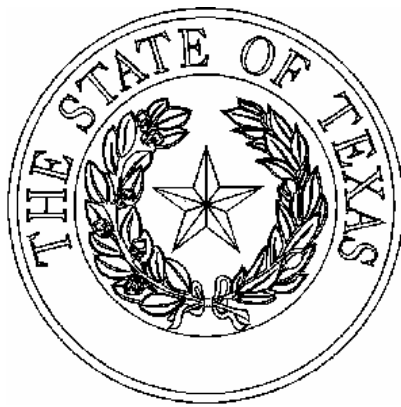


# **Analysis of Impediments to Fair Housing**



**State of Texas as  
Department of Housing & Community Affairs**

**Revised January 2003**

<b>Introduction</b>	<b>Introduction</b>	<b>PAGE 1</b>
<b>Section 1</b>	<b>Impediments to Fair Housing</b>	<b>PAGE 3</b>
<b>Section 2</b>	<b>Litigation, Investigations, and Laws Impacting Fair Housing</b>	<b>PAGE 11</b>
<b>Section 3</b>	<b>Demographic Analysis</b>	<b>PAGE 17</b>
<b>Section 4</b>	<b>Past and Current Statewide Initiatives to Overcome the Effects of Impediments to Fair Housing</b>	<b>PAGE 37</b>
<b>Section 5</b>	<b>Strategies to Overcome Barriers</b>	<b>PAGE 123</b>

# INTRODUCTION

The ability to obtain the housing of one's preference or choice has never been universally available in the United States. Access to safe and affordable housing as a "right" of every American has been a national goal since at least the 1930's. However the growing problems of the homeless suggest that, if anything, we are losing ground in achieving this goal. The structure of our economic system, with widening gaps between the wealthy and the poor, acts to limit housing choices, regardless of a state's fair and ethical housing policies.

In 1968, the United States Congress enacted Title VIII of the Civil Rights Act (commonly referred to as the "Fair Housing Act") which prohibited discrimination in the sale or rental of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Subsequent to that Act, Executive Order 11063 was issued to prohibit discrimination in housing or residential property financing related to any federally assisted activity. These (and other) laws made it abundantly clear that the cited forms of discrimination are illegal in both the public and private realms.

The State of Texas has taken a strong leadership role in dealing with the issues of fair housing. On May 25, 1989, the Texas Legislature enacted the Texas State Fair Housing Act. Thus Texas became the first state to be approved by the U.S. Department of Housing & Urban Development as having a state fair housing law substantially equivalent to Title VIII of the Civil Rights Act of 1968, as amended.

The Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") administers a variety of U.S. Department of Housing and Urban Development (HUD) funds that include the requirement to "affirmatively further fair housing." The most significant of these include programs available from the U.S. Department of Housing & Urban Development. This requirement goes a step beyond merely making discrimination illegal. It requires an action-oriented approach to achieving the national and state goal of eliminating various forms of housing discrimination.

This requirement has been in place since 1983, via the Community Development Block Grant Program ("CDBG", administered in non-metropolitan areas of the state by the Department). In 1995, HUD published a rule that consolidated the planning and reporting requirements of four formula grant programs administered through the Office of Community Planning & Development (CDBG, HOME Investment Partnerships program, the Emergency Shelter Grant program - ESG, and Housing Opportunities for Persons with AIDS - HOPWA). Among the new provisions in this consolidated approach are more specific standards for meeting the "affirmatively furthering" certification.

The purpose of this document is to provide evidence of State compliance with its certification that it [the State] will affirmatively further fair housing by:

- conducting an analysis of impediments to fair housing choice within the jurisdiction;
- defining impediments to affirmatively furthering fair housing;
- developing a strategy to eliminate impediments; and,
- maintaining records of activities related to fair housing.

This report represents an overall analysis of the efforts of State of Texas, in particular the Texas Department of Housing and Community Affairs, to deal with the issues involved in housing discrimination. Much of this Plan is a synthesis and summary of assessments routinely undertaken by the Department, the Texas Human Rights Commission (the agency responsible for the enforcement of the Texas Fair Housing Act), and other state agencies with an interest in the welfare of specific client populations.

This assessment/plan is prepared by the Department, as required by 24 CFR 570.487(b), as a means to identify the impediments to fair housing choice and suggest strategies to eliminate those impediments.

# Impediments to Fair Housing

## **THDCA Identified Impediments to Fair Housing**

The following conclusions regarding the impediments faced by TDHCA and its partners in the provision of housing for the citizens of Texas were developed through its citizen participation process, which includes public comment periods and public hearings for a variety of publications.

### **Affordable Housing**

In Texas, an extremely low income household, defined as earning 30 percent or less of the area median income of \$51,871, can afford a maximum rent of only \$389. A minimum wage earner, earning \$10,712 annually, can afford monthly rent of no more than \$268. Households on Supplemental Social Security Income (SSI), which include many persons with disabilities, can afford monthly rent of no more than \$91. In short, 38 percent of renters in Texas are unable to afford Fair Market Rent for a two-bedroom unit. A worker earning the Federal Minimum Wage (\$5.15) has to work 87 hours per week in order to afford a two-bedroom unit at the area's Fair Market Rent. Such a worker would have to earn \$11.16, or 217 percent of the Federal Minimum Wage, in order to be able to work 40 hours per week and afford such a unit.

According to current figures from HUD's Multifamily Tenant Characteristics System (a national computer system that collects, maintains, and reports information on families moving into, already living in, or who have recently lived in Public Housing) the average income of a Texas Public Housing resident is \$7,656. This income is \$1,768 or approximately 19 percent lower than the national average of \$9,424 for Public Housing residents. The average annual income of residents receiving Section 8 Vouchers or Certificates in Texas is \$8,381 -- \$1,711 lower than the national average of \$10,092 -- a 17 percent difference. Based on this data, a family residing in public housing in Texas would have had to spend a staggering 90 percent of their gross income to afford a modest two-bedroom apartment or house at the HUD Fair Market Rate for Texas (\$576 a month). Please see demographic section for more details.

### **Funding for Affordable Housing**

The most readily apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock and a shortage of funding sources to assist in the development of the housing stock. Every housing program administered by TDHCA in 2001 received far more applications than could be funded from available resources. The over-subscription rate, which ranges from three to one to a staggering 15 to one is evidence that there is interest on the parts of both the nonprofit and for profit sector to produce the housing that is needed.

### **Organizational Capacity**

While the evidence of interest in producing affordable housing is easily documented, the actual capacity of organizations to produce such housing is not as clear. A lack of organizational capacity, especially in the harder to reach areas of the state, might explain the hesitancy of smaller communities to attempt to address affordable housing issues. As the Department's main focus is on non-participating jurisdictions/smaller rural areas, this is of particular concern to TDHCA. Currently the Department is developing an aggressive capacity building effort that will address this issue.

### **Knowledge of Available Resources**

Another factor that goes hand in hand with lack of experience in developing affordable housing is the lack of knowledge of available resources to address a community's needs. There are both public and private resources available throughout the State that can be layered and leveraged to help stretch local funding. Unfortunately, many communities are not aware of these options or do not know how to successfully obtain them. This lack of knowledge and, in some cases, communication, proves to be a barrier to the potential development of affordable housing.

## **NIMBY**

Aside from the obvious shortages of funding and housing stock, another barrier to the implementation of multifamily development in particular is in the form of local objection to low income housing. Resistance by existing residents to new development in their neighborhoods is prevalent throughout Texas. “Not In My Backyard” or “NIMBY,” is encountered by many of the affordable housing developments proposed by TDHCA. Although most people agree that housing lower income individuals and families is an admirable endeavor, few want multifamily lower income housing in their neighborhoods. The common misperception that affordable housing equates to crime-ridden neighborhoods that will lower the surrounding property values is difficult to dispel. While relatively few public housing authorities are actually considered troubled, both public and affordable housing as a whole continues to be viewed with distrust. Even properties that are developed as mixed income, such as those funded by Low Income Housing Tax Credits, can experience significant opposition. To help overcome this obstacle, the Department, in its applications and training seminars, encourages the development community to meet with local neighborhood groups to explain the housing that will be built and the type of households the development will serve.

## **Texas Affordable Housing Task Force<sup>1</sup>**

In 1997, the 75<sup>th</sup> Texas Legislature enacted Senate Bill 1852, which created the Texas Affordable Housing Task Force. The Task Force was comprised of eleven gubernatorial appointees representing the private sector industry, municipalities, code officials, public and community-based housing organizations, and the general public.

The Affordable Housing Task Force’s purpose was to evaluate and identify federal, State, and local government regulations and policies that unnecessarily increase the cost of constructing or rehabilitating housing, create barriers to affordable housing for low income Texans, and limit the availability of affordable housing. Specifically, the Task Force was asked to evaluate the following:

1. zoning provisions
2. deed restrictions
3. impact fees and other development fees
4. permitting processes
5. restrictions on the use of affordable housing options
6. building codes
7. overlapping government authority over housing construction
8. environmental regulations
9. practices which impede access to affordable housing and finance opportunities

It was noted by the Task Force that while governments usually pass ordinances, regulations, and laws that are intended to have a positive effect on the community at large, at times the new regulations have an adverse effect on the future of housing in their own community. While a single law or ordinance may only add \$100 to the price of a home, layering or regulations may create a sharp increase in the final cost of a home or an actual shortage of housing for those low and moderate income consumers. Studies show that even small price increases can effect the affordability in some cases. For example, the Real Estate Center at Texas A&M University estimates that a \$1,000 increase in the cost of a median priced home will prevent approximately 27,000 Texas households from qualifying to buy the home. Below is a brief synopsis of observations of the Task Force.

### **Zoning Provisions**

Because municipalities do have zoning authority, they are in the position to shape the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, they can also pass ordinances that drive land and construction costs up to the point that affordable housing cannot be

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<sup>1</sup> Excerpts from the *Report of the Texas Affordable housing Task Force*, December 1998

built. Unfortunately, often times the attitudes of municipalities can be influenced by attitudes of fear and distrust with regards to affordable housing. Testimony to the Task Force indicated that neighborhood groups often oppose affordable housing projects because of concerns that they will drive down property values, increase crime, and put a strain on local resources such as schools and roads.

### **Deed Restrictions**

A variety of deed restrictions may be placed on the development of property by property owners. Common deed restrictions include minimum home square footage requirements, the type of construction and materials that must be used, and requirements for other amenities such as stone fences, landscaping, etc. They are primarily used to protect property values in a neighborhood by ensuring that certain minimum standards are met.

Deed restrictions may be placed on property through various means such as through a neighborhood association or by a property owner before selling, subdividing, or developing his or her own property.

### **Impact Fees and Development Fees**

In the mid 1980s, many Texas cities experienced rapid growth. As a consequence, cities were having trouble meeting the demands for city services and infrastructure. To address this problem, legislation authorizing impact fees was passed during the 1987 legislative session. The legislation authorized fees to be assessed to pay for infrastructure as a condition of permit approval. The impact fee bill:

1. validated municipal impact fees;
2. specified the type of projects for which the fees could be charged;
3. required municipalities to account for impact fees that were collected; and
4. allowed for public input into the process.

### **Restrictions on Affordable Housing Options**

Construction options have increased over the last 10 years with the advent of new materials and housing options such as manufactured housing. Many of these alternatives could increase the availability of affordable housing. Currently though, many of these options are viewed with distrust or are not well known by the general public.

In 2000, the Texas Real Estate Research Center reported that about 30 percent of the new homes built in Texas were manufactured homes. While these homes are finding their way into the main stream of the housing market, many new owners find that they face code concerns and fear of declining property values from their local governments.

Likewise with regards to alternative building materials, the effectiveness of these new materials may be able to lower the cost of construction without sacrificing quality, but currently many municipalities view them with suspicion. Ultimately, municipalities will have to review the appropriateness of allowing these less expensive materials to be used.

### **Building Codes**

Currently, cities have the authority to adopt building codes to set minimum construction standards. Generally, cities adopt one of several nationally recognized codes. Cities may also adopt amendments to their code to address specific local problems and conditions. These varying codes can lead to confusion and additional costs in development.

In major metropolitan areas of the state, there are adjacent cities that have adopted different codes and amendments. As a result, a house on one side of the street may have to be built to a different standard than a house on the other side of the street. This can be confusing, time-consuming, and costly to those builders in areas with multiple codes.

Varying code interpretations can also cause problems. Different inspectors often interpret the same code differently. Therefore, houses that are built to the same specifications could be passed by one inspector and failed by another. Again, this can lead to delays and add unnecessary costs.

The adoption of a single code, such as the Uniform Building Code (UBC), would have several advantages, such as reducing costs for manufacturing, architectural plans, engineering, personnel, materials, and inspections. Cities across the state need to be encouraged to adopt the new single code.

### **Overlapping Government Authority Over Housing Construction**

In some cases, more than one government entity has authority over a specific part of the building and development process. There are times when this overlapping authority causes delays and adds costs to construction.

### **Environmental Regulations**

There are several state and federal regulations that have been passed for the purpose of protecting the environment. At the federal level, such regulations include: the Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetland regulations. In Texas, rules to protect the environment are promulgated by the Texas Natural Resource Conservation Commission (TNRCC). These include rules for the installation of septic systems and for development over the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development.

### **Rural Median Incomes**

The median incomes in the rural areas of Texas fall far below those in urban. Currently the median income for all metropolitan statistical areas is \$50,400 compared to \$34,700 for non-metro households. This discrepancy poses a large problem when trying to use state or federal funds to serve rural populations that are dealing with dilapidated existing housing and exorbitant new construction costs. Specifically, problems occur because of the calculations of median income for these areas, which are to calculate maximum rental rates, home ownership maximum purchase prices, and general programmatic eligibility.

Often times a developer will choose to locate new projects in larger metro areas where it is easier and more profitable to build – allowing them to charge more for either the sale of a single family home or rents on multifamily properties. For an agency whose focus is on serving rural areas, this presents enormous challenges.

## **Texas Human Rights Commission Identified Issues**

### ***Real Estate Issues & Persons with Disabilities***

The Texas Human Rights Commission is concerned about: (1) the extent to which persons with mental disabilities are being denied access to equal housing opportunities through independent living arrangements in non-institutional settings; (2) the extent to which insurance companies operating in Texas are adversely impacting minority homeowners with respect to equal access to homeowner's insurance; and (3) addressing the aforementioned concerns.

To address these issues, the Commission has implemented three interrelated primary activities:

1. development of training and case law manuals;
2. presentation of a series of fair housing seminars; and,
3. investigations of housing discrimination in:
  - the homeowner's insurance industry; and,
  - independent living arrangements for persons with mental disabilities.

The Commission observed a lack of “plain English,” readable materials on fair housing rights for persons with mental disabilities seeking independent living.

### ***Investigation of Discrimination Against Persons With Mental Disabilities***

The Mental Health Association of Texas reports that, of the approximately 2.6 million people in Texas who are classified as having a clinically defined mental illness or some form of mental retardation, only 66,000 are in a state supported institutionalized living facility. The vast majority of mentally disabled Texans live with relatives, by themselves, or in small group homes.

The Texas Department of Mental Health and Mental Retardation is the state agency serving persons with mental disabilities primarily in institutional settings. Services provided by the state are augmented by 35 Mental Health and Mental Retardation Community Centers established by county and multi-county governments. The services provided by these local agencies are non-institutional in nature. In addition, there are several statewide advocacy support organizations that focus on persons with mental disabilities.

Based on a detailed investigative plan designed for the "Final Report: Fair Housing Initiatives, Housing Discrimination Affecting Home Mortgage Insurance and Independent Living Arrangements for Persons with Mental Disabilities" conducted by the Texas Commission on Human Rights, a questionnaire was developed to identify possible incidents of alleged housing discrimination and potential barriers that prohibit access to non-institutionalized independent living opportunities for persons with mental disabilities. This questionnaire was distributed to 35 Mental Health and Mental Retardation Centers, as well as to representatives of state and local agencies servicing persons with mental disabilities.

Although responses to the questionnaire did not identify any current incidents of discrimination, they did provide information about possible barriers prohibiting equal access to housing opportunities. One agency identified a community that had an ordinance restricting the development of group homes. Two agencies reported that one neighborhood development had a restrictive covenant prohibiting the development of group homes. Fifteen agencies identified neighborhood associations or community groups which in some way had attempted to block the development of housing for persons with mental disabilities. Fourteen agencies reported that landlords were also denying access to rental housing for persons with disabilities.

### ***Investigation of Discrimination in the Homeowner Insurance Industry***

In Texas, there are three types of homeowner policies: limited coverage, broad coverage, and all-risk coverage. Broad coverage and all-risk coverage generally includes full replacement cost of damaged property while limited coverage does not. There are also three types of insurance companies providing homeowner insurance: regulated, Lloyds, and surplus lines.

The rates of regulated companies are governed by a flexible bond interest rate established through regulations by the Commissioner of the Texas Department of Insurance. Policy forms are regulated so that the consumer can more easily compare prices and types of coverage. These companies are subject to the protection of the Texas Property and Casualty Guaranteed Fund which protects policyholders in the event of insurance company bankruptcy.

The rate structure for Lloyds companies is not regulated by the Commissioner of the Texas Department of Insurance, but it is determined by the insurance companies. The Lloyds policies, however, are regulated by the State. The rates are lower for Lloyds companies because they provide insurance coverage for more expensive homes (which constitute a lower risk based on underwriting guidelines). The Lloyds companies' policies are protected by the Texas Property and Casualty Guaranteed Funds.

Rates and policy forms for surplus line companies are not regulated by the Texas Department of Insurance, and surplus line policy holders are not protected by the Texas Property and Casualty Guaranteed Funds. Premiums are usually higher from surplus line companies, and their policies usually provide less coverage.



The Texas Commission on Human Rights conducted an analysis of the disparity in housing, real estate, and insurance for home owners in racially concentrated areas. The survey utilized a questionnaire designed to solicit information about the types of insurance companies, types of policies, rate premiums and coverage. A minimum of 25 homeowners were interviewed within each targeted neighborhood. The statistical information generated by this survey identified, by zip code, the names of insurance companies, the types of insurance, the rate premiums and the types of policies provided. Certain neighborhoods within these zip codes had predominately African-American and Hispanic homeowners. These neighborhoods also included a high percentage of low income families and old homes. The majority of the homes were of frame construction and the replacement costs were less than \$50,000.

### ***Conclusions of Investigations of Discrimination***

- There are cities in Texas that have building and zoning ordinances that may adversely affect the development and construction of group homes for persons with mental disabilities.
- There are a significant number of housing developments throughout Texas with restrictive covenants that prevent the development and construction of group homes for people with mental disabilities.
- There is evidence that neighborhood associations in various communities in Texas use their influence with elected officials to create barriers that prevent the construction of group homes for persons with mental disabilities.
- There are landlords who own or manage rental property who will refuse to rent to persons with mental disabilities if they become aware of such disabilities.

### ***Conclusions of Investigation of Insurance Industry Discrimination***

- Neighborhoods in targeted cities that are predominantly composed of minority homeowners are primarily served by the non-regulated insurance industry such as surplus line companies.
- Homeowners in predominantly minority neighborhoods pay higher rates charged by non-regulated companies *for less coverage*.
- Certain criteria included in underwriting guidelines may not always relate to clearly defined risk factors.
- Certain non-regulated insurance companies or their agents doing business in predominantly minority neighborhoods have a financial interest in premium finance companies which advance the cost of homeowner insurance premiums. This financial arrangement by the insurer affects the rate for homeowner insurance policies, since the rate charged by the insurer includes both principle and interest payments to the premium finance company.
- Non-regulated insurance companies doing business in predominantly minority neighborhoods will sometimes cancel policies *without proper notification* to the homeowner.
- Some non-regulated insurance companies doing business in predominantly minority neighborhoods limit the amount of coverage provided homeowners based on location *without regard to the condition of the property*.

### ***Administrative Enforcement Project Conclusions***

- Organizations involved in real estate transactions and advocacy groups for persons protected under fair housing law and in need of fair housing training are receptive to such training.
- A number of communities are interested in considering the passage of local fair housing laws and are at various stages in implementing such actions.
- Based on the Commission's "pattern and practice" investigation of Section 8 housing in six cities in Texas, there is no evidence of housing discrimination toward African Americans. Eligible whites and Hispanics have the lowest participation in the Section 8 program (with the exception of San Antonio) based on their group percentage representation within the total population.
- Policies, procedures and regulations governing the Section 8 program tend to decrease participation by private multi-family housing providers and to restrict available housing to racially or low-income populated neighborhoods.

***Ignorance of the Requirements of the Fair Housing Act***

It is believed that a substantial proportion of non-compliance with the Fair Housing Act is the result of simple ignorance (as opposed to a willful intent to disregard the law.) While many individuals are, in fact, acting prejudicially in the housing market, they are often unaware that such behavior is against the law. Until someone challenges this behavior (such as with a complaint to the Texas Commission on Human Rights), such behavior will continue.

# Litigation, Investigations, and Laws Impacting Fair Housing

## **Young v. Martinez<sup>2</sup>**

The Young v. Martinez case evolved from a civil rights complaint filed by Lucille Young against the Clarksville Housing Authority in 1980, alleging that HUD had knowingly maintained a continuing system of segregated public housing in violation of the U.S. Constitution and various civil rights laws.

The lawsuit was later expanded to include 36 counties in East Texas. While there are 70 public housing authorities (PHAs) in the 36-county area, they had never been brought into the lawsuit as parties. In 1982, the U. S. District court for the Eastern District of Texas certified a class consisting of all African-American applicants for and residents of HUD-funded public housing, rent supplement and Section 8 programs in the 36-county area. The plaintiffs contended that there was segregation in HUD's Low Income Public Housing, Section 8 Existing Housing Program, and other HUD-assisted multifamily programs (including insured housing).

In 1985, the court issued a liability decision, finding that *HUD had knowingly and continually* maintained a system of segregated housing in the 36-county area. In 1987, while an appeal was pending, HUD and the plaintiffs reached an agreement, limiting the scope of the case to public housing in the 36-county area. The Young "class" thus consists of all African-American residents of, or applicants for, public housing in the 36-county area. In 1988, the court appointed a special master and issued an interim injunction which mandated that:

- 1) class members may not be subjected to segregation or separate treatment;
- 2) each Public Housing Authority in the class action counties adopt by June 1, 1988 a modified Tenant Selection and Assignment Plan;
- 3) PHAs and private owners amend their Affirmative Fair Housing Marketing Plan or Equal Housing Opportunity Plan by June 1, 1988 (to provide a preference to class members equal to, but not greater than, the three federal preferences);
- 4) HUD:
  - attempt to create and develop housing alternatives for class members in areas and neighborhoods that will offer desegregated housing;
  - give each class member written notice every six months of all HUD assisted projects and programs in relevant market areas, and the alternatives, if any, created above;
  - designate specific personnel to respond to requests for information, requests for assistance, and complaints of discrimination or of violations of HUD applicant selection procedures for class members;
  - keep a written record of the requests and complaints received by the Desegregation Coordination Office and the Fair Housing and Equal Opportunity Office;
  - provide those PHAs in apparent noncompliance 60 days to comply substantially with the provisions of Title IV before referring the matter to HUD Headquarters for formal enforcement;
  - perform intensive monitoring for each PHA in the 36 class action counties within two years from March 3, 1988;
  - include, as a "Gross Indicator" of each PHA, the presence of racially identifiable project sites;
  - give priority to class action county PHA proposals for CIAP funds, if they are designed to remedy disparities between identifiable White and African-American projects;

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<sup>2</sup> Please note that TDHCA is not involved in the Young v. Martinez litigation and does not have access to detailed information related to the case.

- consider the effects the Section 8 Fair Market Rents and procedures governing its Section 8 Certificate and Voucher programs will have on class members obtaining desegregated housing;
- furnish a statement of all housing resources which are allocated to HUD Region VI during the Interim Injunction period;
- file reports every three months with the Court detailing compliance with each provision of the Order and reporting results of that compliance; and,
- give plaintiff's counsel access to all documents referred to in the Order.

After further settlement discussions between HUD and the plaintiffs proved unsuccessful, the court issued an Order for Further Relief in 1990 which required HUD to:

- secure Court approval of its information gathering and reporting system;
- submit, for Court approval, individual desegregation plans for each of the 70 PHAs in the class action or, optionally, to provide documentation that a PHA had achieved unitary status in lieu of an individual desegregation plan. Each plan was to provide for the equalization of conditions between predominantly African-American projects and the conditions in the projects and neighborhoods where the majority of white HUD-assisted housing recipients resided;
- conduct an analysis on non-PHA agencies to determine compliance with the interim Injunction requirements;
- submit a plan for the funding the development of a non-profit organization to provide fair housing counseling and advocacy services to class members;
- submit a proposal to the Court regarding format and content of a quarterly Court report;
- drop the preference for class members of PHAs that operate low-rent and other non low-rent public housing projects which have a merged waiting list;
- hold the Secretary and Regional Administrator and their successors in office *personally* responsible for compliance with the Interim Instruction;

HUD was also required to consider establishing magnet projects and converting smaller elderly units into larger family units to house class members. HUD established the Desegregation Coordinating Office in the Fort Worth Regional Office to facilitate the desegregation of the East Texas PHAs under the court's orders. Beginning in late 1990, HUD undertook a massive fact-gathering effort to develop information for the plans; by June 1991, HUD had submitted plans or unitary status assertions for all 70 PHAs. The plans contemplated expenditures in excess of \$10 million, primarily consisting of Comprehensive Improvement Assistance Program (CIAP) and CDBG funding to equalize conditions at predominantly African-American project sites.

Although the court never ruled on the plans, HUD began to implement them. In March 1992, the plaintiffs filed an opposition to the 70 plans and unitary status assertions, arguing that HUD's proposed actions were insufficient to remove identified vestiges of discrimination. The plaintiff sought among other things, the provision of new units, Section 8 certificates and vouchers for East Texas, and the installation of air conditioning in the over 7,000 non-elderly public housing units in the 36-county area.

The court ordered a hearing for October 27, 1993. Shortly before this date, however, HUD withdrew all of the plans and unitary status assertions and asked for an opportunity to allow review of the situation by the Clinton Administration. The plaintiffs agreed to postpone the hearings until February 1994.

In November 1993, the Assistant Secretary for Fair Housing and Equal Opportunity convened an intra-departmental Desegregation Plan and Remedial Task force (DEPART) to review and recommend revisions to the 70 plans and unitary status assertions. DEPART concluded that, in general, the original plans needed revisions in light of the new Administration's policy to better address the vestiges of racial segregation in all forms of housing. DEPART concluded more specifically that there were still a number of racially identifiable PHA projects in East Texas.

DEPART proposed that HUD amend the plans to include more aggressive desegregative measures. With these amendments, HUD attempted to overcome spatial separation and segregation, over and above the

more limited objective of merely eliminating racially identifiable project sites, in all assisted housing in the affected jurisdictions

In developing the plan amendments, where necessary, HUD employs an area-wide approach. This approach may involve the merging of waiting lists between PHAs and separate programs administered by the same PHA, cross-listing of waiting lists, or skip-overs. Because of the substantial budgetary impact, it may take as long as seven years to implement some aspects of the plan amendments (i.e., the installation of air conditioning). However, HUD will ensure through the establishment of schedules, that the implementation of most elements of each PHA's plan will begin as soon as practicable after adoption of the plan amendments.

The Interim Injunction continues in effect with the exception of certain specific modifications. In March 1995, the federal district court entered an order of final judgment and decree which directed HUD to;

- make improvements to federally insured or subsidized housing along with improvements to the various neighborhoods in which they are located;
- create approximately 5,134 desegregated housing opportunities for class members;
- eliminate racially identifiable sites in the low rent public housing program (meaning that no site should have a population of 75% or greater of one race);
- create a fair housing service center which would provide counseling to families desiring to pursue desegregated housing opportunities; and,
- address the problem of racially hostile areas or communities and develop a plan of action to deal with such matters.

The State of Texas is cooperating with HUD to assist it in redressing the findings of the court that there exists vestiges of discrimination in the PHAs which are evidenced by disparities in the provision of municipal services in predominately African-American public housing developments and surrounding neighborhoods and lack of desegregated housing opportunities.

### **Walker, et al. v. HUD, et al.**

A second major case, filed on June 25, 1985, involves discrimination in public housing in the Dallas area. It represents a class action against HUD, the Dallas Housing Authority (DHA) and, at one time, the City of Dallas and other cities in Dallas County. The "class" constituted 7,200 black households "who are presently or who during the pendency of [the] case became either (a.) residents of a DHA owned or managed project, or (b) participants in the DHA Section 8 Existing Housing Program." The suit originally alleged purposeful discrimination by the defendants which caused racial segregation.

The issue dates to 1950, when records indicate that community leaders in Dallas were becoming increasingly alarmed with the inadequate housing conditions of blacks and hispanics. Reports from that era are quite pointed with respect to finding a "solution to the Negro housing problem." The greatest fear was clearly that overcrowded housing conditions in predominantly minority occupied areas were beginning to increase the likelihood that these households would begin to filter into "white" neighborhoods. The City Council, with the acquiescence of the Dallas Housing Authority, sought and received federal funding to construct the "West Dallas" project.

The West Dallas project is actually three separate project sites: George Loving Place (with 1,500 units); Edgar Ward Place (with 1,500 units); and, Elmer Scott Place (with 500 units). The plans for these projects literally called for setting aside separate parks and commercial areas for the separate races; it was hailed as the largest low rise public housing project in the United States. Completion of the project achieved the desired purpose, at least for a while, of stemming the migration of blacks into other neighborhoods in the Dallas area and further exacerbating the extraordinary concentration of blacks in the city.

By 1985, the housing stock in these sites had declined precipitously. One thousand three hundred (1,300) of the units were contaminated with lead (the sites were located near a lead smelter) and most of

the units were in utter disrepair. The vacancy rate in the area had soared to 38%, and crime was rampant. Estimates at the time concluded that it would cost \$65 million to rehabilitate the units in these sites (which would improve the quality of housing, but not the freedom of choice or the onerous effects of segregation.) Compounding the problem were the facts that:

- no new replacement housing was being constructed;
- neighboring jurisdictions were not participating in the Section 8 program, reducing choice and mobility in the metropolitan area; and,
- many residents of (and applicants for) public housing were being told that they could not apply for Section 8 without losing their place on the public housing waiting list.

The Court ruled in favor of the plaintiffs, and on January 1, 1987, issued a Consent Decree against HUD and DHA. (Other defendant cities were dropped from the judgment when they agreed to participate in the Section 8 program.) The Consent Decree, while detailed and specific, prescribed the following major actions:

- dramatic improvements to the process of tenant selection and assignment;
- provision of greater housing mobility, making affirmative actions to give everyone a choice to move to housing in “non-impacted” (i.e., non-minority concentrated) areas;
- utilization of the 120% of fair market rent exception to DHUD Section 8 rules;
- a goal for 15% of all Section 8 units to be in non-impacted areas by a specific date;
- housing quality standards and inspections;
- construction of 100 new public housing units (and the first public housing to be constructed in Dallas since the West Dallas project) in non-impacted areas;
- development of a unitary waiting list (with the mandate that any person at the top of the list refusing the next available unit must go to the end of the list); and,
- one for one replacement of demolished housing.

During the years subsequent to the Consent Decree, the plaintiffs filed several motions to compel the defendants to execute the Plan as ordered by the Court. The Committee to Save Public Housing objected to the plan for demolition of some 1,000 dilapidated units, arguing that this would make an already difficult housing shortage even worse. The 1988 HUD Appropriations Act included the so-called “Frost Amendment”, which prohibited the use of federal funds to demolish any units in the West Dallas project. In a separate, but related case (Tillie Taylor, et al. v. HUD) the court ruled the amendment unconstitutional as a violation of the separation of powers doctrine.

In response to these various complaints and objections, the Court found that the defendants were in substantial non-compliance with the Consent Decree. In particular, the Court determined that the DHA “repeatedly violated the Consent Decree beginning almost with its inception and continuing at least through December 12 and 14, 1988, when the last hearing was held. The violations by DHA were pervasive; and, many were particularly egregious...”

The Court then appointed a Special Master to monitor compliance with the Consent Order by all parties. The expenses of the Special Master were to be borne by the DHA.

In 1991, the Court of Appeals for the Fifth Circuit, dropped the City of Dallas as a defendant (with no written explanation.)

### **Olmstead v. L.C.**

The U.S. Supreme Court in Olmstead v. L. C. held that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the ADA. “Under Title II of the Americans with Disabilities Act,” the Court stated, “States are required to provide

community-based treatment for persons with mental disabilities when the State's treatment professionals determine that such placement is appropriate, the affected persons do not oppose such treatment, and the placement can be reasonably accommodated, taking into account the resources available to the State and the needs of others with disabilities.”

On September 28, 1999, Governor George W. Bush affirmed the value of community-based supports for persons with disabilities through Executive Order GWB 99-2. Pursuant to his order, the Texas Health and Human Services Commission (HHSC) was directed to enlist the participation of families, consumers, advocates, providers, and relevant agency representatives in a comprehensive review of all services and support systems available to persons with disabilities.

### **SB 623**

Senate Bill 623 (Texas Government Code Annotated, Section 2306.514) took effect September 1, 1999. The bill adopted by the Texas Legislature, addresses the needs of people with disabilities in construction of single family homes. It promotes basic access in housing design and construction by incorporating four universal design features into new construction:

1. At least one no-step entrance (may be at the front, side, back or garage entrance) with at least a standard 36-inch door;
2. Doorways throughout the home which are at least 32 inches wide; hallways at least 36 inches wide;
3. Reinforced walls near the toilet and bathtub so that grab bars may be added if needed at a later date;
4. Light switches and electrical controls no higher than 48 inches, electrical plugs at least 15 inches above the floor, and indoor breaker boxes.

SB 623 provides for these features in single family homes if federal or state money administered by the Texas Department of Housing and Community Affairs is utilized for new construction or rehabilitation.

### **HB 3340**

HB 3340 (Texas Government Code, Section 2306.071, note) required TDHCA, in coordination with The Texas Department of Human Services (DHS), nonprofit organizations, public housing authorities, and others, to provide expand long-term care housing options for elderly residents with low, very low, or extremely low income on a pilot basis.

### **SB 358**

Among other things, SB 358 (Texas Health and Safety Code, Section 531.001) requires TDHCA and Texas Department of Mental Health and Mental Retardation (TXMHMR) to implement a demonstration program “to demonstrate the effectiveness of interagency cooperation for providing supported housing services to individuals who reside in personal care facilities.”

### **SB 1287**

The Texas Bootstrap Loan Program, as defined by SB 1287 “Owner/Builder Loan Program”, was designed to promote and enhance homeownership opportunities to very low income Texans by providing loan funds to purchase and/or refinance property and to build their own home, and reconstruct or renovate single family housing.

### **Status Report on Matters Before the Human Rights Commission Related to Housing Discrimination As Included in the 2001 State of Texas Low Income Housing Plan and Annual Report:**

- I. Housing Complaints Currently in the Office of General Counsel
  - A. Cause Cases/Administrative Hearings

None at this time

B. Merits

TCHR, on Behalf of Complainant, Joyce Richardson v. Mary Voelke [No. 98-1473;336<sup>th</sup> DC (Grayson); AG# 981013634; TCHR No. 2970098-HU; HUD No. 06-97-0538-8] – housing discrimination based on race (Black); charge issued July 31, 1998; Original Petition filed September 15, 1998.

TCHR, on behalf of Complainant, Julie Dana v. Palmira Billings [No. C5614-96-G, 370<sup>th</sup> DC (Hidalgo); AG# 96613356; TCHR No. 290130-HU; HUD No. 06-95-0484-8]—Housing discrimination based on familial status, charge issued August 28, 1996; Plaintiff's Original Petition filed October 17, 1996.

C. Appeals

None at this time

II. Cased Closed by Office of General Counsel During fiscal Year 2000

TCHR, on behalf of Eddie Haynes v. El Ranchito MHP Owner's Assoc. [TCHR No. 2960191-HU; HUD No. 06-96-0699-8; Before the Texas Commission on Human Rights] – housing discrimination based on race (Black), national origin, and familial status.

TCHR, on behalf of Complainant, Derrick Taylor v. Cedar Creek Apts., et al [No. 067-175302-98; 67<sup>th</sup> DC (Tarrant); AG# 981013576; TCHR no. 2970036-HU; HUF No. 06-97-0250-8] – housing discrimination based on familial status; charge issued on July 31, 1998.

TCHR, on behalf of Complainant, the Burke Center, formerly Deep East Texas MHMR Services v. Bay Meadows Section of Walnut Run Estates, et al. [No. 99-0621, Texas Supreme Court, AG# 95292524; TCHR No. 1940260-HU] – Housing discrimination based on disability; drafted an prepared charge; charge issued May 25, 1995; Plaintiff's Original Petition filed on July 7, 1995 in Jasper County, Texas/ Decision of trial court (for Defendant, \$48,000 in attorney fees to be paid by the Commission) appealed to Third Court of Appeals, Beaumont. Court of Appeals upheld trial court verdict by reversed attorney fees. Currently on appeal to the Texas Supreme Court.

