

SUBJECT: Housing Trust Fund priority for people with special needs

COMMITTEE: Urban Affairs — favorable, with amendment

VOTE: 6 ayes — Carter, Burnam, Clark, Ehrhardt, Hodge, Najera

0 nays

3 absent — Bailey, Edwards, Hill

SENATE VOTE: On final passage, Local and Uncontested Calendar, May 6 — 30-0

WITNESSES: No public hearing

BACKGROUND: The Texas Department of Housing and Community Affairs (TDHCA) administers the state's Housing Trust Fund and the federal HOME block-grant program and Low Income Housing Tax Credit Program.

The Housing Trust Fund (HTF) is the only state-funded low-income housing program. Funds may be used to buy, rehabilitate, and build affordable housing. The program benefits households at or below 80 percent of the area's average median family income (AMFI).

Government Code, sec. 2306.511 defines individuals with special needs as the elderly, the disabled, those designated by TDHCA as experiencing a unique need for housing that is not met by private enterprise, and anyone legally responsible for caring for these three groups who meets certain income guidelines established by the TDHCA board.

DIGEST: SB 1259, as amended, would require TDHCA's board, in adopting rules to administer the HTF, to give priority to programs that assist individuals and families of very low income — those at or below 60 percent of the AMFI.

The bill also would stipulate that if TDHCA received a sufficient number of satisfactory eligible applications, the agency would have to adopt the goal that, in each biennium, at least 15 percent of funds available through the HTF would be set aside exclusively to help individuals with special needs.

TDHCA's board would have to adopt rules to administer funds set aside for individuals with special needs. These rules would have to include a process to set priorities for the use and distribution of set-aside funds. The criteria used to rank proposals would have to include the extent to which set-aside funds would be:

- ! directed toward development of integrated, multifamily housing projects in which the funds would be used to provide units for individuals with special needs;
- ! used to provide rental assistance to individuals with special needs living in single-family or multifamily housing; and
- ! used to improve the physical accessibility of existing single-family or multifamily housing to individuals with special needs.

The bill would take effect September 1, 1999.

**SUPPORTERS
SAY:**

SB 1259 would direct TDHCA to help those with special needs, including the elderly and the disabled, and would ensure that TDHCA's board would give priority to families of very low income.

The special-needs population is increasing in Texas, and SB 1259 would ensure that TDHCA always would consider these individuals' housing needs seriously. In a housing market as robust as the current market, developers require strong encouragement to provide for people with special needs.

People with disabilities and the elderly often are institutionalized because of a lack of affordable and accessible housing. To live independently, these people need rent subsidies, barrier-removal programs, and the development of accessible, integrated single- and multifamily housing. SB 1259 would require TDHCA to give priority to these needs.

Requiring the agency to set a goal of using 15 percent of HTF funds for special-needs housing every two years if enough eligible applications were received would ensure that funds would not be left unused because there were not enough individuals or groups with special needs who could qualify for the money.

OPPONENTS SAY: It would be unwise to limit TDHCA's flexibility by making it set a goal to earmark a portion of HTF funds for people with special needs. TDHCA should be allowed to determine whose need is most pressing.

The HTF, which has no dedicated source of revenue, should be used mostly for loans so that it could be replenished as those loans were paid back and used to serve yet more people.

NOTES: The House committee amendment would require TDHCA to set a goal of using 15 percent of HTF funds to help people with special needs if the agency received enough eligible applications, while the Senate-passed version would require TDHCA to establish a 15 percent set-aside.