

## S. LOCAL GOVERNMENT COMMITTEE

AUSTIN (9/13/2022, 1:30PM, E1.016)

Senate Local Government met yesterday under the leadership of Chair Bettencourt.

(1:38) The Committee on Local Government was called to order. A quorum was present.

The committee heard invited and public testimony on the following interim charges:

*Affordable Housing: Study issues related to affordable housing, homelessness, and methods of providing and financing affordable housing. Make recommendations to improve transparency and accountability, as well as to better utilize existing federal, state, and local programs.*

(1:42) Bobby Wilkinson, Executive Director of Texas Department of Housing and Community Affairs testified the agencies role in providing affordable housing. They provide mortgages assistant, provide grant activity, assistance with energy bills, home weatherization and some other anti policy measures. One issue they have with the charge is how to define affordable housing. Usually they consider affordability is spending less than 30 percent of total income monthly - anything more would be considered housing cost burdened. There were a little more than 2 million houses last year that would be considered in the cost burdened grouping. A recent study found that for every 100 extremely low income renters (elderly, fixed, and those at risk of homeless), Texas only has 29 affordable units.

In 2021, they served over 9000 homes with mortgage assistant. For homelessness, they service many rural areas of the state with emergency solutions grants. They also provided rent relief during the Covid 2019 pandemic - they are in the final stages. They disbursed over 2 billion dollars, mostly eviction aversion cases to over 1.2 million Texans.

(2:04) Jean Lackshore, Texas Affiliation of Affordable Housing Providers - about a 600 member strong trade organization of developers - testified on their role in providing affordable housing to Texas. These programs do work well. The Nine Percent program, for example, in particularly was very successful but they have identified some of the specifics of the statutes that create excess burdens to their work. Since there the Lawsuit they were allowed to be able to go into high income

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areas and make this work financially. Developers that are competing for 9 percent tax credits end up going to the same land, which ends up driving up cost.

(2:20) Michelle Stiev, Texas Public Policy Foundation - Homeless Initiative, testified on the ways to address the barriers in affordable housing. Affordable housing in and of itself is not the only answer to homeless, but, in fact, there are many more factors to consider. The US Housing and Urban Development Administration promised end to homelessness in the next decade by funneled all of their money towards affordable housing; however, even with an increase in affordable housing the homeless issue is still an issue. What we are left with now is an ineffective system with a failure of choice, and has failed. There are shelters and temporary housing services that have been much more effective. Homeless is multi-faceted and therefore the services provided must also be multi-faceted. In California with a Home "first" solution had a 67 percent increase in homeless over 2020. One of the solutions they offer is the adoption of a "self-sufficiency operation scale" that cultivates not placates homeless. 78 percent of the homeless population is dealing with mental illness and drug use - so before providing a home, they believe they should be treating their "pain."

(2:32) Nathan Kelly, Blazer - Houston Based Property Developer, testified on their role in assisting with affordable housing development. Restrictive land use policies have eroded some of the benefits of the focus on new housing building. In the major metro areas, there are a lot of middle and low-income residents that have been left behind. Financing affordable housing is a very time-consuming activity. Blazer has focused on workforce housing for targeted areas, and worked to attract private investment, and has spurred housing in rural markets.

(2:45) Scott Norman, Executive Director, Texas Association of Builders, testified on their role in providing affordable housing (representing 10,000 homebuilder remodelers. 98% of their members to not participate in any government programs). Mr. Norman believes that the majority of housing issues will be solved by private development. In the last two years, they have seen more of a housing crisis than they have ever seen. But, there is also housing delays, and cost increases - and those that can least afford these delays are generally hurt the most. Every time a house increases in price by 1000 dollars, 22,000 Texans are priced out of the market due to the inability to get a mortgage.

One example of a way that what can be done is to re-visit the all the regulations that the state legislature has made, and ease some of these regulations that are not effective anymore.

(3:15) Wayne Dulchafino, President of Dulchafino Consulting - Investigative Media Consulting Operation testified on his description of the PFC in Texas as a "real-estate racket." The Houston Housing Authority (all appointed by the Mayor) have taken away \$1.2 billion in tax value off the tax roles in just three years without a vote by a single public official. They are one of the worst bad actors in what otherwise could be a great concept. They violate the open-meeting's act on a regular basis, and all of a sudden the people that most need these alternative are gone.

(3:30) The Committee was opened to public testimony on the charge of Affordable Housing

(3:31) Adrian Holloway, Executive Director of the Harris County Services Department, testified on the issue of affordable housing. She provided a summary of a report conducted last year that found that they are going to have a shortage of about 1 million housing units for the population needs.