III. Cases closed by TCHR Housing Unit Through Conciliation or Settlement

Thirty-three (33) cases closed through conciliation.

Twenty-one (21) cases closed through settlement.



# Demographic Analysis

## Housing Issues for Special Needs Populations

The following analysis outlines the special needs populations that consistently face discrimination related the acquisition of safe, decent, affordable housing.

### Persons with Disabilities

The U.S. Census Bureau, HUD, and TDHCA agree that the number of persons with disabilities in Texas has been severely underestimated. The Texas Department of Human Services estimates that in 2000, there were 3,836,014 persons in Texas with some sort of disability, 812,313 of whom lived under the poverty level. However, the estimations do not differentiate types of disabilities.

According to the 2000 U.S. Census data, there are approximately 2,725,120 disabled, civilian, non-institutionalized persons over the age of 5 in Texas. Unfortunately, detailed statistics on the disabled population were not available at publication, thus much information is based on 1990 finding. According to 1990 U.S. Census data, there were a total of 2,968,362 persons in Texas with a disability. While disability information was stratified by such categories as “uses a wheelchair” and “difficulty lifting/carrying,” the disability definitions used were not sufficiently comprehensive and precise to effectively determine disability status or housing needs. For example, the 1990 Census estimated that 812,848 persons in Texas between the ages of 16 and 84 had a “work disability,” which was defined as a physical or mental condition that had existed for more than six months and which limited the kind or amount of work that an individual could do at a job or business. The problem with this definition was that it implied that the only factor affecting the ability of the individual to work is his or her condition. The reality is that under one set of environmental factors, a given condition may prevent or hinder work, but if physical or social barriers are removed, the same condition may have no effect on the person’s ability to work.

The 1990 U.S. Census estimated that there were 831,145 total non-institutionalized persons sixteen years or older in Texas in 1990 with mobility or self-care limitations, or both. This figure represents 5 percent of the State population. The 1990 Census estimated that there were 812,848 persons in Texas from 16 to 64 years old with a work disability. Of this population, 407,819, or approximately 50 percent, were “prevented from working” due to a work disability.

Because specific housing programs and services at the State level target persons with severe mental illness and persons with developmental disabilities, mention must be made about these two subgroups of the population. “Persons with severe mental illness” have a long-term mental or emotional impairment that makes it difficult to compete effectively for limited housing and social service resources. “Persons with developmental disabilities” are defined as individuals who have a severe, chronic disability that is attributable to a mental or physical impairment, or a combination of mental and physical impairments, that manifests itself before the individual reaches age 22 and is likely to continue indefinitely. The condition results in substantial functional limitations in three or more of seven areas of major life activity. Such individuals need a combination and sequence of special interdisciplinary, generic services, supports or other assistance that is of lifelong or extended duration and is individually planned and coordinated.<sup>3</sup>

According to Texas Mental Health and Mental Retardation Agency (TMHMR), in 2000, there were nearly 3 million persons in Texas with some form of mental illness. Of these, 558,518 persons had a mental illness that constituted a physical impairment. According to 2001 data by the TMHMR, approximately 565,067 persons have some form of mental retardation. Of these, 22,768 have profound or severe mental retardation.<sup>4</sup>

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<sup>3</sup> The definition for persons with severe mental illness comes *Americans with Disabilities*; the definition for persons with developmental disabilities comes from the *Developmental Disabilities Assistance and Bill of Rights Act*.

<sup>4</sup> Texas Mental Health and Mental Retardation Agency:  
<http://www.mhmr.state.tx.us/CentralOffice/PublicInformationOffice/FaqsMAIN.html>

### ***The Search for Housing***

The search for housing for persons with disabilities is complicated by poverty. The Texas Department of Health estimates that in 2000 there were 812,313 disabled Texans living below poverty level. For 2001, the average Fair Market Rent (FMR) for a one-bedroom apartment unit in Texas is \$455. A unit is considered affordable if it costs no more than 30 percent of the renter's income; an individual receiving Supplemental Security Income (SSI) of \$303 monthly can afford a monthly rent of no more than \$91.<sup>5</sup>

A survey conducted by American Disabled for Attendant Programs Today (ADAPT), a grassroots disability rights organization, found that the majority of people who require accessible housing would prefer to live in housing which integrates people with and without disabilities. This has been a criticism of HUD's Supportive Housing for the Elderly Program (Section 202 Program), which was designed to create accessible multi-family housing for elderly persons with disabilities. It was found to isolate people with disabilities from the rest of the general population. HUD's Supportive Housing for Persons with Disabilities (Section 811 Program) allocates funds for nonprofit organizations to provide a range of housing types, including multifamily housing complexes, condominiums, cooperatives or group homes for disabled persons between the ages of 18 and 62. Up to 25 percent of Section 811 funds can be used as Tenant Based Rental Assistance through the Section 8 Mainstream Housing Opportunities for Persons with Disabilities Program.<sup>6</sup>

There is a significant shortage of housing that is physically accessible to persons with disabilities and an even greater shortage of accessible housing that has multiple bedrooms. Many persons with disabilities require larger housing units because they live with family, roommates or attendants. The lack of multi-bedroom housing furthers their segregation. Moreover, accessible housing is an urgent and present need for not only citizens who currently have disabilities, but for the aging population in the U.S., which will likely develop disabilities as time goes on. Accessible housing will become increasingly more important as the ability for self-care and mobility decreases with age.

According to *Toward Independence*, providing appropriate housing options for persons with disabilities is highly cost effective because of the significant savings that result from enabling such persons to live in the community, secure employment and pay taxes. Furthermore, "the continuing existence of unfair and unnecessary discrimination and prejudice . . . costs the United States billions of dollars in unnecessary expenses resulting from dependency and unproductivity."<sup>7</sup>

### **Elderly Persons**

According to a Texas Department on Aging (TDoA) March, 2000 report, 2.7 million, or 13 percent, of the 20.3 million people in Texas are 60 years old and older. Paralleling national trends, this age group is growing quickly in Texas. Between 1980 and 1990, the 60 years old and above population increased by 23 percent, compared to a 19 percent population increase overall.<sup>8</sup>

#### Additional Statistics on Elderly Texans<sup>9</sup>

- Texans aged 60+ are projected to total 7,498,859 in 2030, an increase of 176 percent from the year 2000. By 2030, the 60+ population is projected to comprise 22 percent of the total Texas population.
- Projections indicate the 60+ population will itself grow older. In 2000, the 75+ age group totals almost one million; by 2030, the total is projected to reach about 2.4 million, a 160 percent increase.
- The older female population outnumbers the older male population – approximately 74 males for every 100 females.

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<sup>5</sup> *Out of Reach*, National Low Income Housing Coalition/LIHIS, September 2000: <http://www.nlihc.org/cgi-bin/oor2000.pl?getstate=on&state=TX>

<sup>6</sup> <http://www.tacinc.org/hc/811.htm>

<sup>7</sup> *Toward Independence*, TX Planning Council for Developmental Disabilities, 1990, p. 37.

<sup>8</sup> TDoA, *Statistics and Demographics*: <http://www.tdoa.state.tx.us/documents/demorep.pdf> (accessed 9/01).

<sup>9</sup> *Ibid.*

- Over half (53 percent) of the older population lives in the most urban regions of Texas (HHS Regions – Metroplex, Gulf Coast, and Upper South).

### **Housing Needs**

As they age, many elderly residents become frail and require supportive services. Seventy percent of Texans 60 and older have no serious disabilities that impede their mobility or ability to care for themselves. However, 30 percent, or 700,000 persons, do have impaired mobility and abilities. Among those who are physically impaired, 68 percent are also categorized as low income.<sup>10</sup>

Federal Supplemental Security Income assistance is the only source of income for many elderly Texas, but provides only 77 percent of the poverty level income. According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas are below the poverty level. And according to 1990 Census data, approximately 25 percent are “near poor” with incomes no higher than 25 percent above poverty. Furthermore, the TDoA has found that among individuals 75 years and older, the poverty rate is 15.5 percent.<sup>11</sup> While Medicaid covers nursing home care and not assisted living services, this may prematurely place low-income seniors in nursing home facilities. But interestingly, according to December 1999 Medicaid enrollment data, only 13 percent of individuals in Texas age 60 and over participated in the program.<sup>12</sup>

Only about 5 percent of Texans over the age of sixty live in nursing homes, group homes or other institutional-type settings.<sup>13</sup> According to the Texas Department of Human Services, the average monthly cost of nursing facility care is \$3,416.<sup>14</sup> With the expense of nursing home care after six months, the average nursing home resident exhausts personal funds and becomes Medicaid eligible.<sup>15</sup>

It is important to note that elderly persons have a high rate of homeownership. Nationwide, 78 percent of elderly householders (65+) own their own homes.<sup>16</sup> However, elderly homeowners generally live in older homes than younger owners do; approximately 50% of homes owned by elderly households were constructed prior to 1960.<sup>17</sup> Due to their age, homes owned by the elderly are often in need of weatherization and energy assistance. Despite the high rate of homeownership, elderly households still spend a larger proportion of income on housing than do younger households. The percentage of individuals spending more than one-fourth of their income on housing costs in 1997 was higher for older homeowners than for younger owners (37 percent vs. 30 percent).<sup>18</sup>

Some elderly households may require in-house services such as medical treatment, meal preparation or house cleaning. Community Care services, a program administered by the Texas Department of Human Services to meet the needs of elderly and disabled Texans who seek to avoid premature nursing home placement, proves to be much more cost effective than nursing home care. The Department of Human Services reports that in fiscal year 2000, 66,080 nursing facility clients were assisted at an average monthly cost of \$1,955.48 per client. In that same period, Community Care services assisted 117,705 clients at an average monthly cost of \$605.24 per client.<sup>19</sup>

Clearly, the most cost-effective means of assisting elderly persons is to emphasize community care alternatives in order to keep individuals in their homes. Not only is there a dramatic difference in per client cost between nursing home care and community care, but there is also an immeasurable benefit in human terms. A 1992 survey conducted by the American Association of Retired Persons found that 85 percent of elderly persons expressed a desire to stay in their own homes. If unable to

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<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> <http://www.tdoa.state.tx.us/documents/SOS-2-07.pdf> (accessed 9/01)

<sup>14</sup> <http://www.dhs.state.tx.us/nhconsumer.html> (accessed 9/01)

<sup>15</sup> <http://www.tdoa.state.tx.us/elderite.htm> (Accessed 9/00)

<sup>16</sup> [www.aoa.dhhs.gov/aoa/stats/profile/default.htm](http://www.aoa.dhhs.gov/aoa/stats/profile/default.htm) (accessed 9/01)

<sup>17</sup> [www.aoa.dhhs.gov/aoa/stats/profile/default.htm](http://www.aoa.dhhs.gov/aoa/stats/profile/default.htm) (accessed 9/01)

<sup>18</sup> [www.aoa.dhhs.gov/aoa/stats/profile/default.htm](http://www.aoa.dhhs.gov/aoa/stats/profile/default.htm) (accessed 9/01)

<sup>19</sup> [http://www.dhs.state.tx.us/publications/AnnualReport/2000/AR%20Stats\\_p103\\_118.pdf](http://www.dhs.state.tx.us/publications/AnnualReport/2000/AR%20Stats_p103_118.pdf) (accessed 9/01)

remain in their own homes, many older individuals would prefer to live in an environment that retains the qualities of their own home rather than enter institutionalized housing.<sup>20</sup>

### **Persons with HIV/AIDS**

According to the Texas Department of Health:

- From 1980 through December 2000, 54,447 AIDS cases have been reported. A total of 7,354 HIV infections have been reported since 1994. The combined total of HIV/AIDS cases was 61,801.
- As of December 2000, there were 31,876 living HIV/AIDS cases reported in Texas. The age at diagnosis most frequently occurred among those age 30 through 39 (46 percent).
- Cumulative cases of individuals diagnosed with HIV/AIDS according to race/ethnicity: 50.6 percent White, 29.9 percent African American, 18.8 percent Hispanic and .5 percent Other.
- Women represent a greater proportion of living HIV/AIDS cases: 18 percent compared with 13 percent of cumulative cases.
- Approximately 75 percent of all living HIV/AIDS cases reside in the five major metropolitan areas in Texas.

### **Persons with Alcohol or Drug Addictions**

In 1997, the Texas Commission on Alcohol and Drug Abuse (TCADA) estimated that there were approximately 2,700,000 persons (approximately 14 percent of the State's population) with drug or alcohol-related problems in Texas.<sup>21</sup> Of this number, approximately 204,000 individuals are willing to enter treatment, but are indigent and unable to pay the cost of treatment.<sup>22</sup> According to 2000 statistics, 31,352 persons were helped through TCADA-funded treatment.<sup>23</sup> The average age of those assisted was 34, 63 percent of whom were male. Fifty-one percent of clients were White, 21 percent were African American and 27 percent were Hispanic. Forty-five percent of clients had entered treatment for the first time. The average income of those admitted was \$7,216 and only 27 percent were employed. Seventy-one percent of the clients lived with family, and 8 percent were homeless.<sup>24</sup>

### **Homelessness**

Currently, Texas does not have a statistically sound statewide count of the homeless. The U.S. Census Bureau, HUD, and TDHCA support the fact that the number of homeless persons in Texas has been severely underestimated. Any count of the homeless population represents an elastic number subject to the definition of the researcher and the methodological approach used. Estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless persons lack basic documentation all contribute to the difficulty of making an accurate count. Additionally, most homeless counts are "point in time" estimates that do not capture the revolving door phenomenon of persons moving in and out of shelters over time.

A 1997 review of research conducted over the past decade (1987-1997) in 11 communities and 4 states found that shelter capacity more than doubled in nine communities and three states during that time period (National Coalition for the Homeless, 1997). In two communities and two states, shelter capacity has tripled over the decade.

These numbers are useful for measuring the growth in demand for shelter beds (and the resources made available to respond to that growth) over time. They indicate a dramatic increase in homelessness in the United States over the past two decades.

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<sup>20</sup> *Older Americans Report*, August 7, 1998, p. 264.

<sup>21</sup> Texas Commission on Alcohol and Drug Abuse: <http://www.tcada.state.tx.us>

<sup>22</sup> *Ibid.*

<sup>23</sup> <http://www.tcada.state.tx.us/research/statistics/statetotals.html> (accessed 8/01)

<sup>24</sup> *Ibid.*

By its very nature, homelessness is impossible to measure with 100 percent accuracy, but recent studies suggest that throughout the United States homelessness is at a much higher rate than previously thought.

## **Colonias**

A “*colonia*,” is an unincorporated subdivision geographic area located within 150 miles of the Texas-Mexico border that lacks a potable water supply, adequate sewage system, and decent, safe, and sanitary housing. The majority of the population is composed of individuals and families of low and very low income. With living conditions often compared to Third World countries, the colonias present one of the most critical housing needs in the State. Housing in the colonias is primarily constructed with scarce materials. Professional builders are rarely used. Residents frequently start with makeshift structures of wood, cardboard or other materials and, as finances allow, continue to improve their homes.

Colonia residents tend to be young, predominately Hispanic, low to very low income, and employed in low-paying employment sectors. According to the 1990 Census, 36.6 percent of colonia residents nationwide are children (compared to 29 percent statewide). Nearly all are Hispanic and 27.4 percent speak Spanish as their primary language. However, contrary to common perception, more than 75 percent of colonia residents were born in the U.S. and 85 percent are U.S. citizens.

The workforce tends to be young and unskilled; consequently, wages are low. Family incomes in the counties along the border tend to be much lower than the state average of \$16,717: Starr County \$5,559; Maverick County \$7,631; and Hidalgo County \$8,899.<sup>25</sup> Primary occupations are seasonal in nature; agriculture service providers and construction-related jobs account for more than 50 percent of the workforce.<sup>26</sup> A 1993 study by the Texas A&M Center for Housing and Urban Development indicated that unemployment levels in five Rio Grande Valley colonias ranged from 20 percent to as high as 70 percent, as compared with the overall state unemployment rate of only seven percent.

According to a random survey in June 2000 by the Texas Department of Health, of 96 colonias in six border counties (Cameron, El Paso, Hidalgo, Maverick, Val Verde and Webb), almost half of the colonia households made less than \$834 a month. Nearly 70 percent of the residents never graduated from high school.<sup>27</sup>

As indicated in a February 1999 Status Report of the Center for Housing and Urban Development College of Architecture – Texas A&M University, there are approximately 1,450 colonias in the State of Texas, which are home to over 350,000 Texans. Future projections indicate the population may reach as high as 700,000 residents by the year 2010.<sup>28</sup>

## **Migrant Farmworkers**

A 2000 study by the U.S. Department of Health and Human Services estimated that there are 362,724 migrant and seasonal farm workers and families residing in Texas.<sup>29</sup> A large portion of this population lives in the border region.<sup>30</sup> According to the Texas Workforce Commission (TWC), 60 percent of the migrant and seasonal farmworkers who register to work through TWC offices live in the Rio Grande Valley counties of Hidalgo, Cameron, and Starr. All three counties already experience high levels of poverty and unemployment, particularly in the colonia areas. Accordingly, many of the housing problems encountered by the farmworker population overlap significantly with those experienced by residents of the colonias.

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<sup>25</sup> *Texas Colonias: A Thumbnail Sketch of Conditions, Issues, Challenges, and Opportunities*, Federal Reserve Bank of Dallas, 1996.

<sup>26</sup> *Baseline Conditions in the lower Rio Grande Valley*, Texas A&M Center for Housing and Urban Development, 1993.

<sup>27</sup> *The Border Economy*, Federal Reserve Bank of Dallas June 2001

<sup>28</sup> LBJ School of Public Affairs, University of Texas at Austin, January 1996; and Texas Department of Housing and Community Affairs.

<sup>29</sup> *ibid.*

<sup>30</sup> Housing Subcommittee, Housing Needs, p. 8; Border Low Income Housing Coalition, Border Housing, p. 28.

The population of migrant farmworkers in Texas is growing steadily while average migrant family income is dropping. The National Agricultural Workers Survey conducted between 1997 and 1998 found that approximately 60 percent of all farmworkers lived below the poverty level. Approximately one half of individual workers earned less than \$7,500 while migrant families earned less than \$10,000 yearly. In addition, only 5 percent of workers received health benefits from their employers and, while few workers obtained need-based federal assistance, most received food stamps and 20 percent were covered by unemployment insurance.<sup>31</sup>

## **General Statewide Demographic Analysis**

### **Economics**

While the last few years have seen growth in real wages at all levels, these increases have not been enough to counteract a long pattern of stagnant and declining wages. Low-wage workers have been particularly hard hit by wage trends. Despite recent increases in the minimum wage, the real value of the minimum wage in 1997 was 18.1 percent less than in 1979.<sup>32</sup> In 1999, low wage workers (at the 20<sup>th</sup> percentile) had an inflation-adjusted hourly wage that was still 4.5 percent lower than the 1979 hourly wage.<sup>33</sup> Factors contributing to wage declines include erosion in the value of the minimum wage; a decline in manufacturing jobs and the corresponding expansion of lower-paying service-sector employment; globalization; and increased nonstandard work, such as temporary and part-time employment.<sup>34</sup>

Declining wages, in turn, have put housing out of reach for many workers. In every state, more than the minimum wage is required to afford a one- or two-bedroom apartment at Fair Market Rent (National Low Income Housing Coalition, 2000). In addition, 40 percent of households with "worst case housing needs" (households paying over half their incomes for rent, living in severely substandard housing, or both) have at least one working person. This represents a 32 percent increase in working households with worst case housing needs (from 1993 to 1995).<sup>35</sup>

### **Population Characteristics**

The State of Texas is one of the fastest growing states in the country. The fastest growing segments of the population are lower income persons and families. Long-term projections indicate that future population characteristics will create even a greater demand for affordable and subsidized housing than there is today - the affordability crisis will continue and expand. According to a report prepared for the Texas Legislature by The Center for Demographic and Socioeconomic Research and Education Department of Rural Sociology, Texas A&M University:

- Household growth, projected at 119.9 percent over the period 1990 to 2030, will increase at a faster rate than population growth, 99 percent during the same period. Consequently, the average size of households declines from 2.73 persons in 1990 to 2.47 persons in 2030.
- The population will become more ethnically diverse from 1990 to 2030 with 87.5 percent of the total net change coming from growth in minority populations. The Black population will increase 62 percent over the period while Hispanics will grow by 258 percent.
- The average age of the population will increase. By 2030, 17 percent of the population will be 65 years of age or older compared to 10 percent in 1990. Between now and 2010, the population group between 45 and 64 years of age will be the fastest growing segment, increasing from 17

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<sup>31</sup> U.S. Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study*, 1990. <http://bphc.hrsa.gov/migrant/default.htm>

<sup>32</sup> Mishel, Bernstein, and Schmitt, *The State of Working America: 1998-99*, 1999

<sup>33</sup> Mishel, et al, *The State of Working America: 2000-01*, 2000

<sup>34</sup> Mishel, Bernstein, and Schmitt, *The State of Working America: 1998-99*, 1999

<sup>35</sup> U.S. Housing and Urban Development, Office of Policy Development and Research, *Rental Housing Assistance – The Crisis Continues: 1997 Report to Congress on Worst Case Housing Needs*, 1998.

percent in 1990 to over 25 percent by 2010. Overall, the median age will increase from 30.8 years in 1990 to 37.9 years in 2030.

- The above population changes will impact the socioeconomic resources of the population. Ethnic differences in income were substantial in 1990 with Anglos accounting for 92 percent of all households with incomes of \$100,000 or more but were only 68 percent of all households. By 2030, although minorities will dominate in more income categories, Anglos will still account for the majority of households with incomes over \$50,000 while only accounting for 42 percent of all households. Because of the current differences, households will become poorer unless the relationship between income and ethnicity changes. Forty-seven percent of households had incomes below \$25,000 in 1990 while 53.7 percent is projected below that same level in 2030 (in 1990 dollars). Again, because household growth is faster than income growth, average household income will decline from \$35,667 in 1990 to \$32,299 in 2030 (in 1990 dollars).
- Projected households in poverty will increase from 16.2 percent in 1990 to 19.6 percent in 2030 with the number of households in poverty increasing by 165 percent over the same period.

Housing demand projections are directly linked to projected changes in the demographic makeup of the future population. The bottom line: projections show faster population and household growth in segments that generally create the largest demand on the affordable and subsidized housing supply.

### **Housing Stock**

Today, there is a shortage of affordable housing in the extremely low, very low, low, and moderate income brackets. This is primarily caused by the private sector's concentration of development, both single-family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families. The explosive growth of the metropolitan areas, as well as the lack of new construction during the late 80's and early 90's, created a huge demand for housing at all income levels. Due to higher margins associated with housing product targeted for the higher income population, developers focused production to fill the demand at the upper-end of the income spectrum.

According to a HUD report to Congress on Worst Case Housing Needs, the number of affordable rental units nationwide dropped by 5 percent from 1991 to 1997. In 1997 and 1998, rents increased at twice the rate of general inflation, while at the same time the number of renters at or below 30 percent of the median income continued to grow. In 1997, for every 100 households at or below 30 percent of median income, there were only 36 units both affordable and available for rent.

Currently, a significant portion of Texas' affordable housing portfolio consists of HUD financed or HUD subsidized properties -- many of which are at risk of becoming market rate properties. The most serious of the "at-risk" portfolios is the project-based Section 8 portfolio. The critical nature of this portfolio stems both from the number of units in the portfolio as well as the income-segment served. This portfolio contains approximately 49,000 units of deeply subsidized units. Of these units, roughly 21,000, or 44 percent of the portfolio, are classified as "Opt-Out" eligible. Another 10,000 units are "marginal" opt-out candidates with rents fairly close to market rents. The remaining units are classified as restructuring candidates that may or may not enter HUD's Mark-to-Market Program.

Based on 2000 Census figures, the total housing stock in Texas consists of a little over 8 million total housing units -- a 16.4% increase from 1990. Single-family units make up approximately 58% (a 28% increase from 1990), multifamily a little over 32% (a 13% increase from 1990) and manufactured housing at 10% of the total stock.

### **Region Specific Data**

The data source used for the following section was a special tabulation of the 1990 Census. HUD collaborated with the Census Bureau to develop special tabulations of the 1990 Census data to support development of the 1993 CHAS by local jurisdictions. This tabulation is available in two forms: a printed version, known as HUD's "Data Book for CHAS Preparers" and a more extensive CD-ROM version, which shall be referred to as the "CHAS Database." The figures presented here have been derived from the CHAS Database.

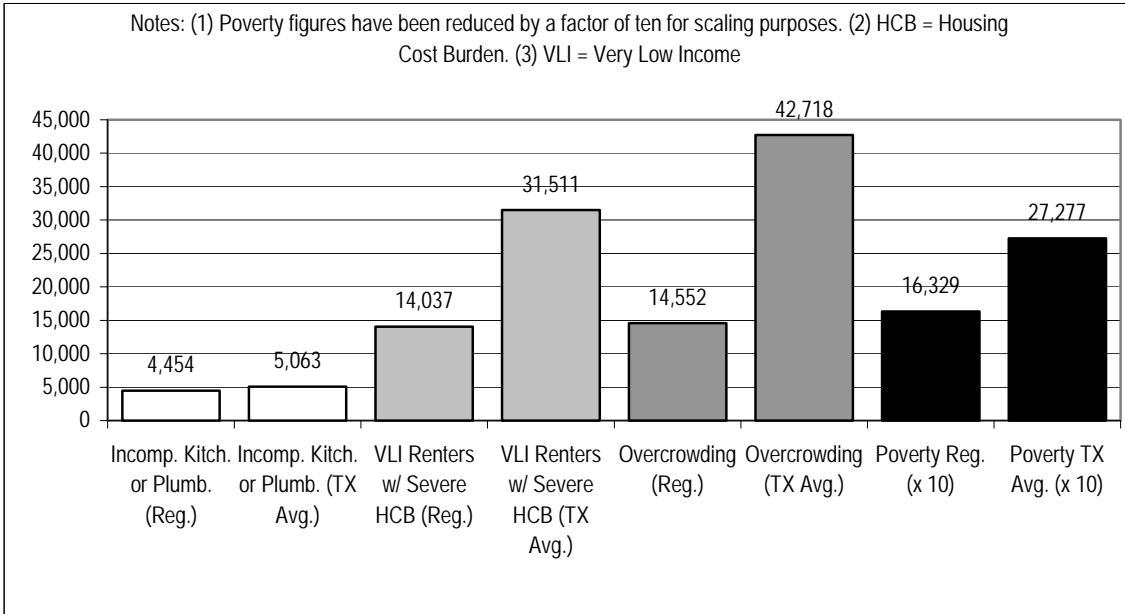
Below is a region specific analysis of the East Texas area that is involved in the Young v. Martinez litigation. For the sake of consistency with existing Texas Planning Regions, the 36 counties are included in Uniform State Service Regions Four and Five.



**REGION 4**

The estimated 2000 population of Region 4 was 982,619, an increase of 9 percent over 1990. The region’s population was 79.2 percent White, 17.7 percent Black, and 3.9 percent Hispanic according to the 1990 Census. The most populous age groups in this region are the 5 to 15, and 30 to 35 year old groups.

**Figure 4. Indicators of Need for Region 4**

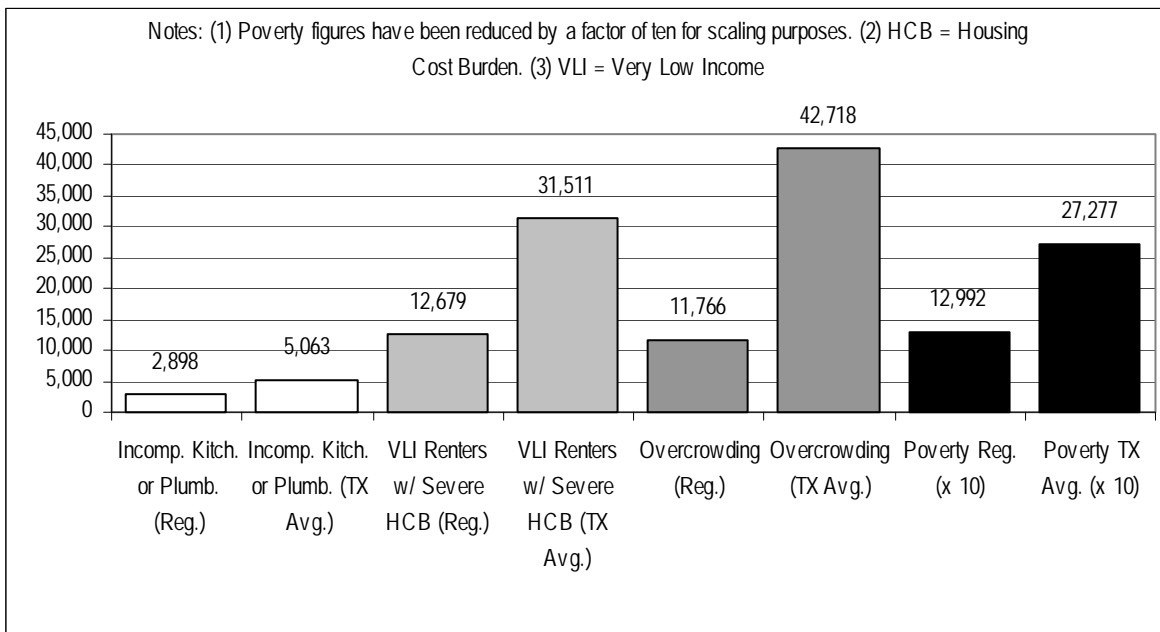


The distribution of low income households by county is relatively even in this region. The counties of Smith and Gregg have slightly higher counts due to higher populations. In 1990, there were 5,747 housing units with incomplete kitchens or plumbing, a per capita rate which is nearly three and half times that of Region 3. Four thousand, four hundred, and fifty-four (4,454) of those units were occupied by very low income households. Five counties in this region have “high” percentages of low income housing units lacking complete plumbing: Red River, Morris, Cass, Rusk, and Panola. Marion County ranks “very high” at 14 percent, having the highest percentage of units lacking plumbing outside of the Texas/Mexico border region. The statewide percentage of low housing income households with excess housing cost burden is exceeded in only one county – Camp County, (53 percent) while all other counties in the region show similar figures of about 40 percent. The region had 163,286 persons living in poverty or 18.12 percent of the region’s population, which is slightly above the statewide per capita average.

**REGION 5**

The 2000 population of Region 5 is estimated to be 726,178, a nine percent increase over 1990. In 1990, the ethnic distribution of the population was: 75.8 percent White, 20.7 percent Black, and 4.2 percent Hispanic.

Approximately half of the region's low income households are located in the Golden Triangle area (Jefferson and Orange Counties). In 1990, there were 3,827 housing units lacking complete kitchens or plumbing, a per capita rate nearly as high as that of Region 4. Two thousand, eight hundred, and ninety-eight (2,898) of those units were occupied by very low income households. The figures for the percentage of low income households with excess housing cost burden were generally low; only Nacogdoches, Trinity, and San Jacinto exceeded the state average. Among figures for percentage of very low income households with a severe housing cost burden in 1990, all counties rated average, except Trinity, which ranked high at 41.4 percent, and Nacogdoches, which rated very high at 45.4 percent. The region had 129,924 persons living in poverty or 19.49 percent of the region's population, which is almost 2 percent above the



statewide per capita average.

**Figure 5. Indicators of Need for Region 5**

## Additional 36 County Analysis

### 2001 TDHCA Community Needs Survey

In 2001, the Department conducted a statewide Community Needs Survey to determine local community development and housing needs. The survey was originally distributed to approximately 1,450 cities and counties on October 3, 2000. Statistical summaries of the information collected through this survey will be used by the Department to identify housing and community development needs across the state and to establish statewide and regional priorities. The survey collects data on the community's:

- need prioritization,
- evaluation of the adequacy of existing funding sources for housing, economic development, public services and facilities,
- supply and condition of the housing stock,
- housing assistance needs,
- availability and need for facilities and services to serve special needs populations, and

- community development needs including water and sewer/waste water systems, streets and bridges, drainage and flood control, parks and recreation areas, solid waste management, planning, and economic development.

**Region Four**

Of 154 surveys distributed to this region, 75 were completed which represents a 48 percent response rate. It was estimated that 52 percent of the region’s population was represented by the responses.

**General Need Overview**

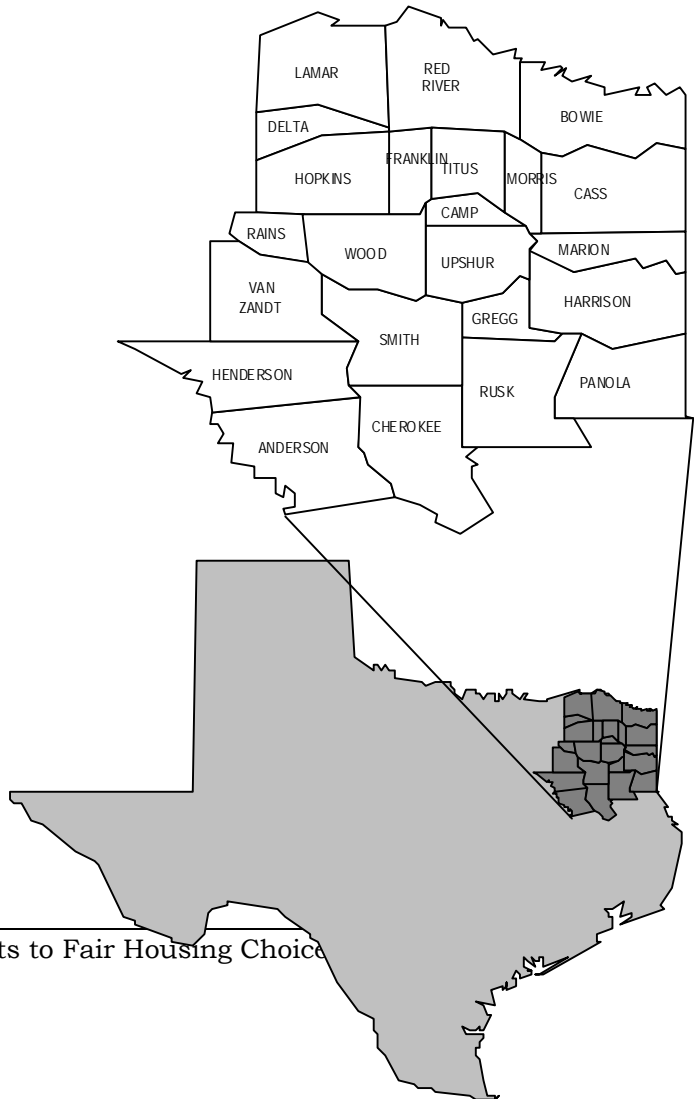
The region’s need prioritization based on the percentage of “high” importance responses (as more fully described in the statewide *General Need Overview* section) was almost identical to that of the statewide ranking. The only variation was minor shifts the ranking order of: housing code enforcement, multifamily housing preservation, accessibility needs, and historic preservation. *Table VI.5, General Need Overview - Percentage of Responses by Category* shows the region’s need prioritization and compares the region and state rankings.

**Please note that the following analysis compares the region’s responses to the statewide average.**

**Table VI.5, General Need Overview - Percentage of Responses by Category**  
(In descending order by percentage of “High” importance responses.)

Activity	High	Moderate	Minor	Low	High & Moderate	Minor & Low	Regional Rank	State Rank
Infrastructure Needs	71%	12%	3%	14%	84%	16%	1	1
Single Family Housing	59%	24%	8%	8%	83%	17%	2	2
Economic Development	55%	25%	11%	10%	79%	21%	3	3
Public Facilities	36%	30%	19%	16%	66%	34%	4	4
Public Service Needs	35%	31%	27%	7%	66%	34%	5	5
Multifamily Housing	33%	37%	13%	17%	70%	30%	6	6
Housing & Community Development Planning	32%	26%	13%	29%	58%	42%	7	7
Housing Code Enforcement	19%	19%	17%	45%	38%	62%	8	9
Multifamily Housing Preservation	17%	23%	29%	31%	40%	60%	9	8
Accessibility Needs	16%	31%	19%	34%	47%	53%	10	11
Historic Preservation	14%	21%	18%	46%	35%	65%	11	10
Energy Efficiency Programs	11%	21%	20%	48%	32%	68%	12	12
Homeless Needs	9%	20%	19%	52%	30%	70%	13	13
Removal of Lead-Based Paint Hazards	5%	14%	12%	69%	18%	82%	14	14

There are relatively few significant differences between this region’s responses to the General Need Overview section as compared to the state. Development of multifamily housing seems to be a slightly higher priority for the region with 12



percent more responses indicating that this is of “moderate” importance. This increase was tied to a fairly even decrease in the “low” and “minor” need responses. Accessibility needs were also a higher regional priority. Ten percent more regional surveys indicated that this activity was of “high” to “moderate” importance. The emphasis on energy efficiency programs was slightly lower regionally with 13 percent more of the surveys indicating that the activity was of “low” importance. Funding Overview

Relatively few questions in this section showed significant differences between the percentage of regional and state responses regarding the sufficiency of available funding for the listed activities. At the regional level, almost all of the activities showed a lower level of adequacy than the statewide responses. These differences were relatively small as the average regional “sufficient funding” response rate for the listed activities was five percent below the state average. Only 24 percent of the regional responses indicated that the available funding was sufficient for the various activities. Eleven percent fewer regional surveys indicated that the funding available for non-residential historic preservation was adequate. Micro-business financial assistance showed a twelve percent lower regional response rate indicating available funding was sufficient. Funding for transportation services was shown to be adequate by thirteen percent fewer regional responses. Funding for parks and recreation facilities was shown to be adequate by thirteen percent fewer regional responses.

