

2004  
TDHCA  
Report on  
Customer Service



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# REPORT ON CUSTOMER SERVICE

As required by Chapter 2114, Government Code, the TDHCA Report on Customer Service contains the following:

**Section One:** An inventory of external customers by each strategy listed in the 2004-2005 General Appropriations Act and a brief description of the types of services provided to them.

**Section Two:** A brief description of the information-gathering methods utilized in obtaining input from agency/institution customers.

**Section Three:** A chart detailing the levels of customer-determined service quality and other relevant information received for each customer group and each statutorily required customer service quality elements (e.g. facilities, staff, communications, internet sites, complaint-handling processes, service timeliness, and printed information).

**Section Four:** An analysis of the findings identified from the customer satisfaction assessment. This analysis should include an identification of changes that would improve the survey process itself, as well as summary findings regarding the quality of service provided and improvements to be made in response to this assessment.

**Section Five:** performance measure information related to customer service standards and customer satisfaction.

# 1. Inventory of External Customers

The Texas Department of Housing and Community Affairs (TDHCA, the Department, or the Agency) acts as an intermediary for federal and state housing funds – making awards to sub-grantees (nonprofits, units of local government, and for-profit organizations), who in turn serve individuals at the local level. Due to this funding structure, external customers are delineated into two segments:

- sub-recipients
- targeted program beneficiaries

The vast majority of the customers that have direct contact with the Department are sub-recipients. Contact occurs from inquiries regarding available funding options all the way through the administration of agency programs. The Department's contact with program beneficiaries is generally limited to inquiries for direct housing and housing related service needs. While both groups have the opportunity to voice their opinions during public hearings, the majority of input relating to customer satisfaction is provided by the organizations that implement agency programs; that is, the sub-recipients awarded funds to assist Texans in need.

## **External Customer by Strategy (for 2004-2005 General Appropriations Act strategies)**

*Note: State median income definitions are used to describe targeted beneficiaries.*

<b>GOAL 1: TO INCREASE AND PRESERVE THE AVAILABILITY OF SAFE, DECENT, AND AFFORDABLE HOUSING FOR VERY LOW, LOW AND MODERATE INCOME PERSONS AND FAMILIES.</b>
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**STRATEGY 1.1.1:** Provide state housing loans and grants through the Housing Trust Fund for very low and low income households.

**Targeted Beneficiaries:** Low, very low and extremely low income Texans in need of housing assistance  
**Sub-recipient:** Nonprofits, community development housing organizations (CHDOs), public housing authorities, for-profit entities, and income eligible individuals and families

**Type of Assistance:** Acquisition, rehabilitation and construction of both single family and multifamily affordable housing. Capacity building funds are used to assist nonprofits in the provision of affordable housing. Predevelopment loan funds are available for nonprofits.

**STRATEGY 1.1.2:** Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for the very low and low income families, focusing on the construction of single family and multifamily housing units in rural areas of the state through partnerships with the private sector.

**Targeted Beneficiaries:** Low, very low and extremely low income Texans in need of housing assistance  
**Sub-recipient:** Nonprofits, community development housing organizations (CHDOs), public housing authorities, and for-profit entities

**Type of Assistance:** Owner Occupied Housing Assistance: repair or reconstruction of substandard housing; Homebuyer Assistance: down payment and closing costs; Rental Housing Development and Rental Housing Preservation: acquisition, rehabilitation and/or new construction of affordable rental units; Tenant Based Rental Assistance: rental subsidy –two year maximum; Contract for Deed Conversions: conversion of contract for deeds into traditional mortgages; Colonia Model Subdivision Program: financing to provide alternatives to the development of substandard colonias.

**STRATEGY 1.1.3:** Provide federal rental assistance through Section 8 certificates and vouchers for the very low income.

**Targeted Beneficiaries:** Very low and extremely low income Texans in need of rental housing assistance  
**Sub-recipient:** Local program administrators

**Type of Assistance:** Rental subsidy

**STRATEGY 1.1.4:** Provide federal tax credits to develop rental housing for very low and low income households.

Targeted Beneficiaries: Very low and extremely low income Texans in need of rental housing units  
Sub-recipient: Nonprofits, for-profits, syndicators

Type of Assistance: Acquisition, rehabilitation, and construction of affordable rental units

**STRATEGY 1.1.5:** Provide federal mortgage loans, through the Department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low and moderate income homebuyers.

Targeted Beneficiaries: Moderate, low, very low and extremely low income first time homebuyers  
Sub-recipient: Participating lenders

Type of Assistance: Below market rate mortgage loans and down payment available to eligible low, very low and extremely low income families and individuals

**STRATEGY 1.1.6:** Provide federal mortgage loans, through the Department's Mortgage Revenue Bond (MRB) Program for the acquisition, rehabilitation, construction, and preservation of multifamily rental units for very low, low and moderate income families.

Targeted Beneficiaries: Moderate, low, and very low income Texans in need of affordable rental units  
Sub-recipient: For-profit and nonprofit developers

Type of Assistance: Finance new construction, acquisition, or rehabilitation of rental properties

<b>GOAL 2: TO IMPROVE THE LIVING CONDITIONS AND LIVES OF BORDER RESIDENTS IN TEXAS</b>
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**STRATEGY 2.1.1:** To provide technical assistance to colonias through field offices.

Targeted Beneficiaries: Colonias residents  
Sub-recipient: Seventy Texas/Mexico border counties

Type of Assistance: Technical assistance

<b>GOAL 3: TO IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.</b>
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**STRATEGY 3.1.1:** Administer 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.

Targeted Beneficiaries: Individuals at or below federal poverty guidelines, including homeless persons  
Sub-recipient: Community Action Agencies and other organizations serving homeless and poverty population

Type of Assistance: Community services – health and human services for children, families and elderly; transportation; job training; employment services; housing; substance abuse prevention, migrant assistance; homeless shelter; etc.

**STRATEGY 3.2.1:** Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy-related emergencies.

Targeted Beneficiaries: Households at or below 125% of federal poverty guidelines  
Sub-recipient: Community Action Agencies, nonprofits, units of local government

Type of Assistance: Case management, education, financial assistance to reduce utility bills

**GOAL 4: TO ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.**

**STRATEGY 4.1.1:** To review housing property documents to ensure long-term affordability standards.

Targeted Beneficiaries: Residents of agency assisted units, taxpayers  
Sub-recipient: Housing sponsors

Type of Assistance: Monitoring of properties - in depth, on-site or desk review.

**STRATEGY 4.1.2:** Review the financial documents of sub-recipients of federal and state grants/loans for financial accountability and fiscal responsibility.

Targeted Beneficiaries: Residents of agency assisted units, taxpayers  
Sub-recipient: Housing sponsors, Community service providers,

Type of Assistance: Single audit desk review of sub-recipients as required by OMB Circular A-133

**GOAL 5: TO PROTECT THE PUBLIC BY REGULATING THE MANUFACTURED HOUSING INDUSTRY IN ACCORDANCE WITH STATE AND FEDERAL LAWS.**

**STRATEGY 5.1.1:** Provide titling and licensing services in a timely and efficient manner.

Targeted Beneficiaries: Purchasers of manufactured homes.  
Sub-recipient: Lien holders, consumers, manufacturers, retailers, brokers, installers, sales personnel

Type of Assistance: Provide titles to lien holders – copy to consumer, provide licenses to manufacturers, retailers, brokers, installer, and sales personnel

**STRATEGY 5.1.2:** Conduct installation inspections of manufactured homes in a timely and efficient manner.

Targeted Beneficiaries: Purchasers of manufactured homes  
Sub-recipient: Installers, retailers – new homes

Type of Assistance: Installation inspections

**STRATEGY 5.1.3:** To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.

Targeted Beneficiaries: Purchasers of manufactured homes  
Sub-recipient: Purchasers of manufactured homes, general public

Type of Assistance: process consumer complaints, conduct investigations, take administrative action

**GOAL 6: INDIRECT ADMINISTRATIVE AND SUPPORT COSTS**

**STRATEGY 6.1.1:** Central Administration

Targeted Beneficiaries: N/A  
Sub-recipient: N/A

Type of Assistance: N/A

### **STRATEGY 6.1.2: Information Resource Technologies**

Targeted Beneficiaries: N/A

Sub-recipient: N/A

Type of Assistance: N/A

### **STRATEGY 6.1.3: Operating/Support**

Targeted Beneficiaries: N/A

Sub-recipient: N/A

Type of Assistance: N/A

## **2. Information Gathering Methods**

### ***Overview***

The large number of programs combined with a delivery system that works through various organizations (e.g. nonprofits, for-profits, local governments, community action agencies, councils of government, community development corporations, and lending institutions) with differing levels of sophistication, complicates the determination of a specific level of customer satisfaction.

