



STATE AGENCIES AND INTERIM COMMITTEE HEARINGS
Hearings of an Agency
05-28-2008 - 16:24:41

House Committee on Urban Affairs *

June 5, 2008 - 10:00 AM
Capitol Extension Bldg., Room E1.010, Austin

Invited testimony for charges 1, 3, and 5. Public testimony for charge 4.
Additional Information Contact: Rep. Jose Menendez, **512/463-0634**

- End of Report -

Chairman Bailey has asked Rep. Menendez to schedule a Sub Committee hearing on the housing related interim charges to Urban Affairs. That is now scheduled for Thursday, June 5, 2008 beginning at 10 AM in the Capitol. As soon as the official public notice is posted the actual hearing room will be available on line. At this time Charges 1,2,4 and 5 will all be included on the agenda. Negotiations are underway with Local Government Ways and Means to try and include joint consideration of Charge 6 as well on this date.

Chairman Menendez's intention at this time is to take invited testimony on Charges 1, 3 and 5 and public testimony on Charge #4. As you can see from the detailed list of charges attached, there is a great deal of material and issues to be addressed. He intends to follow the hearing with charges to the state agencies as well as the housing community as a whole to participate in round table/joint initiatives to develop comprehensive input and recommendations to the final report as well as in preparation for any legislative slates that may result heading into next session.

It is recognized that much scope of these charges parallel those being addressed by IGR in the Senate. In order to reduce duplication and to ensure as comprehensive result as possible follow-on efforts will be coordinated as much as possible with this in mind.

The outlined specifics seen in the attached charges have not changed substantively since I emailed them to addressees several weeks ago. If you have specific suggestions or concerns I will be happy to discuss them with you prior to the hearing, however I ask that it be kept in mind that one of the major purposes of the follow-on inclusive gatherings will be to address more detailed specifics than can reasonably be considered in the initial hearing process. As always input is welcomed and encouraged and I look forward to working with you on issues and concerns.

On the subject of Charge # 6, as soon as we have confirmed status for the June 5 hearing I will advise all. This is an issue that has been out there for at least the past three sessions and given some of the economic and investment concerns of today will be extremely important to housing programs. I know some of you are continuing to work on this and again, welcome your recommendations and thoughts.

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**HOUSE COMMITTEE
ON
URBAN AFFAIRS**

1. Assess the current senior housing market and available options for affordable Senior housing. *(Recommend this charge be expanded to include persons with disabilities/special needs).*

a. Request the TDHCA and TSAHC and ORCA provide testimony on current market needs for senior and special needs housing by region. Included should be current utilization of resources applied to senior/disabled housing units in past 5 years.

b. Request the TDHCA provide income assessments by region of senior/disabled population eligible for AH opportunities.

c. Invite AARP Texas, Advocacy and perhaps Silverhaired legislature to offer testimony on needs perceptions.

c. Create a stake holders (with TDHCA, TSAHAC and ORCA participation) committee/task force to make recommendations on options available within LIHTC, Private Activity Bond, Housing Trust Fund, HOME, and other available resources to address growing needs of senior/disabled citizens for AH. Recommendations should include consideration of specific set aside criteria similar to those currently used for disabled and rural allocations in annual application rounds. Should also include other possible funding sources such as gap financing and alternative to drawing too heavily on LIHTC funds.

2. Research and update legislation that permits residential neighborhoods whose deed restrictions have lapsed to reinstate those deed restrictions or create needed deed restrictions through a petition committee by expanding them to more areas

3. Study and evaluate the levels, methods and alternatives by which the state funds all affordable housing programs, focusing on administrative cost-effectiveness to determine greater returns on investment, savings and efficiency. Examine the current procedures and applications of the annual, integrated Low Income Housing Plan prepared by the Texas Department of Housing and Community Affairs, and prepare recommendations for the development of a comprehensive, long-range, statewide plan or model to address growing needs throughout the state.

a. Request the Texas Department of Housing and Community Affairs and the Texas State Affordable Housing Corporation provide testimony on scope of similar programs including multifamily private activity bond developments and single family first time home buyer programs relative to:

- 1.) *Volume of units/investments by program managed*
- 2.) *FTE cost per program*
- 3.) *Related overhead costs per program*
- 4.) *Benefits to consumer of each program including rental costs, mortgage rates, long term investment/savings.*
- 5.) *Status of portfolios of investments by program*

b. Request an overview of the TDHCA annual integrated Low Income Housing Plan (including input from the TSAHC and the Office of Rural Community Affairs). This overview to be followed by a joint committee (co-chaired by TAAHP, and RRHA with inclusion of TACDC, PHAs, TALFA, and Texas Low Income Housing) of all affected state agencies and stake holders to develop for committee consideration a long-range model to address the state's housing needs that as a minimum includes:

