at the Capitol have primarily revolved around the state's budget crisis. Like other state agencies, we have reduced our current fiscal year budget by 7 percent, and we are working with the House Appropriations and Senate Finance committees on further reductions for the next biennium. As our agency identifies and addresses areas that warrant reduction, it is my intent to limit the effects on those who need our programs and services the most: extremely low- to low-income Texans. However, it is certain that there will be some effect as a result of the reductions being made this session. It certainly is a challenging time for our Governor, our legislative leadership, and our agency.

We are also closely monitoring the progress of several dozen bills filed that would have a major impact on the Department. It appears that legislators have great interest and concern with community support regarding affordable housing, given the number of bills filed on this subject. Other bills we are watching relate to Community Housing Development Organization tax exemptions and our mortgage revenue bond programs.

Of course, all of this comes with our Department finishing its reorganization and casting an eager eye toward the future. We aim to work more closely with other organizations around the state to combine our resources in meeting the needs of our state's citizens. Partnerships and dialogue are more critical than ever in this time of budget reductions and financial uncertainty.



Edwina P. Carrington, Executive Director
Texas Department of Housing and Community Affairs

Single Family Finance

Production

Director: Eric Pike

Managers: Skip Beard, Sue Cavazos

Mission: To efficiently allocate funds to produce, or encourage the production of, affordable quality single-family housing, operate efficiently and effectively, provide applicants with the tools necessary to apply for funds and proceed with awards, and equitably allocate resources.

Responsibilities: Notice of Funding Availability (NOFA) Development; Rule Development; Application Preparation (manuals, workshops, and tech-

Mayor Salinas currently serves as the Vice Chair of the Texas Department of Transportation's Metropolitan Planning Organization Policy Committee and the first Vice President of the Lower Rio Grande Valley Development Council board of directors. He was appointed to the Board in April 2001 by Governor Perry.

The Sunset Advisory Commission in 2001 found significant room for improvement with respect to how the Department accepted public input and allocated certain funds. TDHCA was continued for only two years, rather than the customary 12 years, and scheduled for another review in 2003. Legislators also directed that the Department implement numerous program changes prior to this second review.

TDHCA's Board provided critical leadership to the Department

throughout the Sunset process, including the hiring of a new Executive Director during this time. The Board hired Edwina Carrington in February 2002, who directed the implementation of the program changes called for by the 77th Texas Legislature while leading the Department through a major reorganization of its programs.

The current Sunset review found that the Department has "significantly improved since its last review," and has displayed "commendable effort" to implement the changes adopted by the Legislature. The Sunset Commission further stated that the changes TDHCA has implemented over the past year should position the Department well in advancing its mission to serve low-income households throughout the State.

TDHCA Seeks to Increase Capacity of Rural Developers

By Melvin Wrenn and Rebecca Peterson
Capacity Building

In an effort to increase participation in the Low Income Housing Tax Credit (LIHTC) Program Rural Set-Aside, TDHCA is now offering capacity building assistance to individuals or organizations interested in developing affordable rental housing in rural areas. TDHCA's Capacity Building Services Section will provide this assistance by identifying available training regarding the LIHTC Program. Additionally, those interested in the Rural Set-Aside can schedule a one-on-one session with Department staff to discuss potential development in rural areas or to evaluate a development's programmatic and financial feasibility with regard to the LIHTC Program.

If you are interested in receiving notification of training regarding the LIHTC program, please contact the Capacity Building Services Section at (512) 475-1565 or rpeterse@tdhca.state.tx.us. If you have a proposed development in mind, are interested in learning more about this effort, or are considering participating in the 2004 LIHTC Application Cycle for the Rural Set-Aside, please contact Brooke Boston at (512) 475-3296 or bboston@tdhca.state.tx.us to arrange a meeting with staff.

The Department looks forward to increasing participation in the LIHTC Rural Set-Aside by increasing the capacity of and building relationships with organizations committed to serving rural communities.

TDHCA Round Table Discussions

By Ann MacBeth-Guzman
Portfolio Management and Compliance Division

A series of round table discussions regarding TDHCA's HOME Program processes, policies, and procedures were held around the State January 22 through February 5, 2003. These discussions were held after the 2003 HOME Application Workshops in Plainview, Conroe, and San Benito. A discussion also occurred the day before the HOME Application Workshop in Austin and another one was held in Kilgore, independent of the HOME Application Workshop series. The Department's goal was to learn what it can do to help strengthen an organization's ability to successfully carry out the HOME program.