The TDHCA measure of customer-determined service quality, as approved by the Legislative Budget Board and Governor's Office of Budget and Planning through the 2003-2007 Strategic Plan, is gathered through its public input process for the *State of Texas Low Income Housing Plan and Annual Report*. The comments associated with this publication cover all aspects of Department programs. At various forums customers have the opportunity to comment on the factors required by Chapter 2114, Government Code, including the internet site, staff communications, service timeliness, complaint-handling processes, printed information, and facilities.

### ***Consolidated Hearings***

Each year agency staff conducts thirteen consolidated public hearings that cover all aspects of the Department's services and the provision of those services. These hearings are held throughout the state – one per Uniform State Service Region – to ensure that TDHCA customers have direct contact with agency staff. Although the forum is open to all topics related to the Department, the discussion at the public hearings have historically focused on the states' affordable housing and community service needs, agency programs, and agency policies as outlined in the *2004 State of Texas Low Income Housing Plan and Annual Report*. Approximately 250 organizations or members of the public attended the 13 public hearings from January 2003 to the present. A summary of the public comment given at these hearings is available in Appendix A.

### ***Regional Advisory Committee Meetings***

Each year the Department coordinates a series of Regional Advisory Committee (RAC) meetings with the 24 regional planning commissions (also know as Councils of Government or COGs). These facilitated meetings are attended by local housing and community service providers, and in some cases consumers. This year's meeting included topics specifically related to customer service such as TDHCA administrative issues, capacity building, educational initiatives, and program marketing. The COGs from within each Uniform State Service Region coordinate their activities and provide the Department with Regional summaries which are included in the *State of Texas Low Income Housing Plan and Annual Report*. In 2003 approximately 250 persons attended the RAC meetings. A summary of the public comment given at these meetings is available in Appendix B.

### ***Program Specific Focus Groups***

Each year the Department invites program administrators, advocates, and other interested parties to participate in program specific focus groups. These meetings give the Department the opportunity to hear directly from customers on ways to improve service delivery related to a particular program.

*Public Comment Opportunities with TDHCA Board*

The public is encouraged to address the TDHCA Board directly at its monthly meetings. Comment may be given at the beginning of the meetings or at a specific agenda item.

### 3. Customer-Determined Service Quality

At the Department's Consolidated and Regional Advisory hearings customers are given the opportunity to discuss all aspects of TDHCA operations/programs. These hearings are primarily attended by the Department's current or past sub-recipients, local government representatives, business partners (e.g. lenders, public housing authorities, and local housing finance agencies), social service agencies, and organizations interested in accessing for funding to serve their community. In 2003-2004 most customers focused on program specific issues and had few comments to make on topics specifically related to customer service.

It should be noted that while public hearings and focus groups allow for meaningful discussions related to programs and gives customers the opportunity to discuss customer satisfaction topics, the methodology does not allow for numerically quantified levels of service quality.

Service Category	Level of Service Quality
Facilities	NA
Staff	NA
Communications	NA
Internet Site	NA
Complaint Handling Process	NA
Ability to Timely Serve its Customers	NA
Brochures or Printed Information	NA

Despite the inability to specifically quantify the service category factors, the Department maintains that antidotal information gathered at these forums allow TDHCA to ensure that sub-recipients are satisfied with staff and program design, and understand how to successfully administer the program, thus ensuring that the targeted beneficiaries, i.e., Texans in need, will receive better, more cost effective, and comprehensive services.

### 4. Customer Satisfaction Findings

**Summary**

In general comments focused on the Department's communication with the public and the desire for more opportunities for interaction and dialogue, as well as additional clarification and notification regarding TDHCA's services. Below are specific suggestions regarding communication issues that were discussed at the meetings/hearings:

Uniform State Service Region	1	2	3	4	5	6	7	8A	8B	9	10	
Reference City	Lubbock	Abilene	Dallas/ Fort Worth	Tyler	Beaumont	Houston	Austin/ Round Rock	San Antonio	Brownsville/Harlinge	San Angelo	El Paso	# of Times Referenced

**Marketing and Communications**

Interagency Communications/Inter-organization Communications	x		x			x		x	x	x	x	7
Education for Local Officials and General Public (NIMBY)	x		x		x	x	x	x				6
Advertise Program Availability to General Public	x					x			x	x	x	5
Clearinghouses					x	x	x				x	4
Section 8/Discrimination Program Education for Property Owners	x		x				x					3
TDHCA and ORCA Need to Increase Outreach to Rural Areas	x		x									2

Provide More Effective Program Application and Implementation Training	x	x			x							3
Reduce the Application Complexity and Amount of Paperwork		x					x					2
Decrease TDHCA Application and Award Processing Time			x				x					2

TDHCA should work to improve the way it markets its activities by:

- improving the way it communicates with other agencies and housing organizations;
- increasing education for local officials and general public;
- more effectively advertising the availability of its programs to general public;
- education on affordable housing issues and programs should be brought directly into rural areas;
- city officials should be educated on the programs and encouraged to support education for their residents;
- a local “face” should be brought back to TDHCA and ORCA by providing speakers to address local problems; and the technicality of program documentation language should be simplified to avoid using jargon that may be intimidating to low income families.

Staff has reviewed the public comments and has subsequently responded with the programmatic and/or policy changes outlined below.

**Reorganization**

In an effort to improve efficiency and effectiveness, the Department implemented a reorganization of its administrative structure. The new organizational structure has helped to better utilize staff resources, increase service delivery and scope, and create a focus on production with accountability.

One specific aspect that has helped the Department improve its communication with customers/consumers was the merging of the Research/Planning and Communications divisions. This has allowed for better dissemination of information to the public with respect to agency activities and housing and housing-related research. Additionally, the division has taken on oversight of the TDHCA web site and centralized email inquiries that are received through the web site. Also, through the Department’s reorganization, a TDHCA



Speaker's Bureau was created to increase attendance at local events and to make staff more available to meet with organizations interested in applying for the Department's programs.

### **New Web Site Features**

**Searchable Database:** In an effort to make TDHCA's information more accessible to the consumer, the Department created an online assistance database that allows consumers to search for specific housing and housing related services available in their areas.

**Complaint Submission:** For consumers that have a concern that they believe the Department has jurisdiction over, TDHCA has made an online complaint system to submit their complaints directly to the staff that is responsible for handling those complaints.

**Internet Redesign:** The Department is currently in the process of re-designing its web site to make it even more consumer friendly. The re-design will reflect not only the Department's new organizational structure, but will also be targeted to specific types of customers such as eventual program recipients, organizations that are interested in applying to administer Department funds at the local level, local governments, etc.

### **New Outreach Materials**

**Affordable Housing Research Program:** Per SB 1664 from the 78<sup>th</sup> Legislative Session (Section 2306.259, Government Code) the Department will be developing materials to be used to inform the public of the need for affordable housing. Initial materials will focus on education and will outline the specific need for affordable housing, the funds available to address those needs, and other strategies for local governments and communities to meet their needs.

**Consumer Information Materials:** The Department has begun to focus on the development of printed materials that are less technical in nature and more accessible to the public. This includes agency and program specific overviews.

### **Expanded Consumer Outreach**

**Regional Advisory Committees:** A primary purpose of the RAC legislation was to bring together persons with a wide variety of housing expertise to find ways to more effectively utilize their region's existing resources. Each RAC meeting was advertised, coordinated, and facilitated as part of a joint planning effort between 11 Councils of Government (COGs) and TDHCA. These meetings provided an opportunity for a broad range of organizations and citizens to network, discuss local needs and concerns, and brainstorm on ways to address their region's problems. The new relationships resulted in a more inclusive process in determining how state and federal housing funds should be allocated across the state.

