

H 2370.6  
C 363  
1:1

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

# Changing LIVES

## 73RD LEGISLATURE SHOWS STATE COMMITMENT TO TDHCA

*Senate bill empowers Department to report on fair housing compliance*  
by Parisrice Robinson

The 73rd Texas Legislature saw the passage of Senate Bill 1356 and the General Appropriations Act. Both pieces of legislation are important to the overall administration and effectiveness of the Texas Department of Housing and Community Affairs (TDHCA). Together they show an increased commitment by the legislature and governor to affordable housing and community development in Texas.

### Senate Bill 1356: Fair Housing & Fine-Tuning

Senate Bill 1356 was authored by Sen. Gonzalo Barrientos of Austin and sponsored by Rep. Harold Dutton of Houston. Gov. Ann W. Richards ceremonially signed the bill on August 17, 1993. The bill addresses fair housing practices in housing developments funded by TDHCA and fine-tunes the consolidation of the Department to create a more effective and efficient agency.

"This bill assures that indeed there is going to be fair treatment in fair housing," said Gov. Richards. "The poor are going to be cared for in what we hope is the right of everyone—decent housing."

In this Silver Anniversary Year of the 1968 National Fair Housing Law, the bill authorizes TDHCA to report on fair housing practices in affordable housing developments of 20 or more units receiving funding from the Department. The information will be part of TDHCA's annual report to the governor and legislature. The fair housing information will detail the ethnic makeup of the housing development and the number of units designed for persons with special needs.



Photo by Charles Gammeter

The bill tightens administration of TDHCA by: (1) consolidating annual reporting requirements to the governor and the state legislature; (2) increasing department responsibility for determining state low income housing needs; (3) creating a "Texas Housing Corporation," a non-profit organization which will be used to help create an endowment for the Housing Trust Fund; and (4) strengthening reporting guidelines on Texas' affordable housing conditions through the "State Low Income Housing Plan." The plan will include an analysis of the state's affordable housing needs and strategies for allocating existing housing resources.

### Appropriation Marks a TDHCA First

TDHCA's housing and community affairs programs received 60 percent of original general revenue requests for 1994-95 biennium spending in the

session. Funding was initially recommended at five percent by the Legislative Budget Board. The legislature appropriated and the governor approved \$26 million, the majority to go to the HOME Investment Partnership Program (HOME), the Community Development Block Grant Program (CDBG), and the Housing Trust Fund. Although an \$18 million contingency appropriation had been established during the previous legislative session, this 1994-95 appropriation marks the first time that state policy makers have provided direct, unconditional, comprehensive funding for affordable housing and community development activities. This decision comes at a time when many other programs have seen dramatic cuts. The legislators were influenced in their decision by the amount of unmet need in housing and community development, as well as the ability of TDHCA programs to le-

*(Continued on page 5)*

Government Publications  
Texas State Documents

DEC 23 1993

Depository  
Dallas Public Library

Advocates for low income Texans attend signing of Senate Bill 1356. Standing from left to right, Susan Sharlot, TDHCA governing board; Sen. Gonzalo Barrientos; Henry Flores, TDHCA executive director; Rev. Harvey Clemons, Jr., TDHCA governing board; Larry Swift, Texas Development Institute; John Henneberger, Texas Low Income Housing Information Service; Diedre Smith, Texas Legal Services Center; and Rep. Harold Dutton. Seated, Gov. Richards signs the bill.

**INSIDE THIS ISSUE:**

- Executive Director's Column Page 2
- Homebuyer Seminars Page 2
- Housing Goes Video Page 3
- Small and Minority Business Program Page 4
- Innovating Energy Page 5
- Dates to Remember Page 6

## A MESSAGE FROM EXECUTIVE DIRECTOR HENRY FLORES

### About Changing Lives...

Choosing a name is one of the most important and often toilsome tasks in creating a newsletter. The name should sum-up what the organization is about in a creative and enticing manner. It's especially a challenge to find a catch-all yet catchy name when your organization is as large as the Texas Department of Housing and Community Affairs (TDHCA). We administer more than a dozen programs addressing various housing, community affairs and development issues.