- 1.) *home-owner assistance programs, financial education, rent-to-own, land bank utilization, tax credit applications for single family developments*
- 2.) *optimization of all existing programs including methods of integrating programs to facilitate partnerships and mutually supportive initiatives.*
- 3.) *Establishment of goals and objectives for near and long term programs to address family, senior and disabled citizens needs state-wide.*
- 4.) *Methodology to incorporate affordable housing planning and resources into local government economic and community development plans as an integral element in the application of state and federal funds such as Community Development Block Grant monies and funds provided to the state through federal development programs such as the US Department of Agriculture housing initiatives in rural communities.*

4. Monitor current methodology involving departmental rules, procedures and policies governing state and federal compliance in the evaluation and ranking of all multifamily affordable housing applications for the allocation of funds during the annual awards cycles.

a. Request TDHCA provide testimony and overview of existing policies regarding the evaluation, scoring and ranking of applications for multifamily housing projects for both the Low Income Housing Tax Credit 9% and Private Activity Bond programs. Testimony should also include an overview of most frequent issues arising annually in the development of applicable rules and procedures involving public comment. At a minimum this overview shall include:

- 1.) *issues involving financial feasibility, underwriting criteria, quantifiable community participation and income levels as well as other concerns that surface each year as a result of current statutory requirements*
- 2.) *Assessment of statutory issues that would require legislative action to address recurring problematic rules or policies.*

b. Charge TDHCA to organize and chair a task force to evaluate existing statutory requirements, rule making procedures and specific existing policies for both 9% tax credit applications and 4% private activity bond projects. Evaluation should include:

- 1.) an assessment of frequently occurring problems and issues reflected in public Input since the implementation of current statutory requirements for scoring criteria and recommendations for legislative remedy.***
- 2.) An assessment of current underwriting criteria and standards including an evaluation of frequently occurring problems or issues reflected in public input during the past 4 years and recommendations for legislative remedy.***
- 3.) An assessment of "commonality" between 9% and 4% applications where rules and evaluation/award criteria can be replicated as well as areas where similarities can be developed and incorporated into more standardized and simplified procedures for both programs.***
- 4.) An assessment of the scoring and evaluation criteria relative to compliance with state and federal fair housing requirements and recommend statutory changes to address deviations or shortfalls in existing legislation.***

5. Examine the development and implementation of physical standards (asset oversight) rating system for multifamily residential rental facilities, to be used by all local and state issuers of tax-exempt bonds and tax credits, to determine eligibility for future financing and for compliance enforcement purposes.

a. Request testimony from the TDHCA and the TSAHC to provide an overview of

- 1.) Current standards employed to determine the financial feasibility, quality and standards for qualification and long term compliance for residential rental multifamily properties.***
- 2.) Current status of existing portfolios of multifamily rental properties including at risk programs, units of housing at risk/lost as a result of foreclosure or default and number of properties currently under non-compliance review including status of corrective actions initiated.***

b. Charge the TDHCA and the TSAHC to establish a jointly chaired task force to develop recommendations for the Committee's consideration that provides a standardized methodology for a physical standards (asset oversight) rating system for multifamily residential rental facilities, to be used by all local and state issuers of tax-exempt bonds and tax credits, to determine eligibility for future financing and for compliance enforcement purposes.

6. Examine the policies and procedures by which local tax appraisers value rent restricted affordable housing properties, and authorize legislatively established tax exemptions. Evaluate application and interpretation of existing statutes by local appraisal districts to affordable housing properties throughout the life cycle of developments. Make recommendations for statutory changes. (Joint Interim Charge with the House Committee on Local Government Ways and Means)

NOTE: this issue is still evolving in terms of how to be addressed. One certain element will be a request for TDHCA recommendations to the S/C on what the departments can do to affect safeguards on the underwriting and compliance associated issues that impact the status of properties throughout the life cycle relative to exemption status. Also request agencies identify possible legislative remedy that would address issue.

7. Examine the operation of the Houston Municipal Employees Pension System, its Board of Trustees and staff. (Joint Interim Charge with the House Committee on Pensions and Investments)

8. Monitor the report issued by the Independent Investigator for the Houston Police Department Crime Laboratory and Property Room, the independent panel review of certain criminal convictions prompted by the conclusions of this report, and the implementation by the City of Houston of any reforms recommended in this