## **Housing**

### ***Housing Supply***

The region’s supply of owner occupied housing is perceived to be less of an issue than the State’s. Seventeen percent fewer regional responses indicated that there was a “major” shortage of owner occupied housing.

Eleven percent more of the region’s responses indicated that a minor shortage of owner-occupied housing affordable to low-income persons is expected in five years assuming the continuance of current population and building trends. This difference was related to a decline in the major shortage responses for the region.

### ***Housing Problems***

Deterioration of public housing was perceived to be a larger problem at the regional level with 11 percent more responses indicating that it was a somewhat serious problem. Most of this difference is associated with a decrease in the “not a problem” responses.

### ***Housing Assistance***

Twelve percent more of the region’s surveys indicated that rehabilitation and repair of existing renter occupied housing is a “major” need. Most of this difference corresponded to an increase in the percentage of “moderate” need responses.

Ten percent more of the region’s responses indicated that housing assistance for persons with HIV/AIDS indicated that rehabilitation and repair of existing owner occupied housing was either not needed or was a minor need.

### ***Other Housing Issues***

Ten percent more regional responses “agreed” (“strongly agreed” or “agreed”) that the need for affordable housing is outpacing the availability/supply of affordable housing. Eleven percent more regional responses “agreed” that public financial incentives are needed to increase the number of affordable homes built by local developers. Ten

percent more regional responses “strongly disagreed” that there is an adequate supply of affordable housing in their community located close to public transportation.

## **Homeless Persons and Other Special Needs Populations**

Only seven of the region’s surveys indicated that they had short-term shelter facilities for homeless individuals and families. Twenty-five percent more of the region’s responses indicated that their homeless facilities did not have services available for homeless families. Fourteen percent fewer of the region’s responses said they had services available for single men and women. Seventeen percent fewer of the region’s responses indicated they did not provide services for persons with mental illness.

The capacity and condition of the region’s shelters appears to be better than the state as a whole. With regard to the capacity of the region’s short-term shelter facilities, 16 percent more regional surveys indicated the facilities have excess capacity. The physical condition of the community’s short-term shelter facilities was reported to be “good” by 41 percent more regional. Most of this difference is associated with a 29 percent decrease in the number of fair responses at the regional level.

At least ten percent more of the regional surveys indicated that assistance with renovation, major rehabilitation, or conversion of buildings for use as homeless shelters, assistance with maintenance, operation, and furnishing costs for homeless shelter facilities was not needed or was a minor need.

## **Community Development**

### ***Water System***

Eleven percent fewer regional responses indicated that their water distribution facilities were in good condition. There was a ten percent increase in the difference between the percentage of regional and state responses indicating that, assuming current trends continue, the overall physical condition of the community’s public water system in five years will be “poor” or “very deteriorated”.

### ***Sewer and Waste Water System***

Eighteen percent more of the region’s responses indicated that the condition of the sewer lines was “poor”. Eleven percent of this difference was associated with a decrease in the good condition responses.

Funding available for maintenance and repair of the region’s sewer systems seems to be below that of the state as a whole. Sixteen percent fewer of the region’s responses stated that they “agreed” (“agreed” or “strongly agreed”) with the statement that their community has adequate resources to correct problems it has with its public sewer service. Similarly, ten percent fewer of the region’s responses stated that they “agreed” with the statement that their community has adequate resources to provide routine maintenance to their sewer system.

### ***Streets and Bridges***

Ten percent more regional responses indicated that the bridges in their community are in “good” condition. This increase corresponds to an equal decrease in the “structurally sound but in need of maintenance” responses.

### ***Drainage and Flood Control***

Twelve percent fewer regional responses indicated that development in floodplains contributed to flooding problems in the last two years.

### ***Americans with Disabilities Act***

The only difference between the regional and statewide responses relating to the ADA was that 13 percent more regional responses indicated that there is a “low” need to modify public facilities so that their community meets ADA requirements. Most of this change is related to a decrease in the “moderate” regional need responses.

### ***Solid Waste Management***

The percentage of regional responses indicating that the community’s solid waste facility capacity was expected to be “adequate for at least ten years” was 13 percent lower than the statewide response rate.

### ***Planning***

It appears that planning is utilized at almost the same rate at the regional level as compared to the state. The only item that showed a significant difference was the use of capital improvements planning. Ten percent fewer regional responses indicated that such planning was utilized.

### ***Economic Development***

Sixteen percent more regional responses indicated that a ½ cent economic development sales tax was in use. Ten percent more regional surveys replied that tax incentives were not desired. Ten percent more regional responses indicated that real estate development loans and grants were desired economic development tools.

## **Community Development Needs Prioritization**

### ***Public Facilities***

A slightly higher emphasis was placed on senior centers with this being the region’s second highest priority (third highest statewide) based on the percentage of surveys that ranked it first or second in terms of importance. With this change recreational facilities moved from the second to the third highest regional priority. Neighborhood facilities were a lower priority for the region with a twelve percent decrease in the percentage of responses that indicated this item was only of relatively low importance (fifth or sixth place ranking out of eight).

### ***Infrastructure***

Eleven percent more regional responses indicated that solid waste disposal and flood drain improvements were both among the lowest priorities. The difference in flood drain improvement prioritization made this item the region’s fourth highest ranked activity (third ranked statewide). With this change, water improvements became the region’s third highest ranked infrastructure priority.

### ***Public Services***

A higher emphasis was placed on senior services, as this was the region’s highest priority. Crime awareness and substance abuse services also received a higher emphasis at the regional level. Ten percent more regional responses indicated that substance abuse services were among the highest priorities. Eleven percent fewer regional responses indicated that crime awareness was among the least important priorities. While youth services still remained of high importance to the region (second highest ranking), the percentage of regional responses that indicated this was only of a moderately high need increased by eleven percent. The emphasis on childcare services

dropped significantly with 13 percent fewer regional responses indicating that this activity was one of its highest priorities.

## Region Five

Of 78 surveys distributed to this region, 39 were completed which represents a 50 percent response rate. It was estimated that only 34 percent of the region’s population was represented by the responses.

### General Need Overview

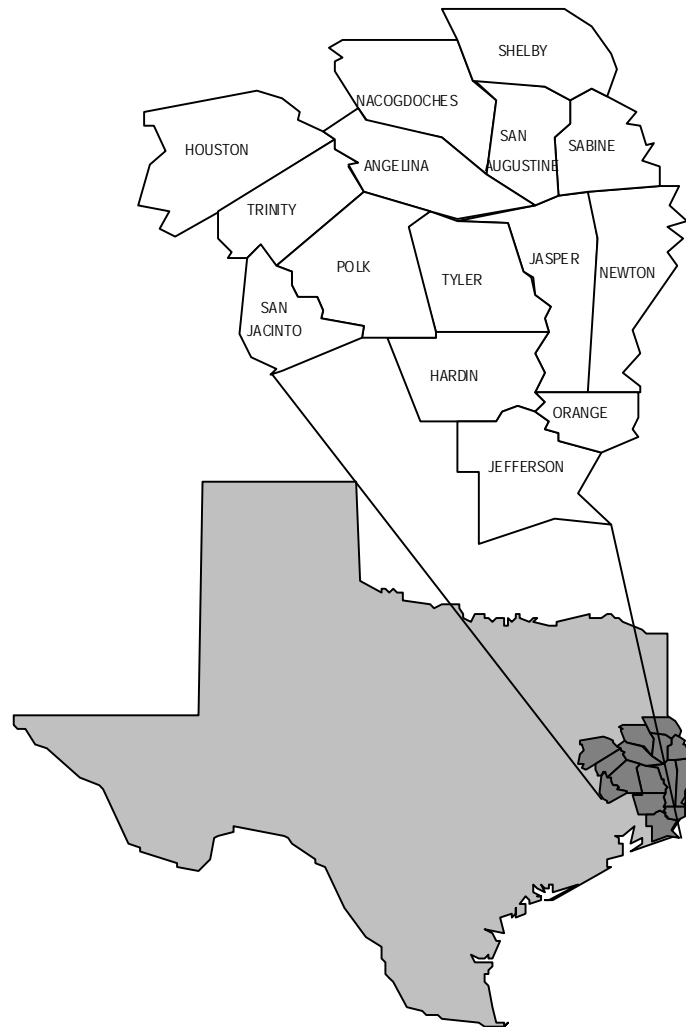
The region’s need prioritization based on the percentage of “high” importance responses (as more fully described in the statewide *General Need Overview* section) was almost identical to the statewide ranking. The region showed a slightly higher emphasis on the need for multifamily housing development and a corresponding slightly lower emphasis on public service needs. *Table VI.6, General Need Overview - Percentage of Responses by Category* shows the region’s need prioritization and compares the region and state rankings.

**Please note that the following analysis compares the region’s responses to the statewide average.**

**Table VI.6, General Need Overview - Percentage of Responses by Category**

(In descending order by percentage of “High” importance responses.)

Activity	High	Moderate	Minor	Low	High & Moderate & Minor & Low	Regional Rank	State Rank
Infrastructure Needs	74%	10%	5%	10%	85% 15%	1	1
Single Family Housing	65%	11%	5%	19%	76% 24%	2	2
Economic Development	51%	41%	3%	5%	92% 8%	3	3
Public Facilities	37%	26%	21%	16%	63% 37%	4	4
Multifamily Housing	34%	24%	11%	32%	58% 42%	5	6
Public Service Needs	28%	26%	23%	23%	54% 46%	6	5
Housing & Community Development Planning	26%	38%	12%	24%	65% 35%	7	7
Multifamily Housing Preservation	16%	22%	14%	49%	38% 62%	8	8
Housing Code Enforcement	12%	21%	24%	44%	32% 68%	9	9
Energy Efficiency Programs	11%	43%	20%	26%	54% 46%	10	12
Accessibility Needs	11%	26%	13%	50%	37% 63%	11	11
Historic Preservation	8%	24%	32%	35%	32% 68%	12	10
Homeless Needs	6%	6%	20%	69%	11% 89%	13	13
Removal of Lead-Based Paint Hazards	3%	15%	15%	67%	18% 82%	14	14



There are a number of significant differences between this region’s responses to the General Need Overview section as compared to the state.

Single-family housing development appears to be a slightly lower regional priority with 11 percent more responses indicating that this is of “low” importance. It should be noted that this difference was not large enough to alter its ranking as the second

highest state and regional priority. Preservation of multifamily housing showed an 11 percent increase in “low importance” responses. Twelve percent fewer regional responses indicated that homeless issues were a “high” or “moderate” priority. As mentioned in the previous paragraph, public services needs showed a lower prioritization with 12 percent fewer “high” or “moderate” priority regional responses. Accessibility needs were also a lower regional priority with fourteen percent more “low” priority responses. Economic development was a slightly higher priority with 16 percent more regional responses indicating that this was a “moderate” need. The emphasis on energy efficiency programs was higher regionally with 18 percent more of the surveys indicating that the activity was of “moderate” importance. Even with this increase, the overall regional ranking for this activity was tenth.

### **Funding Overview**

Relatively few questions in this section showed significant differences between the percentage of regional and state responses regarding the sufficiency of available funding for the listed activities. On average, only 32 percent of the responses indicated that the available funding was sufficient for the various activities. This was just three percent higher than the average of the state sufficient funding responses.

The adequacy of existing funding for lead based paint hazards was 11 percent higher for the region than was indicated statewide. Energy efficiency improvements showed a twelve percent lower adequate funding response rate. Available funding for almost all of the economic development activities was between 11 to 12 percent higher than that indicated by the state responses. Eleven percent more regional responses indicated that funding for youth services and recreation was sufficient. Funding for youth centers was shown to be sufficient by 12 percent more regional surveys. Funding for transportation services was shown to be adequate by 13 percent more regional responses.

## **Housing**

### ***Housing Supply***

It appears the region’s perceived supply of market rate and affordable rental occupied housing is seen to be slightly more sufficient than the State’s. Sixteen percent fewer regional responses indicated that there was a major shortage of renter occupied housing. This change corresponded with an increase in the regional responses indicating a minor shortage of such housing exists. With regard to rental housing affordable to low-income persons, eleven percent more regional responses indicated that the supply is adequate. A similar difference was noted in the projected supply of affordable rental housing in five years assuming the continuance of current population growth and building trends.

The projected supply of owner occupied housing in five years assuming the continuance of current population growth and building trends appears to be slightly better at the regional level. Ten percent more of the region’s responses indicated that a “minor” shortage of such housing would exist in five years. Most of this difference was related to a seven percent decline in the major shortage responses for the region relative to the state response rate.

### ***Housing Problems***

Substandard housing appears to be a more important issue in this region as twelve percent more of the responses indicated that this was a very serious problem. Fourteen percent fewer regional responses indicated that the geographic isolation of low-income persons was not a problem. A number of the special needs items are either under-



studied in the region or they are less of a problem as these items showed significantly higher percentages of neutral/unsure responses:

- 17 percent more responses indicated they were neutral/unsure regarding a shortage of affordable housing with appropriate features for persons with disabilities;
- 12 percent more responses indicated they were neutral/unsure about the shortage of affordable housing for persons with HIV/AIDS and their families; and
- 14 percent more responses indicated they were neutral/unsure about whether household lead based paint poisoning was a problem.

### ***Housing Assistance***

Responses to the rental housing assistance questions seem to indicate a slightly lower need for rental housing assistance at the regional level. Eleven percent fewer of the region's surveys indicated that assistance with monthly rent is a major need. Eleven percent fewer of the region's surveys indicated that rehabilitation and repair of existing renter occupied housing is a major need.

Thirteen percent fewer of the region's responses indicated that assistance with utility payments was a major need.

Housing assistance for persons with mental and or physical disabilities showed an eleven percent increase in the regional "no need" responses.

### ***Other Housing Issues***

Ten percent fewer regional responses disagreed with the statement that mortgage financing at reasonable rates is readily available to low-income persons in their community. Thirteen percent more regional responses indicated that they agreed that there is an adequate supply of low-income housing in their community located close to employment activities. Ten percent fewer regional responses disagreed that there is an adequate supply of affordable housing in their community located close to public transportation.

### **Homeless Persons and Other Special Needs Populations**

Only five of the region's surveys indicated they had short-term shelter facilities for homeless individuals and families. It appears that this issue may not have a very high priority with the region's officials. Eighteen percent more regional surveys indicated that they were unsure as to whether their community had undertaken a count or survey of the homeless population. Eleven percent more regional surveys indicated that they were unsure if they would conduct such a study in the future. Eleven percent more of the region's surveys indicated that homelessness was a problem but not serious. This represents a slightly increased level of need as compared to the statewide response which had 14 percent more "not a problem at all" responses than the region.

With the exception of providing services for single men and women and persons with mental illness, at least 60 percent of the regional responses indicated that the listed services were provided. Services for single men and women were offered at 40 percent of the facilities. Once again a relatively high level of the responses indicated that they were unsure as to whether or not the listed various listed services were offered.

The capacity of the region's shelters appears to be better than the state as a whole. Thirty-three percent more regional surveys indicated the region's capacity and need are roughly equal. It should be noted that 26 percent more of the regions surveys indicated they were unsure on this issue. The physical condition of the community's short-term shelter facilities appears to be slightly below that of the state. Twenty-two percent fewer survey indicated that their facilities were in "good" condition.

The need for a number of the homeless assistance activities showed a minimally higher level of need at the regional level. Assistance for new construction of buildings for use as homeless shelters, renovation, major rehabilitation, or conversion of buildings for use as homeless shelters, provision of essential support services for homeless persons including staff salary necessary to provide such services, and maintenance, operation, and furnishing costs for homeless shelter facilities all showed increases of at least nine percent in the regional percentage of minor need responses. In all four cases, most of this difference was associated with decreases in the regional “no need” response rate.

With regard to housing problems for persons with special needs, two areas showed significant differences. Eleven percent fewer of the region’s surveys indicated that housing assistance for low-income elderly persons was a problem but not a serious one. A similar percentage of regional surveys showed that housing with appropriate structural modifications for low-income elderly persons was a problem but not a serious one. In both cases, these differences corresponded with increases in the region’s percentages of “neutral/unsure” and “not a problem” responses.

## **Community Development**

### ***Water System***

The percentage of the region that has public water service appears to be lower than the statewide average as 14 percent more of the region’s surveys indicated that a large percentage of the homes (more than 20 percent) do not have public water service. Twelve percent fewer regional responses indicated that they strongly agree with the statement that their community has adequate resources to provide routine maintenance of the public water system. This does not represent a very important difference as the decrease corresponds with an equal increase in the regional percentage of “agree” responses. There was an eleven percent decrease in the regional responses indicating that, assuming current trends continue, the overall physical condition of the community’s public water system in five years will be in “good” condition.

### ***Sewer and Waste Water System***

All three questions relating to the sewer/waste water infrastructure components showed significant differences. Ten percent fewer of the region’s responses indicated that the condition of the sewer treatment facilities was “good”. Almost all of this difference was associated with an increase in the “poor” condition responses. Thirteen percent fewer of the region’s responses indicated that the condition of the sewer lines was “good.” Ten percent fewer of the region’s responses indicated that the sewer treatment capacity was “good.” Most of this difference was associated with an increase in the regional “poor” condition responses.

The percentage of the region that has public sewer service appears to be lower than the statewide average as 15 percent more surveys indicated that a large percentage (more than 20 percent) of the community does not have public sewer service. An additional four percent of the surveys indicated that a moderate (five to 20 percent) number of residents do not have public sewer service.

Twelve percent fewer regional responses indicated that they “agreed” (“agreed” or “strongly agreed”) that their community has adequate resources to correct problems with its public sewer system. There was a twelve percent decrease in the regional responses indicating that they “agreed” that the community has adequate resources to provide routine maintenance to the public sewer system. Ten percent fewer regional surveys indicated that, assuming current trends continue, the overall physical

condition of the community’s public water system in five years will be in “adequate” condition. Another eight percent fewer regional surveys indicated that the condition in five years would be “good.”

***Streets and Bridges***

Ten percent fewer regional responses stated that the majority of the bridges in their community are “deteriorated but safe for most traffic.” This difference was fairly evenly split between increases to the region’s “good condition” and “structurally sound but in need of maintenance” responses.

***Drainage and Flood Control***

Eighteen percent fewer regional surveys indicated that undersized or missing drainage facilities contributed to flooding problems in the last two years. Thirteen percent fewer of the region’s surveys indicated that undersized or missing drainage facilities contributed to flooding problems in the last two years.

***Parks and Recreation Areas***

Twenty-two percent fewer of the region’s responses indicated that active use improvements (playgrounds, pools, playing fields, etc.) were required. Fifteen percent fewer of the region’s responses indicated that passive use improvements (benches, tables, lights, restrooms, etc.) were required.

***Solid Waste Management***

Thirteen percent more of the region’s surveys indicated that their community was meeting all of its solid waste permit requirements.

***Planning***

It appears planning is utilized to a lesser degree regionally. While fewer regional responses indicated that the listed types of planning were utilized, only two items showed a significant difference. One of these was the use of comprehensive or master planning where 18 percent fewer regional responses indicated that such planning was utilized. Eleven percent fewer regional responses indicated that capital improvements planning was used.

***Economic Development***

All of the economic development tools listed in this category showed significant differences. Typically these differences involved regional decreases in the percentage of responses that indicated that the listed activity was not desired. *Table VI.7* describes the significant regional and state differences. Eighteen percent fewer regional responses indicated that creating jobs by attracting businesses from other places was an economic development tool that should be emphasized. Fourteen percent fewer regional responses indicated that retaining jobs at business was an economic development tool that should be emphasized.

**Table VI.7, Significant Differences in the Use of Economic Development Tools**

(In descending order by percentage of “High” importance responses.)

Percent of Region's Responses	Difference b/w Region and State Response Rate
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Activity	Currently In Use	Desired	Not Desired	Currently In Use	Desired	Not Desired
1/2-Cent Economic Development Sales Tax	56%	30%	15%	0%	3%	-2%
Tax Incentives	54%	42%	4%	13%	4%	-17%
Public Infrastructure Provision	32%	64%	5%	7%	6%	-13%
Real Estate Development Loans/Grants	21%	71%	8%	4%	7%	-11%
Pre-Built Buildings	10%	45%	45%	-1%	-3%	4%
Marketing And Advertising Campaigns	32%	63%	5%	6%	10%	-16%
Job Training	21%	79%	0%	-2%	20%	-18%
Small Business Loans	21%	75%	4%	-2%	11%	-9%
Women & Minority Business Loans	10%	85%	5%	-5%	15%	-11%
Small Business Incubators	9%	78%	13%	1%	9%	-10%

***Community Development Needs Prioritization***

There were a large number of significant differences between the regional and statewide responses to this section.

***Public Facilities***

A much higher emphasis was placed on neighborhood facilities at the regional level. It was the second highest ranked regional priority as compared to the sixth highest statewide ranking. Twenty-five percent more regional responses indicated that this was one of the region’s top two priorities.

***Infrastructure***

A higher emphasis was placed on water improvements as it was the region’s highest priority (third highest statewide). Fifteen percent more regional responses indicated that this was one of the top three highest priorities. Sewer improvements remained the second highest regional and state priority with a twelve percent increase in the region’s highest priority rankings.

***Public Services***

A much higher emphasis was placed on employment training at the regional level in that it was ranked as the region’s highest priority when it was the state’s sixth highest. Twenty-three percent more regional responses indicated that this was one of the highest priorities. A slightly lower emphasis was placed on youth services with a ten percent decrease in the number of regional surveys stating that this was a moderately low priority. Even with this change it was still the region’s third highest priority.

***Economic Development***

Even more emphasis was placed on this commercial/industrial infrastructure that was the highest ranked activity at the regional and state level. Twelve percent fewer regional surveys ranked commercial/industrial infrastructure as the lowest priority of the economic development activities.

***CDBG Eligible Activities***

Even less emphasis was placed on preservation activities in the region. Ten percent fewer of the region’s surveys ranked residential/non-residential historic preservation as being among the region’s highest priorities.

# **Past and Current Statewide Initiatives to Overcome the Effects of Impediments to Fair Housing**

Several initiatives are underway to strengthen policies that address the overwhelming need of housing and community assistance across the State. These policies are intended to address the goals and objectives as laid out not only by the State's Consolidated Plan, but also by its Strategic Plan. With these policies, TDHCA aims to increase and preserve the availability of safe, decent, and affordable housing for low, very low and, and extremely low income persons, as well as improve the living conditions for the poor and homeless.

The Texas Department of Housing and Community Affairs, through its compliance and monitoring activities, ensures that all housing and community development projects are being implemented in a manner which provide benefits and opportunities to residents regardless of race, color, religion, sex, disability, familial status, and national origin. In addition, TDHCA and the Texas Commission on Human Rights complete a number of activities each year to increase public knowledge of fair housing and equal opportunity laws.

Below are the activities undertaken by TDHCA throughout 2000 and 2001 that address the impediments to fair housing as outlined in Sec. 2, Impediments to Fair Housing. The State of Texas continues to meet its certification to HUD to affirmatively further fair housing by conducting various fair housing activities every year.

## **1. Fair Housing Specific Activities**

### **Texas Community Development Program (TCDP)**

#### **Fair Housing Education and Outreach Efforts**

The State ensures that CDBG recipients (jurisdictions) comply with their certifications to affirmatively further fair housing. The following actions are taken by the State to ensure compliance:

- Require all CDBG recipients to take actions that promote fair housing choice at the local level:
  - The Texas Community Development Program (TCDP) requires all applicants to sign the fair housing certification at the application stage, as well as with the contract as a requirement to receive funding.
  - The TCDP encourages recipients to conduct an analysis of impediments to fair housing choice at the local level.
  - If the locality does not conduct a fair housing analysis, it is required to conduct another acceptable fair housing activity to meet the certification.
- Provide guidance and technical assistance to CDBG recipients in conducting acceptable fair housing activities, including guidance regarding conducting an analysis of impediments to fair housing choice at the local level:
  - Regional Coordinators conduct on-site visits to all Community Development Fund recipients. During these pre-funding site visits Regional Coordinators

- provide information regarding the civil rights and fair housing requirements of the contract and provide suggested activities that the communities can conduct to meet their fair housing certification requirements.
  - A Project Implementation Manual is provided to all grantees during the on-site visits. This manual includes a chapter on the civil rights and fair housing requirements of the CDBG program. A list of fair housing activities is included in this manual, as well as sample activities, such as a fair housing ordinance, a public service announcement and a proclamation of fair housing month at the local level.
  - Project Implementation Workshops are conducted for CDBG contractor localities across the State. This workshop includes an overview of all contract requirements and program procedures, including the civil rights and fair housing requirements. All localities with open CDBG contracts are encouraged to attend. The associated travel expenses for local staff are eligible for reimbursement under the General Administration line item.
  - The Fair Housing Specialist is available at all times to take calls and answer questions regarding the fair housing requirements. Fair housing posters and brochures are also available upon request.
- Contractor localities are encouraged to conduct the fair housing activities during the first ninety days of the contract period. Localities are requested to report the completion of their fair housing activities on the Quarterly Progress Report during which those activities were conducted.

### **Monitoring and Compliance of the Civil Rights and Fair Housing Requirements**

The Texas Community Development Program has a separate staff for monitoring and compliance of all aspects of the CDBG program. The use of separate staff ensures appropriate checks and balances for the TCDP program.

- Regional Coordinators administer the CDBG contracts and oversee the on-going performance of contractor localities. Coordinators record and update the progress and activities conducted by each contractor on a main database, including the progress made with regard to the civil rights and fair housing certifications.
- Regional Coordinators also provide technical assistance to contractor localities during prefunding site visits and during any interim site visits. Coordinators and the Fair Housing Specialist are available on a daily basis to provide technical assistance regarding the civil rights and fair housing certifications as well as all aspects of contract regulations and administration.
- Program Monitors conduct desk reviews of available information prior to the actual on-site visits. Fair housing information, if submitted, can be reviewed at this time.
- Program Monitors will conduct on-site monitoring visits to all localities that have drawn approximately 75% or more of the CDBG contract funds. Monitors will review documentation to support the fair housing activities conducted and determine if those are acceptable. Monitors utilize a comprehensive checklist to ensure the review of all civil rights and fair housing requirements. In the case where localities have adopted a fair housing ordinance, the ordinance will be reviewed to ensure that it includes all the protected classes as well as a penalty clause. The locality must be capable and willing to enforce the ordinance and penalty clause.
- If the locality has not completed an acceptable fair housing activity, they are provided with a written citation and are given thirty days to complete the activity.
- Program Monitors are required to follow-up and ensure that an acceptable fair housing activity is completed. No contracts are administratively closed until all

program requirements, including the fair housing activity, are satisfactorily completed.

- Documentation to support the fair housing activities conducted are submitted with the locality's Project Completion Report. These activities are logged into the TCDP's main database. This information can be extracted for reports at any given time.

In 2001, HUD officials conducted a review of the State of Texas' compliance with its fair housing and civil rights certifications at its offices in Austin, Texas. HUD determined that the State has indeed met its certification to affirmatively further fair housing. HUD also reviewed the State's monitoring processes of grant recipients to ensure satisfactory performance and compliance. HUD determined that the State has conducted satisfactory performance of monitoring, including the review of locality's civil rights and fair housing certifications.

## **The HOME Investment Partnerships Program**

### **Fair Housing, Accessibility and Affirmative Marketing**

The HOME Investment Partnerships Program ensures that HOME Program Administrators comply with the fair housing, accessibility and affirmative marketing requirements of the program. The following actions are taken by the State to ensure compliance:

- Provide an application guide that includes guidance regarding the requirements of the affirmative marketing plan.
- Provide an Implementation Manual to all HOME Program Administrators.
- Conduct Implementation workshops for HOME Program Administrators. These workshops include a chapter regarding fair housing, accessibility and affirmative marketing
- requirements of the program.
- Require HOME Program Administrators to submit an Affirmative Marketing Plan.
- The Fair Housing Specialist is available to take calls and answer questions regarding fair housing and accessibility requirements. Fair housing posters and brochures are available upon request.

### **Affirmative Marketing**

In accordance with HOME regulations at 24 CFR 92.351(b) and in furtherance of Texas' commitment to nondiscrimination and equal opportunity in housing, the State has established procedures to affirmatively market units assisted under HOME. These procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendments of 1988, and Executive Order 11063.

Program Administrators are required to carry out the affirmative marketing procedures and to adopt an Affirmative Marketing Policy.

### **Affirmative Marketing Actions**

- Program Administrators must ensure that the public, and likely tenants of such units, are informed that the Program Administrator is operating under an established affirmative marketing policy; applicable Federal fair housing laws; and other applicable federal, state, and local housing laws. This policy must be promoted in the community through media and other outlets, and communicated to tenants in buildings that will be or have been assisted with HOME funds.
- Program Administrators shall affirmatively market their units by advertising vacant units in local newspapers and using other appropriate methods. Owners of these properties must provide appropriate notification when any units become vacant. All forms of program marketing should depict the Equal Housing Opportunity logotype or slogan.
- As part of their efforts to ensure that available units are affirmatively marketed to persons not likely to apply for such housing, Program Administrators are encouraged to make HOME information available in non-English languages spoken by minority groups residing in or near the community. Furthermore, Program Administrators are encouraged to distribute marketing materials to area social service agencies that work with minorities, disabled individuals, or other protected groups.

### **Affirmative Marketing Record Keeping**

- Affirmative marketing record keeping activities must include documentation of all good faith efforts to inform minorities, handicapped individuals, or other protected groups of vacant units assisted with HOME funds, and to inform owners of HOME-assisted units, social service agencies, and the general public how these units can be occupied. Record keeping should include the number of persons that respond directly to any program marketing efforts.
- The number of persons residing in or planning to reside in HOME-assisted units that became aware of the units through local affirmative marketing efforts should be documented.

### **Affirmative Marketing Report**

- Summaries of affirmative marketing efforts should be available for public review. These "reports" should detail affirmative marketing activities and identify actions to undertake or to correct any noncompliance with Affirmative Marketing Policies or to mitigate any nonperformance problems in implementing plans. If corrective measures have been identified, actions taken on such measures must be reported. The State may review reports at any time to determine Program administrators' compliance with affirmative marketing regulations.

### **Monitoring and Compliance of the Fair Housing Requirements**

- Complaints of unfair marketing of these units is also reviewed by the State Program staff and resolved in joint consultation with the Program Administrator. The Program Administrator must secure management agent compliance by requiring them to sign an agreement to affirmatively market their units; provide proper notification of such vacancies; and comply with other applicable federal, state, and local housing laws for a period of seven years after completion of the rehabilitation work.



- The State requires Program Administrators to take corrective actions if required procedures are not carried out. If, after discussing improving compliance, the Program Administrator discovers that the owner repeatedly fails to meet affirmative marketing requirements, the Program Administrator shall consider disqualifying the owner from future participation in the HOME Program or take other appropriate actions.

The Department's Compliance Division, Program Monitoring section, is responsible for on-site monitoring review of Program Administrators. The use of separate staff provides for an independent review of a Program Administrator's performance. Monitors utilize a checklist to review compliance with fair housing, accessibility and affirmative marketing requirements.

- The monitoring checklist provides several questions related to the availability of the affirmative marketing plan and is reviewed during the on-site monitoring visit. Documentation of outreach efforts, such as copies of newspaper notices, posters, brochures, and general knowledge of the Program Administrator is reviewed by the monitors.
- The monitors review information provided by the Program Administrator and demographic data of the beneficiaries served.
- Fair housing complaints will be forwarded to the Texas Commission on Human Rights.
- Any findings of noncompliance must be resolved prior to close-out of the contract. Repeated findings may affect future funding.

## **2. TDHCA Funding and Activity Overview in the 36 County Area**

### **Update on Young V. Martinez Projects<sup>36</sup>**

The State of Texas has proven its commitment to participate with HUD in efforts to comply with the Young v. Martinez litigation and Final Judgement and Decree. Since 1991 the State has been cognizant of the need to resolve the Young litigation and has assisted those communities as often as possible with the CDBG Program, HOME Program and other housing program funding. The State CDBG program has continually supported HUD's requests for assistance to fund neighborhood improvements in the 36 county area by providing for special set-asides restricted to the East Texas areas specified in the Young litigation. After completion of the required citizen participation requirements the State provided for Young case set-asides which were based on the amounts requested by HUD. Each time HUD determined the amounts needed to resolve the case and assured the State that the amounts requested would be all that was required. Yet, HUD repeatedly revised the Memoranda of Understanding it has with the affected jurisdictions, and made determinations that additional or revised activities needed to be resolved. These revisions to the MOUs over the years have apparently caused HUD to delay the resolution of the Young case and has prompted HUD to return to the State CDBG Program to request additional set-asides.

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<sup>36</sup> Note that TDHCA is not a part of the Young v. Martinez litigation. All activities related to this funding were identified and recommended by HUD.

As requested by HUD, the state CDBG program set-aside \$6.5 million during the 1994-1995 program years to assist jurisdictions to address required activities related to the Young case. This Young v. Cisneros Fund dedicated state CDBG funds to address required activities that were included in the desegregation plans and plan amendments. HUD informed the State and the affected jurisdictions of which required activities would be eligible for funding and of the amounts needed to resolve the MOUs. Although HUD informed the State that the \$6.5 million would resolve the issues, forty-one (41) communities applied for the Young v. Cisneros Fund and the State was able to fund only thirty-seven (37) of the applicants. As a result, the State obligated more than originally requested by HUD for Young V. Cisneros projects, contributing \$6,568,200 from 1994, 1995 and 1996 program years. These communities were also allowed to apply for funding under both the Young V. Cisneros Fund and the Community Development (CD) Fund, increasing their chances of obtaining additional funding to address the required activities from the CD Fund.

Prior to the establishment of the Young V. Cisneros Fund and after the 1994-1995 special set-aside, the State of Texas supported the East Texas communities' efforts to address the required activities in the desegregation plans and plan amendments. Specifically:

- □ The State CDBG staff that scored the Community Development Fund applications gave extra points to those applications that provided benefit to Public Housing residents and/or the surrounding PHA neighborhoods.
- Regional Review Committee members in the regions affected by the Young litigation were encouraged to give priority in scoring to those Community Development Fund applications that addressed the eligible activities included in the communities' Memorandums of Understanding with HUD.
- During the 1991 program year extra points were given under the Project Impact scoring category for those projects benefiting PHA residents, especially in areas impacted by the Young v. Kemp litigation.
- During the 1992 program year extra points were again given under the Project Impact scoring category for those projects benefiting PHA residents, especially in areas impacted by the Young v. Kemp litigation.
- During the 1993 program year extra points were also given under the Project Impact scoring category for those projects benefiting PHA residents, especially in areas impacted by the Young v. Cisneros litigation.
- During the 1994-1995 program years, the State established the Young V. Cisneros Fund and assisted 37 communities in addressing the required activities contributing to neighborhood equalization in the Young litigation. HUD made the determination that \$6.5 million was needed by the affected communities to resolve the required activities, so the State completed the required citizen participation requirements and set-aside the amount required. The State was assured that this was the amount needed by the non-entitlement communities in the East Texas region and believed that it was contributing to the resolution of the Young litigation. The State, too, wanted this case resolved and willingly contributed the amount that HUD instructed.
- During the 1996 program year, the State CDBG program contributed \$300,000 to the Young V. Cisneros Fund to contribute additional funding needed by the 1994-1995 Young V. Cisneros applicants and gave extra consideration to the Community Development Fund applications that benefited residents of PHAs and/or the surrounding neighborhoods.
- Several times HUD revisited the affected jurisdictions and made revisions to the required and recommended activities in communities' MOUs. Some activities had been resolved with the 1994-1995 Young V. Cisneros Fund, with previous years of funding from the State Community Development Fund or with local funds.

Although some activities had been completed, HUD made determinations that some activities should be revised or even added to the MOUs.

- After meetings and correspondence with HUD, the State was informed by HUD that an additional set-aside was needed for the non-entitlement communities to address the Young litigation. HUD requested \$2.3 million from the State to resolve the remaining activities. The State completed the required citizen participation requirements and public hearings and committed \$2.3 million from the 2001 program year. HUD participated in the public hearing process and everyone present was assured that this would be the final proposal for a special set-aside from the State's total CDBG allocation for the Young v. Martinez litigation.
- From 1997 to 2002 program years, State CDBG staff continued to give priority in scoring to those Community Development Fund applications that addressed activities included in these communities' MOUs with HUD.