However, in my first few months as executive director, I've realized that the fundamental purpose shared by all of the programs is simply to "change the quality of people's lives." Whether it is by making decent housing affordable, providing emergency food assistance or repairing roads and bridges, the Department has improved the quality of life of the Texans benefiting from the programs.

As you read the articles in this and future issues, remember the people whose lives are directly affected. You will read about families like Martha Saenz's who lives in San Juan. Through the non-profit Proyecto Azteca, they were able to build their own home. Martha said she loved everything about her new home, especially that her daughters no longer have to bathe or wash dishes outside. You will meet people like 77-year-old Smithville resident Teresa Waddles. Through counseling she received from a TDHCA-funded pilot program, she learned how to expand her budget and stretch her fixed-income. Certainly these lives have changed.

The examples of Martha Saenz and Teresa Waddles illustrate the Department's philosophy. We aim to be customer-oriented and in doing so, we aren't sticking to existing formats. We are striving for innovation, especially with programs that enable Texans to help themselves. Too often government loses sight of its mission. More energy is expended ensuring the rules are followed, rather than how well the public is served. At TDHCA, we've adopted a new attitude — we are mission-driven. We are going to spend our energy develop-

ing programs specially tailored to meet the needs of low income Texans. Then we'll work out the rules.

To help translate this new attitude into action, we have established six teams, each consisting of six staff members. Through the teams, we are identifying problems unique to Texas and formulating our own solutions.

Among the most important issues facing Texas are the poverty conditions in the colonias. A Department team is looking into the "contract for deeds" arrangement in the colonias. In the 1950s, developers sold small plots to individuals who wished to construct their own homes. Often, the deal was financed under a "contract for deeds," whereby title remains with the seller until the purchase price is paid. This arrangement has been the traditional means of financing for colonia residents since they didn't have the credit or resources to qualify for a loan. Because title remains with the seller, the typical foreclosure time and cost is avoided should the buyer not continue to make timely payments. If a buyer defaults, the seller can retain all payments made and reclaim the property.

In connection with the contract for deeds, we are concerned that business relocation triggered by the North American Free Trade Agreement and infrastructure improvements made through TDHCA's colonia fund will enhance the property's value and encourage abusive foreclosures. TDHCA is working to create a fund to refinance existing contract for deeds with deeds of trust, a more effective means of securing property.

The other five teams are working on 1) home ownership, 2) special needs housing, 3) downtown housing for elderly individuals, 4) non-profit capacity building, and 5) creating a Department-administered non-profit corporation.

Through these and future initiatives, we hope to effectively meet the needs of low income Texans. We are dedicated to making a positive, long-term difference in people's lives. Each time we are able to effect change in one person's life — we move one step closer to our goal of making Texas a better place for all of us.



*Henry Flores was appointed executive director of the Texas Department of Housing and Community Affairs by Gov. Richards in January 1993.*

## 1,900 TEXANS ATTEND HOMEBUYER SEMINARS

by Tomas Zuniga

This past summer, the Marketing and Development Division of the Texas Department of Housing and Community Affairs (TDHCA) organized five homebuyer seminars to educate potential homebuyers about the various elements involved in purchasing a home. Approximately 1,900 Texans attended the seminars which were co-sponsored with community-based organizations in Laredo, Houston, El Paso, Brownsville and Dallas.

"Buying a home can be a complex and intimidating process," said Henry Flores, TDHCA executive director. "Through these seminars, TDHCA was able to help low and moderate income

persons understand the process and hopefully erase any anxieties they may have."

Seminar participants included developers, lenders, realtors, community leaders and non-profits. Participants discussed various topics associated with homebuying such as the pros and cons of buying a home, credit considerations, the responsibilities of homeownership, and available state and federal affordable housing programs.

