The Future of Housing and Community Development Houston, Texas

Presentation to
Housing Committee of City Council

By
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August 11, 2010

CITY OF HOUSTON
HOUSING AND
COMMUNITY
DEVELOPMENT

Agenda

Introduction

- HCD Program Portfolio and Funding Structure
- The Bad News and The Good News

HCD Initial Priorities: The First Ninety Days

- Organizational Transition
- Compliance with HUD, Others
- Performance According to Mission
- Lead Agency for Community Development

Organizational Turnaround: Re-Structuring and Implementation

- Background Considerations
- Organizational Changes
- Implementation

Possible New Policy Initiatives

Questions & Answers

Entitlement Grants Fiscal Years 2010 and 2011

Provision	Disbursement Method	Description	Amount Awarded FY 2010	Amount Awarded FY 2011
Recurring Annual Entitlement Grants				
Community Development Block Grants (CDBG)	Federal - HUD Formula Grant	Flexible funds used to pay for housing, public facilities and improvements, public services, and economic development activities. This includes estimated Program Income.	$33,717,217	$35,779,922
HOME Investment Partnerships (HOME) Program	Federal - HUD Formula Grant	Funding directed specifically at affordable housing creation and rehabilitation. This includes estimated Program Income.	$14,398,691	$14,366,375
Emergency Shelter Grants (ESG) Program	Federal - HUD Formula Grant	Finances the provision of shelter and services to the homeless population.	$1,326,739	$1,329,099
Housing Opportunities for Persons with AIDS (HOPWA) Program	Federal - HUD Formula Grant	Funds the provision of housing and social services to the special needs population of individuals and families of individuals with HIV/AIDS.	$7,315,514	$7,793,944
Recurring Annual Entitlement Grants Total			**$56,758,161**	**$59,269,340**

One Time Grants Fiscal Years 2010 and 2011 (Stimulus and Disaster Recovery)

Provision	Disbursement Method	Description	Amount Awarded FY 2010	Amount Awarded FY 2011
One-Time Grants (Stimulus and Disaster Recovery)				
Hurricane Ike and Dolly Disaster Recovery (CDBG)	Councils of Government – TDHCA Formula Grant Round 1	Contract with Texas Department of Housing & Community Affairs (TDHCA). Funds for rehabilitation and renovation activities to hurricane devastated areas.	$87,256,565	
Hurricane Ike and Dolly Disaster Recovery (CDBG)	TDHCA Formula Grant Round 2	Contract with Texas Department of Housing & Community Affairs (TDHCA). Funds for rehabilitation and renovation activities to hurricane devastated areas. (FY2011 estimated to be part of $126.095 million)		TBD
Hurricane Ike and Dolly Disaster Recovery (CDBG)	Houston-Galveston Area Council Round 2.1	Funds for rehabilitation and renovation activities to hurricane devastated areas. (FY2011 estimated)		$25,264,000
Hurricane Ike and Dolly Disaster Recovery (CDBG)	Houston Galveston Area Council Round 2.2	Funds for rehabilitation and renovation activities to hurricane devastated areas. (FY2011 estimated)		$70,527,000
Hurricane Ike and Dolly Disaster Recovery (CDBG)	Houston-Galveston Area Council/TDHCA Formula Grant Round 2.2	Funds for subsidized housing restoration activities to hurricane devastated areas. (FY2011 estimated)		$30,000,000
Community Development Block Grant - Recovery (CDBG-R)	Federal - HUD Formula Grant	The American Recovery and Reinvestment Act of 2009 authorized the use of CDBG eligible activities to stimulate the economy by stabilizing neighborhoods and creating jobs.	$8,093,613	$0
Homelessness Prevention and Rapid Re-housing Program (HPRP)	Federal - HUD Formula Grant	Finances the provision of shelter and services to the homeless population or those at risk of becoming homeless.	$12,375,861	$0
Neighborhood Stabilization Program (NSP)	Federal - HUD Formula Grant	Finances the purchase of foreclosed or abandoned homes to rehabilitate, resell, or redevelop these homes to stabilize neighborhoods. (2011 Estimated Conservatively)	$13,542,193	$13,542,193
Neighborhood Stabilization Program (TX NSP)	State - TDHCA Competitive Grant	Finances the purchase of foreclosed or abandoned homes to rehabilitate, resell, or redevelop these homes to stabilize neighborhoods.	$3,353,519	$0
Texas Homeless Housing and Services Program (HHSP)	State - TDHCA Formula Grant	Funds for serving homeless individuals and families with appropriate services targeted towards eliminating or preventing the condition of homelessness.	$5,756,053	$0
One-Time Grants (Stimulus and Disaster Recovery) Total			**$130,377,804**	**$139,333,193**

Notes:

FY2011 grant amounts are estimates where feasible; NSP is expected to be higher but amount unknown; unable to project Hurricane Ike TDHCA formula grant amount for Houston