At the time of submission of this report, the projects funded with the 1994-1995 Young v. Cisneros set-aside have been completed and all contracts have been closed, with the exception of the city of Trinidad. This contract remains open because the City was funded for street improvements under the Young v. Martinez Fund and has since been funded for wastewater system improvements under a 2000 Community Development Fund grant in the same area. Since the wastewater system needs to be constructed before the streets are improved, TCDP has agreed that the street improvements should not be completed until the wastewater system is complete. TCDP staff recently conducted a site visit and found that the City has obtained materials, completed boring and will start construction as soon as weather permits. Both wastewater and street improvements projects are expected to be completed within the year.

In an effort to address the Young v. Martinez case, two TDHCA field staff visited each of the jurisdictions named in the case. Staff met with local officials to discuss the required and recommended actions needed to address neighborhood disparities, provided technical assistance, and encouraged jurisdictions to apply for funding under the State's 2001 Young v. Martinez Fund.

In addition, the State CDBG Program allowed any affected jurisdictions with funds remaining in their Community Development Fund and/or Housing Rehabilitation contracts to utilize those funds to address eligible activities listed as required or recommended actions.

The CDBG Program has also provided assistance to the East Texas jurisdictions from the Housing Infrastructure Fund (HIF). The State of Texas HIF provides public facility improvements in support of the construction of new affordable single-family or multi-family housing in rural Texas. Secretary of HUD, Andrew Cuomo, presented the John J. Gunther Award to the Texas Department of Housing and Community Affairs for "Building a Better Tomorrow" for this innovative funding category. This funding source has provided affordable housing options to residents of rural Texas, including several East Texas communities that competed for funding under this statewide competition.

The State has met and corresponded with HUD officials throughout the years to coordinate efforts, actions and outcomes. As a reflection of our commitment, the State has provided two special set-asides for the Young case totaling \$8.8 million to provide funding for those jurisdictions that are required to correct neighborhood disparities identified in the Memoranda of Understanding (MOUs). The State proposed a new set-aside in the 2001 Action Plan public hearings for an additional Young case set-aside. The set-aside totaled \$2.3 million.

As a result of the findings in the Young V. Martinez case HUD comprised a list of Priority 1 and 2 lists to be utilized to assist the State of Texas when funding the communities identified through the Memoranda of Understanding (MOUs) issued by HUD

Although 10 of the 25 communities identified have been funded, as evidenced by those listed below, the disparity of services identified in the priority lists and in the Memorandas of Understanding (MOUs) issued by HUD still exist:

- ◆□ Jefferson
- ◆□ DeKalb
- ◆□ Linden
- ◆□ Hugh Springs
- ◆□ Overton
- ◆□ Kirbyville
- ◆□ Detroit
- ◆□ Wills Point
- ◆□ Garrison
- ◆□ Talco
- ◆□ Mt. Vernon
- ◆□ Deport
- ◆□ Alba
- ◆□ Edgewood
- ◆□ Henderson

These communities continue to need a variety of improvements including street and drainage construction, a multi-purpose facility (Wills Point) and Park improvements (Henderson). See listing of Priority 1 and 2 projects for project details, locations and costs on the next 4 pages.

In the 2001 Funding Year the Texas Community Development Program provided a \$2.3 million set-aside for those communities identified by HUD through the Memorandums of Understanding (MOUs).

HUD designated the cities eligible for assistance from this fund. Funds were available for grants to complete the Court-ordered activities under the Final Order and Decree in the Young v. Martinez litigation. Only eligible activities described in the revised Memorandums of Understanding (MOU) and any 1990 Desegregation Plan activities cited in the revised MOUs were eligible for funding. Further, each activity to be funded under the Young v. Martinez Fund had to meet a national program objective.

**Each city designated as eligible for assistance under this fund had to address its Young v. Martinez activities before the city was eligible to receive any other funds from the Texas Community Development Program.**

For the Young v. Martinez Fund the amount of each grant award was limited by the amount needed to address **only** the activities described in the revised Memorandums of Understanding (MOU). The total allocation for the fund was \$2,300,000.

The following communities were funded through the 2001 Young V. Martinez \$2.3 million set-aside:

- ◆□ Cooper
- ◆□ Naples
- ◆□ Paris
- ◆□ Crockett
- ◆□ Livingston
- ◆□ Woodville
- ◆□ Henderson
- ◆□ Pittsburg

All were fully funded except for Henderson which was granted the remaining amount of the \$2.3 million set-aside. See the 2 page Applicant Information list (pages 51 – 53) for project details, beneficiaries and cost.

The projects funded for these 10 communities will provide street and drainage construction, and upgraded water and sewer service. Approximately 969 people will benefit from these improvements. Each community funded will also come fully into compliance with the MOUs provided by HUD except for Henderson due to lack of funds.

A revised listing of Priority 1 and 2 provides a current inventory of those communities still lacking municipal parity in the surrounding neighborhoods. (See list on pages 53 - 55 for details).

**Priority 1  
State CDBG Set-Aside Funding  
Young vs. Martinez**

PHA/CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Crockett	<b>Street Improvements</b> – (1) Lovers Lane from Austin to Barnhill; (2) Rose Street inside PHA and from PHA to Briggs Street; (3) Briggs Street, inside PHA and north of Rose Street to PHA; (4) Barnhill Drive inside PHA and from Lovers lane to Rose Street.	1	\$515,482	250
Paris	<b>Site Acquisition.</b> Acquire existing structure known as the Razzmatazz Club, corner of MLK and Fitzhugh Streets, adjacent to Booker T. Washington PHA site. Relocate businesses, convert for use as a community center or other eligible public facility.	1	\$200,000	166
Gilmer	<b>Street Improvements</b> – Resurface streets within the Sorrels PHA site.	1	\$283,700	77
Pittsburg	<b>Street and Utility Improvements</b> – Reconstruct all streets in the Hawkins PHA site to include utility upgrades.	1	\$99,040	63
Clarksville	<b>Street and Drainage Improvements</b> – (1) Roberts Street; from S. Donoho Street to S. Grove Street and (2) W. Jackson Street; from S. Emma Street to S. Delaware Street.	1	\$399,542	55
Livingston	<b>Street and Drainage Improvements</b> – on MLK Street from N. Bluebird Ave. to Dunbar Ave.	1	\$180,000	51
Cooper	<b>Street and Drainage Improvements</b> – (1) 4 <sup>th</sup> St.; from Marshall St. to Commerce St. (2) 5 <sup>th</sup> St., from Marshall and Commerce St. (3) Commerce St.; from 4 <sup>th</sup> to 5 <sup>th</sup> St. (drainage only)	1	\$191,310	48
Woodville	<b>Street Improvements</b> – near the Pecan St. PHA site on Robin St. (From Bluebird St. to dead end).	1	\$98,692	41
Naples	<b>Drainage</b> – drainage improvements to Cornett Road at the E. PHA site, from 400 ft. west of Hwy 338 to Church St.	1	\$39,040	37

**Priority 1  
State CDBG Set-Aside Funding  
Young vs. Martinez**

PHA/CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Henderson	<b>Street and Drainage Improvements at PHA sites.</b> Yates Park: conversion of old swimming pool to basketball courts and resurfacing parking lot (\$48,500) and street and drainage work to be completed at Flanagan Heights PHA, Red Bud and Zion streets (\$743,125)	1	\$791,625	31
Jefferson	<b>Street Improvements</b> – (1) Sharp St.; Tuddle St. to Hwy 59 (2) Washington St.; Clarksville St. to Bonham St. (3) Lafayette St.; from Market St. to Line St. (4) Canal St.; from Clarksville St. to St. Peter St. (5) Soda St.; from Hwy 49E to Henderson St.	1	\$67,000	30
DeKalb	Two separate activities: <b>(1) Street Improvements</b> – Resurface Beck Street from Oak Street to Napp Street serving NW North PHA site (\$41,841) and <b>(2) Drainage Improvements</b> – Improve existing drainage ditch at NW North PHA site from Napp Street to Pecan Street. Line existing ditch with concrete and replace Mill Street and Pecan Street culverts (\$108,834). Engineering, design, administration for both activities (\$33,150)	1	\$183,825	29
Linden	<b>Street Improvements</b> – Pave two existing dirt roads (Foster and Taylor Streets) by Main PHA site. Resurface as section of Taylor St., between W. Campbell and Rush Streets.	1	\$41,500	26
Hugh Springs	<b>Street Improvements</b> – Repair section of Pine Street in front of Pine PHA site. Fill Potholes and repair pavement deterioration by curb.	1	\$15,000	25
Overton	<b>Street and Drainage</b> – North Street	1	\$100,000	24

**Priority 1  
State CDBG Set-Aside Funding  
Young vs. Martinez**

PHA / CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Kirbyville	<b>Street Improvements</b> - (1) MLK Street (formerly W. Lanier) from Herendon St. to Hwy 96; and (2) resurface and improve drainage on W. Levert St.; from Hwy 96 to Herendon St.	1	\$642,890	19
Detroit	<b>Street Reconstruction</b> - Bennett Street - N. main St. to 1 <sup>st</sup> St. NE, N. Main, from Bennett St. to Hwy. 82 and Sheppard Ave., from intersection of Hwy. 410S., and west to West Sheppard (end of Street).	1	\$280,017.50	17
Wills Point	<b>Multi-Purpose Center Project</b> - (1) Demolish old Cartwright School building. (2) Construct a new 100'X 75' building to include parking area and outdoor playground equipment.	1	\$720,000	15
Garrison	<b>Street and Drainage</b> - East Henning Road from Patterson to Hwy 59.	1	\$244,300	14
Talco	<b>Drainage Improvements</b> - Wilson Street; from 7 <sup>th</sup> St. to 10 <sup>th</sup> St.	1	\$24,264.50	10
Mt. Vernon	<b>Street Improvements</b> - English St. and utility improvements in the Site AB neighborhood, from Hwy 67 to Virginia St.	1	\$311,978	7
		<b>Total</b>	<b>\$5,429,206</b>	



**Priority 2  
State CDBG Set-Aside Funding  
Young vs. Martinez**

PHA/CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Henderson	<b>Street and Drainage</b> - West Main PHA - Texas Street, Elizabeth Street, and West Elk.	2	\$493,137	31
Edgewood	<b>Streets and Drainage</b> - (10) Elm; from Crockett to PHA site and (2) Austin; from Downs to Oak.	2	\$300,000	6
Alba	<b>Street Improvements</b> - Reconstruction of Pope Street to include Center and Dewitt Street.	2	\$93,000	3
Deport	<b>Street and Drainage Improvements</b> - (1) Pecan Street; from Monroe Street to the end (2) Third Street; from Bevill Street to Monroe Street (3) Second Street; from Monroe Street to Bevill Street (4) Fourth Street to the end and (5) N. College Street to end.	2	\$414,214	3
		<b>Total</b>	<b>\$1,300,351</b>	

2001 APPLICANT INFORMATION - YvM

<u>APPLICANT</u>	<u>CONSULTANT</u>	<u>TCDP</u>	<u>LOCAL</u>	<u>TOTAL</u>	<u>L/M</u>	<u>DOC FOR IMPACT</u>	<u>PROJECT DESCRIPTION</u>
Clarksville	Lucas Consulting	\$399,542.00	\$0	60	60	HUD Priority 1 list	<b>STREETS &amp; DRAINAGE:</b> College Heights Housing Authority. Construction shall take place along Roberts Street from S. Donoho Street to S. Grove Street and W. Jackson Street from s. Emma Street to W. Delaware Street. The City of Clarksville shall reconstruct appx. 3,700 lf of streets and install appx. 1,050 lf of 24" RC storm drainage pipe, 5 concrete curb inlets, 3, 600 lf of concrete curb and gutter in the College Heights Housing Authority neighborhood.
Cooper	Bill Hayter	\$191,310.00	\$0	18	18	HUD Priority 1 list	<b>STREET &amp; DRAINAGE:</b> Marshall Street PHA. Street and drainage
Naples	Lucas Consulting	\$39,040.00	\$0	17	17	HUD Priority 1 list	<b>DRAINAGE:</b> Cornett Road Housing Authority. Construction will take place on Cornett Road from Church Street to 400' west of Hwy 338. The City of Naples will excavate appx. 1,200 lf of road ditch, install 25 lf of 12" RCP culvert, 40 lf of 18" culvert and construct 400 lf of 24" concrete drainage in the Cornett Road Housing Authority neighborhood.
Paris	RIM Enterprises-Bob Jones	\$200,000.00	\$38,000	33	33	HUD Priority 1 list	<b>Site Acquisition:</b> Booker T. Washington PHA site. Contractor shall acquire existing structure known as the Razz Club, it will be demolished and/or relocated and if funding allows a community center will be constructed on the site.

2001 APPLICANT INFORMATION - YvM

<u>APPLICANT</u>	<u>CONSULTANT</u>	<u>TCDP</u>	<u>LOCAL</u>	<u>TOTAL</u>	<u>L/M</u>	<u>DOC FOR IMPACT</u>	<u>PROJECT DESCRIPTION</u>
Crockett	Gary R. Traylor & Associates	\$515,482.00	\$0	251	251	HUD Priority 1 list	<b>STREETS: PHA</b> Site A. Construction shall take place along Briggs storm sewer inlets, curb and gutter replacement, WATER: 1,355 6" water main, SEWER: 1,850 lf 8" sewer main, 7 manholes and 49 sewer re-connections.
Livingston	David Waxman	\$180,000.00	\$0	210	210	HUD Priority 1 list	<b>STREET and DRAINAGE:</b> Circle/Banks PHA-Street reconstruction and drainage improvements shall take place along MLK Street from west of the intersection of N. Colita to east of the intersection of N. Bluebird.
Woodville	David J. Waxman, Inc.	\$98,692.00	\$0	60	60	HUD Priority 1 list	<b>STREETS:</b> Terrace Apartment Site AA. Construction shall take place along Robin Street from Bluebird to end of roadway. Construction shall consist of paving and installation of appx. 450 lf of 27 foot wide roadway, including 5 driveway turnouts and appx 720 lf of concrete curb and gutter.
Gilmer	Gary R. Traylor & Associates	\$283,700.00	\$0	159	159	HUD Priority 1 list	<b>STREETS:</b> Sorrells PHA. Construction shall take place along Sorrells Drive from Hwy 154 to Buffalo Street, Circle Drive from Sorrells Driveto Hwy 154 and Wilson Drive from Sorrells to Hwy 154. Construction shall consist of the excavation of appx. 11,800 sf of 2" HMAC overlay, 11,800 sy of tack coat, 14,240 sf of 8" dumpster pad and apron, reconstruct appx. 2,300 sf of base failure and 120 lf of concrete valley gutter.

2001 APPLICANT INFORMATION - YvM

<u>APPLICANT</u>	<u>CONSULTANT</u>	<u>TCDP</u>	<u>LOCAL</u>	<u>TOTAL</u>	<u>L/M</u>	<u>DOC FOR IMPACT</u>	<u>PROJECT DESCRIPTION</u>
Henderson	GRT	\$293,194.00	\$3,306	133	133	HUD Priority 1 list	<b>Street and Drainage Improvements:</b> Flanigan Heights PHA. Construction shall take place along Zion Street from Webster to Redbud and Redbud from Zion to Robertson. The proposed improvements will include excavation, appx. 4,000 s.y. of concrete pavement and lime stabilization subgrade, 4,000 s.y. scarify, mix, reshape and compact to include utility adjustments and drainage improvements
Pittsburg	Gary R. Traylor & Associates	\$99,040.00	\$0	28	28	HUD Priority 1 list	<b>STREETS &amp; UTILITY:</b> Hawkins Place PHA. Street reconstruction shall take place along Williams Street from Montgomery loop around back to Montgomery and along Hawkins in between Williams loop. Street construction shall include new 2" HMA overlay installed over a scarified and re-compacted base (except in locations where new base is required) and 6" wide concrete valley gutters. <b>UTILITY:</b> the City of Pittsburg shall upgrade appx 720 lf of water line and 400 lf of sewer line along Williams Street.
<b>10</b>		<b>2,300,000</b>	<b>41,306</b>	<b>969</b>	<b>969</b>		

**Priority 1**  
**State CDBG Set-Aside Funding**  
**Young vs. Martinez**  
*(Revised)*

PHA/CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Henderson	<b>Street and Drainage Improvements at PHA sites.</b> Yates Park: conversion of old swimming pool to basketball courts and resurfacing parking lot (\$48,500) and street and drainage work to be completed at Flanagan Heights PHA, Red Bud and Zion streets (\$449,931)	1	\$498,431	31
Jefferson	<b>Street Improvements</b> – (1) Sharp St.; Tuddle St. to Hwy 59 (2) Washington St.; Clarksville St. to Bonham St. (3) Lafayette St.; from Market St. to Line St. (4) Canal St.; from Clarksville St. to St. Peter St. (5) Soda St.; from Hwy 49E to Henderson St.	1	\$67,000	30
DeKalb	Two separate activities: <b>(1) Street Improvements</b> – Resurface Beck Street from Oak Street to Napp Street serving NW North PHA site (\$41,841) and <b>(2) Drainage Improvements</b> – Improve existing drainage ditch at NW North PHA site from Napp Street to Pecan Street. Line existing ditch with concrete and replace Mill Street and Pecan Street culverts (\$108,834). Engineering, design, administration for both activities (\$33,150)	1	\$183,825	29
Linden	<b>Street Improvements</b> – Pave two existing dirt roads (Foster and Taylor Streets) by Main PHA site. Resurface as section of Taylor St., between W. Campbell and Rush Streets.	1	\$41,500	26
Hugh Springs	<b>Street Improvements</b> – Repair section of Pine Street in front of Pine PHA site. Fill Potholes and repair pavement deterioration by curb.	1	\$15,000	25
Overton	<b>Street and Drainage</b> – North Street	1	\$100,000	24

**Priority 1**  
**State CDBG Set-Aside Funding**  
**Young vs. Martinez**  
*(Revised)*

PHA/CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Kirbyville	<b>Street Improvements</b> - (1) MLK Street (formerly W. Lanier) from Herendon St. to Hwy 96; and (2) resurface and improve drainage on W. Levert St.; from Hwy 96 to Herendon St.	1	\$642,890	19
Detroit	<b>Street Reconstruction</b> - Bennett Street - N. main St. to 1 <sup>st</sup> St. NE, N. Main, from Bennett St. to Hwy. 82 and Sheppard Ave., from intersection of Hwy. 410S., and west to West Sheppard (end of Street).	1	\$280,017.50	17
Wills Point	<b>Multi-Purpose Center Project</b> - (1) Demolish old Cartwright School building. (2) Construct a new 100'X 75' building to include parking area and outdoor playground equipment.	1	\$720,000	15
Garrison	<b>Street and Drainage</b> - East Henning Road from Patterson to Hwy 59.	1	\$244,300	14
Talco	<b>Drainage Improvements</b> - Wilson Street; from 7 <sup>th</sup> St. to 10 <sup>th</sup> St.	1	\$24,264.50	10
Mt. Vernon	<b>Street Improvements</b> - English St. and utility improvements in the Site AB neighborhood, from Hwy 67 to Virginia St.	1	\$311,978	7
		<b>Total</b>	<b>\$3,129,206</b>	

**Priority 2**  
**State CDBG Set-Aside Funding**  
**Young vs. Martinez**  
*Revised*

PHA/CITIES	ACTIVITIES	PRIORITY LEVEL	ESTIMATED CDBG DOLLARS NEEDED	NUMBER OF CLASS MEMBERS
Henderson	<b>Street and Drainage</b> - West Main PHA - Texas Street, Elizabeth Street, and West Elk.	2	\$493,137	31
Edgewood	<b>Streets and Drainage</b> - (1) Elm; from Crockett to PHA site and (2) Austin; from Downs to Oak.	2	\$300,000	6
Alba	<b>Street Improvements</b> - Reconstruction of Pope Street to include Center and Dewitt Street.	2	\$93,000	3
Deport	<b>Street and Drainage Improvements</b> - (1) Pecan Street; from Monroe Street to the end (2) Third Street; from Bevill Street to Monroe Street (3) Second Street; fro Monroe Street to Bevill Street (4) Fourth Street to the end and (5) N. College Street to end.	2	\$414,214	3
		<b>Total</b>	<b>\$1,300,351</b>	

**A summary of the current status of the 1995 Young V. Martinez grantees is provided on the next three pages, followed by an overview of the 2001 Young V. Martinez applicants.**

Also attached as appendices are lists of CDBG and HOME Program projects that have been funded to benefit the 36 East Texas counties over the years. These lists provide details of funding categories, amounts and project descriptions for each of the contracts funded in the 36 East Texas Counties.



**TEXAS COMMUNITY DEVELOPMENT PROGRAM  
YOUNG V. COUMO GRANTEES<sup>37</sup>**

**STATUS OF PROJECTS**

Grantee	Contract Amount	Status	Drawn Amount	Unutilized Balance	Actual Total Benefit	Actual Low/Mod Benefit	Closed Date	Actual Accomplishments
Atlanta	\$133,062	AC	\$131,926.94	\$ 1,135.06	51	51	01/27/1999	Installed 1,112 tons of 1.5" asphaltic pavement, 4,714' of 18" concrete curb and gutter, 3,896' of concrete sidewalk, 6 barrier-free sidewalk ramps, 5 barrier-free curb ramps, and 400' of cedar fence.
Avinger	\$ 85,700	AC	\$ 85,200.00	\$ 500.00	70	70	06/09/1997	Installed 156' of 24' culverts, reconstructed 500' of street, installed 700' of sewer line, 1 manhole and demolished one two-story structure.
Big Sandy	\$272,000	AC	\$261,271.60	\$10,728.40	20	20	09/23/1998	Installed metal beam guard fence, 4 wingwalls, 144 cy of concrete, 135 tons of asphaltic pavement, prime coat, road subgrade, and 2 box culverts.
Clarksville	\$365,151	AC	\$365,151.00		179	179	01/14/1999	Installed 3,700' of streets with compacted base and lime stabilization, 1,476' of valley gutter, 1,030' of curb and gutter, 295' of RCP storm sewer, and 4 inlet boxes.
Cleveland	\$286,708	AC	\$286,708.00		143	143	11/19/1998	Improved streets and driveways, demolished and cleared 21 vacant dilapidated structures and lots, and rehabilitated 10 owner-occupied homes.
Cooper	\$190,206	AC	\$190,206.00		210	210	06/07/1999	Installed 4,505' of asphalt overlay, 4,200' of asphalt surface, compacted base, sub-base repair, lime stabilization base, curb & gutter, drainage culverts, & 2 handicapped ramps.
Corrigan	\$ 30,000	AC	\$ 30,000.00		80	80	07/15/1999	Cleaned & reggraded ditches, recompacted street sub-grade, installed flexible street base, limestone base, & asphalt surface, a water crossing, drainage pipe, & 2 headwalls.
Crockett	\$300,000	AC	\$287,132.59	\$12,867.41	605	605	11/19/1998	Installed 2,447' of streets (including base, subgrade, and asphaltic surface), 204' of curb and gutter, 6,878' of asphalt surface overly and one drainage structure.
Dayton	\$235,500	AC	\$235,500.00		273	273	11/19/1998	Installed 2,098' of sewer line, 40 service reconnections, 8 manholes. Demolished and cleared 17 properties. Installed street overlay on nine streets.
DeKalb	\$149,415	AC	\$149,415.00		98	98	09/28/1998	Installed 1,790' of asphalt paving, 522' of curb and gutter, and 108' of drainage culverts.

<sup>37</sup> Note that TDHCA is not a part of the Young v. Martinez litigation. All activities related to this funding were identified and recommended by HUD.

Grantee	Contract Amount	Status	Drawn Amount	Unutilized Balance	Actual Total Benefit	Actual Low/Mod Benefit	Closed Date	Actual Accomplishments
Diboll	\$ 87,000	AC	\$ 3,272.42	\$ 3,727.58	307	307	10/10/1997	Installed 1,604' of concrete repair and 1,316 tons of asphalt street overlay.
Garrison	\$189,303	AC	\$189,303.00		174	171	04/30/1998	Installed 3,795' of reshaped, rescarified, and recompacted streets, lime stabilization and limestone base.
Gladewater	\$233,000	AC	\$227,835.39	\$ 5,164.61	219	219	08/11/1998	Installed base, subgrade, and asphaltic surface on streets.
Grapeland	\$ 30,000	AC	\$ 30,000.00		130	130	06/15/1999	Installed 600s.y. of asphalt street overlay.
Hemphill	\$257,000	AC	\$257,000.00		78	72	10/06/1998	Installed 7,400' of reshaped, rescarified, and recompacted streets, 15,435' of prime coat, 113,905 cy of asphaltic surface, and 112' of RCP culvert.
Henderson	\$300,000	AC	\$300,000.00		185	185	11/19/1998	Installed 2,133 sy of concrete paving, 2,018' of fencing, and a barrier-free ramp.
Huntington	\$300,000	AC	\$289,799.00	\$ 10,221.00	151	151	04/19/2000	Installed 6,260 l.f. of 15" sewer line, 1,295 l.f. of 6" sewer line, 360 l.f. of 4" sewer line, 25 manholes, 3 lift station pumps and motors, and replaced 7 service taps. Also made repairs to the WWTP (aeration pumps were damaged by pumping sand)
Jasper	\$ 60,000	AC	\$ 60,000.00		60	60	10/08/1998	Installed 11,370' of overlay on streets and other drainage improvements.
Jefferson	\$282,000	AC	\$281,791.50	\$ 208.50	127	127	02/23/2000	Installed 1,074' of asphalt overlay, 2,023' of concrete pipe, 11 inlets, and demolished/cleared 3 homes.
Kirbyville	\$ 50,000	AC	\$ 50,000.00		105	105	06/15/1998	Installed 400' of reshaped, rescarified, and recompacted streets, 915' of lime stabilized subgrade, prime coat, 2 roadway turnouts, and cement stabilization.
Linden	\$ 58,000	AC	\$ 55,401.90	\$ 2,598.10	73	73	01/27/1999	Installed 474 tons of asphalt overlay, 352 sy of concrete driveway construction, concrete grate, and other roadway preparation.
Malakoff	\$ 13,953	AC	\$ 13,953.00		96	96	08/20/1999	Installed street base, asphalt surface, curb-cuts, concrete drains, ditches, demolished 1 homes, and performed clearance activities.
Maud	\$ 40,000	AC	\$ 40,000.00		30	30	03/06/1998	Reconstructed 1,590' of streets.
Mineola	\$124,000	AC	\$124,000.00		165	156	06/21/1999	Reconstruction of streets in the Meredith, Phillips and Goodson Circle PHA areas.
Mount Pleasant	\$267,115	AC	\$267,115.00		422	408	10/20/1999	Installed 4,715' of sewer line, 21 manholes, 57 service connections; asphalt street surface & curb/gutter, drainage channel, curb inlets, & storm sewer.

Grantee	Contract Amount	Status	Drawn Amount	Unutilized Balance	Actual Total Benefit	Actual Low/Mod Benefit	Closed Date	Actual Accomplishments
Naples	\$ 54,300	C	\$ 54,300.00		53	53	01/28/1999	Installed street paving and drainage improvements.
New Boston	\$243,000	AC	\$238,869.00	\$ 3,707.00	382	378	01/25/1999	Installed 610' of water line, one fire hydrant, asphalt surface paving, curb and gutter, drainage improvements, sidewalks, and concrete parking.
Newton	\$ 54,000	C	\$ 50,498.85	\$ 3,501.15	51	49	04/26/1999	Installed street paving, street widening, and drainage improvements.
Overton	\$300,000		\$300,000.00		63	60	01/31/2001	Reconstruction of Ballpark Road, Denman Road and Ward Street in Mustang I, Mustang II and Rose Village Housing Authority-also French drain, driveway reconstruction and lowered 10 water services
	\$272,000		\$272,000.00		363	363		Installed 1931' of street asphalt surface, curb & gutter, clearing, grubbing & grading; storm sewer, box culvert; & new laundry facility.
Pineland	\$ 74,200	AC	\$ 68,417.80	\$ 5,782.20	182	182	02/11/1998	Installed 1,160' of 6' sanitary sewer line, 4 manholes, and 720' of asphalt overlay.
Pittsburg	\$329,700	AC	\$299,579.00	\$30,121	28	28	02/23/2000	Installed street & drainage improvements including excavation, limestone base, street surface, in-place pavement reconstruction, curb and gutter, reinforced concrete pavement, valley gutters, detention pond, drainage channel, seeding and erosion control, & drainage structures.
San Augustine	\$ 65,487	AC	\$ 60,852	\$ 4,635.00	164	164	10/28/1999	Installed 6,700 s.y. of asphalt surface overlay at Sunset Hills Apartments.
Tenaha	\$141,900	AC	\$132,360.27	\$ 9,539.73	72	72	06/24/1998	Installed 6,475' of asphalt streets and 2,170' sy of asphalt parking.
Timpson	\$246,000	AC	\$245,756..80	\$ 243.20	161	148	09/23/1998	Installed lime stabilization, subgrade, 9 roadway turnouts, 28 driveway turnouts, 230' of culverts, stabilization fabric, compacted limestone, and cement stabilization.
Trinidad	\$148,500	IP	\$148,500.00					
Wills Point	\$300,000	C	\$233,262.25	\$66,737.75	239	229	04/01/1999	Installed street & drainage improvements including 40 tons of lime, 410' of curb & gutter, prime coat, asphalt & concrete surface, valley gutter, fencing, complete excavation, channel bottom and side slope stabilization, and seeding.
TOTALS	\$6,568,200		\$6,396,782.31	\$171,417.69	5,809	5,745		

**CDBG 2001 Young V. Martinez Applicant Information<sup>38</sup>**

<b>Applicant</b>	<b>TCDP Request</b>	<b>Total Beneficiaries</b>	<b>L/M Beneficiaries</b>	<b>Project Description</b>
Clarksville	\$399,542	60	60	<b>STREETS &amp; DRAINAGE:</b> College Heights Housing Authority. Construction shall take place along Roberts Street from S. Donoho Street to S. Grove Street and W. Jackson Street from s. Emma Street to W. Delaware Street. The City of Clarksville shall reconstruct appx. 3,700 lf of streets and install appx. 1,050 lf of 24" RC storm drainage pipe, 5 concrete curb inlets, 3, 600 lf of concrete curb and gutter in the College Heights Housing Authority neighborhood.
Cooper	\$191,310	18	18	<b>STREET &amp; DRAINAGE:</b> Marshall Street PHA. Street and drainage improvements shall take place along 4th St from Marshall to Commerce, 5th St from Marshall to Commerce and Commerce from 4th to 5th (drainage only). Street surfaces will be widened, curb and gutter installed and utility serviec mains relocated. Borrow ditches on Commerce Street will be constructed and new 15" culverts installed.
Naples	\$39,040	17	17	<b>DRAINAGE:</b> Cornett Road Housing Authority. Construction will take place on Cornett Road from Church Street to 400' west of Hwy 338. The City of Naples will excavate appx. 1,200 lf of road ditch, install 25 lf of 12" RCP culvert, 40 lf of 18" culvert and construct 400 lf of 24" concrete drainage in the Cornett Road Housing Authority neighborhood.
Crockett	\$515,482	251	251	<b>STREETS:</b> PHA Site A. Construction shall take place along Briggs from Rose to PHA, Rose from Lovers to PHA, Barnhill from Lovers to Rose (outside & outside PHA), Wooten from Rose to PHA, Dallas across from 2nd Street to PHA, Rose from PHA to Briggs, Briggs inside PHA and Lovers from austin to Barnhill. Construction shall consist of appx. 92 tons of HMAC level-up, 8,735 sf HMAC surface overlay, 830 sy concrete pavement removal, 830 sy 6" base repair, 600 lf 18" storm sewer, 10 storm sewer inlets, curb and gutter replacement, WATER: 1,355 6" water main, SEWER: 1,850 lf 8" sewer main, 7 manholes and 49 sewer re-connections.
Woodville	\$98,692	60	60	<b>STREETS:</b> Terrace Apartment Site AA. Construction shall take place along Robin Street from Bluebird to end of roadway. Construction shall consist of paving and installation of appx. 450 lf of 27 foot wide roadway, including 5 driveway turnouts and appx 720 lf of concrete curb and gutter.
Gilmer	\$283,700	159	159	<b>STREETS:</b> Sorrells PHA. Construction shall take place along Sorrells Drive from Hwy 154 to Buffalo Street, Circle Drive from Sorrells Driveto Hwy 154 and Wilson Drive from Sorrells to Hwy 154. Construction shall consist of the excavation of appx. 11,800 sf of 2" HMAC overlay, 11,800 sy of tack coat, 14,240 sf of 8" dumpster pad and apron, reconstruct appx. 2,300 sf of
Pittsburg	\$99,040	28	28	<b>STREETS &amp; UTILITY:</b> Hawkins Place PHA. Street reconstruction shall take place along Williams Street from Montgomery loop around back to Montgomery and along Hawkins in between Williams loop. Street construction shall include new 2" HMAC overlay installed over a scarified and re-compacted base (except in locations where new base is required) and 6" wide concrete valley gutters. UTILITY: the City of Pittsburg shall upgrade appx 720 lf of water line and 400 lf of sewer line along Williams Street.
Livingston	\$180,000	51	51	<b>STREET and DRAINAGE:</b> Street reconstruction and drainage improvements shall take place along MLK Street from N. Bluebird to Preston.
<b>TOTALS: (8 projects)</b>	<b>1,806,806</b>	<b>644</b>	<b>644</b>	

<sup>38</sup> The Texas Community Development Program has set-aside \$2.3 million of Program Year 2001 CDBG funds for the Young v. Martinez litigation. This list includes funding priorities totaling \$1,806,806 for eight cities, as determined by HUD. The remaining \$493,194 will be provided to the City of Henderson. HUD will provide instruction regarding the eligible activities that the City must apply for to receive the \$493,194.

In addition to the Young V. Martinez specific funding from CDBG sources, TDHCA has expended a significant amount of funds in the 36 county area. Below is an overview of CDBG funds provided to the county areas included in the Young V. Martinez litigation between 1983 and 2001:

**CDBG<sup>39</sup>**

<b>Year Funded</b>	<b># of Grantees</b>	<b>Contract Amount</b>	<b>\$ Match</b>	<b>Drawn Amount</b>
<b>2001</b>	37	9,438,475.00	7,746,085.00	
<b>2000</b>	43	11,007,792.00	4,260,979.00	4,140,107.00
<b>1999</b>	44	11,200,298.00	5,361,184.00	7,665,792.82
<b>1998</b>	48	11,585,502.00	5,463,448.00	9,978,936.35
<b>1997</b>	41	9,916,053.00	4,093,295.00	9,775,069.51
<b>1996</b>	41	10,396,304.00	5,233,816.00	9,758,556.80
<b>1995</b>	76	15,899,873.00	8,069,239.00	15,329,492.93
<b>1994</b>	50	12,108,858.00	5,810,885.00	11,634,178.15
<b>1993</b>	36	8,674,193.00	6,363,264.00	8,369,168.81
<b>1992</b>	34	7,746,474.00	3,242,211.00	7,605,431.67
<b>1991</b>	40	9,372,768.00	2,244,302.00	8,961,829.42
<b>1990</b>	32	7,261,940.00	2,437,467.00	6,818,220.93
<b>1989</b>	39	9,321,711.00	3,533,876.00	9,215,841.13
<b>1988</b>	30	7,126,629.00	1,874,976.00	7,025,528.72
<b>1987</b>	35	8,009,764.00	2,883,771.00	7,946,069.99
<b>1986</b>	34	7,166,216.00	150,000.00	7,027,403.25
<b>1985</b>	31	8,130,192.00	591,147.00	7,993,004.79
<b>1984</b>	30	7,892,744.00	595,500.00	7,753,163.39
<b>1983</b>	33	10,666,372.00	0	10,544,024.00
<b>TOTAL:</b>	<b>754</b>	<b>\$182,922,158.00</b>	<b>\$69,955,445.00</b>	<b>\$149,548,814.87</b>

<sup>39</sup> A detailed description of funding and activities can be found in Appendix A.