The seminars also provided TDHCA with an opportunity to develop a communication network with local housing providers. It is a goal of the Depart-

ment to create an atmosphere where there is an open exchange of information and ideas between the Department and the groups involved in affordable housing at the local level.

TDHCA plans to follow-up the homebuyer seminars with a series of pre-mortgage counseling classes. Issues to be discussed will include credit requirements and the responsibilities of a homeowner. The pre-mortgage counseling classes will be co-sponsored locally with a lending institution and a community-based organization.

For more information please call the hotline at 1-800-792-1119.



## HOUSING GOES VIDEO

by Kim Patterson

The Texas Department of Housing and Community Affairs (TDHCA) recently completed production on a 16-minute video entitled, "Affordable Housing for Everyone." The video describes the Department's Housing Trust Fund and the new affordable housing endeavors it will undertake to benefit low and very low income Texans. Footage from projects in San Juan, Dallas, San Angelo, and Fort Worth provides an up-close view of the work being performed and allows the viewer to meet the families assisted through the program.

The Department is using the video as both a marketing and public relations tool to solicit funding and to encourage program support. When the 72nd Legislature created the program in 1991, it did not identify a permanent funding source. Therefore, TDHCA intends to create an endowment from which to operate the program. Typically a trust program maintains a reserve of dollars and uses the interest earned off of these dollars to generate revenue for affordable housing projects. The video will help the Department "sell" the Housing Trust Fund when it seeks funds to create the endowment. TDHCA is exploring funding options such as private foundations, corporate giving programs, and some federal grants.

The video was developed in conjunction with the College of Communication in the University of Texas at Austin. Radio, Television and Film senior Elena Ramirez and junior Andy Blum were responsible for the audio, filming, and editing of the video. Through this partnership, TDHCA received a low cost, high-quality film; and the University was able to offer the students practical, hands-on experience with a professional client. The students were graded, and we are pleased to report they received A's.

### Only State Program Dedicated to Housing

The Housing Trust Fund provides funds to public housing authorities, non-profit organizations, and local governments in both cities and rural areas. The program is able to support housing activities that other federal housing programs do not.



The Housing Trust Fund is also the only state-authorized and funded program dedicated to developing affordable housing. Initial capitalization of the program included \$6.4 million from the Texas Legislature, and \$1 million in TDHCA unencumbered funds.

In the first funding cycle, demand for the Housing Trust Fund greatly exceeded expectations. TDHCA received 143 letters of intent totaling more than \$51 million. With \$6.4 million in funds, the demand was eight times the amount available.

In January 1993, TDHCA funded 23 projects throughout Texas. This will create 700 affordable housing units for Texans. More than 80 percent will serve very low income persons and 52 percent will serve persons with special needs. Elderly and mentally or physically challenged individuals are considered individuals with special needs.

To begin creating the endowment, more than 70 percent of the funds were awarded as loans. Once the loans are repaid, they can be recycled to support additional projects.

### Encouraging Self-Sufficiency

Housing Trust assistance transcends basic one-dimensional giving programs. Not only do program beneficiaries receive quality affordable housing, but in many cases organizations provide much needed job skills and educational training as well.

Texas State Senator Gonzalo Barrientos (D-Austin), featured in the video, said that government should

serve the people, especially those who need it the most.

"Poor people don't want to stay poor, and if they can be given a hand-up and not a hand-out through housing, they will become more productive citizens," said Sen. Barrientos.

### Creating a Legacy for Tomorrow

To date, two projects have been completed in San Angelo and Dallas. The first project involved Christmas in April, a statewide non-profit group that rehabilitated 57 homes belonging to disabled and elderly persons. The Housing Trust Fund provided a \$20,000 grant.