Sandy Mauro, Manager of the Portfolio Management section, and members of her staff led the discussions, which provided valuable information about the Department. The round table discussions gave experienced administrators the opportunity to provide comments regarding new procedures that will be in effect during the 2002-2003 funding cycle.

Under TDHCA's new organizational structure, the administration of HOME funds will occur in the Portfolio Management section of the Portfolio Management and Compliance Division. New procedures will affect the implementation of HOME Program processes.

Round table topics included, but were not limited to:

- Streamlining HOME processes
- Simplifying the administration of HOME regulations
- Administrators' input on State requirements
- Simplifying the HOME Policy and Procedures (Implementation) Manual
- Technical assistance in operating the HOME Program

\$3.8 Million in HOME Program Funds Awarded

By Gordon Anderson
TDHCA Center for Housing Research, Planning, and Communications

In February, the Texas Department of Housing and Community Affairs awarded \$3.8 million to nine Community Housing Development Organizations (CHDOs) and county governments that will create homebuyer opportunities and develop rental properties for extremely low- to low-income Texans. TDHCA made these awards through its HOME Investment Partnerships (HOME) Program.

The awards included \$1.3 million in funds that will assist local organizations helping colonia residents convert contracts for deeds to conventional home mortgages. Unlike a conventional mortgage, where the borrower is continually building equity on the property, a contract for deed does not allow for property rights until the borrower has paid the purchase price in full and receives title to the property.

The HOME Program's Homebuyer Assistance award allows CHDOs to assist low-income households purchase a home by providing loans to pay for down payment and closing costs. These loans do not have to be repaid until the mortgage is paid off, refinanced, or the home is sold. Homes purchased using these assistance loans must be the homebuyer's principle residence. Funds awarded for Rental Housing Development activities help eligible organizations build, acquire, and/or rehabilitate rental property that predominately serves persons of low income.

TDHCA made HOME Program awards to the following organizations to fund these three activities. Data includes organization name, county, award amount, and number of households to be served.

The U.S. Department of Housing and Urban Development (HUD) is the funding source for the HOME Program. Under HUD guidelines, HOME funds are reserved for people at 80 percent or below of the area median family income for a given geographic area.

RENTAL HOUSING DEVELOPMENT			
Center for Housing & Economic Development	Karnes County	\$1,194,859	20 units
Affordable Housing of Parker County	Parker County	\$570,000	12 units
HOMEBUYER ASSISTANCE			
CDC of Brownsville	Cameron County	\$500,000	50 units
Southeast Texas Housing Partners	Galveston County	\$60,000	8 units
Pharr Housing Development Corp.	Hidalgo County	\$200,000	20 units
Affordable Housing of Parker County	Parker County	\$62,500	10 units
CONTRACT FOR DEED CONVERSION			
Willacy County	Willacy County	\$300,000	12 units
Webb County	Webb County	\$500,000	20 units
Organizacion Progresiva de San Elizario	El Paso County	\$500,000	20 units

Governor: Rick Perry

TDHCA Governing Board: Michael E. Jones, Chair

Elizabeth Anderson Shadrick Bogany C. Kent Conine

Vidal Gonzalez Norberto Salinas

Executive Director: Edwina Carrington

Director, Center for Housing Research, Planning, and Communications: Sarah Dale Anderson

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2003 LIHTC Application Cycle

By Jennifer Joyce
Multifamily Finance Production

The 2003 Low Income Housing Tax Credit Program (LIHTC) Application Acceptance Period closed on February 28, 2003. One hundred twenty-one applications were received, and the staff of the Multifamily Finance Division is currently reviewing all applications for threshold and scoring criteria.

The 121 applications represent all 13 state service regions and requests total more than \$82 million in tax credits. The amount of credits to be allocated in 2003 is \$38.1 million, based on a formula of \$1.75 multiplied by the state's population. After this figure is decreased by the 2003 forward commitments already made in 2002, the amount available for the 2003 Application Round will be approximately \$32.6 million in addition to any credits from the national pool and any returned credits from previous allocations.