Below is an overview of the funding amounts provided by the HOME Program to the 36 counties included in the Young V. Martinez litigation:

**HOME<sup>40</sup>**

<b>County</b>	<b>Budget</b>	<b>Project Draws</b>	<b>Total Units</b>
Anderson	1,711,838.75	1645951.75	70
Angelina	2,903,330.23	2539782.13	176
Bowie	694,436.50	668636.50	117
Camp	54,718.00	54718.00	5
Cass	390,397.25	390397.25	38
Cherokee	1,238,407.79	1106818.79	80
Delta	348,072.00	348072.00	35
Franklin	0	0	0
Gregg	2,685,651.73	2582799.73	152
Hardin	329,591.57	329591.57	20
Harrison	291,690.35	288390.35	30
Henderson	912,525.00	907559.00	40
Hopkins	1,059,074.00	122900.00	2
Houston	466,617.51	445917.51	24
Jasper	216,789.70	209289.70	8
Jefferson	2,281,764.58	1594167.12	257
Lamar	180,000.00	160000.00	34
Liberty	563,127.27	563127.27	47
Marion	69,399.04	69399.04	7
Morris	176,755.00	157563.00	8
Nacogdoches	1,736,887.14	1728448.14	60
Newton	14,781.94	14781.94	7
Orange	943,893.74	943893.74	82
Panola	1,467,632.98	1464352.98	54
Polk	92,232.55	92232.55	6
Red River	95,543.22	95543.22	17
Rusk	200,000.00	200000.00	5
Sabine	155,776.52	155776.52	12
San Augustine	560,763.75	560763.75	44
Shelby	455,357.00	453416.50	20
Smith	2,460,064.84	2410887.84	153
Titus	210,000.00	200000.00	42
Tyler	0	0	0
Upshur	11,000.00	11000.00	2
Van Zandt	604,044.15	602237.15	25
Wood	178,153.00	170652.00	10
<b>TOTAL:</b>	<b>\$25,760,317.10</b>	<b>\$23,289,067.04</b>	<b>1,689</b>

<sup>40</sup> A detailed description of funding and activities can be found in Appendix B

Below is an overview of the funding amounts provided by the Single Family Bond Program to the 36 counties included in the Young V. Martinez litigation:

**Single Family Bonds**

<b>County</b>	<b>Loan Count</b>	<b>Principal Balance</b>
Anderson	4	\$162,715.17
Angelina	15	\$760,004.37
Bowie	87	\$3,725,336.69
Camp	0	\$0.00
Cass	17	\$669,912.71
Cherokee	1	\$64,196.69
Delta	2	\$117,695.98
Franklin	0	\$0.00
Gregg	45	\$2,025,085.96
Hardin	1	\$30,560.56
Harrison	13	\$461,659.28
Henderson	1	\$56,779.25
Hopkins	0	\$0.00
Houston	2	\$154,722.19
Jasper	2	\$95,048.06
Jefferson	25	\$1,049,161.79
Lamar	1	\$50,906.13
Liberty	2	\$88,542.19
Marion	1	\$51,000.00
Morris	1	\$58,727.15
Nacogdoches	9	\$454,049.29
Newton	0	\$0.00
Orange	3	\$144,183.93
Panola	0	\$0.00
Polk	0	\$0.00
Red River	1	\$35,273.33
Rusk	5	\$204,559.42
Sabine	0	\$0.00
San Augustine	0	\$0.00
Shelby	0	\$0.00
Smith	35	\$1,649,145.73
Titus	1	\$59,557.45
Tyler	0	\$0.00
Upshur	6	\$253,097.80
Van Zandt	1	\$51,682.93
Wood	0	\$0.00
<b>Totals:</b>	<b>281</b>	<b>\$12,473,604.05</b>

Below is an overview of the funding amounts provided by the Low Income Housing Tax Credit Program to the 36 counties included in the Young V. Martinez litigation:

**Low Income Housing Tax Credit Program<sup>41</sup>**

<b>County</b>	<b>Units</b>	<b>Award Amount</b>
Anderson	412	\$937,671
Angelina	182	\$1,082,401
Bowie	204	\$722,301
Camp	116	\$518,013
Cass	128	\$163,617
Cherokee	319	\$412,118
Franklin	32	\$37,165
Gregg	184	\$1,026,688
Hardin	94	\$110,885
Harrison	280	\$1,117,433
Henderson	88	\$94,443
Hopkins	76	\$87,025
Houston	108	\$120,461
Jasper	155	\$225,085
Jefferson	516	\$2,727,489
Lamar	116	\$387,114
Liberty	368	\$1,199,488
Marion	62	\$54,201
Morris	24	\$29,381
Nacogdoches	246	\$1,380,011
Newton	23	\$31,993
Orange	247	\$960,108
Panola	144	\$188,395
Polk	206	\$272,042
Red River	96	\$99,539
Rusk	24	\$26,172
Sabine	32	\$54,615
San Augustine	36	\$64,428
Shelby	92	\$126,320
Smith	512	\$2,455,510
Titus	76	\$85,706
Upshur	78	\$87,566
Van Zandt	162	\$176,876
Wood	120	\$137,610
<b>Totals:</b>	<b>5,558</b>	<b>\$17,199,870</b>

<sup>41</sup> A detailed description of funding and activities can be found in Appendix C



Below is an overview of the funding amounts provided by the Housing Trust Fund Program to the 36 counties included in the Young V. Martinez litigation:

**Housing Trust Fund<sup>42</sup>**

<b>County</b>	<b>Units</b>	<b>Award Amount</b>
Angelina	90	\$905,000
Cass	12	\$221,850
Jefferson	20	\$250,000
Nacogdoches	5	\$480,000
<b>Totals:</b>	<b>127</b>	<b>\$1,856,850</b>

**3. Continued Funding for 36 County Regions**

**Populations Most in Need**

TDHCA is dedicated to serving populations that traditionally have the highest need for assistance, yet tend to remain underserved. The following populations will receive funding priority:

1. extremely low income individuals and households (0-30 percent AMFI),
2. low income special needs populations including elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addictions, persons with HIV/AIDS, victims of domestic violence, and public housing residents,
3. residents of the colonias,
4. the homeless.

**Priority activities include:**

1. preservation of affordable housing (multifamily and single family) and
2. homeownership
3. First-time public water and public sewer service
4. Accessibility modifications to homes for persons with special needs

**Regional Allocation**

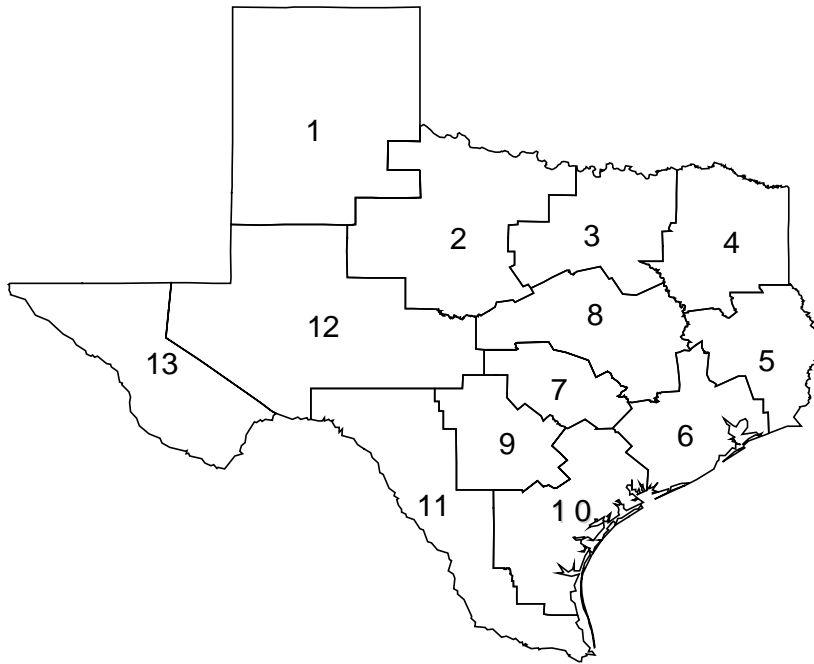
The Regional Allocation Formula (RAF) was developed to serve as a dynamic measure of affordable housing need that may be used to distribute funds from the HOME Investment Partnerships Program (HOME), Housing Trust Fund (HTF), and Low Income Housing Tax Credit Program (LIHTC). As a dynamic measure of need, it was expected that the formula would be updated annually to reflect the availability of more up-to-date demographic information; respond to public comment on the formula; and include other factors as required to better assess regional affordable housing needs.

In 1999, the 76<sup>th</sup> Legislature enacted Senate Bill 1112 (§2306.111, Government Code), which required TDHCA to use a formula to regionally allocate its HOME Program, Housing Trust Fund, and Low Income Housing Tax Credit Program funding. The resulting Regional Allocation Formula provides an objective measure of each region’s affordable housing need, by which the associated funds are accordingly distributed. For the 2001 and 2002 RAF, TDHCA used the Texas Comptroller of Public Accounts’ Uniform State Service Regions for its planning purposes. In 2002, the Comptroller modified the county groupings to create 13 regions from the previous ten, which better identifies the unique characteristics of the border counties and treats larger metropolitan areas as distinct regions. Because this change is consistent with TDHCA’s efforts to allocate funds based on specific regional needs and demographic characteristics, the decision was made to adopt these new regions for the 2003 RAF. (See below for a map of the new regions.) Because HOME, HTF, and LIHTC program funds can be used for different activities (and HOME has unique geographical eligibility requirements), a series of formulas have been developed to allocate the funding based on funding source and activity.

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<sup>42</sup> A detailed description of funding and activities can be found in Appendix D

## Map of 13 State Service Regions



### **Measures of Need**

The Affordable Housing Need Indicators (AHNIs) used in the RAF are:

**Severe housing cost burden.** Texas households<sup>43</sup> with incomes below 50 percent of the area median income, who pay more than half of their income for housing costs;

**Substandard and dilapidated housing stock.** Texas households with incomes below 50 percent of the area median income that live in severely substandard housing;

**Renter overcrowding.** Texas households with incomes below 50 percent that live in overcrowded housing; and

**Poverty.** Texas persons living in poverty, as estimated by the Texas Department of Health and Human Services.

Because the population size of the AHNI factors varies significantly (i.e. poverty is measured in millions of persons and substandard housing in tens of thousands), each AHNI is weighted in a manner that reflects the relative size of the population it represents. The regional AHNI percentages are weighted as follows: poverty = 50 percent, extreme cost burden = 30 percent, substandard housing = 5 percent, and overcrowding = 15 percent. Under Texas law, the TDHCA HOME funds must be awarded almost entirely to non-participating jurisdictions that do not receive HOME funds directly from HUD. To account for this requirement, estimates of each AHNI population that exclude persons living in participating jurisdictions are utilized in the HOME RAF.

### **Consideration of Other Funding Sources**

As required by §2306.111, Government Code, the redistribution formulas must consider funding available in the region from state and federal sources. This is done using an adjustment factor that considers the following funding sources.

### **LIHTC and HTF**

Section 8 Tenant-Based Rental Assistance distributed by TDHCA

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<sup>43</sup> The "household" indicator populations are expressed in terms of effected renter or owner households. Based on the primary activities of the program to which the RAF is being applied, HOME will utilize renter and owner households and LIHTC and HTF will utilize only renter households.

Multifamily Tax Exempt Bond Financing allocated by the Texas Bond Review Board  
 Four percent Low Income Housing Tax Credits associated with Tax-Exempt Bond Financing  
 HOME Funds allocated by participating jurisdictions  
 Housing for Persons with AIDS allocated by participating jurisdictions  
 Emergency Shelter Grant Funds (ESG) allocated by TDHCA and participating jurisdictions  
 USDA Tenant-Based Rental Assistance  
 USDA Multifamily Development Funding

**HOME**

Single Family Bond based loans distributed by TDHCA and Housing Finance Corporations in non-participating jurisdictions  
 USDA Single Family 502 and 504 loans and grants  
 Section 8 Tenant-Based Rental Assistance distributed by TDHCA  
 USDA Tenant-Based Rental Assistance  
 USDA Multifamily Development Funding  
 ESG (TDHCA) in non-participating jurisdictions  
 Multifamily Tax Exempt Bond Financing allocated by the Texas Bond Review Board in non-participating jurisdictions  
 Four percent Low Income Housing Tax Credits associated with Tax-Exempt Bond Financing in non-participating jurisdictions

**2003 Regional Allocation Formula**

Two formulas were developed because the HOME program predominantly funds areas that do not receive other HOME funds directly from HUD. The resulting 2003 RAFs are provided below in Figure 2B. A more detailed explanation of the formulas is available on the TDHCA website or upon request from the Center for Housing Research, Planning, and Communications.

**Figure 2B: 2003 Regional Allocation Percentage**

<b>State Service Region</b>	<b>HOME</b>	<b>HTF and LIHTC</b>
1	4.0%	5.2%
2	2.9%	3.1%
3	11.9%	13.0%
<b>4</b>	<b>7.6%</b>	<b>5.8%</b>
<b>5</b>	<b>9.5%</b>	<b>4.7%</b>
6	12.2%	13.7%
7	4.8%	3.7%
8	9.6%	6.5%
9	7.0%	12.7%
10	5.3%	5.7%
11	17.2%	15.1%
12	6.0%	3.5%
13	2.0%	7.2%

As noted above, the Regions Four and Five, which are made up primarily of the 36 impacted counties, will continue to receive funding based upon the identified needs in that area. As always, TDHCA will continue to support the development of integrated housing through its various programs.

**4. Additional Activities**

**Technical Assistance**

The Texas Community Development Program has assigned two staff members as Fair Housing/Equal Opportunity Specialists. All staff members are trained to provide one-on-one technical assistance regarding fair housing and equal employment opportunity to the Contractor localities and consultants.

In addition, the Texas Community Development Program conducted pre-funding site visits to all localities that were recommended for funding under the Community Development Fund. A TCDP Project Implementation Manual was distributed to all Contractor localities to assist them in administration of project activities and to inform them of all the applicable laws and regulations. This manual includes two chapters regarding fair housing and equal opportunity with detailed information, forms and a checklist to ensure compliance with all regulations.

### **Fair Housing Technical Assistance and Expenses**

The Texas Community Development Program obtained fair housing posters and various brochures for distribution to participating cities, counties and regional planning councils. The Fair Housing Specialist also produced a memorandum to remind all contractor localities that had open CDBG contracts of the national and state fair housing month. This memorandum included a list of acceptable fair housing activities to conduct and a checklist of reporting and record keeping requirements of the CDBG program.

### **Model Fair Housing Law**

The Texas Commission on Human Rights developed a model fair housing law for local political subdivisions which was submitted to the U.S. Department of Housing and Urban Development for informal review. It is substantially equivalent to the federal Fair Housing Act and is made available to municipalities requesting a copy of the model.

### **Section 8 Admittance Policy**

In June, 2000, the Texas Department of Housing and Community Affairs (TDHCA) appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is as follows:

- Managers and owners of LIHTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
- The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.

Any violation of program requirements relative to this policy will also impact the Owner's ability to participated in future TDHCA programs.

### **Fair Housing Conferences and Workshops**

Staff members of the TDHCA Field Offices attended various workshops to provide technical assistance regarding TDHCA housing programs and fair housing issues. HUD Community Builders, USRDA, local community services, lenders and realtors participated in these workshops.

In April of 2001, a representative of TDHCA attended the 2001 Fair Housing Conference presented by the East Texas Fair Housing Service Center. At the conference staff was provided Housing Education for both landlords and tenants to promote the participation in the Section 8 program for rental assistance. They were also provided maps of the areas around Beaumont and Port Arthur that are considered target areas to promote desegregation.

### **Local Analysis of Impediments to Fair Housing Choice**

The Texas Community Development Program encourages all TCDP Contractor localities to conduct an analysis of impediments to fair housing choice at the local level. The analysis must document an assessment of the Contractor locality's housing needs; the methods it will utilize to address any inequities identified; a time frame for resolving any inequities included in the assessment; and an extensive review of conditions surrounding public housing (if applicable).

### **Staff Training**

CDBG management staff attended the COSCDA's State CDBG Program Administration Workshops. These workshops included various training sessions, including compliance with Fair Housing, Equal Opportunity and Beneficiary Data Reporting.

TCDP staff attended HUD's application workshop for the SuperNOFA fair housing programs in San Antonio. This workshop assisted staff with the submission of two applications for funding under the fair housing programs.

The Fair Housing Specialist and the MBE Specialist attended HUD's National Fair Housing Assistance/Initiatives Programs Policy Conference in San Antonio on July 23 – 28, 2000. This was an excellent conference that was attended by staff to receive training and updates on current housing issues.

This year, TDHCA has implemented a fair housing training requirement of all staff. January 9, 2001 the first group including Compliance staff and Department managers and directors attended this training class. All other staff will attend fair housing training scheduled later in this year. This training is also required for all Low Income Housing Tax Credit recipients and their architects.

In addition, all TCDP staff receive training regarding project implementation and compliance of TCDP contracts. Staff training includes an overview of all related civil rights and fair housing laws, regulations and executive orders; discussion of fair housing activities that can be accomplished to comply with fair housing requirements and certifications; record keeping requirements; and the procedures to use regarding fair housing complaints.

### **Contractor Certifications**

All CDBG fund grantees must certify that they will take action to affirmatively further fair housing. This certification must be signed and submitted with the initial application for funding. If funded, all Contractor localities are required to conduct at least one fair housing activity during the contract period. Contractor localities are encouraged to pass fair housing ordinances and to update existing fair housing ordinances to include all federally protected classes. The fair housing ordinance must include a penalty clause and the municipality must have the staff and the capacity to enforce the ordinance.

### **Governor of Texas Signs Fair Housing Proclamation**

Texas Governor Rick Perry signed a proclamation to designate April 2001 as Fair Housing Month in Texas. TDHCA issued press releases throughout the state to inform the public of the Governor's fair housing proclamation. The press release included information regarding the Fair Housing Act and the programs available through the Department.

## **5. Affordable Housing and Underserved Populations Initiatives**

### **Serving Extremely Low Income Populations**

One of TDHCA's purposes, as stated in §2306.001(2) of the Texas Government Code, is to "provide for the housing needs of individuals and families of low, very low income, and extremely low and families of moderate income." Recognizing the housing needs of the extremely low income population, the agency strives to develop programs to serve extremely low income individuals and families. According to the 2000 Housing Sponsor Report, as of December 31, 1999, a snapshot of all affordable multifamily housing assisted with TDHCA funds revealed that 20 percent of all assisted units were occupied by extremely low income individuals and families.

In addition to the Department's own efforts to address the affordable housing needs of extremely low income Texans, the 77<sup>th</sup> Texas Legislature passed an appropriations rider to TDHCA's enabling legislation that requires the housing finance division to "adopt an annual goal to apply a minimum of \$30 million of the division's total housing funds toward housing assistance for individuals and families earning less than the following:

- 1 person household: \$13,000
- 2 person household: \$16,000
- 3 person household: \$17,000
- 4 person household: \$19,000
- 5 person household: \$21,000

For each additional person add \$1,500. The rider also mandates that no less than 20 percent of the division's funds be spent to serve very low income individuals and families.

TDHCA will continue to explore using funds outside the traditional housing programs allocation (e.g. de-obligated funds, bond fees) for activities that serve 0-30 percent of AMFI.

### **Providing Below Market Interest Rate Loans**

The First Time Homebuyer Program channels low interest mortgage money through participating Texas lenders to eligible families who are purchasing their first home or who have not owned a home within the past three years. Eligibility is determined by a variety of factors – most importantly income and first time homebuyer status. The program is designed primarily to serve very low to moderate income Texas families (30% -- 115% of AMFI). Through the sale of tax-exempt mortgage revenue bonds, the program is able to offer interest rates generally 1% to 1.5% below market rate. These lower interest rates help TDHCA reach underserved populations that otherwise might not be able to qualify for mortgages.

### **Homebuyer Education**

A growing number of lenders and affordable housing professionals recognize that it takes more than flexible underwriting in lending to expand homeownership for very low, low, and moderate income households. Counseling can enhance both the availability and soundness of loans made to first-time buyers and homeowners with varying incomes and assistance needs. Counseling can also be a significant factor in reducing mortgage delinquency rates, and overall it increases money management skills.

In 1997 the 75<sup>th</sup> Texas Legislature mandated the Texas Statewide Homebuyer Education Program (TSHEP). This program aimed to bring comprehensive homebuyer education to all 254 Texas counties without duplicating the efforts of existing successful homebuyer education programs. TDHCA has been working with several partners (Fannie Mae, Freddie Mac, the Neighborhood Reinvestment Corporation, the Texas Workforce Commission, Texas A & M Real Estate Research Center, the Texas Department of Human Services, the Texas Agricultural Extension Service, the Consumer Credit Counseling Service, experienced homebuyer education providers, nonprofit housing providers, low income housing advocates, for-profit housing providers, lenders, and Realtors) to implement this program.

In 2000 TDHCA conducted four training workshops for nonprofit organizations that provide homebuyer education services. Upon the successful completion of an exam, these organizations, were certified as Texas Statewide Homebuyer Education Providers. Approximately 110 organizations were certified in 2000. Additionally, 26 organizations were funded to conduct classes at the local level.

The Department believes that homebuyer education/counseling can provide lenders, borrowers, and policymakers the skills and confidence to make full use of the Department's lending programs.

### **Public-Private Partnerships**

Housing and community development partners that TDHCA works with include real estate developers, social service providers, local lenders, local governments, nonprofits, state and local officials, and other state agencies. The benefits of these partnerships are immense: the risks and commitments are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems.

In the past, TDHCA has used the public/private partnership principle in many of its programs, including the CDBG STEP program, the Home Of Your Own (HOYO) partnership with Fannie Mae, and Texas YouthWorks. In addition, the Department's continued collaboration with Rural Development—USDA has provided housing opportunities in rural areas across the state.

In 2000 the Department continued to successfully forge new collaborations with organizations such as the Texas Homeless Network (THN), The Texas Department of Mental Health and Mental Retardation (TMHMR), Texas Department on Aging (TDoA), and the Texas Association of Homes and Services for the Aging (TAHSA) to name but a few. Combining ideas, information, and resources allows TDHCA to provide additional services to its consumers.

### **Increased Dialogue**

Dialogue and communication with program consumers at the community level through program information workshops, public hearings, technical training sessions, and town hall meetings enable the Department to act as a catalyst that draws community resources together. Increased dialogue lays the groundwork for the formation of the above-discussed partnerships. The State does not have the resources to meet the needs of all Texans in need. It is only through increased participation and communication with the Department's consumers that services can be appropriately and efficiently directed to address need.

*Program Participation:* The Department is continually seeking new ways to increase statewide participation in TDHCA programs. It is important to note that TDHCA is primarily a pass-through funding agency, and it funds developments through a formal competitive Request for Proposal (RFP)/ Notice of Funding Availability (NOFA) process. Therefore, for funds to reach those in need at the local level, it is incumbent upon the Department to increase the public's awareness of what funds are available and how they may be accessed. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year Department staff participate in informational workshops and conferences across the state. Through these presentations, information is shared with organizations that are not familiar with agency programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the agency for further technical assistance to access TDHCA programs.
- Several divisions within the agency fund nonprofit capacity building efforts through training seminars and other technical assistance. At these seminars organizations are informed of what funds are available, how to apply for these funds and, in some cases, how to implement the program if funded.
- The TDHCA Program Guide was developed to provide a comprehensive statewide housing resource guide for both individuals and organizations across the state. The Program Guide provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies.
- The Internet is also an invaluable tool for TDHCA. Through its provision of timely information to consumers, it has become one of TDHCA's most successful marketing tools.
- A nonprofit database including Public Housing Authorities (PHAs), Community Development Housing Organizations (CHDOs), Community Development Corporations (CDCs), Area Agencies on Aging (AAAs), homebuyer education providers, local governments, and other community-based organizations has been developed to streamline departmental efforts to inform nonprofits of available funding, public hearings, and other activities.

*Citizen Participation:* The agency values consumer input and relies upon it to direct resources to meet its goals and objectives. The citizen participation process and information delivery system administered by the Department is constantly undergoing expansion and modification. Every TDHCA program follows the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and hearings are held at times that are accessible to both working and non-working persons. As with the nonprofit notification system, a database has been developed that includes citizen and nonprofit organizations, local governments, public housing authorities, local public libraries. When a public

hearing or public comment period is scheduled all interested parties are notified. Additionally, pertinent information is posted in the *Texas Register*, *Breaking Ground*, the Department's web site, and in several association newsletters. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via letters, faxes, email and, in some cases, directly at the TDHCA web site. Every effort is made to include citizens and receive their input.

### **Consumer Assistance**

TDHCA's Housing Resource Center (HRC) was established to provide educational materials and technical assistance to the public, community-based housing development organizations, nonprofit housing developers, and other state and federal agencies. Primarily the assistance given helps housing providers determine local housing needs, access appropriate housing programs, and identify available funding sources needed to increase the stock of affordable housing. The HRC assistance emphasizes increasing the state's capacity to develop and deliver housing for extremely low, very low, low, and moderate-income individuals and families.

The Housing Resource Center also acts as a central consumer information center which researches housing and housing related topics for individuals in need of assistance.

### **Affordable Housing Analysis**

The Department has encouraged communities to address their affordable housing needs in conjunction with their community development needs by requiring CDBG applicants to show a "good faith effort" toward providing affordable housing opportunities in their community. In order to be eligible for CDBG funds, all applicants are required to submit with their applications, an assessment with the following information:

- a description of the jurisdiction's current supply of affordable housing.
- documentation of the applicant's past efforts that have been made to increase the supply of affordable housing.
- documentation of any future efforts which the applicant plans to undertake to increase the stock of affordable housing.
- documentation of any instances where the applicant has applied for affordable housing funds and did not receive funding.
- documentation of whether the community has turned down funds for affordable housing within the past five (5) years.
- a description of the applicant's efforts, within the past 3 years, to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

### **Self-Help Initiatives**

Community-based self-help is an age-old tradition that extends far beyond the implementation of the first government housing programs. Lower income households have used self-help and incremental construction techniques to house themselves throughout history. Within the administrative context of government, self-help techniques such as volunteer labor and the use of innovative materials and technologies are a resource that can be used to encourage people's efforts and extend the reach of the government dollar.

Self-help relies almost exclusively on the participation of local communities and residents in addressing their problems. It can be defined as any activity which a community can undertake for itself that it would otherwise pay outsiders to do. When applied to housing and community development, the concept of self-help assumes that 1) the most valuable resources available are those in place within a community and 2) the key to increased production is reducing needs through innovation and volunteerism. Using the self-help approach, the state assumes the role of a facilitator that assists the community within the framework of its local resources and needs rather than a provider that funds projects according to pre-determined program guidelines.

Communities that use conventional grant programs typically hire outside experts to determine the amount of subsidy required to finance a project. Using the self-help approach, the amount of outside



assistance requested for a project is determined locally after a community has established how much it can do independently.

Self-help can result in significant cost savings through reduced overhead and reduced markups of intermediaries, the use of existing assets, and the substitution of volunteers for paid labor. The Department currently funds several successful self-help initiatives.

### **Texas Small Town Environment Program (STEP)**

The Department is working in partnership with the Rensselaerville Institute, the Texas Natural Resource Conservation Commission (TNRCC), the Texas Department of Health (TDH), the General Land Office (GLO), and the Texas Water Development Board (TWDB) on an initiative called Texas STEP. This program works with small communities to solve their water and wastewater problems through self-help. Projects are required to save at a minimum 40 percent over retail prices for construction.

### **Colonias Self-Help Centers**

Subchapter 2 of Chapter 2306, Government Code required the Department to establish five self-help centers in the colonias to offer concentrated assistance in the areas of infrastructure and housing. Five colonias were designated in each of the five counties (El Paso, Webb, Starr, Hidalgo and Cameron/Willacy) selected by the Legislature to receive concentrated technical assistance in the area of housing rehabilitation, new construction, surveying and platting, construction skills, tool library access, housing finance, credit and debt counseling, grant preparation, infrastructure construction and access, contract-for-deed conversions, and capital access for mortgages and other improvements.

### **The Texas Bootstrap Loan Program**

The Texas Bootstrap Loan Program is a new program designed to promote and enhance homeownership opportunities to extremely low and very low income Texans by providing loan funds to purchase and/or refinance real property and to build their own home, reconstruct or renovate single family housing. The owner/builder must contribute a minimum of 60 percent of the labor for construction.

## **Coordination of Resources**

Understanding that no single entity will be able to address the enormous needs of the State of Texas, TDHCA supports the formation of partnerships in the provision of housing, housing related, and community development endeavors. The Department works with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, Community Development Corporations, Community Housing Development Organizations, Community Action Agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources insure a well targeted more affordable product.

## **Coordination with Federal Agencies**

Because TDHCA receives the majority of its funding from federal sources, many programs within TDHCA require coordination with federal agencies. Below is a listing of those federal agencies and an overview of the activities associated with these partnerships:

### ***U.S. Department of Housing and Urban Development***

TDHCA administers the HOME, CDBG, ESG, and Section 8 programs, as well as the regulation of manufactured housing industry for HUD. Additionally, TDHCA has received funds from HUD for housing counseling activities.

TDHCA has established a cooperative effort with HUD's personnel in their field offices and with the Secretary's representative. This cooperation has led to the joint marketing of housing programs through conferences and workshops throughout the State, a mutual referral system, as well as technical assistance service by which each agency assists the other with workshops and other training efforts. Over the last two years HUD Community Builders have even used TDHCA documents as their text on available housing resources and distributed these materials to the local governments/ organizations they are serving.

Currently TDHCA and the local HUD offices are working on issues such as Young v. Martinez and addressing the critical housing need along the Texas/Mexico border.

#### *U.S. Treasury Department*

TDHCA administers the Low Income Housing Tax Credit Program (LIHTC) which was created by the Tax Reform Act of 1986 (Section 42 of the Internal Revenue Code of 1986, as amended, is the federal law that governs the LIHTC program). The LIHTC Program produces over 5,000 units of affordable housing each year.

Additionally, TDHCA acts as an issuer of tax-exempt and taxable mortgage revenue bonds. The authority for these bonds comes again from the above cited act. Annually, single family bonds are used to provide below market interest rate loans and multifamily bonds are used to finance the construction, acquisition, or rehabilitation of multifamily properties.

#### *U.S. Department of Health and Human Services*

The Department administers several programs funded by HHS that are aimed at serving persons at or below federal poverty guidelines. Specifically, the Community Services Block Grant Program, the Community Food and Nutrition Program, Comprehensive Energy Assistance Program, and the Weatherization Assistance Program.

#### *U.S. Department of Energy*

TDHCA administers the Department of Energy's Weatherization Assistance Program for Low Income Persons. This program helps consumers control energy costs through the installation of weatherization measures and provides energy conservation education.

#### *USDA/ Rural Development*

As a provider of services to rural Texas Communities, TDHCA has an ongoing relationship with Rural Development. Collaborations have been achieved through several of TDHCA programs (LIHTC, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

### **Coordination with State Agencies, Local Governments, and Other Parties**

The Department is primarily a funding agency, whose chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community based organizations, private sector organizations, real estate developers, and local lenders. Because the Department does not fund individuals directly, coordination with outside entities is key to the success of its programs. Below are some examples of organizational cooperation outside of the funding of these entities.

#### *Texas Department of Economic Development (TDED)*

The Texas Capital Fund, which is funded through the CDBG program, provides federal CDBG funds for economic development in non entitlement areas. The fund is administered by TDED through an interagency agreement.

#### *Texas Water Development Board (TWDB)*

Eligible applicants for the CDBG Colonia Economically Distressed Areas Program Fund may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins. Additionally, in the CDBG Colonia Construction Fund, priority is given to applications that have been funded through the TWDB Economically Distressed Areas Program.

### *Texas STEP Program*

The STEP program makes funds available for grants on a direct award basis to cities and counties that recognize the need, and demonstrate the willingness, to solve water and sewer problems through Small Towns Environment Program (STEP) self-help techniques. TDHCA, the Texas Natural Resource Conservation Commission, the Texas Water Development Board, the Texas Department of Health, and the General Land Office have joined to form this program.

### *Colonia Self-Help Centers*

TDHCA coordinates services with each of the five centers selected by the legislature (Cameron, El Paso, Hidalgo, Starr, and Webb) to provide housing and technical assistance to improve the quality of life for colonia residents beyond the provision of basic infrastructure. The contracts are executed directly with the county that the center is in.

### *Texas YouthWorks*

YouthWorks aims to add to the affordable housing stock by building sustainable, energy efficient homes, while providing participants with traditional schooling in preparation for the high school equivalency exam (GED) and work site training at construction sites.

The program was developed with the help of the following: Texas Education Agency, Texas Youth Commission, Texas Workforce Commission, Texas Juvenile Probation, Texas Department of Criminal Justice, American Institute for Learning, and several legislative offices.

### *HOYO Coalition*

The HOYO Coalition is a partnership of state and local direct service providers, state government agencies, disability advocacy groups, community groups, and statewide lending institutions.

### *HB 3340*

HB 3340 requires TDHCA, in coordination with Texas Department of Human Services (DHS), nonprofit organizations, public housing authorities, and others, to provide subsidized multifamily rental housing for elderly residents with low, very low, or extremely low income on a pilot basis. In the development stage of the pilot program, TDHCA worked with the Texas Department on Aging, DHS, the Texas Health and Human Services Commission (HHSC), Texas Association of Homes and Services for the Aging, as well as elderly development consultants.

### *SB 358*

Among other things, SB 358 requires TDHCA and the Texas Department of Mental Health and Mental Retardation (TXMHMR) to implement a demonstration program “to demonstrate the effectiveness of interagency cooperation for providing supported housing services to individuals who reside in personal care facilities.” In the development of the pilot program, TDHCA worked with TXMHMR, HHSC, as well as several advocate groups.

### *ESGP*

The Department collaborated with the Texas Homeless Network (THN) and TXMHMR to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve.

The Department also provided funds through THN to support five technical assistance workshops for the HUD Continuum of Care homeless application. The purpose of the workshops was to assist communities in creating a network of services to the homeless population. Additionally, TDHCA serves on, as well as provides administrative support to, the Texas Interagency Council for the Homeless – a council made up of 6 member state agencies.

### *Olmstead v. L.C.*

The Department has been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L.C.* The group is working on initiatives that will serve the needs of persons with disabilities who want housing options outside of institutional settings.

TDHCA has been working with the following agencies: Texas Department of Human Services, Texas Department of Mental health and Mental Retardation, Texas Council on Developmental Disabilities, Texas Department of Health, Texas Education Agency, Texas Department of Transportation, and Texas Department of Protective and Regulatory Services.

#### *Texas Stateside Homebuyer Education Program*

TDHCA has collaborated with several partners (Fannie Mae, Freddie Mac, the Neighborhood Reinvestment Corporation, the Texas Workforce Commission, Texas A & M Real Estate Research Center, the Texas Department of Human Services, the Texas Agricultural Extension Service, the Consumer Credit Counseling Service, experienced homebuyer education providers, nonprofit housing providers, low income housing advocates, for-profit housing providers, lenders, and realtors) to implement the Texas Statewide Homebuyer Education Program (TSHEP).

#### *Weatherization*

Partnerships with over \$4.4 million in commitments between the Weatherization Assistance Program and Texas Utilities, Central Power & Light, West Texas Utilities, Southwestern Electric Power Company, Southwestern Public Service Company, Entergy, Reliant Energy – Houston Power and Light, Texas-New Mexico power Company, El Paso Electric, and Brazos Electric Cooperative, provide energy conservation measures to very low and extremely low income utility customers.

#### **Transitional Services**

TDHCA addresses gaps in institutional structure in a manner similar to the Continuum of Care approach to homelessness. With approximately twenty-five programs at its disposal, TDHCA has the unique ability to partner agency programs that help move individuals from homelessness/poverty to homeownership.

TDHCA's network of emergency shelter providers deliver much needed services to the homeless population. Working with the homeless population through tenant services such as job training and placement and self-sufficiency programs, TDHCA aims to transition homeless individuals into decent housing. To provide safe, decent, and affordable housing for extremely low income households, TDHCA offers numerous programs to develop or rehabilitate multifamily housing. All multifamily housing funded by TDHCA requires ceilings on rents charged to families and individuals in need to make the housing affordable.

Many multifamily housing developments funded by TDHCA also have tenant services options to provide residents the opportunities to further their education, improve their job situation, and increase literacy. With the necessary education and training provided through good tenant service programs, working families have a chance to succeed in their jobs and strive for homeownership. While achieving homeownership is less likely for extremely low income households, efforts have been made, whenever possible, to assist this population in reaching homeownership.

## **6. Actions Taken to Serve Homeless Persons and Persons with Special Needs**

### **Serving Special Needs Populations**

This population includes persons with physical disabilities, persons with mental disabilities, elderly persons, persons with HIV/AIDs, homeless persons, and victims of domestic violence. Serving special needs populations requires a considerable level of planning and a consumer-need based focus.

TDHCA has collaborated with several advocacy organizations, community-based nonprofits, private sector organizations, and other state agencies to develop planning capacity to better serve persons with special needs. To date, the result of this collaboration has been the implementation of more consumer driven programs that not only respond to the needs of these populations, but are also far more cost effective than the traditional approaches of institutionalization and congregate housing.

Advocates for the elderly and persons with disabilities have given public and written testimony stating that the primary goal of these populations is to live independently and remain in their own homes. Access to rehabilitation funds for single family housing to perform minor physical modifications such as extra handrails, grab bars, wheelchair accessible bathrooms, and ramps, can make existing units livable and provide a cost effective and consumer-driven alternative to institutionalization. Likewise access to funds which provide consumers with the financial means to remain outside of institutional settings is crucial.