In the second project, Lawyers for Affordable Housing, created by the Center for Housing Resources in Dallas, received a \$10,000 grant to rehabilitate eight homes. In both cases volunteer labor was used. Housing rehabilitation ranged from painting homes to major repairs.

Including Texas, 38 states currently administer a housing trust fund. Both California and New York have operated housing trust accounts since 1985. Dedicated real estate revenues, state appropriations, and loan repayments have proven successful in other states as sources of ongoing revenue. TDHCA is exploring the implementation of these methods to secure the future of Texas' Housing Trust Fund and ensure "Affordable Housing for Everyone."



Above left, University of Texas students Elena Ramirez and Andy Blum set-up the camera, while in the background, Housing Trust Fund Program Manager Judith Rhedin directs production. Above right, volunteers from Goodfellow Air Force Base rehabilitate a home through the non-profit Christmas in April in San Angelo. One weekend each April homes owned by elderly individuals are rehabilitated in a community-wide effort that involves local business, government and civic organizations.

Photos by Brenda Lovelace

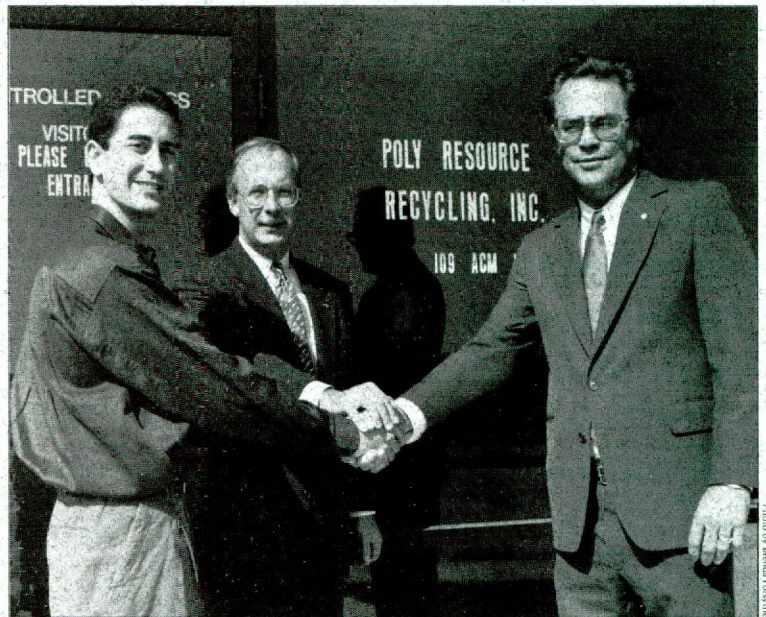
## GEORGETOWN RECYCLING BUSINESS GROWS WITH HELP FROM TEXAS CAPITAL FUND

by Richard Dorsey

The Small and Minority Business Loan Program, administered by the Texas Department of Housing and Community Affairs (TDHCA), has funds available to meet the needs of companies that historically have not been able to compete with larger companies for scarce capital.

The program falls under an umbrella of economic development programs known as the Texas Capital Fund. The program promotes business development, retention, or expansion by awarding grants of up to \$100,000 to eligible cities and counties. The local government then provides loans to small and minority for-profit businesses for projects that create or retain jobs to benefit low and moderate income Texans.

Without the Small and Minority Business Loan Program, Adam Mosier, president of Poly Resource Recycling, said he would not have been able to



Demonstrating the public-private partnership aspect of the Texas Capital Fund, pictured are left to right, Adam Mosier, president of Poly Resource Recycling, Inc.; Parker McCullough, former state representative; and Mike McMaster, mayor pro tem of Georgetown.

### Economic Impact of Small Business

Why is it important to encourage small and minority business development in Texas? Primarily because small businesses have an enormous impact on the state's economy. Of the 388,796 business establishments in Texas in 1989, small businesses accounted for more than 93 percent. Small business profits in 1991 measured \$26.5 billion. In 1990, small businesses employed more than 57 percent of Texas' private nonfarm workers.