**Public Input Working Group:** In an effort to address issues related to the opposition to the development of affordable housing, TDHCA convened a workgroup consisting of TDHCA staff, developers, neighborhood groups, local governments/officials, and housing advocates to review policies and procedures regarding how public input is taken and considered by the Department and its Board.

**Qualified Allocation Plan Working Group:** The Qualified Allocation Plan (QAP) is the rule that governs the administration of the Housing Tax Credit (HTC) Program. The Working Group is an open group of individuals that are working together to generate recommendations to the Department regarding the QAP, which is revised annually to improve the processes by which tax credits are allocated. The Working Group meets once a month for six months to collaborate on providing staff and the Department's Board with final recommendations. The Working Group is composed of developers, lenders, consultants, legislative staff, tenant and neighborhood advocates and other interested individuals.

## Technical Assistance Performance Measures

A technical assistance measure reflecting the information clearinghouse responsibilities of the agency have been added to the Department's performance measures that are reported to the Legislative Budget Board quarterly. This measure will report on the number of information and technical assistance requests the Department's Housing Center will complete within established time frames. See Appendix C for the specific measure.

## Suggested Revisions to Customer Service Assessment Process

Overall, TDHCA is pleased with the existing assessment process. For specific initiatives such as the web site redesign, the Department will follow-up modifications with consumer/customer surveys to ensure that the changes have achieved their intended outcome.

## 5. Performance Measure Information

### *Measures for Consumer Satisfaction Responsible Division:*

#### Agency Specific Measures

##### Goal

Maintain efficiency in timeliness of response to information requests and customer complaints.

**Objective 1:** To provide information in a timely manner to all agency customers.

**Outcome 1:** Percent of Housing Center information requests completed within 15 days of receipt.

- 4,716 requests handled through the Housing Center from 1/1/2003 to present.
- 100% of requests completed within 15 days of receipt.
- Estimated performance for 2004: 100%

**Outcome 2:** Percent of TDCHA customer complaints responded to within 15 days.

- 150 complaints received from 1/1/2003 to present.
- 100% responded to within 15 days.
- Estimated performance for 2004: 100%

#### Standard Measures as required by LBB and GOBP.

##### Outcome Measures

- Percentage of surveyed customers respondents expressing overall satisfaction with services received
  - NA
  - Estimated performance for 2004: NA
- Percentage of surveyed customer respondents identifying ways to improve service delivery
  - 100%.
  - Estimated performance for 2004: 100%

##### Output Measures

- Number of customers surveyed for SFY 2003
  - Approximately: 500
  - Estimated performance for 2004: 500
- Number of customers served for SFY 2003
  - Approximately: 571,275
  - Estimated performance for 2004: 538,038

##### Efficiency Measures

- Cost per customer surveyed
  - Approximately: \$12.00

#### **Explanatory Measures**

- **Number of customers identified**
  - **There are approximately 2.27 million households in the State of Texas that are in need of the housing services that TDHCA provides.**
  - **Estimated performance for 2004: 1.1% for housing services**
- **Number of customer groups inventoried**
  - **The Department has two groups of customers: sub-grantees and end beneficiaries.**
  - **Estimated performance for 2004: same as above.**

## **APPENDIX A**

### **SUMMARY OF PUBLIC COMMENTS RECEIVED FOR *THE 2004 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT***

The following summary was provided to the TDHCA Board on December 11, 2003. At that meeting the TDHCA approved the *2004 State of Texas Low Income Housing Plan and Annual Report*.

#### **SUMMARY OF PUBLIC COMMENT**

The comments summarized below were received during the 13 consolidated public hearings or submitted in writing directly to the Department. They cover general programmatic issues that are directly related to the Plan. Please refer to the November 14, 2003, Board book, available from TDHCA's website at [http://www.tdhca.state.tx.us/au\\_boardcenter.htm](http://www.tdhca.state.tx.us/au_boardcenter.htm), for comments received regarding program-specific rules.

#### **COMMENTS REGARDING THE HOME PROGRAM**

##### ***Comment: Development Funds***

Establish scoring criteria and appropriate set-asides of funds within existing programs in order to partner with the other governmental entities that have the primary responsibility of providing this type of housing (migrant farmworker). Request for grants for smaller communities to build garden homes for the elderly. If the need is there, and in cities where you could only do three to five homes anyway because of the small amount they're asking for, such as 250, I think there needs to be another look at this.

- **Department Response**

The Department believes that funding for smaller multifamily new construction should be made available to the rural areas. In response to public comment, the Department will allocate \$3 million for new construction multifamily activities through the HOME Program.

##### ***Comment: Set-Aside Descriptions***

Should include 15 percent as reserved for CHDOs that are acting in the role of owner, developer, or sponsor—and not as stated reserved for CHDOs for the development of housing-sponsored or owned by the organization.

- **Department Response**

The Department will use the following wording to be consistent with HOME rules: *CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units.*

##### ***Comment: Set-Aside Descriptions***

The Plan fails to specify anywhere the process of applying "through direct funding or loan guarantees," nor are these listed as part of the Description of Activities section. The Plan seems to indicate this is in addition to a CHDO being able to apply for Homebuyer Assistance.

- **Department Response**

Per HOME rules, neither direct funding nor loan guarantees are eligible activities, therefore are not addressed in the Plan. No change proposed.

##### ***Comment: CHDO Operating Expenses***

That 75 percent of the funds available (75 percent of \$337,500) be available exclusively to CHDOs that are awarded HOME funds under the CHDO Set-Aside.

- **Department Response**

Currently all CHDO Operating Funds are available exclusively to CHDOs that are awarded HOME funds under the CHDO Set-Aside. No change proposed.

##### ***Comment: CHDO Operating Expenses***

Fifteen percent of the funding is set aside for CHDOs, as is required by federal law. However, the Department sets aside an additional \$337,500 for CHDO Operating Expenses...not mandated by law. If the Department elected, it could include the CHDO operating expenses funds as part of the mandated 15 percent CHDO Set-Aside. The \$337,500 could then be allocated to the preservation and rehabilitation of multifamily housing.

- **Department Response**

The Department believes that unique needs of CHDOs justify the additional operating expenses. No change proposed.

***Comment: CHDO Funds***

Comments were received requesting that applicants be allowed to receive CHDO Operating Funds even if the applicant has not been awarded HOME awards for Development Activities.

- **Department Response**

The Department does not currently have the procedures in place to allocate CHDO Operating Funds for those applicants that do not receive HOME awards for specific activities. The Department will do further research over the next year to determine requirements for such a program. No change proposed.

***Comment: CHDO Administrative Expenses***

Would suggest the CHDOs receiving funds under the Set-Aside as owner, sponsor, or developer, be automatically awarded not only the 4 percent for administrative costs, but also be allowed to apply for CHDO Operating Funds in a separate category from those CHDOs strictly applying for operating funds. In this way, you help pay for CHDOs that are already performing services.

- **Department Response**

Currently, the Department awards 5 percent for administrative costs to CHDOs. The proposed Action Plan does not allocate CHDO Operating Funds for those applicants that do not receive HOME awards for specific activities. No change proposed.

***Comment: CHDO General***

The \$500,000 per applicant cap for Homebuyer Assistance under the CHDO Set-Aside be raised to \$1,000,000.

- **Department Response**

CHDOs are eligible to receive up to a total of \$1.5 million per award and are not subject to the \$500,000 cap. No change proposed.

***Comment: CHDO General***

Allow a CHDO receiving an award above the \$500,000 level an additional year to expend the funds.

- **Department Response**

The Department believes that 24 months is sufficient time to expend CHDO funds. No change proposed.

***Comment: CHDO General***

Allow a CHDO that has been certified and received HOME funds in the last three years to certify that "no material changes" have taken place that would affect the organization's CHDO qualifications, in lieu of having to resubmit all of the organization documents time after time.

- **Department Response**

In an effort to fulfill HUD's on-going requirements related to the qualifications of CHDOs, the Department believes that it is appropriate to require full certification for each new application/award received for CHDO funds. No change proposed.