In response to the needs of persons with special needs, TDHCA has increased funding for activities that are most suited to these populations – specifically tenant based rental assistance and owner occupied rehabilitation.

The Texas Home of Your Own Coalition (HOYO.), a Rental Pilot Program for elderly persons, and a Rental Pilot Program for persons with mental illness are examples of TDHCA initiatives during the past year that have improved housing opportunities for persons with disabilities (specific programs described later in this section).

The Department has also been working with the Promoting Independence Advisory Board to address issues related to *Olmstead v. L.C.* The group is focusing on initiatives that will serve the needs of persons with disabilities or the elderly who want housing options outside of institutional settings.

In addition, in order to ensure service for persons with disabilities, TDHCA has special needs set asides and prioritization in most of its programs.

Below are examples of Department programs and policies which have been developed to assist homeless persons and persons with special needs.

### **Olmstead**

TDHCA has been an active member of the Promoting Independence Advisory Board that has been working to address this issue. Several changes have been made to Department programs in anticipation of the needs of the affected populations. Most notably, the HOME Program has increased the percentage of funds set aside for tenant based rental assistance – making available the crucial housing funds for those choosing to live outside of institutional settings.

In August of 2001 TDHCA received 35 rental vouchers from HUD to be used specifically for the Olmstead population. TDHCA will continue to work with HHSC to develop a rental program that will be linked with support services available through their network of agencies.

### **Universal Design**

Housing for persons with disabilities is most often considered within a housing delivery system that provides accessible and non-accessible housing units. By maintaining this distinction between accessible and non-accessible units, this system requires that efforts be made by owners and managers to assure that people with accessibility requirements are located in the correct units. It also requires expensive modifications to units in some cases. Thus, this housing ‘set-aside’ approach adds additional costs to housing and also ensures that a smaller amount of accessible units will be available.

A more cost-effective and integrative approach is to promote universal design. This type of housing is described in the Universal Federal Accessibility Standards (UFAS) and the Americans with Disabilities Act Accessibility Guidelines (ADAAG). Universal access design provides basic elements, that allow easy modification to any unit to make it accessible. These adaptive design elements include the following: thirty-two inch (32”) minimum doorway clearances; at least one level entrance; reinforcements in bathroom walls for grab bars; reachable light switches, electric outlets, usable kitchens and bathrooms; and accessible public-use areas.

According to a study by HUD entitled *Cost of Accessible Housing*, building adaptive design into housing units adds less than one percent to the total cost of the project. While an “adaptable” unit is not fully accessible when an occupant moves in, it can be modified easily and inexpensively to meet the needs of any occupant. This will enable an individual/household to explore options outside of costly institutionalization.

TDHCA, through the 2001-2003 Consolidated Plan, State of Texas Low Income Housing Plan, 2001-2005 TDHCA Strategic Plan, and legislative reports and recommendations for HB 3340 and SB 95, has advocated for the use of universal access design.

### **Housing Rehabilitation Fund**

The Texas Community Development Program dedicated 2000 Program Year funds for housing rehabilitation of existing owner-occupied and renter-occupied housing units. Application selection and scoring criteria for this fund placed an emphasis on housing activities that targeted the provision of accessible housing for persons with disabilities. The TCDP identified the need for this funding category when applicants applying for housing rehabilitation under the Community Development Fund did not score high enough at the regional scoring level to obtain funding. Although the TDHCA selected housing rehabilitation as one of the top funding priorities, most state planning regions selected water and wastewater infrastructure as a priority over housing rehabilitation, thus giving the housing rehabilitation applicants little chance for funding. As a result, the Texas Community Development Program awarded a total of \$1,250,000 to five eligible applicants to meet their need for safe and accessible housing.

### **Texas Home of Your Own (HOYO) Coalition**

The HOYO Coalition is a partnership of state and local direct service providers, state government agencies, disability advocacy groups, community groups, and statewide lending institutions. The participation of the Department’s HOME division allows the HOYO Coalition to provide down payment assistance and architectural barrier removal funds to low and very low income homebuyers with disabilities. In doing so, it helps bring all houses up to Texas Minimum New and Rehabilitation Construction Standards. The HOYO program helps secure mortgage funding for persons with disabilities. Funding from Fannie Mae and TDHCA, combined with creative underwriting standards for persons with disabilities, is making homeownership a reality for many persons who would otherwise be unable to secure a mortgage. These underwriting criteria allow persons with disabilities to count all sources of income support, which traditional underwriting criteria does not. The program coordinates existing homeownership services which streamlines the process homebuyers must follow. HOYO also provides easier access to information and assistance, and it enhances opportunities for homeownership. HOYO combines homebuyer education, down payment assistance, and architectural barrier removal not only increases the number of low income homeowners, but also expands the stock of affordable and barrier-free housing. The unique partnerships developed through this coalition allow HOYO to ensure that individuals receive comprehensive assistance in support of their goal of homeownership.

For five years TDHCA has supported HOYO with contracts for a total of \$600,000 in down-payment assistance and \$500,000 in architectural barrier removal funding. These funds assisted 44 households: six at less than 30 percent area median income 24 at less than 50 percent of AMI, and 14 at less than 80% percent AMI.

### **HB 3340**

HB 3340 (Texas Government Code, Section 2306.071, note) required TDHCA, in coordination with The Texas Department of Human Services (DHS), nonprofit organizations, public housing authorities, and others, to provide expand long-term care housing options for elderly residents with low, very low, or extremely low income on a pilot basis. In the development of the pilot program, TDHCA worked with the Texas Department on Aging (TDoA), Texas Department of Human Services and the Texas Health and Human Services Commission (HHSC), Texas Association of Homes and Services for the Aging (TAHSA), as well as elderly development consultants.

The bill stated that to the greatest extent possible, the Department shall coordinate the pilot program with existing funding sources. In consultation with organizations represented on the workgroup, it became apparent that only TDHCA would have any funds to contribute to this program. As TDHCA already develops subsidized multifamily units, it was a logical step to work within an existing framework. Currently, most multifamily programs utilize special scoring criteria and bonus points are given to those applications that serve special needs populations – including the elderly. Additionally, each year TDHCA develops projects, many of which have support service requirements specifically for elderly residents. With this in mind, the oversight workgroup decided to approach the program in two ways: 1) build upon existing services, and 2) address service coordination issues.

To build upon existing services, funding for rental assistance within the HOME Program, which would further aid the elderly access affordable housing, was increased from 8% to 20% of the program's funding. Likewise the Low Income Housing Tax Credit Program created a 10% set aside for elderly projects. Lastly, TDHCA put \$150,000 aside from its Housing Trust Fund to fund a service coordinator program that will help the elderly age in place in an affordable setting rather than have to move into more expensive assisted living or nursing care facilities.

### **SB 358**

Among other things, SB 358 (Texas Health and Safety Code, Section 531.001) required TDHCA and Texas Department of Mental Health and Mental Retardation (TXMHMR) to implement a demonstration program “to demonstrate the effectiveness of interagency cooperation for providing supported housing services to individuals who reside in personal care facilities.” In the development of the pilot program, TDHCA worked with MHMR, DHS, and several advocate groups.

To comply with the bill, TDHCA increased the funding available for the tenant based rental assistance from the HOME program. For entities using the rental vouchers as intended by SB 358, TXMHMR supplied support services that would help transition persons into community-based settings. The two agencies marketed the program to potential interested parties and conducted application workshops together.

### **SB 1287**

The Texas Bootstrap Loan Program, as defined by SB 1287 “Owner/Builder Loan Program,” was designed to promote and enhance homeownership opportunities to very low income Texans by providing loan funds to purchase and/or refinance property and to build, reconstruct, or renovate their own home. \$2.8 million for this program came from the Housing Trust Fund and another \$2.8 million was provided by the HOME Program. This initiative provides for the development of affordable housing in the state through the Texas Department of Housing and Community Affairs’ Colonia Self-Help Centers or a nonprofit organization certified by the Department as a nonprofit owner-builder housing program.

### **Fannie Mae Homechoice<sup>sm</sup>**

The State of Texas is also one of seventeen states nationwide participating in the Fannie Mae Homechoice<sup>sm</sup> single family mortgage product. Fannie Mae has dedicated \$50 million nationwide for this program. These funds, combined with flexible lending standards for persons with disabilities, make homeownership achievable for many persons who would otherwise be unable to secure a mortgage. The flexible income standards allow persons with disabilities to count all sources of income support, something that traditional underwriting criteria do not allow.

### **The Emergency Shelter Grants Program (ESGP)**

The Emergency Shelter Grants Program (ESGP) provides grants to units of general local government and private nonprofit organizations to provide emergency shelter and related services for homeless persons and homelessness prevention activities. Activities eligible for funding are:

- renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless;
- provision of essential services;

- assistance in obtaining permanent housing;
- medical and psychological counseling and supervision;
- nutritional counseling;
- substance abuse treatment;
- assistance in obtaining other Federal, State and local aid;
- child care, transportation, job placement and job training;
- operations, furnishings, and maintenance;
- general operating and administrative costs;
- and developing and implementing homelessness prevention activities.

ESGP serves only homeless persons, who are defined as persons with special needs, and persons at risk of homelessness if they meet the conditions stated in 42 U.S.C. 11374(a)(4).

### **Community Service Block Grant Program (CSBG)**

The Community Services Block Grant (CSBG) provides administrative support to a statewide network of Community Action Agencies (CAA) that provide services to very low and extremely low income persons in all 254 counties in Texas. The funding assists CAAs in providing essential services such as access to child care; health and human services for children, families, and the elderly; nutrition; transportation; job training and employment services; housing; substance abuse prevention; migrant assistance; and other poverty-related programs. Five percent (5%) of CSBG funds are reserved to fund organizations providing services to migrant seasonal farm workers, Native Americans, victims of natural and man-made disasters, and to implement innovative projects addressing poverty issues.

### **Texas Interagency Council for the Homeless**

TDHCA participates in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas; assisting in the coordination and provision of services for homeless persons throughout the state; increasing the flow of information among separate service providers and appropriate authorities; developing guidelines to monitor services for the homeless; providing technical assistance to the Housing Finance Division of TDHCA in assessing housing need for persons with special needs; establishing a central resource and information center for the State's homeless; and developing, in cooperation with the Department and the Health and Human Services Commission, a strategic plan to address the needs of the homeless.

### **Continuum of Care**

The continuum of care approach to fight homelessness acknowledges that homelessness is not caused merely by a lack of shelter, but it involves a variety of underlying unmet needs: mental, physical, economic, and social. The continuum of care approach recognizes the importance of giving each community the flexibility to design a strategy that works within its unique service delivery system. Through the continuum of care concept, local communities strive to meet the needs of homeless persons through a combination of outreach, emergency shelter, transitional housing, essential services, and permanent housing, which lead to self-sufficiency. Essential services may include substance abuse services, mental and physical health services, educational services, job training, and family support. The ultimate goal is permanent housing and self-sufficiency.

The 2000 ESGP application requirements asked homeless service providers to describe their involvement in providing services to the homeless and at-risk populations. These applications again show that local care providers have made great strides in coordinating their efforts and adopting a more comprehensive "continuum of care" approach to service. A majority of ESGP applicants include case management and information and referral in their range of services, while a significant number of communities have formed local homeless coalitions and social services coordinating councils as part of the Continuum of Care concept.

## **7. Geographic Specific Activities**

### **Serving Persons Living in Colonias**



The Office of Colonias Initiatives (OCI) was created by the Department to administer and coordinate efforts for the enhancement of living conditions for colonias in Texas. OCI assists other divisions of the Department with coordination of activities in the colonias, such as refinancing contracts-for-deed, housing, and infrastructure assistance.

OCI also provides technical assistance on housing and community development to colonia residents and local governments. OCI oversees five Colonia Self-Help Centers. These centers were established in response to Senate Bill 1509, which required TDHCA to offer concentrated assistance in the areas of infrastructure and housing. Services provided include assistance in obtaining loans and grants to construct a home or obtain fee simple title, surveying or platting property, education in construction techniques, and a program to rent or provide tools. When applied to housing and community development, the concept of self-help assumes that:

- 1) the most valuable resources available are those in place within a community, and
- 2) the key to increased production is reducing needs through innovation and volunteerism.

In using the self-help approach, TDHCA assumes the role of an enabler that assists the community within the framework of its local resources and needs rather than a provider that funds projects according to predetermined program guidelines.

# TDHCA Performance for 2000 for Activities Related to the Furthering of Fair Housing Opportunities

The following section illustrates the Program Year 2000 performance of TDHCA in meeting the goals, objectives and proposed accomplishments as set forth in *the 1996 State of Texas Consolidated Plan*.

While the Consolidated Planning Process focuses on the four HUD-funded programs: CDBG, HOME, ESG, and HOPWA, this section of the report outlines performance on TDHCA's overall affordable housing strategy. The HUD-funded programs are required to report performance based on the program year February 1 to January 31. Other TDHCA programs report on a fiscal year basis from August 31 to September 1.

The activities undertaken by TDHCA are related to the furthering of fair housing opportunities.

## SPECIFIC ACCOMPLISHMENTS FOR 2000

### ☛SUBJECT: AFFORDABLE HOUSING

#### Goal One

TDHCA will increase and preserve the availability of safe, decent and affordable housing for extremely low, very low, low and moderate income persons and families.

#### Objective 1.1 Prepare a statewide analysis of housing needs for extremely low, very low, low, and moderate income persons.

##### Proposed Accomplishment ONE

Complete an annual statewide analysis of housing needs by geographic area for individuals and families of extremely low, very low, low and moderate income persons.

##### Action Taken

As required by Texas Government Code §2306.0721, TDHCA must provide "an estimate of the housing needs of the following populations in the state: individuals and families of moderate, low, and very low income; individuals with special needs, and homeless individuals." This analysis is provided in the *2001 State of Texas Low Income Housing Plan and Annual Report*.

#### Objective 1.2 Make loans, grants, and incentives available to fund eligible housing activities and preserve/create housing units for extremely low, very low, low, and moderate income households.

##### Proposed Accomplishment ONE

Provide housing loans and grants through the Housing Trust Fund for extremely low, very low, and low income households.

##### Action Taken:

In State Fiscal Year 2000 the Housing Trust Fund committed \$4,825,463 in funds for low, very low, and extremely low income households. These funds served 90 extremely low income households, 1,115 very low income households, and 324 low income households.

**Proposed Accomplishment** Provide housing loans and grants throughout the HOME Program for extremely low, very low, and low income households.

**Two**

**Action Taken:** Based on applications that were subsequently awarded, HOME committed \$32,292,676 in funds for Program Year 2000. From this commitment, 423 extremely low income households, 747 very low income households and 882 low income households have been or will be served. Eight hundred and thirty units were constructed or rehabilitated in PY 2000.

**Proposed Accomplishment THREE** Provide rental assistance through Section 8 certificates and vouchers for very low and extremely low income households.

**Action Taken:** During SFY 2000 TDHCA provided rental assistance to 2,069 families using Section 8 vouchers and certificates to very low income families.

**Proposed Accomplishment FOUR** Provide federal tax incentives to develop rental housing for extremely low, very low, and low income households.

**Action Taken:** Based on the SFY 2000 Low Income Housing Tax Credit allocations, federal tax incentives provided by TDHCA funded 10,720 rental units for low and very low income families. In addition, 501(c)(3) tax exempt bonds under IRS codes were issued. During SFY 2000, TDHCA's Multi-family Bond Program funded the development of 1,602 units that are set-aside for very low income families

**Proposed Accomplishment FIVE** Provide below market interest rate mortgage loans to extremely low, very low, low, and moderate income first time homebuyers.

**Action Taken:** TDHCA's First Time Homebuyer Program assisted 2,896 families with below market rate mortgage loans in SFY 2000. Ninety (90) families were classified as extremely low income, 1,108 were very low income, and 1,113 were low income. Five hundred eight-five (585) loans were made to moderate income individuals/families.

**Proposed Accomplishment Six** Provide loans for the development of multi-family rental units for extremely low, very low, low, and moderate income families.

**Action Taken:** During SFY 2000, TDHCA's Multi-family Bond Program funded the development of 1,822 rental units that are set-aside for very low income families. The HOME Program assisted in the development of 176 units: 42 extremely low income, 55 very low income, and 11 low income units of multi-family rental units in PY 2000 (through rental Housing Development, Owner Occupied Rehabilitation, and Interim Construction).

**Proposed Accomplishment Seven** Acquire multi-family housing units for extremely low, very low, low, and moderate income individuals and families.

**Action Taken:** Currently, TDHCA does not have the authority to permanently acquire multi-family housing dwellings.

**Proposed Accomplishment Eight** Acquire and/or refinance projects at risk of being lost as affordable housing

**Action Taken:** TDHCA does not have the authority to acquire property, although the Department does have the authority for interim ownership.

TDHCA is committed to preserving Texas' existing affordable and subsidized housing stock. To this end the Department has adopted a multifamily preservation policy intended to address the loss of affordable housing stock in the state of Texas. Policies as well as short-term and long-term goals are outlined in the State policy section of the *2001 State of Texas Low Income Housing Plan and Annual Report*.

**Proposed Accomplishment Nine** Monitor occupancy requirements of Texas properties sold under the Resolution Trust Corporation's Affordable Housing Program.

**Action Taken:** The Resolution Trust Corporation has been sunsetted, and is now the Affordable Housing Disposition Program (AHDP). TDHCA's Compliance division reviews monthly and annual occupancy reports. They also perform scheduled inspections to verify compliance with AHDP land-use restriction requirements and submit semi-annual reports to FDIC.

**Proposed Accomplishment Ten** Provide program funds to rehabilitate substandard rental housing.

**Action Taken:** The HOME Program provides funds for rehabilitation of rental housing in the Rental Project Assistance Program. The Department awards funds loans to CHDOs, PHAs, non profit organizations, and private for-profit entities for, among other activities, the rehabilitation of affordable rental housing units. Similarly, the Housing Trust Fund provides grant and loans to local governments, PHAs, CHDOs, non profits, and eligible households to rehabilitate affordable housing. CDBG's Housing Rehabilitation Fund and Housing Demonstration Fund also make funds available (or provisions for public facility improvements) for the rehabilitation of existing renter-occupied units. Lastly, the Low Income Housing Tax Credit program and Multifamily MRB program funds can be used to rehabilitate multifamily rental properties. Please refer to the 2001 State of Texas Low Income housing plan for funding and performance for various TDHCA programs. Please refer to p.11 through p.15 of the CAPER for HOME specific information.

**Proposed Accomplishment Eleven** Inform local governments eligible to receive CDBG funds of the availability of CDBG funds for housing and for leveraging and matching funds for other housing programs.

**Action Taken:** The TCDP established two housing fund categories during the 1997 program year. The Housing Infrastructure Fund assistance is for infrastructure improvements that will support the construction of affordable new housing.

The Housing Rehabilitation Fund assistance is for the rehabilitation of existing housing units and incorporates selection criteria favorable to the rehabilitation of housing units occupied by persons with disabilities.

For this reporting period, \$2,122,500 was awarded to 6 grantees through the Housing Infrastructure Fund and it is estimated that these funds will leverage \$12,211,425 from public and private sector sources. It is estimated that the supporting infrastructure financed with the TCDP funds will result in the construction of 158 new single family homes.

For this reporting period, \$1,250,000 was awarded to 5 grantees through the Housing Rehabilitation Fund. Unfortunately, these funds will not leverage any public or private sector investment. It is estimated that 41 homes will be rehabilitated under this program and that persons with disabilities or frail elderly will occupy 38 of these homes.

**Proposed  
Accomplishment  
Twelve**

Work to increase the numbers of low income rental projects by informing policy makers and housing developers of the need for additional units throughout the state.

**Action Taken:**

Communication with program consumers at the community level through program information workshops, public hearings, technical training sessions, and town hall meetings enable the Department to act as a catalyst that draws together community resources. Increased dialogue lays the groundwork for the formation of the partnerships discussed above. The State does not have the resources to meet the needs of all Texans in need. It is only through increased participation and communication with the Department's consumers that services can appropriately and efficiently address need.

*Program Participation:* The Department is always seeking ways to increase statewide participation in TDHCA programs. It is important to note that TDHCA is primarily a pass-through funding agency, and funds developments through a formal competitive Request for Proposal (RFP)/ Notice of Funding Availability (NOFA) process. Therefore, for funds to reach those in need at the local level, it is incumbent upon the Department to increase the public's awareness of what funds are available and how they may be accessed. Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year Department staff participate in informational workshops all over the state. At these workshops information is shared with organizations that are not familiar with agency programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact the agency for further technical assistance to access TDHCA programs. Additionally in SFY 99 TDHCA held a housing conference at which developers, policy makers and other housing providers were updated on the need for additional rental units throughout the state.
- Several divisions within the agency fund nonprofit capacity building efforts through training seminars and other technical assistance. At these seminars organizations are informed of what funds are available, how to apply for these funds and, in some cases, how to implement the program if funded.

- The *TDHCA Program Guide* was developed to provide a comprehensive statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD, and other federal and state agencies. A record number of both the *TDHCA Program Guide* and the *State of Texas Low Income Housing Plan and Annual Report* were distributed in 1999 (approximately 900 copies of each). In addition, *Breaking Ground*, the Department's newsletter, is distributed to over 8,500 organizations across the state quarterly.
- The Internet is also an invaluable tool for TDHCA. The availability of timely information for consumers has become one of TDHCA's most successful marketing tools. Each month the award winning web site receives approximately 16,000 visitors, who download approximately 100,000 pages of information. More traditional means of publicizing agency programs are also used, such as informational brochures and radio spots.
- A nonprofit database including Public Housing Authorities (PHAs), Community Development Housing Organizations (CHDOs), Community Development Corporations (CDCs), Area Agencies on Aging (AAAs), homebuyer education providers, local governments, and other community-based organizations has been developed to streamline departmental efforts to inform nonprofits of available funding, public hearings, and other activities.

**Proposed  
Accomplishment  
Thirteen**

Promote the coordination of housing resources among the state and federal agencies and promote the coordination of program resources through projects that qualify for funding from a variety of sources.

**Action Taken:**

TDHCA participates in numerous efforts to coordinate housing resources with state and federal agencies, Government Sponsored Enterprises (GSEs), and various community based organizations. The Texas Home of Your Own Coalition (HOYO) is an example of program coordination. The federally funded Development Disability Council; Fannie Mae, a GSE; Texas Mental Health Mental Retardation (state agency); United Cerebral Palsy; HUD; and other organizations work in coordination to promote homeownership for persons with disabilities earning less than 80 percent (<80%) of median family income. This project is an example of how government, non-profits, and for profits can maximize use of limited funding resources.

Other examples of coordinating housing resources include: Texas Small Towns Environment Program, Texas Continuum of Care Program, the Texas YouthWorks Program, the Texas Interagency Council on Homelessness, Texas Homeless Network (THN), the Texas Statewide Homebuyer Education Program, and various Colonias initiatives.

In 2000 the Department continued to successfully forge new collaborations with organizations such as the Texas Department of Mental Health and Mental Retardation (TMHMR), Texas Department on Aging (TDoA), and the Texas Association of Homes and Services for the Aging (TAHSA) to name but a few.

The Department has also been working with various agencies associated with the Texas Health and Human Services Commission's (HHSC) Promoting Independence Advisory Board to address issues related to *Olmstead v L.C.*

**Proposed  
Accomplishment  
Fourteen**

Work with the for profit development community, as well as other housing and social service agencies to coordinate the provision of affordable housing and supportive services for persons with special needs.

**Action Taken:**

The for profit development community has been an integral part of TDHCA's special needs housing policy. Developers, realtors, and private business have all been working to provide for the needs of special needs populations. The LIHTC Program, which is primarily subscribed by for-profit developers, has special requirements for support services -- many of which are for persons with special needs. The State's Housing Trust Fund also allows for profit developers to apply for funds (under certain provisions).

**Proposed  
Accomplishment  
Fifteen**

Promote the development of mixed income housing.

**Action Taken:**

TDHCA has promoted the development of mixed income housing through the Low Income Housing Tax Credit Program, the Housing Trust Fund, the Multi-family Bond Program, and the Single Family Bond First Time Homebuyer Program. In each program very low and low income families are served with Department funds. Market rate units are created to subsidize the property and to promote mixed income communities.

**Proposed  
Accomplishment  
Sixteen**

To insure that new multi-family housing stays affordable, access programs that require long-term affordability and require housing sponsors to sign restrictive covenants that define affordability periods.

**Action Taken:**

All multi-family projects that receive TDHCA funds are required to have land-use restrictive covenants recorded against the property that define the affordability period and that affect subsequent owners during the affordability period.

**Proposed  
Accomplishment  
Seventeen**

Increase awareness of programs that promote homeownership and self-sufficiency for residents of subsidized and assisted housing.

**Action Taken:**

TDHCA publishes several informational brochures that are distributed to Public Housing Authorities, units of local government, and consumer organizations. In addition, the *2001 State of Texas Low Income Housing Plan and Annual Report* and the *TDHCA Program Guide*, which detail program descriptions and eligibility requirements, are also distributed statewide to organizations representing residents of assisted and subsidized housing.

TDHCA attends housing fairs, conferences, and informational workshops each year where residents of assisted housing obtain program information pertaining to homeownership and self-sufficiency. Housing fairs include the Rural Rental Housing Association Fair and the Texas Affiliation of Affordable Housing Providers Housing Conference. In addition, the Department sends representatives to Fannie Mae and HUD sponsored forums, as well as county, city, and local government meetings to promote the Department's services.

Program information promoting homeownership has been distributed through the media. During 2000 TDHCA promoted the Department's First Time Homebuyer Program through a series of public service announcements and radio advertisements.

During 2000 TDHCA held THDCA consolidated hearings in which all Department programs were presented and the various options for homeownership were discussed. In addition, TDHCA has a statewide homebuyer education program which aims to bring comprehensive homebuyer information and education to prospective homebuyers in all 254 counties. This program operates a toll-free 877 referral number for persons interested in attending homebuyer education classes. Please refer to Proposed Accomplishment Twelve for more details on Department outreach efforts.

With regards to public participation: The agency values consumer input and relies upon it to direct resources in an effort to meet its goals and objectives. The citizen participation process and information delivery system administered by the Department is constantly undergoing expansion and modification. Every TDHCA program follows the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend, and are held at times that are accessible to both working and non-working persons. As with the nonprofit notification system, a database is maintained that includes citizen and nonprofit organizations, local governments, public housing authorities, local public libraries. When a public hearing or public comment period is scheduled all interested parties are notified. Additionally, all pertinent information is posted in the Texas Register, Breaking Ground, the Department's web site, and in several association newsletters. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via letters, faxes, email, and in some cases directly at the TDHCA web site. Every effort is made to include citizens and receive their input.

**Proposed  
Accomplishment  
Eighteen**

Structure HOME program scoring criteria to promote the leveraging of public/private funds and increase partnerships at the local level, particularly with the for-profit community.

**Action Taken:**

Weight is given to applications that illustrate a strong commitment to leveraging HOME moneys through partnership initiatives with local level for profits.

**Proposed  
Accomplishment  
Nineteen**

Access funding from the Federal Home Loan Bank.

**Action Taken:**

TDHCA is currently not eligible to receive funds from the Federal Home Loan Bank. The Housing Resource Center notifies eligible entities of funding opportunities provided by the Federal Home Loan Bank.

**Proposed  
Accomplishment  
Twenty**

Promote proactive initiatives to preserve, acquire and rehabilitate single family and multi-family housing.



**Action Taken:** TDHCA is committed to preserving Texas' existing affordable and subsidized housing stock. To this end the Department has adopted a multifamily preservation policy intended to address the loss of affordable housing stock in the state of Texas. Policies as well as short-term and long-term goals are outlined in the State policy section of the *2001 State of Texas Low Income Housing Plan and Annual Report*. (please refer to the document for more details)

In an effort to move forward with this goal, the Department has requested from the Texas Legislature nearly \$200 million (over the next biennium) for activities related to the preservation of affordable housing units. Additionally, in December of 2000, the Home Program, through the Consolidated Planning Process, dedicated the Demonstration Fund (10 percent of the project budget for housing activities) solely to activities related to the preservation of affordable housing.

The HOME Owner Occupied Rehabilitation program, HTF, 501(c)(3), LIHTC, CDBG Housing Fund, Single Family Bond -- all promote proactive initiatives to preserve and rehabilitate single and multi-family housing.

**Proposed Accomplishment Twenty-one** Promote the creation of housing through private sector enterprises.

**Action Taken:** The LIHTC, HOME, CDBG Housing Demonstration Fund, and CDBG Technical Assistance Offices in Lufkin, Lubbock, El Paso, Laredo, and Edinberg.

**Proposed Accomplishment Twenty-two** Study methods to maximize the use of the LIHTC and HOME funds in rural, low income areas, and adjust program rules accordingly.

**Action Taken:** The 2000 and 2001 Qualified Allocation Plans include a 15 percent (15%) rural set aside focused on maximizing LIHTC use in rural areas. HOME program funds are prioritized to serve non-metropolitan populations, Housing Trust Fund applicants are awarded extra points for serving rural areas, the CDBG Housing fund only serves rural areas.

<b>Objective 1.3</b>	<b>Increase the capacity statewide to develop affordable housing for very low, low, and moderate income households.</b>
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**Proposed Accomplishment One** Allocate 15 percent (15%) of each federal fiscal year's HOME appropriations for housing projects developed by non-profits (state certified CHDOs).

**Action Taken:** The HOME Program has a minimum of 15 percent (15%) of the annual HOME allocation reserved for CHDOs.

**Proposed Accomplishment Two** Provide Low Income Housing Tax Credits for housing projects developed in conjunction with HOME funds.

**Action Taken:** The HOME Program's Rental Housing Development Program and Demonstration Fund are both eligible to blend with Tax Credit projects.

**Proposed  
Accomplishment  
Three**

Provide funding information and establish partnerships among local not-for profits, for profits, and/or state and federal housing administrators.

**Action Taken:**

Funding information for all programs administered by TDHCA is available in the *2001 State of Texas Low Income Housing Plan and Annual Report* and the *TDHCA Program Guide*. These plans are distributed annually to local nonprofits, for profits, state and federal housing administrators and other community based organizations. All information regarding available funding is available on the Department's web site. Additionally, the Department's Housing Resource Center handles numerous information requests and compiles a database, which tracks requests for information and publications.

The following is a list of partnerships in which TDHCA is participating:

- **Texas STEP** - state agencies involved in self-help efforts for water/sewer projects
- **Texas HOYO** - state and federal agencies, nonprofits, for-profits, consumer organizations working in partnership to promote homeownership possibilities for persons with disabilities. (\$875,000 to go to 26 households)
- **Texas Statewide Homebuyer Education** State and federal agencies, lenders, nonprofits, for- profits providing homebuyer education to all Texans. TDHCA funded local nonprofit. organizations to provide homebuyer education services. A total of \$342,849 in HUD funds were expended with 5,233 clients served
- **Colonia Efforts** Non profits and participating lenders provide a comprehensive consumer education program to assist those households facing contract for deed problems.
- **TCDP Housing Infrastructure Fund** Increases the number of housing units available for low and moderate income persons, by encouraging the use of partnerships between local governments, not-for-profit housing developers, private for-profit developers, and state/federal programs to provide infrastructure and housing units affordable to low and moderate income persons.
- **ESG** A MOU with the TX Department of Human services to facilitate and promote coordination of services at state and local levels. In addition, ESG has joined with the Children's Trust Fund of Texas, which works through a network of community based organization to aid families with children with disabilities.
- **Elderly Rental Assistance Pilot Program** TDHCA, the Texas Department on Aging, Texas Association of Homes and Services for the Aging, and the Texas Department of Human Services are working together to develop additional subsidized housing units as well as service coordination for elderly tenants.
- **Mental Illness Rental Pilot Program** TDHCA, Texas Department of Human Services, Texas Dept. of Mental Health and Mental Retardation, and others are developing a pilot program to help provide supportive services including rental assistance to persons with mental illness.

**Objective 1.4 Discourage the expenditure of state and federal housing funds in the areas susceptible to repeated flood damage.**

**Proposed Accomplishment One** State housing-related funds should not be used to purchase, construct or substantially rehabilitate property located in the 100-year floodplain unless the jurisdiction which it is under has adopted a floodplain management plan which is consistent with Federal Emergency Management Agency (FEMA) standards.

**Action Taken:** All TDHCA programs comply.

**Goal Two**  
**TDHCA will target its housing related resources for assistance to very low income households**

**Objective 2.1 To annually apply a minimum of 25 percent of the Department's housing related resources to benefit very low income Texans.**

**Proposed Accomplishment One** Require that housing related resources maximize benefits to very low income Texans.

**Action Taken:** As illustrated in *the 2001 State of Texas Low Income Housing Plan and Annual Report*, in SFY 2000, 85 percent of the persons served by TDHCA were extremely low and very low income households – approximately 17,979 households (11.2 of persons served were low income households – 2,366 households).

Focusing solely on housing related funding including ESG, CSBG, ENTERP, WAP, CEAP approximately 678,347 very low income households were served.

**Goal Three**

**Objective 3.1 Annually leverage the Department's combined loans, grants and incentives with public/private resources.**

**Proposed Accomplishment One** Structure program guidelines, scoring criteria, and technical assistance to encourage applicants to provide local or other funds to leverage available Department resources.

**Action Taken:** The majority of TDHCA programs structure program guidelines, scoring criteria, and technical assistance to encourage applicants to provide local or other funds to leverage available Department resources.

## Goal Four

### Mortgage Financing

**Objective 4.1**      **Assist in overcoming barriers to mortgage financing experienced by extremely low, very low, low and moderate income households.**

**Proposed Accomplishment One**      Provide agency resources to assist households facing contract for deed problems.

**Action Taken:**      TDHCA established the Office of Colonias Initiatives (OCI) to assist households facing contract for deed problems. Listed below are the programs and initiatives overseen by OCI.

**Contract for Deed Consumer Education Program**

Senate Bill 336 (74<sup>th</sup> Legislature, 1995) required the creation of a consumer education program for colonia residents. The OCI has developed and implemented a Contract for Deed Consumer Education Program to educate residents about their rights when they purchase residential property with a Contract for Deed in designated counties in Texas. Annually, the OCI determines the counties that are affected by the new provisions based on a formula in the Texas Property Code. Contract for Deed workshops are being implemented in these counties for residents, county officials, and other interested parties.

**Contract for Deed Conversion Initiative**

Many colonia residents have acquired unimproved property under contracts for deed. Often the homes they construct are severely substandard. The key purpose of this initiative is to provide a means for colonia residents to convert their contracts for deed into conventional mortgages. This initiative will also provide colonia residents the opportunity to seek funding for construction, rehabilitation, and other benefits that come with owning property.

**Colonia Planning Initiative**

The State of Texas has placed a high priority on resolving the colonia problems. In order to accurately assess the needs and priorities of the colonias, the OCI recognized the need to utilize colonia resident input. To that end, the OCI will continue to conduct comprehensive studies along the Texas-Mexico border.

As a direct result of a previous study conducted in El Cenizo, the Community Development Block Grant (CDBG) program included comprehensive planning as an eligible activity under the colonia set-aside. Approximately \$455,970 was allocated for PY 1999. The needs of Hidalgo County alone exceed this amount. The OCI will continue to seek to redirect future funding towards not only the identification by the residents of their priority needs, but also the implementation of funding programs consistent with these priorities.

In addition HOME, HTF, and the Single Family Bond program have funds set aside to finance contract for deed conversions.

**Proposed Accomplishment Two**      Use the TDHCA Down Payment Assistance Program to assist extremely low, very low, and low income households with mortgage financing.

**Action Taken:** TDHCA's HOME Down Payment Assistance Program assisted 1,342 low, very low, and extremely low income families with down payment and closing costs, in the form of a second lien.

**Proposed Accomplishment Three** Provide training and assistance to affordable housing professionals to educate first time homebuyers.

**Action Taken:** In 1997 the 75th Texas Legislature mandated the Texas Statewide Homebuyer Education Program (TSHEP). This program aimed to bring comprehensive homebuyer education to all 254 Texas counties without duplicating the efforts of existing successful homebuyer education programs. TDHCA has been working with several partners (Fannie Mae, Freddie Mac, the Neighborhood Reinvestment Corporation, the Texas Workforce Commission, Texas A & M Real Estate Research Center, the Texas Department of Human Services, the Texas Agricultural Extension Service, the Consumer Credit Counseling Service, experienced homebuyer education providers, nonprofit housing providers, low income housing advocates, for-profit housing providers, lenders, and Realtors) to implement this program.

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracted with the Neighborhood Reinvestment Corporation to teach local nonprofit organizations the principles and applications of comprehensive pre- and post purchase homebuyer education and to certify participants as providers. Four training seminars were held between May and September of 2000. Approximately 100 individuals/organizations were certified as TSHEP providers. Additionally, TDHCA funded nonprofit organizations a total of \$342,849 (in HUD funds) to provide homebuyer education at the local level. Approximately 5,233 clients were served.