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(3:35) Susan Spitaro, representing herself, testified on what happened where we got to the point that average people going get an apartment and then get a small home and then get a bigger home. That is not longer a reality; people are being forced to leave Austin after living there for 40 years. Outward migration is trending - Austin is the 4th leading city in outward migration. The school district is losing students because families cannot live in Austin, TX.

(3:38) Craig Chick, Board Member of Habitat for Humanity of Texas, testified on his experience with Habitat. What they would like to see is a 25 million dollar revolving fund to allow people to access tracks of property that are not being developed otherwise. This would be modeled after a Minnesota training that has been successful.

(3:42) Phyllis Sodgrass, CEO, Habitat for Humanity, testified about her experience in Austin. The medium family in Austin is 110K, that can afford to buy a house for 300K - but that is about half the cost of a house in Austin. There just is not enough housing "period."

(4:05) Tanya LaVelle, Policy Specialist, Disability Rights Texas, testified on the increase in the number of people with disability having difficulty affording rent. For every 100 percent in increase in rent, puts 100 more people on the street. Texas has a shortage for families below the 30 percent income area, as well as under 50 percent income.

(4:10) Kieri Duckett, Alliance for Multi-Family Production testified in his agencies function in developing and managing affordable homes. Currently, there homes house more than 8,000 Texans. There is a shortage of approximately half a million homes with an acute problem for lower income people.

(4:15) Thai Grey, Builder in Central Austin, testified to discuss the housing shorting in Austin and make some recommendations. Many years ago we looked at California's problem and pretty much just mirrored what they did and now are in a similar situation. He believes we need to relax the regulations so that we can build more houses.

(4:18) Bretta Wallace, Owner of DIGS, testified on her companies experience in how construction costs have increased costs that create a chain reaction that can affect all houses. The point is that to focus on affordable housing they need to focus on all housing types.

(4:20) Mr. Crossley, Executive Director of Farm and City to help and improve public policy around city planning and urban growth issues. State of Texas has seen an increase in urban areas and he urges people to consider not only home ownership but rentals as well.

(4:26) Daniel Keshit, Founder and President of Texas for Housing, testified on his organizations roll in reducing obstacles to housing for Texas in places that Texans want to live most. In the city of Austin, there are 32 houses that are in the range of \$300,000 as of today. In Houston, the same search would show about 1000 houses. The Austin "miracle" was living a low cost dream, and now they have followed a California model.

(4:30) Dr. Kevin Irwin, George Mason University, testified on his research on housing affordability and construction on a macro-level. As far as zoning, there is potential to look more closely at the zoning laws to allow for more building. The zoning laws were created when the population was half of what it

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is. On the other hand, when they build enough homes the people in the neighborhood begin to change, so people do not get upset when the demographics change.

(4:34) Karen Pop, Director of Texas Housers, testified on their role in ensuring that Texans have affordable housing. It is important to understand which Texans are suffering the most. The five fastest growing job types are lower paid - retail jobs, but they would not be able to afford housing.

(4:46) Nicole Nossicks, Chairperson, Texans for Reasonable Solutions testified on the lack housing for middle-low income people. Unnecessary time delays for permit or waiting for an inspector can add 4-6 percent to the final cost. Time delays may seem boring but they are easy to address.

(4:50) David Gauswik, Halsec of Houston testified on the experience in housing situation in Texas and Houston. The American Dream is to have a house and we are at risk of this house be a nation of renters. Workforce housing is a problem we need to address now or we will feel it in a couple years.

(4:57) Brian Modest, Government Relations Director, National Association of Social Workers - Texas Chapter, testified on their position on the housing situation. The covid pandemic has created a crisis situation and social workers have found themselves having to help people find homes.

(5:00) David Billings, Mayor of Fate, Texas, testified on the "horrible" housing problem and would like to provide an idea to tweak the zoning laws that will increase the total housing supply that will ultimately reduce the housing prices.

(5:04) Brandon Griffen, Texas Appleseed, testified on their organizations work on the issue of affordable housing for more than 10 years. The affect is much greater on people with the lower income and there pain will be greater. If there is not enough housing, the wealthier people are just going to bid up the price. Since the beginning of the pandemic, the housing prices appear to have increased by 68%. Rentals have also gone up 20-30 percent rent prices- but it is not just in Austin. Round rock also have problems, so we need statewide solutions.

(8:08) The Committee on Local Government was adjourned subject to the call of the chair.