***Comment: CHDO Funds***

It is our view that HOME Program requirements that restrict the release of CHDO Operating Funds to certified CHDOs upon their certification creates a negative development environment for newly established organizations.

- **Department Response**

HUD rules require that all organizations that receive CHDO funds be organized as a CHDO. No change proposed.

***Comment: Capacity Building***

Comment was received suggesting that the Department consider using HOME funds to establish a capacity building program. Comment encourages the Department to structure this program to target organizations

that might reasonably be expected to develop as successful applicants for HOME Investment Partnerships Program funds.

- **Department Response**

The Department realizes the need for capacity building assistance, especially for those nonprofits beginning efforts to supply affordable housing in their respective communities. Although no funding will be awarded for such a program in the proposed 2004 State of Texas Consolidated Plan: One-Year Action Plan, the Department is working diligently to establish the possibility of such a program in future funding years.

***Comment: Administrative Funds***

Comment urges the Department to closely observe the Set-Aside of Tenant-Based Rental Assistance for individuals affected by the *Olmstead* decision and other set-asides that benefit people with disabilities. It asked that the Department seek innovative processes that will broaden the scope of people with disabilities who will request access to assistance. It has been expressed that the funding involves a meager administrative fee, coupled with a reimbursement process. As a result, many community-based organizations cannot compete for contracts.

- **Department Response**

It is the Department's desire to serve all citizens of Texas, including those of the disability population. The Department is awarding applications for Tenant-Based Rental Assistance for those persons affected by the *Olmstead* decision for the first time. Staff has worked closely with advocates of this population to ensure proper execution of this set-aside. Realizing the higher expenses incurred by taking on a program of this nature, the amount of administrative funds awarded was increased from 4 percent of the project request, to 6 percent of the project request. Staff will continue to carefully review and monitor this set-aside, however, and look for inadequacies and areas of possible improvement.

***Comment: Rehabilitation Funds***

The Department acknowledges that rehabilitation must be the primary eligible activity. However, in reviewing the Plan, it does not appear that rehabilitation constitutes a required component of 50 percent or more of the required funding.

It appears that only rental housing preservation and owner-occupied housing assistance have a required rehabilitation component. It is recommended that special needs housing and homebuyer assistance be revised to include a requirement that the funds be used for rehabilitation.

- **Department Response**

The Department currently allocates (less set-asides) 45 percent of HOME funding towards Owner-Occupied Rehabilitation. In addition, \$2 million is allocated specifically towards multifamily preservation, and preservation/rehabilitation activities may be undertaken through the CHDO set-aside—making rehabilitation the primary HOME-funded activity.

The consolidated planning process is designed to give participating jurisdictions the flexibility to serve the specific needs of its constituency. Through an extensive citizen participation process, and taking into account various legislative requirements, the Department believes that the activity allocations are consistent with the needs of Texas's most vulnerable populations. No change proposed.

***Comment: Tenant-Based Rental Assistance***

The Department certifies that "the use of HOME funds for tenant-based assistance is an essential element of the State's Consolidated Plan." However, Section 21(a)(3) of the Cranston-Gonzalez National Affordable Housing Act states as follows:

A participating jurisdiction may use funds provided under this subtitle for tenant-based rental assistance only if

1) the jurisdiction certifies that the use of funds under this subtitle for tenant-based rental assistance is an essential element of the jurisdiction's annual housing strategy for expanding the supply, affordability, and availability of decent, safe, sanitary, and affordable housing, and specifies the local market conditions that lead to the choice of this option.

...in 2003, the Department conducted a Community Needs Survey in the 13 service regions of the state requesting the local need to choose between the type of multifamily assistance needed....in 10 of the regions, the need for multifamily rental assistance program was the lowest priority. Without discarding the Community Needs Surveys, the Department would appear to be without support for having a TBRA program.

- **Department Response**

Per §91.305 (b)(1) of the statute governing the consolidated planning process, the Department outlined the specific need for rental assistance in the 2001–2004 Consolidated Plan—refer to the Housing and Homeless Needs Assessment. Pages 12–36 outline the specific Census demographic support for the activities undertaken by the Department. Pages 37–57 outline the specific needs of special needs populations that further support the need for rental assistance.

With regard to the Community Needs Survey, it is important to note that the surveys are one of many avenues utilized by the Department to gather data/information to be used towards making HOME allocation decisions. The survey is representative of local desires and does not necessarily give an accurate assessment of need. With this in mind, the Department also analyzes Census data, as well as data from other State agencies and research institutions in determining need. No change proposed.

Note that at 20 percent, rental assistance is the lowest percentage allocated to the major HOME activities (45 percent for Owner Occupied and 35 percent for Homebuyer Assistance).

***Comment: 5 Percent Disability Set-Aside***

Under State law, at least 95 percent of the HOME funding must be set aside for non-participating jurisdictions, which are basically rural areas of the state. State law then states that if the funds are not allocated to non-participating jurisdictions, then the funds may be used on housing for persons with disabilities. It is recommended that the Department set aside 100 percent of its funds for non-participating jurisdictions...be available for rural disability housing as a matter of first priority. In the event that sufficient applications for the housing for persons with disabilities in rural areas were submitted, then the funding would shift to rental housing preservation.

- **Department Response**

§2306.111(c) of the Texas Government Code reads:

the department shall expend at least 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. **All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than small cities and rural areas.**

It specifically states that all funds not set aside under this section shall be used for the benefit of persons with disabilities who live in areas other than nonparticipating areas. The Department believes that it is currently in compliance with the language of the statute. Additionally, it has been shown that much of the disabled population and those services necessary to aid this population are located in the areas with participating jurisdiction status. No change proposed.

***Comment: Contract for Deed Conversions***

The Department has set aside \$2 million for Contract for Deed conversions. It appears that the Office of Rural Community Affairs and/or the Office of Colonia Initiatives has primary responsibility for colonias. It is recommended that the \$2 million be funded from the CDBG program. While the Department's appropriation bill does direct that funds for the CFD program and Colonia Model Subdivision program be spent by the Department, the funds for these programs would be more properly funded by CDBG funds.

- **Department Response**

As stated by the commenter, the Department is legislatively required to fund both the Contract for Deed Conversion and Colonia Model Subdivision programs. No change proposed.

***Comment: HOME Program Funding***

It is further recommended that the Homebuyer Assistance and Owner-Occupied Housing Assistance programs be combined into one program that requires a rehabilitation component and excludes down payment and closing cost assistance as an eligible activity.

- **Department Response**

The Department believes that Census data and public comment support the need for both activities. No change proposed.

***Comment: Rental Housing Preservation***

The funding of Rental Housing Preservation should be increased from \$2 million to \$10 million per year.

- **Department Response**  
Preservation funds are currently available through other Department housing programs including the Junior Lien Bond Proceeds, Multifamily Bond, Housing Tax Credit, and Housing Trust Fund. The Department believes it is important to support additional avenues of affordable housing available through HOME Program funds. No change proposed.

***Comment: Definition***

In reviewing the Plan, we note that the definition of “persons with disabilities” is different from definitions found in other TDHCA documents.

- **Department Response**  
The Department will review and make changes as appropriate.

***Comment: Integrated Housing Policy***

There should be a requirement that all applicants follow the Department’s Integrated Housing Policy.

- **Department Response**  
The Department’s Integrated Housing Policy was adopted by the TDHCA Board as a rule in November of 2003. All Department housing programs must adhere to the new rule.

***Comment: Compliance Monitoring***

There is no mention of inspectors assuring that accessibility requirements are met and that the Department’s Integrated Housing Policy is followed.

- **Department Response**  
Per TDHCA policy, monitoring will ensure that all applicants comply with Department rules.

***Comment: Housing Costs***

Unfortunately, with the HOME Program, there are differences in the cost of housing and how those projects are funded in a rural county because you have—in a larger community, you have more economy for scale. And what we get in HOME funds, unfortunately, does not go as far as that money might go in a larger community because it just costs more to do business. We don’t have contractors that specialize in doing a lot of new construction.

- **Department Response**  
No response necessary.