The Department believes that homebuyer education/counseling can provide lenders, borrowers, and policymakers the skills and confidence to make full use of the Department's lending programs.

**Proposed Accomplishment Four** Provide information and assistance to first time homebuyers.

**Action Taken:** Information and assistance are provided to potential first time homebuyers through the Homebuyer 1-800 Hotline, as well as the toll-free Texas Statewide Homebuyer Education Provider Referral 1-877 number. Additional information is distributed at housing/lending fairs, and at public hearings held across the state. See action taken for proposed accomplishment three for more details.

**Proposed Accomplishment Five** Originate low or no interest loans which can be recycled for future affordable housing needs.

**Action Taken:** The HOME Program's Down Payment Assistance Program (DPAP) and Housing Trust Fund function as a recyclable loan funds. The numerical information regarding the HOME program activities is presented in Section One of the CAPER.

The Housing Trust Fund activities for SFY 2000 are listed below. These funds can be low or no-interest loans which can be recycled for future affordable housing needs.

	Extremely Low Income 0-30%	Very Low Income 31-60%	Low Income 61-80%	Total
<u>HOUSEHOLDS:</u>	90	1,115	324	1,529
<u>DOLLAR VALUE:</u>	\$494,768	\$2,940,407	\$1,390,288	\$4,825,463

**PERFORMANCE BY ACTIVITY:**

	<u>Multifamily</u>	<u>Single Family</u>
<u>HOUSEHOLDS:</u>	1,050	479
<u>DOLLAR VALUE:</u>	\$2,324,338	\$2,501,125

**Goal Five**  
**TDHCA will increase the stock of affordable, decent, safe and sanitary housing in the Colonias.**

**Objective 5.1      Make loans, grants and incentives available to fund eligible housing activities and preserve/create housing units for extremely low, very low, low, and moderate income households.**

**Proposed Accomplishment One**

Establish five Owner-Builder *Self-Help Housing Resource Centers* in counties along the US-Mexico border to help to develop and promote effective self-help housing delivery strategies and techniques.

**Action Taken:**

The TCDP, county officials, and local nonprofits have contracted for the establishment of Self-help centers in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb Counties. TDHCA is considering the establishment of additional Colonia Self-Help Centers for Maverick and Val Verde Counties.

Activities vary from center to center. In general, though, they offer assistance with housing rehabilitation, titles, contract for deed conversions, grant writing, and surveying and platting. The centers also have model house plans available and a tool lending library. They offer assistance with infrastructure improvements, including septic tank installation, street curbing, and flood and drainage mitigation. Finally, the centers provide educational services such as home ownership counseling and basic home improvement instruction.

**Proposed Accomplishment Two**

Encourage the full use of RECD/FmHA (Rural Development) Colonias set-aside.

**Action Taken:**

The agency is currently in the process of setting up a partnership with Rural Development, designed specifically to aid the colonia residents.

**Proposed Accomplishment Three**

Provide agency resources to assist households facing contract for deed problems.

**Action Taken:**

The Department assists colonia residents, living within 150 miles of the Texas-Mexico Border region, convert their contract for deeds to traditional mortgages at a 5% interest rate.

Since the two initiatives (Individual/Bulk Purchase Conversions) were implemented in October 1998, the Department has been very successful in converting contract for deeds to mortgages. The Department's Board of Directors approved additional funding to continue this much needed initiative; July 2000 for \$175,000 (1994B bond funds) and on October 2000 for \$1.9 million (CHMRB Series 1990A and Series 1990B GNMA Sale Surplus Proceeds). In addition, December 2000 the Department's Board of Director's approved to utilize \$500,000 of the \$1.9 million to implement Senate Bill 867, Contract For Deed Loan Guarantee Program, to guarantee conversion loans made by private lenders.

Due to start-up of this program, we forwarded the funds dedicated in SFY 1998-1999 to SFY 2000-2001. The majority of these conversions were processed during SFY 2000-2001. Our goal is to utilize the remaining funds before August 31, 2001.

The following is a break down of the activities accomplished during SFY 2000-2001:

<b>Funding Source</b>	<b>Allocated Amount</b>	<b>Expended to Date</b>	<b>Anticipated Conversions</b>	<b>Converted</b>
<b>HOME</b>	\$5,260,156	\$2,241,808	311	183
<b>Bond (individual conversion)</b>	\$4,784,577	\$2,679,113	347	197
<b>CDBG</b>	\$1,257,900	\$195,971	150	29
<b>TOTAL:</b>	<b>\$11,302,633</b>	<b>\$5,116,892</b>	<b>808</b>	<b>409</b>
<b>Average Con. Amount</b>	<b>\$13,430</b>			

**Proposed Accomplishment Four**

Use resources from the Housing Trust Fund, HOME and CDBG programs to improve housing and infrastructure in the colonias.

**Action Taken:**

During this reporting period, the TCDP obligated \$12,126,045 of 1999 and 2000 program year funds for housing and infrastructure improvements in colonia areas. This amount is 13.02% of the funds obligated by the TCDP during this reporting period. The amounts obligated for housing and infrastructure improvements in colonia areas are shown in the following Table:

Community Development Fund	\$2,219,642	Colonia Self-Help Centers Fund	\$ 1,352,600
Colonia Construction Fund	\$6,557,130	TCDP STEP Fund	\$ 200,000
Colonia EDAP Fund	\$1,796,673		

The HOME program as required by the Texas Legislature is to expend not less than \$4,000,000 for the biennium for the sole purpose of contract for deed conversions for the families that reside in a colonia.

The State's Housing Trust Fund has dedicated \$2.8 million for the development of the Texas Bootstrap Program which provide loan funds to individuals to purchase and/or refinance real estate property and to build, renovate, or reconstruct their own home. This program has been heavily marketed in the colonia areas.

**Proposed  
Accomplishment**

Agencies with resources available to improve conditions in the colonias (including TDHCA, HUD, TWDB, Fannie Mae, and RECD/FmHA)

**Five**

need to collaborate with local governments, nonprofits, and for profits in order to make the most effective use of their resources and develop a collaborative and comprehensive approach to improving conditions in the colonias.

**Action Taken:**

The TCDP, county officials, and local non-profits have collaborated to establish the Self-Help Centers in Cameron, El Paso, Hidalgo, Starr and Webb counties.

Counties using CDBG funds to address colonia needs have been informed about the availability of other funding sources and are encouraged to contact other agencies for information on programs that are targeted to colonias and non-colonia targeted programs that have funds available for use in colonia areas. One percent technical assistance funds have been used to provide contract for deed consumer education programs through a contract with Centro 16 de Septiembre and further legal assistance in this area is provided by the Texas Rural Legal Aid.

The TCDP, in accordance with statutes and the TDHCA appropriation bill passed by the Texas Legislature has set-aside \$4,000,000 of 2000 and 2001 program year funds to provide funding for service connections, yard service lines, and access fees for persons living in colonias that cannot afford these costs to connect to water and sewer systems financed by the Texas Water Development Board's Economically Distressed Areas Program.

In addition, TDHCA and the Texas Water Development Board (TWDB) are collaborating through an executed Memorandum of Understanding (MOU) to coordinate funding for colonia areas through the Department's Colonia Fund and the TWDB Economically Distressed Areas Program. Through provisions in the MOU, the TCDP gives top priority to Colonia Construction Fund projects that will provide colonia residents who cannot afford the cost of service lines, service connections, and plumbing improvements the assistance to receive service access to the water or sewer systems financed by the TWDB Economically Distressed Areas Program.

**Proposed  
Accomplishment  
Six**

Devise a Mortgage Revenue Bond Program dedicated to the colonias.

**Action Taken:**

The Department has been unable to locate a Master Servicer to underwrite these bonds.



## ☞SUBJECT: HOMELESSNESS

### Goal One

**TDHCA will improve living conditions for the poor and homeless.**

**Objective 1.1**      **To ease the hardships of poverty and homelessness of extremely low and very low income persons.**

**Proposed  
Accomplishment  
One**

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 low income persons throughout the state.

**Action Taken:**

The Emergency Shelter Grants Program (ESGP) provides grants to units of general local government and private nonprofit organizations to provide emergency shelter and related services for homeless persons and homelessness prevention activities. Eligible ESGP activities include:

- Renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless;
- Provision of essential services, including (but not limited to):
  1. assistance in obtaining permanent housing;
  2. medical and psychological counseling and supervision;
  3. nutritional counseling;
  4. substance abuse treatment;
  5. assistance in obtaining other federal, state and local aid;
  6. child care, transportation, job placement and job training;
  7. general operating and administrative costs (not to exceed 10 percent of the amount of the grant);
- Operation, maintenance and furnishings, and
- Developing and implementing homelessness prevention activities;

The Community Services Block Grant (CSBG) provides administrative support to a statewide network of Community Action Agencies (CAA) that provide services to very low- and extremely low-income persons in all 254 counties in Texas. The funding assists CAAs in providing essential services such as access to child care; health and human services for children, families, and the elderly; nutrition; transportation; job training and employment services; housing; substance abuse prevention; migrant assistance; and other poverty-related programs.

Five percent (5%) of CSBG funds are reserved to fund organizations providing services to migrant seasonal farm workers, Native Americans, victims of natural and man-made disasters, and to implement innovative projects addressing poverty issues.

In addition, the Department administers the Emergency Nutrition/Temporary Emergency Relief Program (ENTERP) and the Community Food and Nutrition Programs, which aid those that are poor or homeless.

**Proposed  
Accomplishment  
Two**

Provide funds to improve the quality of existing emergency shelters for the homeless.

**Action Taken:** The Emergency Shelter Grant Program (ESG) funds the renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless. Contracts awarded in PY 2000 included projects to rehabilitate and improve the quality of existing emergency shelters.

**Proposed Accomplishment Three** Provide funds to make additional emergency shelters available.

**Action Taken:** Emergency Shelter Grant Program (ESG) funds may be used for the conversion of buildings for use as emergency shelters, thus creating additional emergency shelters or expanding the capacity of existing shelters for homeless persons. No contracts awarded in PY 2000 included projects to convert buildings to be used as homeless shelters.

**Proposed Accomplishment Four** Provide funds to help meet the costs of operating emergency shelters and of providing essential services to homeless persons.

**Action Taken:** Essential services, operation, maintenance and furnishings are eligible activities under the ESG Program. In addition, 10% of the total of each ESGP grant may be used to support administrative staff costs.

**Proposed Accomplishment Five** Provide funds to homelessness prevention programs for utility, mortgage and rental assistance.

**Action Taken:** ESG program funds may be used to make utility, rent, and mortgage payments on behalf of families that document sudden reduction of income (or a sudden increase in expenses) and the ability to resume payments after a determined period of time. The family must also meet the income guidelines established for this program.

TDHCA's Emergency Nutrition/Temporary Emergency Relief (ENTERP) Program funds organizations with homelessness prevention programs to very low- and extremely low-income households. These emergency services may include, but are not limited to :

- energy-related assistance
- housing
- food
- clothing
- medical services
- transportation

The CSBG Program may also be used to prevent homelessness.

**Proposed Accomplishment Six** Provide funds for transitional housing programs.

**Action Taken:** Transitional housing is an eligible activity under the ESG Program. Transitional housing applications are encouraged. Many of the projects funded by ESG provide transitional and/or emergency shelter.

**Proposed  
Accomplishment  
Seven**

Emphasize continuum of care efforts and coordination between shelter and service providers in the ESG Program application process.

**Action Taken:**

The ESG Program requires applicants to include in their application a report on the community-based continuum of care process. In addition, the applicant must demonstrate how they intend to work with those local providers. Weight is given to applications that demonstrate strong community-based continuum of care efforts.

<b>Objective 1.2</b>	<b>Increase the coordination of resources among agencies and governments serving homeless persons.</b>
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**Proposed  
Accomplishment  
One**

Promote the coordination of housing resources among state and federal agencies and promote the coordination of program resources through projects that qualify for funding from a variety of sources.

**Action Taken:**

The Department collaborated with the Texas Homeless Network (THN) and the Department of Mental Health and Mental Retardation (MHMR) to build the capacity of homeless coalitions across the state of Texas, enabling them to become more effective in the communities in which they serve.

In 1999, the Department collaborated with the Texas Homeless Network (THN) and the Department of Mental Health and Mental Retardation (MHMR) to build the capacity of homeless coalitions across the state of Texas, enabling them to become more effective in the communities in which they serve. For this project, MHMR contributed \$1,000 to each coalition that met certain criteria, including formalized memberships and meetings, and being inclusive in its membership.

TDHCA provided a surplus computer to each coalition site to allow the coalitions to be accessible to one another and with THN. Computers will also allow each homeless coalition to assist THN with conducting a statewide homeless count. With the ongoing assistance of TDHCA and MHMR, THN has continued to expand this project and provide ongoing technical assistance to homeless coalitions across Texas.

In PY 2000, the Department provided funds to THN to support a series of statewide technical assistance workshops for the HUD Continuum of Care homeless application. HUD Community Builders participated in the workshops with other technical consultants with demonstrated success in applying for these funds. The purpose of the workshops was to assist communities in writing a successful Continuum of care application, thereby increasing the amount of funds available to provide services to homeless persons in Texas

In addition, as noted under Objective 1.1, Proposed Accomplishment Seven, ESGP Program applicants are required to include a progress report on the continuum of care efforts of each community applying for funds. Requiring this report promotes the coordination of funding from a variety of sources. The Community Services Block Grant Program requires a Community Action Plan, which includes a needs assessment, a report on available services, and a summary of gaps in service provision.

TDHCA is committed to encouraging providers to seek several funding sources in their efforts to produce housing. The Housing Resource Center created a Nonprofit Resources Coordinator position to educate providers of available state, federal, and private funds. This position is not only responsible for advising nonprofits of available funding sources, but also trains and certifies nonprofits to become Community Housing Development Organizations (CHDOs), thus increasing their ability to access additional funds (to provide housing).

**Proposed  
Accomplishment  
Two**

Work with the Texas Interagency Council for the Homeless implementing their Strategic Plan.

**Action Taken:**

TDHCA has two seats on the Interagency Council for the Homeless, one member from Community Affairs and one from Housing Programs. The members work with the Council to meet the Council’s legislative goals.

**Proposed  
Accomplishment  
Three**

Require ESG program applicants to describe their participation in any local homeless coalition, social services coordinating council, the development of HUD-required Consolidated Plan or similar document, and/or development of a “continuum of care” plan for the community.

**Action Taken:**

See Objective 1.1, Proposed Accomplishment Seven (an application requirement).

<b>Objective 1.3</b>	<b>If funds are available, plan for the implementation of a transitional housing pilot program which provides supportive services and other opportunities designed to move homeless persons into permanent housing.</b>
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**Proposed  
Accomplishment  
One**

When applicable, ask ESG program applicants to describe and document their organization’s transitional housing programs.

**Action Taken:**

The ESG Program application requires a report on the success of the applicants existing transitional housing program. The success of a transitional housing program is then reflected in the scoring process.

**Proposed  
Accomplishment  
Two**

Develop a plan to implement a transitional housing pilot program. The transitional housing program will include the provisions of the following services:

- (1) interim housing
- (2) physical and mental health services
- (3) literacy training
- (4) job training
- (5) family counseling
- (6) credit counseling
- (7) education services
- (8) other services that will prevent homelessness (child care, transportation, etc.)

**Action Taken:**

No funding source has been identified to date.

**Proposed  
Accomplishment  
Three**

Identify potential sources of funding for supportive service programs.

**Action Taken:**

In 1999, the Department collaborated with the Texas Homeless Network (THN) and the Department of Mental Health and Mental Retardation (MHMR) to build the capacity of homeless coalitions across the state of Texas, enabling them to become more effective in the communities in which they serve.

For this project, MHMR contributed \$1,000 to each coalition that met certain criteria, including formalized memberships and meetings, inclusive membership.

TDHCA provided a surplus computer to each coalition site to allow the coalitions to be accessible to one another and with THN. Computers will also allow each homeless coalition to assist THN with conducting a statewide homeless count. With the ongoing assistance of TDHCA and MHMR, THN has continued to expand this project and provide ongoing technical assistance to homeless coalitions across Texas.

In PY 2000, the Department provided funds to THN to support a series of statewide technical assistance workshops for the HUD Continuum of Care homeless application. HUD Community Builders participated in the workshops with other technical consultants with demonstrated success in applying for these funds. The purpose of the workshops was to assist communities in writing a successful Continuum of care application, thereby increasing the amount of funds available to provide services to homeless persons in Texas

In addition, the Department's Housing Resource Center currently researches funding sources as well as receives funding alerts from the Governor's Office of Budget and Planning, State Grants Team regarding state, federal, and private grants. These funding notices are distributed within the agency. The Housing Resource Center regularly researches available funding sources and sends this funding information to nonprofits.

**Objective 1.4**

**If funding is available, gather information on homelessness in Texas including the number and characteristics of homeless persons.**

**Proposed  
Accomplishment  
One**

Conduct a statewide census of homeless persons. The census will gather, at a minimum, information on the number of homeless persons in Texas, why they are homeless, and their current living arrangements.

**Action Taken:**

In the spring of 1999, with funding from TDHCA, the Texas Homeless Network conducted a Survey of Homelessness in Texas. THN conducted the survey in 10 communities, Abilene, Amarillo, Bryan/College Station, Corpus Christi, El Paso, Killeen/Temple, Midland, Tarrant County, Lufkin/Nacogdoches, and Victoria. The results of this survey are contained in the THN publication entitled Homelessness in Texas, Results of a Statewide Survey.

In addition TDHCA's Housing Resource Center (HRC) updates the housing needs analysis section of the *State of Texas Low Income Housing Plan and Annual Report* annually. This is done through interviews with shelters (as well as homeless advocacy groups) across the state to survey the shelters' activities and needs. General research is conducted throughout the year regarding homeless issues.

**Proposed Accomplishment Two** Develop a report for the Governor, Lt. Governor, Speaker of the House, the governing body of each of the Council member agencies, the Texas Legislature, and other funding entities.

**Action Taken:** TDHCA representatives on the Texas Interagency Council on Homeless work with the Council to develop this plan.

<b>Objective 1.5</b> <b>Conduct a statewide inventory of facilities and services that meet the need for emergency shelter, transitional housing and supportive services for homeless individuals and families.</b>
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**Proposed Accomplishment One** Conduct a survey of the homeless service providers that have responded to the ESG Program’s Request for Proposals since the program’s inception.

**Action Taken:** With the assistance of VISTA volunteers, this survey has been completed. Copies are available by request from the ESG Program (512/475 – 3897).

Additionally, as part of the citizen participation process for the Consolidated Plan – One-Year Action Plan, surveys are sent out to program administrators with program specific questions. Public input regarding agency programs is vital when determining policy.

## ☛SUBJECT: PERSONS WITH SPECIAL NEEDS

### PRIORITY NEED

**Low income persons with special needs: elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addiction(s), persons with HIV/AIDS, and public housing residents are recognized by TDHCA as having priority need for housing related funding.**

**Objective 1.1      Commit funding resources to address the housing needs of persons with special needs.**

**Proposed  
Accomplishment  
One**

Create a 10 percent (10%) special needs set-aside through the HOME and Housing Trust Fund programs.

**Action Taken:**

Ten percent (10%) of the total HOME allocation is reserved for persons with special needs. The Housing Trust Fund also has a 10% set-aside for persons with special needs.

**Proposed  
Accomplishment  
Two**

Compile information regarding the housing needs of, and housing resources available to persons with special needs. Incorporate guidance, input and information from service providers who specialize in serving persons with special needs to augment Census data and survey results.

**Action Taken:**

TDHCA is legislated each year to estimate and analyze the housing needs of individuals with special needs for the *State of Texas Low Income Housing Plan and Annual Report*. To do this, TDHCA consults with citizens, community based organizations, units of local government, policy makers, and housing providers throughout the state.

Beginning in December 1995, the Housing Resource Center has coordinated the Department's efforts to assist persons with special needs. The HRC staff has been trained to handle all information requests made by persons with special needs or families with dependents with special needs. HRC created a database in January of 1997 to log all consumer information requests, available information and available housing and housing related services for persons with special needs. The HRC Library has built an extensive information base on housing for persons with special needs.

HRC staff serves on the Texas Home of Your Own Coalition comprised of service providers, consumers representatives, lenders, realtors, developers, HUD, consumer based organizations and other state agencies. This workgroup meets monthly to promote homeownership for persons with special needs. Although homeownership is the main focus, information is shared regarding the full range of housing and non-housing need for persons with special needs. The Department benefits greatly from this exchange of information on need and what resources are available to special needs populations.

In 2000, a new pilot program was for persons with mental disabilities, was initiated. Among other things, SB 358 (Texas Health and Safety Code, Section 531.001) required TDHCA and Texas Department of Mental Health and Mental Retardation (MHMR) to implement a demonstration program "to demonstrate the effectiveness of interagency cooperation for providing supported housing

services to individuals who reside in personal care facilities.” In the development of the pilot program, TDHCA worked with MHMR, DHS, and several advocate groups.

To comply with the bill, TDHCA increased the funding available for the tenant based rental assistance from the HOME program. For entities using the rental vouchers as intended by SB 358, MHMR supplied support services that would help transition persons into community-based settings. The two agencies marketed the program to potential interested parties and conducted application workshops together.

Lastly, TDHCA, with assistance from each appropriate health and human services agency, as defined by Section 531.001, Government Code, and with the participation of consumers of relevant services, studied opportunities for providing home and community support services to residents of affordable housing developments and participants in other affordable housing programs. The Department identified available funding sources for the services, buildings, and architectural upgrades as part of the study. Copies of this report were made available to the public on the Department’s web site.

<b>Objective 1.2</b>	<b>Discourage the segregation of persons with special needs from the general population.</b>
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**Proposed  
Accomplishment  
One**

Increase awareness of the availability of conventional housing programs for persons with special needs.

**Action Taken:**

The Housing Resource Center has identified several organizations that provide funds for housing programs for persons with disabilities. The TDHCA *Program Guide* has a special section dedicated to this information. Additional information was made available through the report developed for SB 95. In addition, the HRC created a special needs notification database to inform consumer organizations representing persons with special needs of public hearings on housing programs and funding availability.

The two new pilot programs developed for persons with special needs (for the elderly and mentally disabled) received public comment at the 9 public hearings for the *2001 State of Texas Low Income Housing Plan and Annual Report* as well as application workshops held for the HOME program.

TDHCA has also been able to increase housing program awareness through its membership in the HOYO Coalition.

**Proposed  
Accomplishment  
Two**

Establish criteria and performance measures which encourage the integration of persons with special needs when scoring projects targeted towards special needs populations.

**Action Taken:**

Regardless of whether projects are targeted toward special needs projects, scoring reflects what proposals are made to serve special needs populations. For example the Low Income Housing Tax Credit Program allocates points to



applicants committing to have a certain number of units accessible to persons with special needs.

The HOME Program is mandated by the Texas Legislature to reserve 5 percent (5%) of its total allocation to be used to serve special needs populations. TDHCA has self-imposed an additional 5 percent (5%) to make the HOME Program special needs set aside 10 percent (10%) of the allocation.

The Housing Trust Fund has a mandatory 10 percent (10%) set aside for persons with disabilities. If the applicants chose to set aside 20 percent (20%) or more of the project for persons with special needs, they earn extra points in the application scoring process.

The Multifamily Bond Program reserves 5 percent of their units for tenants with special needs.

<b>Objective 1.3</b>	<b>Increase the collaboration between organizations that provide services to special needs populations and organizations with housing experience.</b>
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**Proposed Accomplishment One** Require applicants requesting funds for special needs projects to provide documentation of a collaborative effort between the housing developer and a social service provider with experience in serving special needs populations.

**Action Taken:** In the review of applicants requesting funds for projects that will serve special needs populations, scoring is favorable for those developers collaborating with experienced social service providers.

**Proposed Accomplishment Two** Work together with HHSC and other HHS agencies to develop housing alternatives for individuals requiring long term community care services.

**Action Taken:** Two pilot programs for persons with priority needs began in were implemented in 2000. Both programs were developed with the assistance of DHS and other state agencies.

*Elderly Rental Assistance Pilot Program:* TDHCA, the Texas Department on Aging, Texas Association of Homes and Services for the Aging, and the Texas Department of Human Services worked together to increase the number of subsidized housing units as well as service coordination for elderly tenants. In answer to the needs associated with this program, TDHCA increased the set aside for tenant based rental assistance from 8% to 20%. The LIHTC program also added a 10 percent set aside for elderly projects. Lastly, the Housing Trust Fund dedicated \$150,000 for the biennium for a service coordination pilot program.

*Mental Illness Rental Pilot Program:* TDHCA, Texas Department of Human Services, Texas Dept. of Mental Health and Mental Retardation, among others are developing a pilot program to help provide supportive services including rental assistance to persons with mental illness. In answer to the needs associated with this program, TDHCA increased the set aside for tenant based rental assistance from 8% to 20%.

In addition, the Department encourages tenant services in the projects that serve individuals requiring long term community care services through the application process – extra points are awarded to projects that provide tenant

services. In addition, the Multi-family Bond Program requires the borrower to offer a variety of tenant services.

**Proposed  
Accomplishment  
Three**

Require that applicants for special needs housing projects contact local social service agencies (*i.e.* HHS agencies and community care providers for the elderly) to document and verify the need for special needs housing.

**Action Taken:**

All applicants are required to submit, as part of their application, a needs analysis of the population they are proposing to serve.

**Proposed  
Accomplishment  
Four**

Require that applicants receiving housing funds hold public hearings and post notices of public hearings with local HHS and community care providers.

**Action Taken:**

Applicants for CDBG funds through the TCDP must provide written notification to local service providers of the date, time, location and topics to be covered at the first application public hearing. The following requirement is an excerpt from the 1999 TCDP Application Guide:

Local organizations that provide services or housing for low to moderate income persons, including but now limited to, the local Public Housing Authority, the local Health and Human Services office, and the local Mental Health and Mental Retardation office, must receive written notification concerning the date, time, location, and topics to be covered at the public hearing.

The LIHTC program and the Multifamily Bond program also have public notice requirements for their housing projects. In addition, while there are no specific requirements for public notices for projects applying for HOME and HTF funds, extra points are awarded in the scoring of applications for organizations that involve future tenants and the surrounding community in the development process or get letters of support for their project. In addition, recommendations are presented at TDHCA Board meetings, which allows for additional public comment.

## ☞SUBJECT: PERSONS WITH DISABILITIES

<b>Objective 2.1</b>	<b>Assess need. A satisfactory assessment of housing needs of the low income disabled population in Texas is not available.</b>
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**Proposed Accomplishment One** To the extent possible, TDHCA will work with HHSC, MHMR, other HHS and community groups to gather information on the housing needs of persons with disabilities throughout the state.

**Action Taken:** Because persons with disabilities are included in the definition of special needs population, this accomplishment has been addressed in Objective 1.1, Proposed Accomplishment Two.

<b>Objective 2.2</b>	<b>Increase the availability of affordable and accessible housing for persons with disabilities.</b>
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**Proposed Accomplishment One** Continue to monitor the recipients of funding to ensure compliance with all state and federal requirements for accessibility as required by program regulations.

**Action Taken:** Each program monitors their various projects for compliance with regards to persons with disabilities, according to their projects' guidelines. In addition, the Compliance Division and the Housing Resource Center track the population served by receipt of an annual certification from each housing sponsor.

**Proposed Accomplishment Two** Encourage new construction and, when feasible, rehabilitation projects utilizing TDHCA funding sources to reflect the Americans with Disabilities Act Accessibility Guidelines for Building and Facilities published by the U.S. Architectural & Transportation Barriers Compliance Board. Housing rehabilitation and construction programs administered by TDHCA, such as HOME, CDBG, Housing Trust Fund and LIHTC, should examine the feasibility of establishing program rules incorporating the ADA Accessibility Guidelines (ADAAG).

**Action Taken:** In 1999, the 76<sup>th</sup> Texas Legislature passed SB 623, which requires recipients of state or federal funds from TDHCA for the construction of single family affordable housing for individuals and families of low, very low, and extremely low income to construct the housing in accordance with basic accessibility requirements (as specified in the bill).

The State of Texas HOME Program requires that 100% of newly constructed ground floor units (single and multi family units) must be easily retrofitted to accommodate persons with disabilities.

The Department also participates in the Texas Home of Your Own (HOYO) Coalition for persons with disabilities. Partners in this project include Fannie Mae, BancOne Mortgage, Advocacy Inc., United Cerebral Palsy, TX MHMR, Texas University Affiliated Programs, Sunset Properties, Central Texas Mutual Housing Association, Houston Center for Independent Living, Texas Planning Council for Developmental Disabilities, Austin Center for Independent Living, ADAPT of Texas, and the Consumer Controlled Housing Enterprise. To ensure the continued success of the Texas HOYO Coalition, in 2000, TDHCA dedicated \$500,000 to the Coalition through its 2001 Consolidated Plan.

The TCDP set-aside for the Housing Rehabilitation Fund obligated \$1,250,000 for housing rehabilitation and the construction of affordable/accessible new housing (new housing construction is only allowed when the applicant does not have available housing stock that can be rehabilitated to meet the needs of a person or persons with disabilities) that is primarily targeted to meet the needs of persons with disabilities. The housing units under this fund will be rehabilitated or built to comply with the Architectural Barriers Act and the Uniform Federal Accessibility Standards.

For the 2001 program year, the TCDP funded six (6) Housing Rehabilitation projects totaling \$1,500,000.

LIHTC also awards points based on the accessibility of units through its application process.

**Proposed  
Accomplishment  
Three**

Establish in 1996 a pilot project in a minimum of three areas to promote accessibility through the removal of architectural barriers. Such a program could result in the provision of funding for the rehabilitation of existing housing to meet accessibility guidelines for persons with disabilities. The program should not use funds to pay for modifications for housing which is already supposed to be in compliance with accessibility requirements. Such housing should be brought into compliance with accessibility requirements.

**Action Taken:**

TDHCA has initiated the first Statewide Architectural Barrier Removal (SABR) Program aimed at systematically increasing the size of affordable and accessible housing stock in the State. The program targets persons in the Lubbock, Laredo, and Edinburg areas, and will provide funds for the modification of homes occupied by persons with disabilities. The Department has dedicated \$750,000 from the HOME Program for this phase of the project.

<b>Objective 2.3</b>	<b>Form partnerships.</b>
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**Proposed  
Accomplishment  
One**

Promote the coordination of housing resources available among state and federal agencies and consumer groups that serve the housing needs of persons with disabilities.

**Action Taken:**

TDHCA made several significant advances in increasing the awareness and promoting the coordination of resources of conventional housing programs for persons with special needs in Program Year 2000.

TDHCA also participates in numerous efforts to coordinate housing resources with state and federal agencies, Government Sponsored Enterprises (GSEs), and various community based organizations. The Texas Home of Your Own Coalition (HOYO) is an example of program coordination. The federally funded Development Disability Council; Fannie Mae, a GSE; Texas Mental Health Mental Retardation (state agency); United Cerebral Palsy; HUD; and other organizations work in coordination to promote homeownership for persons with disabilities earning less than 80 percent (<80%) of median family income. This project has been an example of how government, non-profits, and for profits can maximize use of limited funding resources.

The Housing Resource Center has also identified several organizations that provide funds for housing programs for persons with disabilities. The TDHCA *Program Guide* has a special section dedicated to this information. Additional

information has been made available through a study conducted for the Texas Legislature for SB 95.

Lastly, as mentioned before, the new pilot programs for elderly persons and persons with mental illness, were collaborative efforts and were available for discussion at the nine public hearings for the *2001 State of Texas Low Income Housing Plan and Annual Report*, as well as the HOME application workshops.

<b>Objective 2.4</b>	<b>Provide housing choices which are not linked to supportive services.</b>
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**Proposed Accomplishment One** Separating housing from supportive services increases housing choice and provides individuals the opportunity to choose their services and tailor them to their specific needs. TDHCA, in partnership with other agencies, should encourage consumer-control models of housing provision for persons with disabilities.

**Action Taken: Accomplishment** HOYO, SABR, and CCHE (see above descriptions)

**Proposed Accomplishment Two** Require that applicants receiving housing funds hold public hearings and post notices of public hearings with local HHS, community care providers and consumer groups.

**Action Taken:** Applicants for 2000 CDBG funds through the TCDP must provide written notification to local service providers of the date, time, location and topics to be covered at the first application public hearing. The following requirement is an excerpt from the 2000 (biennial funding cycle) TCDP Application Guide:

Local organizations that provide services or housing for low to moderate income persons, including but now limited to, the local Public Housing Authority, the local Health and Human Services office, and the local Mental Health and Mental Retardation office, must receive written notification concerning the date, time, location, and topics to be covered at the public hearing.

The LIHTC program and the Multifamily Bond program both have public notice requirements for their housing projects. In addition, while there are no specific requirements for public notices for projects applying for HOME and HTF funds, extra points are awarded in the scoring of applications for organizations that involve future tenants and the surrounding community in the development process or get letters of support for their project.

<b>Objective 2.5</b>	<b>Increase awareness of competitive grant funds.</b>
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**Proposed Accomplishment One** Use planning documents such as the *State of Texas Low Income Housing Plan and Annual Report* and the *Consolidated Plan* to increase the awareness of competitive grant opportunities for groups serving persons with disabilities.

**Action Taken:** *The State of Texas Low Income Housing Plan and Annual Report* and the *Consolidated Plan* report on the programs the Department administers, the type of funds available, and the eligibility requirements for those funds. These

documents are widely advertised and distributed, and are furnished to nonprofits free of charge. In addition, the following projects have been implemented in answer to TDHCA's commitment to increasing the awareness of competitive grant funds:

The *TDHCA Program Guide* was developed to provide a comprehensive statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing-related programs operated by TDHCA, the US Department of Housing and Urban Development (HUD), and other federal and state agencies. The HRC is continually updating and adding relevant information to the guide.

Dialogue and communication with program consumers at the community level through program information workshops, public hearings, technical training sessions, and town hall meetings enable the Department to act as a catalyst that draws together community resources. Increased dialogue lays the groundwork for the formation of the partnerships discussed above. The State does not have the resources to meet the needs of all Texans in need. It is only through increased participation and communication with the Department's consumers that services can appropriately and efficiently address need.

The Department is always seeking ways to increase statewide participation in TDHCA programs. It is important to note that TDHCA is primarily a pass-through funding agency, and funds developments through a formal competitive Request for Proposal (RFP)/ Notice of Funding Availability (NOFA) process. Therefore, for funds to reach those in need at the local level, it is incumbent upon the Department to increase the public's awareness of what funds are available and how they may be accessed.

**Proposed  
Accomplishment  
Two**

Help to bring competitive grant funds into Texas and encourage participation at the local level through capacity building efforts and technical assistance offered at the state level.

**Action Taken:**

TDHCA is constantly in the process of educating the public on the funds that are available through our agency and how to access those funds. This is done at the local level at public hearings or through TDHCA sponsored application workshops, as well as grant writing workshops. TDHCA also has five technical assistance centers in the state to assist and encourage participation. In addition most TDHCA programs have some sort of local match in the form of volunteerism or sweat equity for the funds that they receive from the Department (please refer to Objective 2.5, Proposed Accomplishment One listed above for more details).

Ten percent (10%) of HTF funds are specifically set aside solely for capacity building use.

In addition, the Housing Resource Center has received a total of \$520,000 from HUD to be used to build the capacity of homebuyer education providers throughout the state.

## ➤SUBJECT: ELDERLY PERSONS

<b>Objective 3.1</b>	<b>Assess need. To make the most effective use of available funds, the state needs an accurate count of the number of frail, disabled and otherwise needy elderly persons currently living in Texas and in need of affordable housing.</b>
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**Proposed Accomplishment One** To the extent possible, TDHCA will collaborate with other agencies on such a project.

**Action Taken:** TDHCA uses statistics provided by the US Census Bureau and the Texas Department on Aging to determine the current population of elderly persons in Texas. These figures are updated yearly for the *State of Texas Low Income Housing Plan and Annual Report*.

<b>Objective 3.2</b>	<b>Support the development of non-institutionalized housing options and programs which enable the elderly to remain in their own homes and stay close to family and other support groups.</b>
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**Proposed Accomplishment One** Collaborate with the TDoA to provide education and technical assistance to encourage innovative housing options for the elderly. Innovative approaches can include but are not limited to shared housing, residential care homes, ECHO housing, co-housing, accessory apartments, transitional housing and home repair modification programs.

**Action Taken:** As mentioned previously, TDHCA has collaborated with TDoA on a new elderly rental housing pilot program.

Currently, TDHCA is working with TDoA on an RFP for a housing study related specifically to the needs of elderly lower income populations.