A summary of the application submissions by set-aside is provided below. Please note that the total of all set-asides exceeds the number of applications actually submitted because an application may be considered under more than one set-aside.

Set Aside	# of Applicants	Credit Req. (M)	Anticipated Availability (M)	Over Subscription Rate
General	103	74.9	18.3	4.1 to 1
Non-Profit	20	14.2	2.9	5 to 1
Rural	28	8.9	5.7	1.6 to 1
At Risk	18	5.9	5.7	1 to 1
Elderly	28	16.8	5.7	2.9 to 1

				Rate
Region 1	4	2.1	2	1 to 1
Region 2	5	2.5	1.2	2.2 to 1
Region 3	18	12.8	3.8	3.3 to 1
Region 4	7	4.5	2.2	2 to 1
Region 5	8	4.4	1.8	2.5 to 1
Region 6	30	18.4	4.5	4.1 to 1
Region 7	3	2.3	0*	0 to 0*
Region 8	7	4	2.5	1.6 to 1
Region 9	14	13.4	4.2	3.2 to 1
Region 10	6	4.7	2.2	2.2 to 1
Region 11	8	6.8	4.6	1.5 to 1
Region 12	1	0.9	1.3	0.7 to 1
Region 13	10	5.6	2.6	2.2 to 1
TOTAL	121	82.2	32.6	2.5 to 1

*Note: Region 7 received Forward Commitments exceeding the allocation amount for the region, therefore Region 7 is shown to have \$0 in credits.

The LIHTC Program is required by Section 2306.111 of the Texas Government Code to use a regional distribution formula in distributing its credits. The breakdown among the 13 state service regions follows.

The Department held a series of public hearings April 1-7, 2003, to accept comment on all of the 2003 LIHTC applications. TDHCA has posted the location and dates of these hearings on the LIHTC Program website at: www.tdhca.state.tx.us/lihtc.htm.

Individuals interested in transcripts of the hearings or who would like a copy of the 2003 Application Submission Log are encouraged to visit the LIHTC website. A written request for this information may be submitted to the Department by mail at 507 Sabine, PO Box 13941, Austin, TX 78711-3941 or by fax at (512) 475-0438. For more information, please contact Jennifer Joyce, TDHCA Low Income Housing Tax Credits Program, at (512) 475-3995 or jjoyce@tdhca.state.tx.us.

New Capacity Building Services Section

By Melvin Wrenn and Rebecca Peterson
Capacity Building

The newly established Capacity Building Services Section (CBSS) will provide direct and indirect services in an effort to increase the capacity of nonprofit and for-profit entities that develop affordable housing.

The initial focus of CBSS is the development and implementation of a toll-free hotline to accept calls regarding technical assistance needs from current and potential affordable

housing providers. CBSS will survey past TDHCA-funded organizations in an effort to identify the technical assistance needs of affordable housing providers. CBSS will also focus on building relationships with technical assistance providers. For more information, please contact Melvin G. Wrenn, Coordinator, at (512) 475-3344 or Rebecca Peterson, Assistant Planner, at (512) 475-1565.

TDHCA Unveils New Logo

By Gordon Anderson
TDHCA Center for Housing Research, Planning, and Communications

TDHCA has used recent events as an opportunity to put a "new face" on the agency, unveiling in March a new logo for the Department. The introduction of this logo, which TDHCA will slowly implement over the next several months, is the first step in the Department's efforts to shape a new identity for itself. The logo will eventually replace the state seal on the Department's many documents, forms, and reports, as well as on its official website.

The Department's recent reorganization (see related article) consolidated the Office of Strategic Planning/Housing Resource Center with staff administering the Texas Statewide Homebuyer Education Program and the Department's communications functions into the new Center for Housing Research, Planning, and Communications (Housing Center).

One important task taken up by the new Housing Center is the development and implementation of an identity campaign for TDHCA. The purpose of this effort is to increase the understanding of the Department's programs and services among the general public. The recent reorganization and the perception that TDHCA is a "turnaround" agency created an ideal environment to implement this project.

A key element of this campaign is the introduction of new logo for the Department. This graphic element will assist in TDHCA's efforts to establish a new persona for itself, helping to establish the Department's name and "look" among its many audiences. In time, this will help give the citizens of Texas a better understanding of what TDHCA is and what it does. Look for this logo on more TDHCA material in the months to come.