***Comment: Olmstead Funding***

We appreciate the \$4 million and the tenant-based rental assistance for the same kind of initiative that's for the next biennium.

- **Department Response**  
No response necessary.

***Comment: Competitive Review***

Support of an open CHDO funding cycle.

- **Department Response**  
No response necessary.

**COMMENTS REGARDING THE EMERGENCY SHELTER GRANTS PROGRAM**

The Texas Department of Housing and Community Affairs sponsored a series of public hearings as a forum to receive public comment on the Department’s proposed administration for several federally funded programs, including ESGP. Responses to ESGP administration have been summarized below.

***Comment***

Please consider stopping the double-dipping allowed by entitlement cities still being able to compete at the regional level. Two chances or two sources of funding is unfair to non-entitlement locations and lowers the amount of available funds in under-served areas.

- **Department Response**



Statistics indicate concentrations of homeless individuals in large urban areas; therefore, the Department does not prohibit entitlement cities or private nonprofit organizations in those areas from applying for available ESGP funds. This does not reduce the funds reserved for each of the thirteen planning regions as per the ESGP formula. In addition, the Department awards bonus points to successful applications received from non-entitlement areas.

***Comment***

I feel that the need for housing for the homeless/needily people in America is great and need action on a continual basis. I feel that the grant application should be short and to the point and new programs should be highly considered for funding up on request because of the over-flowing need for shelter. There are too many laws within laws that zero out the main purpose of reviving the homeless as intended. Staff people are the key to making this program work to meet the clients needed as well as just having shelter.

- **Department Response**

ESGP is a competitive grant and the Department is required to develop and consistently apply criteria by which to award funds. Each year the Department revises the ESGP application and sponsors a pre-application workshop in an attempt to clarify requirements and to assist eligible organizations (particularly new applicants) to submit responsive applications. The Department reviews and scores each application according to criteria based on the content of the application packet. In order to maintain a fair and equitable selection process, neither new applicants nor repeat applicants are favored.

***Comment***

More temporary shelter, rent assistance, and utility assistance are needed. Electricity has almost doubled in the last two years.

- **Department Response**

ESGP funds are one of several funding sources that may be used for these purposes.

***Comment***

The program should continue as it is currently operated. More funds should be made available for the project awards.

- **Department Response**

The Department awards to eligible applicants 95 percent of the annual ESGP funds awarded to the State of Texas. The remaining 5 percent is used to pay costs the State incurs to effectively administer ESGP.

***Comment***

The language used under the "Special Initiative" section sounds like TDHCA is trying to restrict the competition for providing statewide Technical Assistance to a pre-selected bidder, and hence eliminate competition. There are several well-qualified persons and organizations that could provide the service, including for-profit organizations and individuals. Why award only one Technical Assistance contract? Why only nonprofit providers?

- **Department Response**

Eligible applicants for ESGP funds include units of general local government and private nonprofit organizations. Any entity that applies for the Special Initiative funding must be eligible to apply for ESGP funds. Individuals and for-profit organizations are not eligible to apply for or administer ESGP funds. Through the Special Initiative Project, the Department encourages the development of applications for other HUD funds targeted to assist homeless individuals, an effort that requires establishing effective local service coalitions. Stated requirements in the application parallel this narrow focus.

**COMMENTS REGARDING THE REGIONAL ALLOCATION FORMULA**

***Comment***

It was stated that the 2003 RAF is serving its intended purpose and it should not be changed other than to update the US Census data used in the formula as it becomes available.

- **Department Response**

The part of the RAF that allocates available funding among the state service regions remains unchanged except for adding 2000 US Census data and updating the other available funding for 2003. (Additional HUD funding for public housing authorities was added to the other available funding data set. This addition of previously unavailable data is consistent with the intent of the RAF to consider as many sources of other affordable housing funding as possible.)

The change to the formula, which divides the region's available funding into urban/exurban and rural funding pools, is in response to Senate Bill 264 of the 78th Legislature. The methodology used to distribute the funds to the urban/exurban and rural populations within the region is consistent with the method used to distribute the funds from the state level to the regional level. No change proposed.

***Comment***

Concern was voiced that rural areas are adversely impacted by the Regional Allocation Formula because much of the need is located in larger metropolitan areas. For example, it was stated that, "El Paso gets the bulk of the money, the way the allocation formula criteria are, because the formula is very heavily weighted on numbers of people...Well, unfortunately, in the rural communities or the frontier communities, we don't have big numbers. And so we automatically receive less funding consideration because we don't have...numbers to compete with larger communities."

- **Department Response**

The current formula attempts to split the available funds between urban/exurban and rural areas based on quantifiable measures of need. In past allocation rounds, the determination of how much funding would be available to rural areas was either not specifically defined or was based on a statewide set aside of funds. The new formula provides rural areas in each region with a specifically designated pool of money for their use. This distribution is based on an estimate of what portion of the region's affordable housing need is located in "rural" areas.

Under the Housing Trust Fund and Housing Tax Credit RAF formula, six regions have over 40 percent of the region's available funds earmarked for rural areas. Statewide, the distribution of funding is 77 percent urban/exurban and 23 percent rural (8 percent higher than the previous 15 percent rural set-aside). The HOME Program, which distributes 95 percent of its funds to non-participating jurisdictions, shows a 32 percent urban/exurban and 68 percent rural statewide distribution pattern. No change proposed.

***Comment***

A comment asked why some of the regions with larger metropolitan areas showed such substantial variances in the distribution of affordable housing need, other available funding, and the resulting distribution of funds between urban/exurban and rural areas. Specifically, the proposed RAF showed an 11 percent difference between the rural funding allocation for Region 3 (Dallas) and Region 6 (Houston).

- **Department Response**

To address this concern the Department reevaluated the way the RAF calculates affordable housing need for the urban/exurban and rural areas. The 2004 methodology proposed for public comment assumed that all need outside of urban place boundaries (urban city boundaries) was rural. This assumption was problematic and contributed to an inaccurate distribution of urban/exurban and rural need.

The most conspicuous example of the inaccurate distribution lies in the funding results for Uniform State Service Region 6, where the city of Houston is located. In Harris County over 680,000 people live in unincorporated areas just outside of the Houston city limits. Most of this unincorporated population lives in an area located northwest of the Houston city limits near the Sam Houston Tollway. This population should not be considered rural given the proximity to the city of Houston and a population density similar to that of Houston. In the 2004 methodology proposed for public comment, this population was considered rural, thereby inflating the region's rural funding distribution.

To compound this issue, 93 percent of the other available funding the Housing Tax Credit and Housing Trust Fund RAF considers is place-specific. Because the estimate of urban/exurban and rural affordable housing need was not place-specific in the 2004 methodology proposed for public comment, even more of the urban/exurban allocation was adjusted to rural areas.

With the desire to remain as consistent and accurate as possible, the Department modified the affordable housing need calculation in the Regional Allocation Formula to reflect place-level (city or town) information. This revised 2004 methodology utilizes the urban/exurban and rural place designations based on the Regional Allocation Formula's definition of urban/exurban and rural.

***Comment:***

It was stated that the RAF needs to consider other HUD tenant-based rental assistance funding available to PHAs if it is going to consider similar funding from USDA. If such data is not considered, then the funding available to urban/exurban and rural areas would be distorted.

- **Department Response**

The Department agrees that including more sources of funds will provide a more accurate RAF model. TDHCA worked directly with HUD to obtain this information and it is included in the model.

***Comment***

It was suggested that USDA multifamily property transfer payments should not be included in the formula as they do not represent actual new available funding.

- **Department Response**

The Department concurs. USDA multifamily transfer payment transactions were identified and were removed from the RAF.

***Comment***

It was recommended that the HOME RAF methodology should be refined to separate the other available sources of funding between homeownership/owner-occupied and multifamily activities. With the need for multifamily and single family activities being closely equal and over 80 percent of the other available funding being available for owner-occupied housing, it seems misdirected for TDHCA to use 80 percent of its HOME funds for owner-occupied housing.