**Proposed Accomplishment Two** Encourage local regulatory codes and housing design standards that permit accessory apartments and other modified living arrangements for the elderly

**Action Taken:** In 1999 the Texas Legislature passed SB 623 which requires recipients of state of federal funds from TDHCA for the construction of single family affordable housing for individuals and families of low and very low income to construct the housing in accordance with accessibility requirement specified in the bill.

The State of Texas HOME Program also encourages the use of adaptive design standards in both its single family and multi family projects. It requires that 100 percent (100%) of newly constructed ground floor units must be easily retrofitted to accommodate persons with disabilities. Please see Objective 2.2 above for further explanation of initiatives taken to initiate housing design standards that permit accessory apartments and other modified living arrangements for the elderly.

The benefits of using universal design were published in both the State of Texas Low Income Housing Plan and Annual Report, as well as two reports to the Texas Legislature regarding the housing needs of both the disabled and the elderly.

<b>Objective 3.3</b>	<b>Increase awareness of competitive grant funds.</b>
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**Proposed Accomplishment One** Use planning documents such as the *State of Texas Low Income Housing Plan and Annual Report* and the *Consolidated Plan* to increase competitive grant opportunities for groups serving elderly persons.

**Action Taken:** Please refer to Objective 2.5, Proposed Accomplishment One.

**Proposed Accomplishment Two** Help to bring competitive grant funds into Texas and encourage participation at the local level through capacity building efforts and technical assistance at the state level.

**Action Taken:** Please refer to Objective 2.5, Proposed Accomplishment Two.

TDHCA is constantly in the process of educating the public on the funds that are available through our agency and how to access those funds. This is done at the local level at public hearings, as well as Department sponsored application workshops and grant writing workshops. TDHCA also has five technical assistance centers in the state to assist and encourage participation.



**➤SUBJECT: NON-HOUSING COMMUNITY DEVELOPMENT**

**Goal One**

**TDHCA will work to better Texas communities by supporting community and economic development. The purpose of the Texas Community Development Program (TCDP) is the development of viable communities by providing decent housing, a suitable living environment, and expanding economic opportunities principally (51%) for persons of low- and moderate-income. However, 70 percent (70%) of CDBG funds spent must benefit low to moderate income persons.**

**Objective 1.1**

- a) To improve public facilities to meet basic human needs, principally for low- and moderate-income residents.**
- b) To improve housing conditions, principally for persons of low- and moderate-income residents.**
- c) To expand economic opportunities by creating or retaining jobs, principally for low- and moderate-income persons.**
- d) To provide assistance and public facilities to eliminate conditions hazardous to the public health and of an emergency nature.**

**Proposed Accomplishment One**

Encourage projects that address basic human needs such as water, sewer and housing; projects that provide a first-time public facility or service; and projects designed to bring existing services up to at least State minimum standards as set by the applicable regulatory agency.

**Action Taken:**

The State received 660 applications for assistance under the **1999/2000 Community Development Fund**. As shown in the following table, \$134,511,209 (78.57%) of the \$171,195,081 requested under the Community Development Fund was for activities addressing **basic human needs** (water, sewer and housing activities).

Water:	\$73,016,009	Sewer:	\$59,468,964	Housing Rehab:	\$ 2,026,236
Streets:	\$ 6,582,801	Drainage:	\$ 2,158,521	Acquisition:	\$ 757,037
Engineering:	\$16,168,219	Administration:	\$ 8,930,197	Parks:	\$ 81,120
Solid Waste:	\$ 45,000	Community Centers:	\$ 821,284	Fire Protection:	\$ 1,069,014
Demolition:	\$ 30,500	Code Enforcement:	\$ 35,881	Other Utilities:	\$ 4,298

For this reporting period, the State funded 180 of the 1999/2000 Community Development Fund applications. As shown in the following table, \$38,544,852 (79.82%) of the \$48,292,710 obligated under the Community Development Fund was for activities addressing **basic human needs** (water, sewer and housing activities). When the amounts obligated for engineering, administration, and acquisition are deducted from the total obligated amount, **the percentage of construction funds addressing basic human needs is 93.52%.**

Water:	\$21,865,656	Sewer:	\$15,636,460	Housing Rehab:	\$ 1,042,736
Streets:	\$ 1,565,354	Drainage:	\$ 726,950	Acquisition:	\$ 214,207
Engineering:	\$ 4,133,901	Administration:	\$ 2,730,242	Parks:	\$ -0-
Solid Waste:	\$ -0-	Community Centers:	\$ -0-	Fire Protection:	\$ 377,204
Demolition:	\$ -0-	Code Enforcement:	\$ -0-	Other Utilities:	\$ -0-

Furthermore, 27 of the funded applicants are providing **first time public water or first time public sewer assistance** and the amount of funds obligated to first time water or sewer is approximately \$7,715,389.

The State received a combined 57 applications for assistance under the **1998 Colonia Construction Fund** and **1999 Colonia Construction Fund competitions**. As shown in the following table, \$20,065,987 (77.49%) of the \$25,894,338 requested under the 1998 and 1999 Colonia Construction Fund was for activities addressing **basic human needs** (water, sewer and housing activities).

Water:	\$9,710,468	Sewer:	\$8,860,919	Housing Rehab:	\$1,494,600
Streets:	\$ 617,265	Drainage:	\$ 423,676	Acquisition:	\$ 182,465
Engineering:	\$2,291,187	Community Centers:	\$ 871,000	Administration:	\$1,442,758

For this reporting period, the State funded 25 of the 1998 and 1999 Colonia Construction Fund applications. As shown in the following table, \$10,662,046 (88.31%) of the \$12,073,237 obligated under the 1998 and 1999 Colonia Construction Fund was for activities addressing **basic human needs** (water, sewer and housing activities). When the amounts obligated for engineering, administration, and acquisition are deducted from the total obligated amount, **the percentage of construction funds addressing basic human needs is 100.00%**.

Water:	\$4,236,831	Sewer:	\$5,208,715	Housing Rehab:	\$1,216,500
Streets:	\$ -0-	Drainage:	\$ -0-	Acquisition:	\$ 87,000
Engineering:	\$ 810,961	Community Centers:	\$ -0-	Administration:	\$ 513,230

Furthermore, 22 of the funded Colonia Construction Fund applicants are providing **first time public water or first time public sewer assistance** and the amount of funds obligated to first time water or sewer is approximately \$9,957,237. In addition, the 4 Colonia Economically Distressed Areas Program (EDAP) funded during this reporting period are using \$1,616,310 to provide **first time public water or first time public sewer assistance**

**Proposed Accomplishment Two**

Analyze and review the Community Development Fund allocation formula.

**Action Taken:**

The current Community Development allocation formula uses program eligible city and county nonentitlement **populations** (30%), poverty information on the **number of poverty persons and percentage of poverty persons** (50%), and unemployment information on the **number of unemployed persons and the percentage of unemployed persons** (20%) to calculate regional allocations for each of the 24 state planning regions.

A review and analysis review of the Community Development Fund allocation formula was recommended by the 1996 Consolidated Plan Committee. The Committee recommended that TDHCA solicit proposals and contract with an outside entity to complete an analysis of the current allocation formula. While TDHCA had not received any comments from CDBG program constituents for changes to the allocation formula, the Committee also recommended that TDHCA consider using alternate allocation formulas identified by the entity hired to complete the analysis.

TDHCA has not yet initiated the process recommended by the Consolidated Plan Committee. Previous proposals to alter the current allocation formula have met with strong negative comments from CDBG program practitioners and beneficiaries. TDHCA may still follow the Committee recommendation to hire an outside entity to review and analyze the current allocation formula. But any change to the current formula will not be adopted by TDHCA until the topic is discussed at annual action plan public hearings.

**Proposed Accomplishment Three**

Award bonus points to projects where at least 60 percent of the TCDP funds benefit low/moderate income persons.

**Action Taken:**

Under the Community Development Fund application scoring criteria, applicants received 40 points or zero points based on the following formula:  
 Applicants are required to meet the 51% low/moderate income benefit, or the prevention or elimination of slum or blighted areas, for each activity as a threshold requirement. Any application where **60% or more** of the TCDP funds requested will benefit low and moderate income persons receives **40 points**. Any application where **less than 60%** of the TCDP funds requested will benefit low and moderate income persons receives **zero (0) points**.

The following formula is used to calculate the percentage of TCDP funds benefiting low/moderate income persons:

$$\frac{\text{TCDP Funds Requested For Each Construction, Acquisition, and Engineering Activity} \times \text{Low/mod Percentage For Each Activity}}{\text{Total TCDP Request Minus TCDP Funds Requested For Administration Activities}}$$

Under the Colonia Construction Fund application scoring criteria, applicants received up to 50 points based on the following formula:

TCDP Funds Requested For Each Construction And Acquisition Activity

$$\frac{\text{Multiplied By Low/mod Percentage For Each Activity}}{\text{Divided by Total TCDP Funds Requested}}$$

Points are awarded based on the percentage of TCDP funds benefiting low to moderate income persons in accordance with the following scale:

100% to 90% of TCDP funds benefiting low to moderate income persons	50
89.99% to 80% of TCDP funds benefiting low to moderate income persons	40
79.99% to 70% of TCDP funds benefiting low to moderate income persons	25
69.99% to 60% of TCDP funds benefiting low to moderate income persons	10
Below 60% of TCDP funds benefiting low to moderate income persons	0

**Under the Colonia Planning Fund application scoring criteria, applicants received up to 40 points based on the following formula:**

Points will be awarded based on the low and moderate income benefit percentage for the entire colonia area(s) where project activities are located according to the following scale:

100% to 90% low/mod colonia area(s)	40
89.99% to 80% low/mod colonia area(s)	30
79.99% to 70% low/mod colonia area(s)	20
69.99% to 60% low/mod colonia area(s)	10
Below 60% low/mod colonia area(s)	0

Summary Of Estimated Beneficiaries and Estimated Low and Moderate Income Beneficiary Percentages For Grantees Funded During The Reporting Period

Fund	Estimated Total Beneficiaries	Estimated Low/Mod Beneficiaries	Estimated Low/Mod Benefit Percentage
Community Development Fund	208,037	143,172	0.6882
Texas Capital Fund	1,396	731	0.5236
Colonia Construction Fund	9,224	8,359	0.9020
Colonia EDAP Fund	4,928	4,928	1.0000
Colonia Planning Fund	96,989	53,531	0.5519
Colonia Self-Help Centers Fund*	0	0	0.0000
Planning & Capacity Building Fund	65,707	40,570	0.6174
Disaster Relief/Urgent Need Fund	138,396	62,291	0.4501
Housing Infrastructure Fund	596	315	0.5285
Housing Rehabilitation Fund	186	186	1.0000
TCDP STEP Fund	5,352	3,636	0.6794
<b>TOTALS</b>	<b>530,811</b>	<b>317,719</b>	<b>0.5986</b>

It is estimated that over ninety percent (90%) of the persons benefiting from the Colonia Self-Help Centers will be low and moderate income persons.

**Proposed Accomplishment Four**

Provide ongoing technical assistance, monitoring, and contract management to ensure that the needs of persons to be served are met and to ensure that funding recipients have the administrative capability to administer funds.

**Action Taken:**

During the reporting period, TCDP Staff completed approximately 422 technical assistance site visits, monitored approximately 336 contracts, and continue to manage approximately 878 open contracts. During the period, TCDP Monitors closed approximately 316 contracts and 25 planning contracts were closed by TCDP Planning Staff.

In addition, TCDP Staff completed program related public hearings and application workshops at sites throughout the State of Texas. Staff also provided technical assistance to numerous visitors to our offices in Austin during this reporting period.

**Proposed Accomplishment Five**

Provide funds for economic development and business expansion in rural communities. Fund economic development projects that create or retain jobs.

**Action Taken:**

During the reporting period, 33 grants were awarded for economic development projects that will create or retain an estimated 1,396 jobs of which an estimated 731 jobs will be filled by low and moderate income persons. The \$13,937,730 obligated for the 33 contracts is leveraging an estimated \$31,947,075 in other funding.

**Proposed  
Accomplishment  
Six**

Provide assistance for the recovery from natural disasters and fund projects that resolve threats to the public health and/or safety of local residents in rural areas.

**Actions Taken:**

During this reporting period, 20 grants were awarded for Disaster Relief projects. The \$5,317,422 obligated for the 20 contracts will provide assistance or alleviate the impacts of natural disasters for 138,396 Texans. It is estimated that 62,291 of the 138,396 total beneficiaries for these projects are low and moderate income persons. Due to the large number of natural disasters that impacted Texas' citizens during the past two years, the TCDP did not award any funds to Urgent Need projects during this reporting period.

**Proposed  
Accomplishment  
Seven**

Require that CDBG applicants show a "good faith effort" towards providing affordable housing opportunities in their community in order to be eligible to receive CDBG funds. Such a requirement would include the following elements:

- Describe the community's current supply of affordable housing.
- Document past efforts that have been made to increase the supply of affordable housing.
- Document any future efforts the community plans to undertake to increase the stock of affordable housing.
- Document whether the community has applied for affordable housing funds and been turned down.
- Document whether the community has turned down funds for affordable housing within the past five years.

**Action Taken:**

For the 1999 and 2000 program years, every applicant for Community Development Fund, Housing Rehabilitation Fund, and Housing Infrastructure Fund assistance was required to provide this affordable housing information in the application Community Needs Assessment. The section of the Community Needs Assessment requesting this information is shown below:

**COMMUNITY NEEDS ASSESSMENT**

**NOTE: Page 2 of the COMMUNITY NEEDS ASSESSMENT must be submitted by Community Development Fund and Housing Rehabilitation Fund Applicants only. County Applicants only need to provide information applicable to unincorporated areas in the county.**

In the spaces provided below, please provide the following information:

- Describe the jurisdiction's current supply of affordable housing (Public Housing, Section 8 assisted, FmHA or RECD assisted, HOME program assisted, TDHCA assisted, Local Housing Development Corp. assisted, etc.).
- Describe the applicant's past efforts to increase the supply of affordable housing.
- Describe any future efforts that the applicant plans to undertake to increase the supply of affordable housing.
- Describe any instances where the applicant has applied for affordable housing funds and did not receive the funding.
- Describe any instances, within the past five years, where the applicant has not accepted funds for affordable housing.

**Consolidated Plan  
Specific Objective  
1.2**

***To the extent possible, encourage the regional and local determination of needs and priorities for the use of community development funds.***

**Proposed  
Accomplishment  
One**

Include local elected officials in the review and scoring of the Community Development Fund applications.

**Action Taken:**

A Regional Review Committee was established in each of the 24 state planning regions and 12 local elected officials in each region were appointed by the Governor to serve on the committee. The local elected officials on each Regional Review Committee review and score each eligible Community Development Fund application submitted by cities and counties in the region. Regional Review Committee members may also review and comment on regional applications submitted to the other TCDP fund categories.

**Proposed  
Accomplishment  
Two**

Provide assistance to local governments in rural areas. This assistance will emphasize planning activities that primarily address problems in the areas of public works and housing assistance.

**Action Taken:**

During this reporting period, 28 grants were awarded for planning and capacity building projects that have the potential to benefit 65,707 persons of which an estimated 40,570 are low and moderate income persons. The \$901,333 obligated for the 28 contracts is leveraging an estimated \$157,440 in other funding. The majority of these planning projects include public works and housing planning elements.

**Proposed  
Accomplishment  
Three**

Require an inclusive citizen participation process prior to the development of an application and prior to the submission of an application.

**Action Taken:**

For the 2000 program year, applicants were required to comply with the provisions of the TCDP Citizen Participation Plan which required that each applicant publish a public notice and hold one (1) public hearing (prior to the development of an application); publish a public notice notifying citizens and interested parties of the availability of the application for public review (prior to the submission of the application); provide technical assistance to residents that expressed a desire to participate in the preparation of an application; follow written citizen complaint procedures; and send written notice of the application public hearing to local service providers such as Public Housing Authorities, local non-profits, and local or regional public health offices. Applicants for the Housing Infrastructure Fund were required to hold two (2) public hearings prior to submission of an application.

**Proposed  
Accomplishment  
Four**

Establish a Colonia Residents Advisory Committee (with at least five persons who are residents of the Colonias) to advise TDHCA in the administration of the Colonia Self-Help Centers Fund.

**Action Taken:**

The Colonia Residents Advisory Committee has been established and 12 members, 2 members from each of the counties (Cameron, El Paso, Hidalgo, Starr, Webb, and Willacy Counties) that are included in the Colonia Self-Help Center service areas, have been appointed to serve on the committee.

**Consolidated Plan  
Specific Objective**

**1.3**

***Increase the coordination and leveraging of CDBG resources with other local, state, federal or private resources.***

**Proposed  
Accomplishment  
One**

Require that applicants document efforts to provide infrastructure improvements through the issuance of general obligation bonds and/or increased rate structures.

**Action Taken:**

For the 1999 and 2000 program years, every applicant for Community Development Fund and Housing Rehabilitation Fund assistance was required to provide this infrastructure improvements information in the application Community Needs Assessment. The section of the Community Needs Assessment requesting this information is shown below:

**COMMUNITY NEEDS ASSESSMENT PAGE 2**

**NOTE: Page 2 of the COMMUNITY NEEDS ASSESSMENT must be submitted by Community Development Fund and Housing Rehabilitation Fund Applicants only. County Applicants only need to provide information applicable to unincorporated areas in the county.**

In the spaces provided below, please provide the following information:

- Describe the applicant's efforts, within the past three years, to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

For the 1999 and 2000 program years, applicants for Community Development Fund and Housing Rehabilitation Fund assistance were required to provide this same infrastructure improvements information in the application Community Needs Assessment. In addition, applicants submitting 1999 Community Development Fund applications for water or sewer facilities activities provided information on the water service or sewer service rates that are charged by the water or sewer service provider.

**Proposed  
Accomplishment  
Two**

Administer demonstration projects that utilize a variety of funding sources.

**Action Taken:**

During this reporting period, 6 grants were awarded for Housing Infrastructure Fund projects that have the potential to benefit 596 persons of which an estimated 315 are low and moderate income persons. The \$2,143,839 obligated for the 6 contracts is leveraging an estimated \$14,728,716 in other funding and it is estimated that 213 new affordable homes may be built with these funds.

During this reporting period, 8 grants were awarded for TCDP STEP fund projects that have the potential to benefit 5,352 persons, of which an estimated 3,636 are low and moderate income persons. The \$2,252,513 obligated for the 8 contracts is leveraging local resources and self-help volunteer labor to install needed water and sewer facilities at a cost that is affordable for the assisted communities.

**Proposed Accomplishment Three** Require that Colonia Self-Help Centers be operated by a qualified organization such as a nonprofit organization, a local community action agency, or a local housing authority.

**Action Taken:** Qualified organizations have been selected to operate the five (5) established Colonia Self-Help Centers.

**Proposed Accomplishment Four** Work with Texas Natural Resource Conservation Commission (TNRCC) to identify and provide assistance to communities being fined for noncompliance with public facility requirements.

**Action Taken:** TDHCA has continued to work with the TNRCC, during the TCDP application process and during the TCDP contract management phase, to provide assistance to communities that have been fined or cited for noncompliance with state minimum water standards and noncompliance with wastewater system standards and permits.

**Proposed Accomplishment Five** Work with Texas A & M University to expand the community centers they have established in the Colonias.

**Action Taken:** TDHCA has continued to work with Texas A & M University to expand the size and services provided through the community centers that Texas A & M has established in colonia areas. TDHCA is especially interested in community centers that have been established in the colonias that received CDBG Colonia Demonstration Fund assistance.

**Proposed Accomplishment Six** Require that TCDP applicants eligible for the Texas Water Development Board Economically Distressed Areas Program adopt and enforce the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

**Action Taken:** The State of Texas Legislature has established a requirement in TDHCA's 1996/1997, 1998/1999, and 2000/2001 Appropriations which states that CDBG funds cannot be spent in any county that is eligible to receive assistance from the Texas Water Development Board Economically Distressed Areas Program (EDAP) unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Texas Water Code.

During the 1999 and 2000 program years, applicants, including incorporated cities located in EDAP-eligible counties, were required to adopt and enforce the Model Subdivision Rules prior to the expenditure of any CDBG funds in the EDAP-eligible county.

<b>Consolidated Plan Specific Objectives 2.1</b>	<b><i>Target CDBG resources to the Colonias where high levels of severe economic distress are well documented. Evaluate the possibility of expanding geographic priorities to reach additional areas of the state that also experience high levels of economic distress, substandard housing and inadequate infrastructure.</i></b>
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**Proposed  
Accomplishment  
One**

In accordance with Subchapter Z of Chapter 2306, Local Government Code, establish Colonia Self-Help Centers in El Paso, Hidalgo, Starr, Webb and Cameron Counties.

**Action Taken:**

During this reporting period, the existing Colonia Self-Help Centers were awarded \$3,844,925 of 1998 and 1999 funds to continue providing Self-Help Center services.

Senate Bill 1509, passed during the 74<sup>th</sup> Legislative session, mandated the Texas Department of Housing & Community Affairs (the Department) to set aside 2.5 percent of the Community Development Block Grant allocation for the creation and operation of five colonia self-help centers in Hidalgo, Starr, Webb, El Paso and Cameron/Willacy counties. The Colonia Self-Help Center Program is currently entering its second biennium of operation. During its first biennium funding cycle, the Department allocated a total of \$4,217,679 to this initiative, of which \$3,053,611 (72%) has been expended to date. Currently, the Department is in the process of finalizing negotiations with each affected county government and self-help provider to commit an additional \$4,209,025 for fiscal years 2000-2001.

In summary, the following activities have been completed to date:

- 1,366 – colonia residents have received technical/outreach assistance
- 617 – tool checkouts have been reported through the four active tool lending libraries
- 560 – colonia families received surveys to their properties through platting
- 381 – homes have been rehabilitated or reconstructed
- 373 – colonia residents have participated in counseling/skills training classes
- 195 – families have been assisted with title work to clear their titles
- 40 – septic tank installations have been completed

**Proposed  
Accomplishment  
Two**

In addition to self-help centers, provide funds for public improvements and planning through a Colonia Construction Fund and a Colonia Planning Fund.

**Action Taken:**

During this reporting period, 25 Colonia Construction Fund grants were awarded that will benefit 9,224 persons of which an estimated 8,359 are low and moderate income persons. The \$12,073,237 obligated for the 25 contracts is leveraging an estimated \$1,983,864 in other funding and the funds will be used to provide or improve water, sewer, and housing basic needs.

Nine (9) Colonia Planning Fund grants were awarded that will benefit 96,989 persons, of which an estimated 53,831 are low and moderate income persons. The \$611,000 obligated for the 9 contracts will be used to assess comprehensive needs in colonia areas and for in-depth studies/plans covering individual colonia communities.

**Proposed  
Accomplishment  
Three**

Consider expanding the network of self-help centers to include economically distressed areas in other parts of the State.

**Action Taken:**

The three offices operated by TDHCA in El Paso, Edinburg and Laredo have continued to provide technical assistance to area residents and other interested parties. TDHCA uses a portion of the one percent technical assistance fund to operate these offices. The staff for these offices have

attended many public forums providing technical assistance and dissemination of TDHCA programs information throughout the service areas. Staff for these offices have worked closely with local elected officials on colonia issues and other local priority needs.

TDHCA has met with two (2) other border counties to look at the possibility of opening additional self-help centers along the Texas-Mexico border. Maverick and Val Verde counties are being considered as target sites for the establishment of these two additional centers. Negotiations are currently underway with each respective county government, and is meeting with nonprofits in the area who might have the capacity of becoming a self-help provider.

# Strategies to Overcome Barriers

The Cranston Gonzales Affordable Housing Act, which guides Federal and State housing policy, recognizes that the best awareness and understanding of housing needs is found at the local level. While TDHCA concurs that localities should implement specific regulatory reforms related to affordable housing because of a greater awareness of their individual economic, demographic, and housing conditions, the State also believes that it should provide some form of guidance. As the “trustee” of funding for these local entities, it is incumbent upon the State to continue to explore avenues for promoting affordable housing that aid those at the local level. Accordingly, TDHCA evaluates the appropriate role for the State in influencing factors that favor affordable housing.

Please note that TDHCA does not have regulatory authority over the housing/building industry, except for certain projects funded with TDHCA funds and certain aspects of the manufactured housing industry. Additionally, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. The State of Texas *can* act as an information resource and will continue to engage in the following actions to assist localities in overcoming unnecessary regulatory barriers, which may increase the cost of housing:

- Encourage localities, through documents such as the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan*, to identify and address building codes and zoning regulations that lead to increased housing costs and ‘exclusionary zoning. For example:
  - To set aside undeveloped or underdeveloped land for affordable housing developments.
  - To adopt zoning ordinances that do not discriminate against affordable housing.
  - To review local amendments to building codes and modify those that restrict the use of new advances in construction materials and techniques.
- Expand education and outreach activities:
  - Placement of field staff in each of the eleven Uniform State Service Regions. Have these staff act as an information clearinghouse for agency activities including fair housing initiatives.
  - Appointment of staff member to serve as a local government liaison, who will help cities and counties identify various affordable housing and fair housing issues.
  - Creation of web-based, online databases, that will help consumers access affordable housing and housing related services.
- Create a disability taskforce to work with TDHCA in developing policy with regards to issues related to persons with disabilities.

TDHCA will continue to:

- Provide below-market-rate loans to first time homebuyers under the MRB Program.
- Leverage funds from both public and private sources for maximum results.
- Develop education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators, and consumers information on serving traditionally underserved populations (e.g. persons with disabilities, lower income populations).
- Research ways to reduce both state and local policy barriers.

## Fair Housing Issues

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status, and physical or mental handicaps. Recent State activities or current objectives relating to fair housing are discussed below:

- Require compliance with the Texas Fair Housing Act in TDHCA administered programs.
- Provide fair housing training to TDHCA staff and governing board members.
- Distribute fair housing brochures and information to recipients of housing program funds and will make the information available to the public upon request.
- Coordinate fair housing efforts with the Texas Commission on Human Rights (TCHR), which was created under the Fair Housing Act to directly address public grievances related to fair housing. Complaints will be handled in two ways:
  - TDHCA Housing Sponsor Report (submitted annually and due by March 1<sup>st</sup>): a list of all properties responding affirmatively that they have had a fair housing complaint will be submitted to TCHR.
  - Written Complaints: all written complaints will be handled in a manner outlined in the Texas Government Code. If fair housing issues are involved, the complaint will be forwarded to TCHR.
- Enforcement of the Section 8 Admittance Policy. In June, 2000, the Texas Department of Housing and Community Affairs (TDHCA) appointed a Section 8 Task Force and charged it to develop a policy for expanding housing opportunities for Section 8 voucher and certificate holders in TDHCA assisted properties. The policy adopted by the TDHCA Board is as follows:
  - Managers and owners of LIHTC properties are prohibited from having policies, practices, procedures and/or screening criteria which have the effect of excluding applicants because they have a Section 8 voucher or certificate.
  - The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
  - Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

Below are specific activities identified by TDHCA to address the affordable housing goals for underserved households, such as lower income populations and persons with disabilities.

## **Affordable Housing Goals & Objectives**

**Goal 1: TDHCA will increase and preserve the availability of safe, decent and affordable housing for very low, low and moderate income persons and families.**

### **Specific Objective:**

**Make loans, grants and incentives available to fund eligible housing activities and preserve/create housing units for very low, low and moderate income households.**

#### **1.1 Proposed Accomplishment**

Provide state housing loans and grants through the Housing Trust Fund for extremely low, very low, and low income households and individuals.

#### **Specific Accomplishment**

Projected number of extremely low, very low, and low income households and individuals benefiting from Housing Trust Fund loans and grants.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	1,390	1,300	1,300

#### **1.2 Proposed Accomplishment**

Provide federal housing loans and grants through the HOME Program for extremely low, very low, and low income households individuals, focusing on the construction of single family and multifamily housing units in rural areas of the state.

**Specific Accomplishment**

Projected number of extremely low, very low, and low income households and individuals benefiting from HOME Investment Program loans and grants.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	2,160	2,106	2,106

Below is an activity breakdown for the 2,160 units:

- Contract for Deed Conversions: \$2,000,000 – 136 households
- Owner Occupied Housing Assistance: \$9,413,417 – 189 households
- Homebuyer Assistance: \$7,060,063 – 515 households
- Demonstration Fund: \$2,353,354 – 235 rental units.
- CHDO: 15% less admin dollars -- \$6,227,550
- Special Needs: 10% -- \$3,528,945

**1.3 Proposed Accomplishment**

Provide federal rental assistance through Section 8 certificates and vouchers for extremely low and very low income households and individuals.

**Specific Accomplishment**

Number of extremely low and very low income households and individuals that receive Section 8 certificates and vouchers.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	2,200	2,069	2,069

**1.4 Proposed Accomplishments**

Provide federal tax incentives to develop rental housing for extremely low, very low, and low income households and individuals.

**Specific Accomplishment**

Number of rental units projected to be set aside for extremely low, very low, and low income households and individuals as a result of Federal Tax Credits provided through TDHCA.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	6,005	6,050	6,100

**1.5 Proposed Accomplishments**

Provide below-market interest rate mortgage loans to extremely low, very low, low and moderate income first time home buyers through the Department's Mortgage Revenue Bond Program.

**(A) Specific Accomplishment**

Number of extremely low, very low, and low income households and individuals that received loans through the MRB program.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	1,260	934	914

**(B) Specific Accomplishment**

Number of moderate income households and individuals that received loans through the MRB program.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	600	389	381

**1.7 Proposed Accomplishments**

Provide federal mortgage loans through the Department’s Mortgage Revenue Bond Program for the acquisition, rehabilitation, construction, and preservation of multifamily rental units for very low, low, and moderate income families.

**Specific Accomplishment**

Number of multifamily rental units acquired, rehabilitated, constructed, or preserved through the MRB Program.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	1,000	1,000	1,000



**2.1 Proposed Accomplishments**

The housing finance division shall adopt an annual goal to apply \$30,000,000 of the division’s total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

**Specific Accomplishment**

Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	\$30,000,000	\$30,000,000	\$30,000,000

**Goal 3: TDHCA will target its housing finance resources for assistance to very low income households.**

**3.1 Proposed Accomplishments**

The housing finance division shall adopt an annual goal to apply no less than 30 percent of the division’s total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

**Specific Accomplishment**

Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31 percent and 60 percent of median family income.

<b>5) Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	20%	20%	20%



**4.1 Proposed Accomplishments**

The Department shall spend not less than \$4,000,000 for the 2000-2001 biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable median family income.

**Specific Accomplishment**

Amount of funds spent for the 2000-2001 biennium for the sole purpose of contact for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable median family income.

Specific Output	2001	2002	2003
	2,000,000	To be determined in the 77 <sup>th</sup> legislative session.	To be determined in the 77 <sup>th</sup> legislative session.

**5.1 Proposed Accomplishments**

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.

**(A) Specific Accomplishment**

Number of households assisted through the Comprehensive Energy Assistance Program.

Specific Output	2001	2002	2003
	38,532	44,681	44,681

**(B) Specific Accomplishment**

Number of dwelling units weatherized by the Department.

Specific Output	2001	2002	2003
	2,732	2,891	2,891

**6.1 Proposed Accomplishments**

The Compliance Division will review housing property documents to ensure long-term affordability standards.

**Specific Accomplishment**

Number of onsite reviews conducted.

Specific Output	2001	2002	2003
	628	509*	546*

**6.2 Proposed Accomplishments**

The Compliance Division will review the financial documents of sub-recipients of federal and state grants/loans for financial accountability and fiscal responsibility.

**(A) Specific Accomplishment**

Number of onsite financial reviews conducted.

Specific Output	2001	2002	2003
	851	445*	445*

**(B) Specific Accomplishment**

Number of single audit reviews conducted.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	180	180	180

\* Please note that the Department of the Treasury, through the Internal Revenue Service, modified the monitoring requirements for the LIHTC program. Beginning in January 2001, TDHCA is required to expand the scope and frequency of onsite visits, modify annual certifications, and report annual monitoring activity to the IRS. These additional duties will more than double time spent onsite, which will impact the number of monitoring visits that can be made with existing staff.

**Homelessness Goals & Objectives**

**Goal 1: Improve the living conditions for the poor and homeless.**

**1.1 Proposed Accomplishments**

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.

**(A) Specific Accomplishment**

Number of persons assisted through homeless and poverty-related funds

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	341,000	00,000	400,000

**(B) Specific Accomplishment**

Number of persons assisted that achieve incomes above poverty level.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	412	650	650

**(C) Specific Accomplishment**

Number of shelter assisted.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	40	50	50

**(D) Specific Accomplishment**

Number of Statewide Technical Assistance And Training Workshops provided on the SuperNOFA Continuum of Care Homeless application.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	5 2-day trainings	5 2-day trainings	5 2-day trainings

**(E) Specific Accomplishment**

Number of on-site monitoring visits.\*

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	52	52	52



\*The Community Affairs Division uses a risk assessment-based monitoring process that takes into account such factors as the contract amount, time since the last monitoring visit, status of previous monitoring, program expenditure ratio, number of Department-funded contracts, timely submission of reports, and performance level.



**Please refer to Affordable Housing Goal Number 5 for Proposed and Specific Accomplishments, and the Specific Output Measures related to this goal.**

## Other Special Needs Goals & Objectives

**Goal 1: Commit funding resources to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.**

### 1.1 Proposed Accomplishments

Dedicate no less than 10 percent of the HOME project allocation for applicants that target persons with special needs.

#### Specific Accomplishment

Percent of the HOME project allocation awarded to applicants that target persons with special needs.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	≥10%	≥10%	≥10%
	(approximately 3,528,945)*	(approximately 3,528,945)*	(approximately 3,528,945)*

\*Please note that these amounts will be estimates and will vary according to funding amounts from HUD and applications received by the TDHCA.

### 1.2 Proposed Accomplishments

Dedicate no less than 10 percent of the Housing Trust Fund project allocation for applicants that target persons with special needs.

#### Specific Accomplishment

Percent of the Housing Trust Fund project allocation awarded to applicants that target persons with special needs.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	≥10%	≥10%	≥10%

### 1.3 Proposed Accomplishments

Dedicate no less than five percent of the Multifamily Bond Program units for persons with special needs.

#### Specific Accomplishment

Percent of the Multifamily Bond Program units dedicated to persons with special needs.

<b>Specific Output</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
	≥5%	≥5%	≥5%

### 1.4 Proposed Accomplishments

Estimate that no less than 50 percent of the CDBG Housing Rehabilitation Fund project allocation will be used to rehabilitate housing units occupied by persons with special needs.

#### Specific Accomplishment

Percent of the CDBG Housing Rehabilitation Fund project allocation estimated for rehabilitation of housing units occupied by persons with special needs.

Specific Output	2001	2002	2003
	≥50%	≥50%	≥50%

### 1.5 Proposed Accomplishments

Provide provided with short-term rent, mortgage, utility payments, or tenant based rental assistance to persons with AIDS.

#### Specific Accomplishment

Number of persons with AIDS assisted with short-term rent, mortgage, utility payments, or tenant based rental assistance.

Specific Output	2001	2002	2003
	2,400*	2,450**	2,500***

\* 1,210 persons will be provided with short-term rent, mortgage, and utility payments and 1,190 persons will be provided project or tenant-based rental assistance.

\*\* 1,240 persons will be provided with short-term rent, mortgage, and utility payments and 1,210 persons will be provided project or tenant-based rental assistance.

\*\*\* 1,270 persons will be provided with short-term rent, mortgage, and utility payments and 1,230 persons will be provided project or tenant-based rental assistance.

### NOTE:

#### Additional Goals

TDHCA recognizes that there is still much to be done to address the needs of those populations that are most vulnerable and in need of the Department's services – particularly those persons with special needs as outlined above. While HUD has requested that goals and objectives be listed in a format that allows for yearly quantifiable results, the Department feels that it would be negligent not to list its continued policy initiatives with regards to special needs populations. TDHCA recognizes that overarching agency policies will lead to the creation of additional programs specific goals, objectives, and outcome. Below are general policies regarding special needs populations:

**Goal 2: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs and**

#### 2.1 Proposed Accomplishments

- (A) Assist counties and local governments in assessing local needs for persons with special needs
- (B) Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- (C) Set up a referral service to provide this information at no cost to the consumer.
- (D) Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other providers web sites, TDHCA newsletter, and local informational workshops.

**Goal 3: Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.**

### **3.1 Proposed Accomplishments**

- (A) Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- (B) Continue working with HHSC, MHMR, TDOA, other HHS agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs (e.g. Olmstead, Supported Housing Services to Individuals with Mental Illness (SB 358), and Rental Housing Pilot Program to Extend Log Term Care Options for the Elderly (HB 3340)).
- (C) Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site, and newsletter.

<b>Goal 4: Discourage the segregation of persons with special needs from the general public.</b>
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#### **4.1 Proposed Accomplishments**

- (A) Increase the awareness of the availability of conventional housing programs for persons with special needs.
- (B) Support the development of housing options and programs, which enable persons with special needs to reside in non-institutional settings.