In addition, small businesses generate a majority of the economic growth and new jobs in Texas. From 1988 to 1990, small businesses created 100 percent of the net new jobs.

Statistics cited from "1992 Small Business Profile," produced by the U. S. Small Business Administration's Office of Advocacy.

start his recycling business. The Georgetown business recycles plastics from hi-tech companies like IBM and Motorola.

"The program allowed us to be where we are at right now," said Mosier. "It would have basically been a no-go situation without the Texas Capital Fund."

In May 1992, Georgetown received a \$100,000 grant to provide a working capital loan to Poly Resource Recycling. In just three months, the company expanded operations and employment.

"We were struggling with a good problem. And that problem was that we had to go to a second shift and hire some more employees," said Mosier.

The company now employs 16 workers, four times the number originally projected. Mosier predicts the company will continue to expand and said a third shift will likely be added in six months.

Poly Resource Recy-

cling is expanding into other areas of recycling. Recently the business began recycling polystyrene, commonly known as Styrofoam, which makes it the only polystyrene recycler in this region of the nation. In addition, the company is looking into obtaining plastic waste from hospitals that currently incinerate the recyclable plastic with refuse.

Already the company is extending its recycling process with a wash and dry system. This system will enhance the quality of the recycled material and the end products like plastic lumber, PVC pipes and trash bags.

In order to help with the expenses related to this growth, the company plans to apply for a second Texas Capital Fund loan. The funds will help purchase machinery and equipment needed to implement the wash and dry system. Mosier estimates that two or three employees per shift may be added to work with this new system.

### Program Requirements

To be eligible for the Texas Capital Fund, a city must generally have no more than 50,000 in population, and a county must have no more than 200,000 in population.

Funds may be used for the purchase of machinery or equipment and for working capital. Ineligible costs

include the purchase of land and depreciable property, new construction, debt service or refinancing, or salaries of the business principals.

To qualify as a small business, the for-profit entity must employ less than 100 persons or bring in less than \$1 million in gross receipts annually. To qualify as a minority business, at least 51 percent of the entity must be owned, operated, and controlled by one or more economically disadvantaged individuals. Women, African-Americans, Hispanic-Americans, Asian-Americans, and Native Americans are considered economically disadvantaged.

The project must be completed within two years of the contract date; however, loan repayment may extend longer than two years.

The loan can't provide more than 75 percent of the total project costs. A 25 percent matching requirement may be in the form of cash, equipment, furniture, land, or buildings.

### For More Information

TDHCA has an interagency contract with the Texas Department of Commerce (TDCC) to market and underwrite the Texas Capital Fund. For more information, contact TDCC's Business Financial Services Division at (512) 320-9575.

Photo by Brenda Forsythe



*(Continued from page 1)*

verage federal and private funds.

TDHCA had little difficulty in establishing the need for increased funding for housing and community development. In the first year of operation of the Texas HOME and the Housing Trust Fund programs, TDHCA received a combined total of \$182 million in requests for housing assistance. Only \$39.4 million was available. During the same period, TDHCA received \$123 million in requests for community development funds for which approximately \$45 million was available. In other words, TDHCA is meeting merely 21.6 percent and 36.6 percent respectively of requested housing and community development needs.

As compelling as these figures are, the success of TDHCA programs in securing federal and private matching funds also made the programs an attractive investment. By funding TDHCA programs, legislators were able to increase total funds available to the state. Indeed, the legislature and the governor sought the greatest possible return for every state dollar committed when deciding how much to spend on each program. Those programs receiving the largest appropriations — HOME, the Housing Trust Fund, and CDBG — also draw considerable non-state resources. Thus, they are sound investments.