- **Department Response**

The RAF does not determine the percentage of HOME funds that will be used for a specific activity. As such, considering the single family funds separately from multifamily funds would have no impact on this issue. The Regional Allocation Formula distributes funds to regions with a consideration of how much money is available to the region from other sources for affordable housing activities. As the HOME Program serves both single family and multifamily activities, the Department will continue to consider single family and multifamily funds together. No change proposed.

***Comment***

It is recommended that the sources and uses of the other available funds be provided with the release of the Regional Allocation Formula so the public may provide a more informed response to the request for comment.

- **Department Response**

The Department concurs. While this information is included in the Plan in which the RAF is published, this information will be provided in future write-ups describing the Regional Allocation Formula.

**COMMENTS REGARDING THE AFFORDABLE HOUSING NEEDS SCORE**

***Comment***

A few comments suggested that more weight should be assigned to the poverty-related component of the AHNS—as the score does not give sufficient weight to factors that would provide housing assistance to those households with the “greatest housing need.” The AHNS should give greater priority to geographic areas having families living at or below the poverty level and where there is either an insufficient supply of housing affordable to such families or the housing stock is unaffordable, inadequate, or substandard.

- **Department Response**

Sixty-two percent of the total AHNS is based on US Census data. Persons living at or below the poverty level already represent half of these points. Persons experiencing housing cost burden and the combined measures of housing quality (overcrowding, incomplete plumbing, and incomplete kitchen facilities) each represent a third of the US Census data related points. It is thought that the weights assigned to each of the components in the proposed AHNS results in a balanced scoring model. No change is proposed.

***Comment***

Concern was voiced that the difference between the high and low scores in the proposed AHNS was too great for some areas to even bother applying. For example, it was stated that, “the affordable housing needs score is 20 points for Dallas, and the rest of the points going down to three and four points. It’s just too dramatic a difference there. Also we found that there’s no way to compensate for that point score differential, because the exurban proposal in the QAP limits the developer to 100 units. I found that extremely difficult to make work on expensive tracts, or more expensive tracts in the suburbs.” This concern of the scoring differential between places was voiced for both urban and rural areas.

- **Department Response**

The Department agrees that the originally proposed AHNS did not have a range of scores that allowed for equitable competition between a variety of places within each region. It had been intended that scoring items within the program rules would offset this potential scoring gap in the AHNS. However, from a practical standpoint, the originally proposed AHNS made it much harder to determine what places in a region would score competitively. The AHNS methodology was revised to provide a set of scores that allows competitive applications to be submitted for more places in a region.

***Comment***

Concern was voiced that cities with the highest scores were also the ones that have repeatedly received funding.

- **Department Response**

The Department agreed with this suggestion and reinstated the five-point AHNS scoring bonus for cities that have not received an award of HOME, HTC, or HTF funding within the past two program allocations.

***Comment***

It was suggested that the type of population served by previous TDHCA funding awards should be considered when this data is used to adjust the AHNS. For example, while a community may have received prior funding commitments, these awards may not have specifically addressed the elderly or persons with disabilities.

- **Department Response**

The previous-TDHCA-award scoring adjustment in the AHNS is designed to ensure that TDHCA’s limited funds are distributed across a wide geographical area. For the purpose of the AHNS, it is the fact that a particular community received funds for affordable housing that another community did not have the opportunity to receive. The AHNS is not designed to determine what activities the funds should be used for or what demographic groups should be served. No change is proposed.

***Comment***

A suggestion was made that the AHNS should make a distinction between the need for elderly developments as opposed to family, or other categories.

- **Department Response**

The AHNS is designed to encourage developers to submit applications that will serve parts of the region that show the highest level of affordable housing need. As such, it is a macro-level analysis of need. Due to the complexity of analyzing local markets, it is thought that the determination of what type of housing is needed locally is best left to market studies and input from the members of the community. No change is proposed.

***Comment***

It was suggested that overcrowding should not be considered in the AHNS scoring model for applicants applying in the HOME special needs set-aside. Special needs funding that serves the elderly will help households who are normally one or two persons. These households will typically not be affected by overcrowding. More emphasis could be placed on the need associated with incomplete kitchens and incomplete plumbing.

- **Department Response**

The AHNS serves as a measure of the general need for affordable housing in an area. The factors used in the formula represent a broad segment of the population with affordable housing need as opposed to data that relates to specific population groups. The current formula places more

emphasis on the measures that affect a larger portion of the population. Income and housing cost issues (as represented by poverty and housing cost burden data) are weighted much higher than the factors related to much smaller population groups (overcrowding, incomplete plumbing, and incomplete kitchen). No change is proposed.

***Comment***

It was suggested that TDHCA should consider including 2000 Census information on persons with disabilities in the Affordable Housing Need Score.

- **Department Response**

The AHNS serves as a general assessment of affordable housing need which helps distribute funds within the state's service regions. Currently, the AHNS does not include data that could result in funding distribution preferences based on the demographic characteristics of specific subgroups of the population. The proposed AHNS methodology, which considers the region's income, cost of housing, and condition of housing, provides an accurate measure of the region's overall housing need. No change is proposed.

Note that TDHCA is working in conjunction with Texas Council for Developmental Disabilities on a report to identify the housing needs of persons with disabilities in Texas. The 2000 US Census data on persons with disabilities will be a significant part of this report. It is possible that the AHNS may be modified for future funding allocations based on the findings of this report.

***Comment***

A number of comments stated that additional weight in the AHNS should be associated with an area's level of affordable housing need relative to the area's overall population. The proposed AHNS formula provides a scoring advantage to all places located in counties that have a higher percentage of the region's population. In the proposed AHNS, all communities in counties with larger metropolitan areas receive an insurmountable scoring edge over similarly sized communities in lower-population counties. One comment suggested that this problem could be addressed by having "factors that gave equal scoring consideration to the absolute number of households that appear within a particular needs category, as well as using a percentage of how those people make up the community as a whole."

- **Department Response**

The Department concurs with this recommendation. The formula has been revised to provide a greater scoring variation for places throughout the region's counties. To accomplish this, the part of the score which compares an area's affordable housing need indicator (AHNI) data to the area's total population was changed to use place level data instead of county level data. Also, the relative weights associated with this factor and the factor that compares the county AHNI need to the region's AHNI need were equalized. The remaining points associated with the Community Need Survey responses were not changed.

## **APPENDIX B**

### **SUMMARY OF REGIONAL ADVISORY COMMITTEE COMMENTS**

Regional summaries of the Regional Advisory Committee comments were included in the *2004 State of Texas Low Income Housing Plan and Annual Report*. The final version of the plan was approved by the TDHCA Board on December 11, 2003.

#### **Statewide RAC Meeting Summary**

A primary purpose of the RAC legislation was to bring together persons with a wide variety of housing expertise to find ways to more effectively utilize their region's existing resources. Therefore, it is encouraging to note that some of the most significant housing issues and corresponding solutions identified by the RACs relate to activities that allow the region's residents to address their housing issues directly. These types of activities include such things as capacity building, educational initiatives, and program marketing. While these items were often discussed, this is not to say that requests for additional funding for a wide variety of housing activities were not included in most of the regional wish lists.

#### **Overall Observations**

The following sections (in alphabetical order) describe some overarching observations from the RAC reports. Items that TDHCA may be able to directly impact are marked with “\*.”

#### **\*TDHCA Administrative Issues**

A number of RAC meetings voiced concerns on the difficulty of working with TDHCA.

