

April 29, 2016

Tim Irvine, Executive Director  
Tom Gouris, Deputy Executive Director for Housing Programs  
Marni Holloway, Director of Multifamily Finance  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street, Austin, TX 78701

Mr. Irvine, Mr. Gouris and Ms. Holloway:

We recognize that the National Housing Trust Fund presents an important new opportunity for low income Texans. As a group of advocates and housing providers, we urge TDHCA to implement the following recommendations for the use of the NHTF to address a crisis of affordability in our state.

**Target projects that serve the biggest need.**

All of this year's Trust Fund dollars must serve extremely low income households earning less than 30 percent of Area Median Family Income. However, in order to provide housing opportunity to the most underserved households, **extra points in the allocation plan should be awarded to projects that will serve and set rents affordable for those under 15 percent AMFI.** According to a recent study<sup>1</sup>, Texas has a chronic shortage of housing units available and affordable to these households – a deficit of more than 264,000 units. This shortage is a major reason why 93 percent of Texas households below 15 percent AMFI suffer from severe housing cost burdens, and the Trust Fund is an opportunity to begin to narrow the gap.

**Lower barriers to housing.**

Beyond the enormous deficit of available, affordable units, extremely low income people including people experiencing homelessness often face unfair barriers to accessing Texas' current housing stock. Trust Fund dollars can help expand access if the allocation plan gives **extra points to projects that lower physical and systemic barriers to housing.** Beyond the federal, state, and local accessibility and reasonable accommodation requirements, extra points should also be awarded to units that:

- Do not require proof of employment or monthly income at three times the cost of rent;
- Do not require participation in services, case management or support as a condition of tenancy;
- Do not refuse tenancy to individuals with poor or no credit history or past evictions; and
- Do not refuse tenancy to individuals with limited criminal histories.<sup>2</sup>

**Require the expansion of affordability.**

Units created thanks to the Trust Fund must be **affordable for a household below 30 percent AMFI.** Whether that is achieved through new construction, rehabilitation or preservation, the result must be that rather than replacing, repairing, or expanding existing units, all Trust Fund dollars increase the number of units for extremely low income households.

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<sup>1</sup> "The Gap: The Affordable Housing Analysis 2016," National Low Income Housing Coalition

<sup>2</sup> In compliance with HUD's guidance released April 6, 2016

([https://portal.hud.gov/hudportal/documents/huddoc?id=HUD\\_OGCGuidAppFHASandCR.pdf](https://portal.hud.gov/hudportal/documents/huddoc?id=HUD_OGCGuidAppFHASandCR.pdf))

**Expand the length of affordability.**

The Trust Fund provides Texas with the ability to expand affordability not just this year, but for generations. The state should require that units created with Trust Fund dollars be **affordable for extremely low income households for 50 years**, in order to ensure a lasting impact and avoid a quick disruption of affordability that would leave residents vulnerable.

**Diversify development.**

The Trust Fund is the first source of dedicated funding for extremely low income housing in decades. As a separate fund, it should expand upon, not merely supplement, existing resources for affordable housing. While the allocation plan should not restrict funding to any type of developer, it can **reduce barriers to access for smaller, mission-driven developers** who are often excluded from other sources of funding. The allocation plan can help diversify the types of developers receiving funding by providing alternative, less burdensome applications for mission-driven developers and making requirements for developer experience commensurate to project size, among other potential changes.

**Increase availability for households without access to rental assistance.**

A large percentage of households in current tax credit properties are below 30 percent AMFI and afford the higher rents through the use of Housing Choice Vouchers. We are concerned that some for-profit properties could “check the box” of meeting the NHTF income targeting by serving housing choice voucher holders, thus not increasing the amount of affordable housing for extremely low income households. The allocation plan should not prevent the use of vouchers, but should **create a way to ensure that units are available** to those without access to rental assistance.

In addition to our recommendations, we would also like to request more information on TDCHA’s plan for regional allocation. Given the small amount of funding in the first year of the Trust Fund, does TDHCA plan to use a regional allocation formula? If not, is there a funding level at which regional allocation will begin?

We believe that this first allocation of the National Housing Trust Fund is the first step in reducing the dangerous shortage of housing for extremely low income Texans. It is critical that the program is as beneficial as possible to those most harmed by our state’s crisis of affordability.

Sincerely,

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