For every dollar that Texas spends on HOME, the federal government contributes five. This combination provides a total of \$66 million for affordable housing needs in Texas. The Housing Trust Fund was allocated \$1 million for fiscal year 1994. Every dollar spent by the state in the Trust Fund will leverage two private and public dollars, for an estimated 1994 investment of \$3 million. Taken together, the state's \$14.1 million expenditure on HOME and the Trust Fund will result in an estimated \$82.1 million state and federal investment in affordable housing. CDBG was allocated \$1.64 million for the biennium. Texas will receive 45 federal dollars for every dollar spent on CDBG. Thus, the \$1.64 million allocated to the program will result in a total state and federal biennium investment of \$75 million in community development activities.

Through these appropriations, the state expects to make substantial gains in meeting the housing and community development needs of the poor in Texas. ★

## INNOVATING ENERGY

by Nieves López and Ju Vega

**W**hen the 72nd Texas Legislature transferred the Low Income Home Energy Assistance Program (LIHEAP) to the Texas Department of Housing and Community Affairs (TDHCA), it gave TDHCA the opportunity to reassess the effectiveness of the 10-year-old program which provides utility assistance.

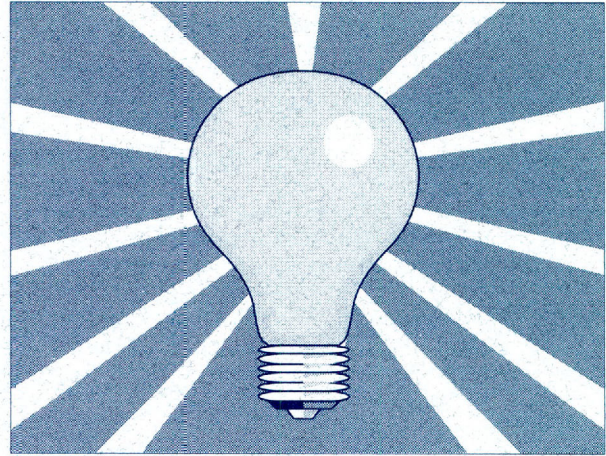
Prior to the transfer, the program was administered by the Texas Department of Human Services through a centralized process in which payments were sent directly to the utility companies. TDHCA took an innovative approach and has since "decentralized" the program. Service delivery is now channeled through a network of 56 community action agencies (CAAs) who can tailor the energy program to meet the needs of their communities.

### Test Pilot Projects

In addition, seven CAAs are participating in test models to aid in the development of a new program. Findings from the pilot projects will form the foundation of a Comprehensive Energy Assistance Program to replace LIHEAP in federal fiscal year 1994. The project participants were given the flexibility to create programs that address all facets of the energy-related needs of low income persons.

Building self-sufficiency is central to the projects' philosophy. Self-sufficiency is achieved when the client can claim ownership of both the problem and the solution. To create a program conducive to self-sufficiency, projects provide utility assistance through a co-payment method. In sharing responsibility for paying energy bills, low income persons become partners in the resolution process.

The pilot projects are approaching energy needs in a holistic manner. They have developed a system that not only provides utility assistance, but also looks at the underlying contributing causes of energy-induced hardships. Energy costs affect other basic subsistence requirements of a household. For example, CAAs have focused on the relationship between medical and nutritional needs and energy costs. Particularly, the elderly and persons with disabilities will often pay for their utility bills while foregoing medication and food. A national study\* has also shown that low-income households



Graphic by Dawn Colman

with young children will pay for utility costs at the expense of their children's nutrition. This has led to an increase in hospital admittance during high energy consumption seasons, child developmental and learning disabilities in later years and on occasion, infant mortality. The relationship between energy needs and population health underscores the need to coordinate related services and resources.

Recognizing this need for coordination, the pilot projects have created partnerships with other social service agencies, non-profit organizations, private industry and utility vendors. These partnerships have allowed the CAAs to take a comprehensive case-management approach in working with their clients. For instance, waivers of arrears, reconnect and late fees may be occasionally procured through cooperation of local utility companies, lessening clients' economic burdens. Referral to other programs and services has expanded opportunities for clients to become self-sufficient.