- There is a perceived disconnect between program guidelines and the actual cost of providing housing.
  - A one-size-fits-all theory of underwriting does not accurately reflect the cost of building in rural areas.
  - Income figures used by the TDHCA Real Estate Analysis division are based on county numbers, but construction cost figures are equal for areas across the state.
- The TDHCA application process needs to be improved by:
  - implementing a renewal form versus a full application for previously successful applicants;
  - reducing the amount of required forms and paperwork;
  - translating the application into an electronic format;
  - reducing the complexity of the application;
  - providing more effective training on the application and program implementation processes;
  - offering funding for consultants; and
  - decreasing the length of time it takes TDHCA to process grant applications and other documents.
- The methods TDHCA uses to allocate its funds should be improved by:
  - ensuring that the amount of funds available under the regional allocation formula is sufficient to conduct successful programs;
  - establishing a separate funding category for public housing authorities (PHAs);
  - minimizing the overlap between state and local funding sources for similar activities within a region. An example of this would be the distribution of single family bond funds by a HFC) and a TDHCA HOME grantee in the same region.
  - prohibiting entitlement cities receiving TDHCA Emergency Shelter Grant (ESG funds since entitlement areas already receive ESG funding directly from HUD;
  - using available funding to more effectively utilize existing housing stock rather than building new (this reduces competition/vacancy rates); and
  - considering local PHAs' vacancy rates as a measure of need in the award process.
- Other
  - Rename the “first time homebuyer program” (many citizens are not aware that they may qualify for these benefits as long as they have not owned a home in the last three years).
  - The assistance-related requirements that use area median family incomes are often inadequate, untimely, or insufficient

## **Capacity Building**

The need for additional capacity building opportunities was an issue mentioned by a number of RACs. Many comments related to a perceived inability for smaller communities to obtain TDHCA funds without hiring a consultant. The San Angelo RAC report, for example, states:

Smaller communities simply don't have the funds or expertise to compete with large urban areas in the application process. Small towns and counties don't have the internal administrative capacity, so that are they are forced to pay a consultant to prepare the applications.

\*One suggestion for rural areas was to create a process that allows nearby communities to file a combined application. This "consortium" approach will allow small communities to share in application and administrative costs. The combined development size would also provide an economy of scale that encourages developers and builders.

\*Another concern was the amount of points awarded to a start-up community housing development organization (CHDO) in the application process. Large urban areas have an advantage in the application process because they are given points for their management and administrative capacity. One way to offset this advantage would be to establish regional CHDOs that would be able to compete against other areas by providing services to several counties.

## **Development Costs and Other Obstacles**

The following items are causing construction costs to increase to the point where homes cannot be sold at affordable prices:

- insurance costs;
- city fees for such things as taxes, permits, zoning, and platting;
- environmental reports and costs associated with addressing strict environmental issues;
- meeting legislated energy requirements;
- lack of desirable, affordable lots to build on;
- deficiency of land with infrastructure;
- building regulations and codes that make new construction and rehabilitation costs too high; and
- acquiring adequate appraisals when building new homes in older "run-down" neighborhoods is difficult due to a lack of comparable homes for appraisal in these areas. The lack of accurate appraisals makes obtaining financing difficult.

Increases to operating costs received a good deal of comment. Rising insurance, utility, and tax costs were making it difficult to develop and operate affordable housing. A few of the RACs pointed out that there is a built-in disincentive to renovate existing homes as this will cause the home's assessed value to increase which correspondingly increases the property tax bill.

Another commonly voiced issue was the cost of building in rural areas. The El Paso region, for example, stated:

For the frontier counties and communities, local contractors build homes one at a time. Building materials need to be brought over larger distances and skilled labor is not as available. Moreover, these local contractors maintain their livelihoods by doing repairs, remodeling and maintenance jobs as opposed to being full-time affordable homebuilders. As expected, affordable housing in these communities is naturally more expensive.

## **Homeownership**

A recurring theme from the RAC reports was that utilizing a "continuum of care" approach to moving families into homeownership is extremely important. Providing down payment assistance and low-rate loans to get families in the door is not enough to ensure that they will remain successful homeowners. It is imperative that homebuyer education be provided during all of the phases of the home buying process. Potential lower income homebuyers need help with clearing up bad credit, financial planning and budgeting, comprehending legal documents, and understanding ongoing maintenance requirements and associated expenses. The DETCOG region's RAC write-up expresses this idea very succinctly:

It is suggested that a graduated transitional incentive program be used to help move the highest motivated clients from renter status to homeowner. It is envisioned that this process would provide extensive support, education, and supervision to help clients demonstrate the willingness and ability to properly care for a new home. This program would provide opportunities and the framework for clients to demonstrate the willingness, proficiency, and commitment, to acquire the knowledge, skills, and abilities necessary to succeed as homeowners. This multi-year program would gradually transition Section 8 renters to Section 8 homeowners and eventually to self-supporting homeowners and taxpayers.

\*One suggestion of how TDHCA can assist with this effort is to hold “Train the Trainer” classes more frequently and at more accessible locations statewide. In addition, these items could be given a higher priority in the TDHCA application scoring system (i.e., for specific supportive services that relate to these educational topics).

### **Marketing and Communication**

Many regions reported that federal, state, and local organizations need to communicate more effectively among themselves. The San Angelo RAC report describes this issue:

One of the main concerns was the lack of marketing of housing programs at the federal and state level. Many of the federal and state programs do not include marketing funds as an allowable cost. So citizens in many communities, (particularly small rural communities) never find out about the existing programs. This has been seen in previous housing workshops in the region. Several federal and state agencies such as the COGs, public housing authorities and USDA have programs that can help repair, roof, and weatherize homes in the region. But many of the citizens are unaware of these programs and don't take advantage of them. Also, there is no coordination between the different agencies providing the services. Clearly, there is a need for marketing of the housing and service programs.

A few RACs mentioned the need to develop clearinghouses for affordable housing information and regional affordable housing provider directories. The following comment is from the Houston area RAC:

Lack of knowledge and communication among all involved in affordable housing in the region was the highest priority issue identified. Focus group attendees agreed that there is a lack of communication and information sharing between all parties in the region who have a stake in developing affordable housing. These groups include, but are not limited to: developers, elected officials, home buyers, the non-profit sector, the business community, religious organizations, property owners, financing organizations, neighborhood organizations. The focus group felt that the lack of a well organized central repository of information on affordable housing contributes to all sorts of problems in developing affordable housing.

\*After the RDCs submit their “Annual Affordable Housing Need Reports” in September, TDHCA will publish the results of the “Affordable Housing and Supportive Services Organizational Survey” that the COGs and TDHCA have been working on for the last year. This survey collected contact and descriptive data on affordable housing organizations from across the state. It is envisioned that this will be published in an interactive web-based format that would allow a user to easily determine who could help them accomplish a specific housing goal.

Other marketing-related comments included:

- education on affordable housing issues and programs should be brought directly into rural areas;
- city officials should be educated on the programs and encouraged to support education for their residents;
- a local “face” should be brought back to TDHCA and ORCA by providing speakers to address local problems; and the
- technicality of program documentation language should be simplified to avoid using jargon that may be intimidating to low income families.

While more effective methods must be developed to advertise available funding sources, one region warned that high-tech solutions cannot be relied on entirely as this would exclude a number of citizens from the information loop.

A number of reports emphasized that the RAC meetings had been very valuable in bringing people together to share knowledge and experiences. The El Paso region's report summed it up well:



The City of El Paso graciously agreed to partner with the RAC in future meetings to try and strengthen the weaknesses found in several of affordable housing organizations in our region. This was an uplifting conclusion to a long meeting, particularly since all these organizations are competing for the same limited slice of the proverbial funding pie. If anything, the RAC meeting made the attendees realize that their organizations all had common goals and that they would be better able to achieve these goals by partnering and learning from each other than by navigating the uncharted waters of fulfilling their affordable housing needs themselves.

### **Public Opposition to Affordable Housing**

A number of RACs reported that additional work should be done to educate the general public and elected officials on what affordable housing is and how communities benefit from its provision. A great deal of the “NIMBY” (Not in My Backyard) problem results from misperceptions of what income groups are served and what kind of housing is being built. At the most basic level, as reported by the Houston area RAC, more needs to be done to ensure that the connotations of the phrase “affordable housing” accurately reflect the full breadth of housing options.

The focus group came to the consensus that “Affordable Housing” as a general statement was often a misnomer. Affordable is generally a concept that is desirable but it has a tendency to promote “NIMBY”ism (Not In My Backyard). According to the focus group there are varying degrees of affordable that are often overlooked and need to be included in general discussion of housing related issues. Concepts such as “Work Force Affordable Housing” and “providing a continuum of housing choices” should be included in defining “affordable housing”. It was agreed that including non-traditional criteria in future discussions on affordable housing could assist in alleviating any current or perceived stigma associated with the term “affordable housing” as it exists today.