### Evolution of a More Effective Program

The basic approach and philosophy of the projects were worked out both by the participants and TDHCA. The Department then stepped-back and provided participants with the flexibility to carry-out their ideas. Client self-sufficiency and coordination of services will continue to be central themes in the new program. To allow for further creativity and innovation, program flexibility will be maintained. In addition, the Department will work closely with the CAAs to encourage an open exchange of ideas and ensure a fluid program that evolves in response to an ever changing society. ★

### Pilot Project Participants

*TDHCA would like to recognize the following agencies for their participation in the pilot projects:*

*Bexar County Department of Community Resources*

*Brazos Valley Community Action Program*

*Combined Community Action, Inc.*

*Community Services Agency of Dimmit, LaSalle and Maverick Counties*

*City of Lubbock Community Services Department*

*Palo Pinto Community Services Corporation*

*Panhandle Community Services*

\*"Heat or Eat, Study of Low Weight Children After Cold Weather," Citizens Energy Corporation and the Boston City Hospital Failure to Thrive Clinic

## DATES TO REMEMBER

### September

HOME APPLICATION & IMPLEMENTATION WORKSHOPS, Austin

September 1-2

TEXAS INTERAGENCY COUNCIL ON THE HOMELESS MEETING, Austin

September 8

HOME APPLICATION & IMPLEMENTATION WORKSHOPS, Pharr and Lubbock

September 8-9

HOUSING FINANCE LENDERS MEETING, Dallas

September 9

HOME APPLICATION & IMPLEMENTATION WORKSHOPS, Galveston

September 13-14

CDBG SURVEYS FOR DOCUMENTING BENEFICIARIES DUE

September 15

HOME APPLICATION & IMPLEMENTATION WORKSHOPS, Plano and Longview

September 16-17

WEATHERIZATION POLICY

ADVISORY COUNCIL MEETING

September 17

TDHCA BOARD COMMITTEE MEETINGS, Austin

September 24

TDHCA BOARD MEETING, Austin

September 27

LIHTC 2ND APPLICATION CYCLE

September 27-October 8

CDBG APPLICATIONS DUE: Community Development, Colonia Construction, Colonia Planning and Planning/Capacity Building

September 29

### October

COMPLIANCE TRAINING SEMINAR, Houston

October 7

COMPLIANCE TRAINING SEMINAR, Austin

October 8

COMPLIANCE TRAINING SEMINAR, Dallas

October 12-13

HOME APPLICATIONS DUE

October 29

## CHANGING LIVES

*Changing Lives* is a newsletter published to inform the public about the Texas Department of Housing and Community Affairs' programs and activities. The publication is produced by a committee comprised of staff from all divisions within the Department.

### Committee:

Brenda Forsythe, *Editor*

David Aldrich

Linda Chavez

Dyna Cole

Dorcas Craddock

Richard Dorsey

Randy Harrison

Nieves Lopez

Trina McReynolds

Cherno Njie

Juan Palacios

Kim Patterson

Elena Peinado

Dan Sledge

Ju Vega

Tomas Zuniga

Special recognition should also be given to Chris Beggs and Danny Colina for their assistance with the newsletter.

Any questions or comments about *Changing Lives* may be sent to:

Changing Lives Editor/TDHCA,

P. O. Box 13941

Austin, TX, 78711-3941



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
P. O. BOX 13941  
AUSTIN, TX 78711-3941

BULK RATE  
U. S. Postage  
PAID  
Austin, TX  
Permit No. 153

Ann W. Richards  
*Governor of Texas*

**TDHCA Governing Board**  
Paul R. Rodriguez, Chairman  
Rev. Harvey Clemons, Jr.  
Elizabeth G. Flores  
Richard C. Hile  
Joseph Kemp  
Walter Martinez  
Judith Barrett McDonald  
Mary Sanger  
Susan Sharlot