Some RACs suggested that descriptions of success stories need to be publicized more aggressively. For example, the South Plains COG’s RAC meeting described the Lubbock Housing Finance Corporation’s housing “Dream Tour.” The Dream Tour is an annual event that showcases affordable new homes and is designed to educate families about the benefits of homeownership. Over 2,500 people toured the homes during the tour.

One region discussed what could be done to make manufactured housing a more acceptable affordable housing alternative to communities. An affordable housing task force in Nacogdoches suggested that the city create a “Mobile Home Overlay” to the existing zoning ordinance. This ordinance would create districts for mobile homes in areas where a large number of mobile homes are already located. In addition, mobile homes would be required to have a structure anchored to a slab; skirts, covered porches, and a space on site for storage. Restrictions on parking, and even landscaping, would enhance the “look” of the development. These requirements would ensure that a mobile home would be a positive addition to a neighborhood.

### **Special Needs - Underserved Population**

A wide variety of housing issues faced by persons with special needs were discussed in the RAC meetings. These issues included:

- providing funds that promote aging in place (design/construction/rehab/transitional);
- building more housing for the elderly that incorporates design features sensitive to elderly needs;
- locating housing that allows elderly persons to actively participate within the general population;
- creating transitional housing for homeless teens and young adults;
- creating housing which meets the needs of the physically handicapped and emotionally disturbed;
- linking housing developers and social service providers together to assure that underserved clients receive services that create a positive and enriching housing experience; and
- requiring that Universal Design (features that make homes accessible for persons with special needs) are made mandatory for homes funded by TDHCA.

### **Other**

Although it usually wasn’t among the regions’ top issues, the need to consider the link between affordable housing and transportation was mentioned in a number of the RAC meetings. In rural areas, it related to a lack of a transportation that could be used to fully utilize available public housing units in nearby

communities. In urban areas, access to transportation should be considered in the funding award process as it plays a major role in helping include affordable housing residents as part of the community.

A number of RAC meetings also mentioned that clearing up title problems was a difficulty for home buyers and owners in their attempt to sell and purchase affordable properties. It also appeared to be an issue for cities that wanted to use “abandoned” properties in their neighborhood redevelopment efforts.

### **Summary**

The table on the following page shows issues that were repeatedly mentioned in the RAC meetings. The issues are sorted into subsets based on overarching topics. The resulting topics are listed in descending order (with the most frequently reference topics listed first). While it should be noted that this table does not indicate which issues were the highest regional priorities, it does provide a general overview of the state’s housing needs and the related suggestions on how to address these issues.

## Summary of Frequently Referenced Comments

REMI	1	2	3	4	5	6	7	8A	8B	9	10	
Reference City	Lubbock	Abilene	Dallas/ Fort Worth	Tyler	Beaumont	Houston	Austin/ Round Rock	San Antonio	Brownsville/Harlinge	San Angelo	El Paso	# of Times Referenced
<b>Marketing and Communications</b>												
Interagency Communications/Interorganization Communications	x		x			x		x	x	x	x	7
Education for Local Officials and General Public (NIMBY)	x		x		x	x	x	x				6
Advertise Program Availability to General Public	x					x			x	x	x	5
Clearinghouses					x	x	x				x	4
Section 8/Discrimination Program Education for Property Owners	x		x				x					3
TDHCA and ORCA Need to Increase Outreach to Rural Areas	x		x									2
<b>Total</b>												27
<b>Development Costs</b>												
Building Regulations and Codes (Permits, Zoning, Energy Efficiency, and Platting) Are Cost Prohibitive	x		x	x		x	x					5
AMFI Guidelines are Often Inadequate, Untimely, or Insufficient to Implement Programs	x		x	x			x					4
Lack of Desirable, Affordable Land to Build On			x	x		x	x					4
Underwriting Guidelines & Actual Cost of Providing Housing Are Not Aligned	x					x	x					3
Environmental Reports and Costs Associated With Addressing Strict Environmental Issues Are Prohibitive (Including Lead Based Paint)				x			x					2
Infrastructure Cost and Availability				x			x					2
<b>Total</b>												20
<b>Special Needs</b>												
Additional Transitional Housing (Long and Short Term)	x				x		x	x	x	x		6
New and Rehab. Funding for Special Populations					x	x	x	x	x			5
Linking Residents with Supportive Services	x					x	x	x			x	5
Require Developments to Use Universal Design						x					x	2
<b>Total</b>												18
<b>Education</b>												
Homebuyer Education	x			x	x		x	x				5
Homebuyer/Renter Property Maintenance Education	x		x	x	x		x					5
Credit Counseling/Assistance	x		x	x			x					4
Begin Consumer/Homeowner Education In Public Schools	x						x					2
<b>Total</b>												16
<b>Homeownership</b>												
More Down Payment Assistance is Required	x		x		x		x	x				5
More Owner Occupied Rehab Funding is Required	x				x		x	x		x		5
Lack of Affordable Single Family		x	x	x			x					4

	REMI	1	2	3	4	5	6	7	8A	8B	9	10	
	<b>Total</b>												<b>14</b>
<b>Operating Costs</b>													
	Taxes Are Cost Prohibitive (Amount and Increase w/ Time and Improvements)	x		x			x	x	x				<b>5</b>
	Insurance Cost and Regulations Are Cost Prohibitive	x					x	x	x				<b>4</b>
	Utility Costs Are Too high							x	x				<b>2</b>
	More Subsidy for Energy Assistance	x							x				<b>2</b>
	<b>Total</b>												<b>13</b>
<b>Private Funding Issues</b>													
	More Public and Private Partnerships	x					x	x		x			<b>4</b>
	Subprime/Predatory Lending				x	x	x	x					<b>4</b>
	Need Incentives to Lenders for Offering Affordable Housing Financing	x	x	x									<b>3</b>
	Local Incentives to Developers to Develop Affordable Housing			x				x					<b>2</b>
	<b>Total</b>												<b>13</b>
<b>Rental Housing</b>													
	More Tenant Based Rental Assistance is Required	x			x			x		x	x		<b>5</b>
	Lack of Affordable Rental Units			x	x			x		x			<b>4</b>
	More Rehab Funds to Take Advantage/Improve Existing Stock	x	x			x		x					<b>4</b>
	<b>Total</b>												<b>13</b>
<b>Capacity Building</b>													
	Funding for Administration			x		x			x		x		<b>4</b>
	Grant Writing Education/Technical Assistance	x					x			x		x	<b>4</b>
	Funding for Predevelopment		x								x		<b>2</b>
	Funding for Consultants for Rural Areas to Compete		x								x		<b>2</b>
	<b>Total</b>												<b>12</b>
<b>TDHCA Administrative Issues</b>													
	Provide More Effective Program Application and Implementation Training	x	x			x							<b>3</b>
	Reduce the Application Complexity and Amount of Paperwork		x					x					<b>2</b>
	Decrease TDHCA Application and Award Processing Time			x				x					<b>2</b>
	<b>Total</b>												<b>7</b>
<b>Other</b>													
	Ensure that the Regional Distribution of Funds is Equitable and Sufficient to Conduct Successful Programs	x	x	x		x			x			x	<b>6</b>
	Link b/w Affordable Housing and Transportation	x				x	x	x				x	<b>5</b>
	Clearing Up Title Problems			x				x	x				<b>3</b>
	Substandard Housing	x				x			x				<b>3</b>
	Incentives for Contractors			x							x		<b>2</b>

## **APPENDIX C**

### **NEW TECHNICAL ASSISTANCE PERFORMANCE MEASURE**

**Goal: To Promote Improved Housing Conditions for Extremely Low, Very Low, and Low Income Households by Providing Information and Technical Assistance**

1. Objective: To provide information and technical assistance regarding affordable housing resources and community support services

**Outcome 1: Percent of Information and Technical Assistance Requests Completed within Established Time Frames**

**B.1.1. Strategy: Provide Information to the Public and Provide Technical Assistance Through the Housing Center**

**Output 1: Number of Information and Technical Assistance Requests Completed**

Output 2: Number of Short Term Information and Technical Assistance Requests Completed (Phone) (non-key measure)

Output 3: Number of Long Term Information and Technical Assistance Requests Completed (Mail or Email) (non-key measure)