HCD Initial Priorities: The First Ninety Days

Organizational Transition

- New Director / Deputy Directors (Chapa-Jones, Tinnermon, Vinson)
- Attitude Shift
  - Focus on communication, accountability, integrity, transparency, FUN
  - Break down "silos" – within department and outside
  - Work hard / work smart / work credibly
  - Examples – Compliance, budgets, EPE's
- Interim Organization
  - Line and Staff Functions and Interaction
  - Program and Functional Reviews
  - Mission Questions: "Why Do We Do It?"; "Why Don't We Do It?"
  - Noteware Meetings – Direct Communication with staff (Organization-wide and Individuals)
- Departmental Management Changes
  - Single Family – Down-Payment Assistance, Home Repair
  - Multi-Family
  - Compliance
  - CHDO's, Multi-Family Underwriting
- Strategic Planning (Vision, Organization, Budgets, Systems)

Compliance with HUD … and others

- Compliance Successes
  - *Partnerships*
    - Recertification of our funds by HUD
    - Renewed HUD partnership
    - Improved partnership with TDHCA
    - Renewed role for City Council Housing Committee
  - *Training*
    - Increased training of staff in high risk areas
    - Training of staff regarding workplace practices
  - *Monitoring Findings*
    - Decrease of monitoring findings with HUD
    - Decreased findings during recent monitoring visits
    - Improving public input process for HCD
    - Improving Compliance with Section 3
    - Restructuring Funding Notices
    - Restructuring the HOME-funded CHDO Program
- Next Steps for Improving Compliance
  - Create Separate entity within HCD for Monitoring
  - Independent Review of Troublesome Transactions
  - Training
    - Training the Public of Program Requirements
    - Examine Methods for Leveraging Local Funds
    - Training of Internal Staff for Program Specifics

Assessment of Recent Performance

- Leadership Focus on External Communication
  - Single-Family Homebuilders; Multi-Family Developers
  - Community Organizations – participation in constituency meetings
  - City Council Members
  - City Department Directors
- Queries
  - New Mission Priorities – Why? Why not?
  - Understand realities of HCD functions –
    - Sociology of poverty / demography of City
    - Neighborhood decline and revitalization
    - Municipal finance
    - Restrictions of existing grants
    - Costs of "low-income" housing
    - Collapse of rental housing markets; private capital markets
  - Possible new HCD functions –
    - Planning, research
    - External communication
    - New grant solicitation
  - Focus on budget realities –
    - Capital investment vs. administrative
    - Federal and State vs. City

Community Development

- Appoint Ada Edwards – AD for Community Development

- Invite Outside Leaders for Policy Discussions

  - Mayor's HCDD Transition Team
  - Chair, Housing Committee of City Council
  - City Controller
  - Director, Texas Increment Re-Investment Zones
  - Planning Department
  - METRO
  - HISD

- Assume Leadership of:

  - Inter-Agency Group (HCD + HHA + HHFC + County + Planning + Economic Development + Legal)
  - Ten Year Housing and Community Development Planning Effort

- Evolve New Policy Concepts

  - Demolition of Dangerous Buildings as Pre-Condition for Revitalization
  - Community Development "Template"
  - Commitment to Address ("Solve"?) Homelessness
  - Acquisition of Distressed Multi-Family Properties

Organizational Turnaround: Re-Structuring and Implementation

The Challenge: Mayor Parker:

- "My Charge…is more effective and efficient customer service, transparency and openness." (Houston Chronicle, April 7, 2010)
- "Noteware and Feldman will orchestrate departmental shake-ups…particularly in the Housing Department…" (Houston Chronicle, April 8, 2010)

For the past several years, HCD has "overspent" its administrative allowances

- Annual deficit of $1,276,377
- Cumulative deficit of $2,100,000 -- a liability to the City's General Fund

HCD's current staff is comprised of:

- 148 "permanent" employees (not including 11 vacancies)
- 22 "temporary" employees ("PT-30")
- 8 employees (of the 148) are funded by the City's general fund (Houston Hope, LARA, and others)

Meanwhile, HCD's grants fund:

- 83 City employees in other departments
- $5.2 million of programs in other departments (e.g., Neighborhood Protection)

Therefore, HCD must make the following adjustments:

- A reduction of at least $1,300,000 in annual compensation to "right size" under current grant levels
- Additional reductions to effect savings to permit repayment of cumulative deficit and HOPE increases

- General Objectives:

  - Restore financial integrity
  - Improve performance
  - Expand Mission to include Community Development

- Specific Objectives:

  - "Live within our means": pay back cumulative deficits, resolve confusion over grant funding
  - Achieve compliance and improve cooperation with: HUD, TDHCA, the City
  - Enhance service delivery with: Neighborhood constituencies, private and public sector "partners"
  - Streamline management processes through: technology, training, expertise, clarification of responsibilities
  - Enhance communication and transparency: within the department, with all external organizations,
  - Build Community Development into our Mission and Operating Philosophy
  - Plan, plan, plan
  - CHANGE THE OVERALL PERCEPTION OF HOUSING AND COMMUNITY DEVELOPMENT –
  - CHANGE THE WORLD – or, AT LEAST HOUSTON

- The new HCD organization chart reflects HCD's commitment to improved operations in general and specific:

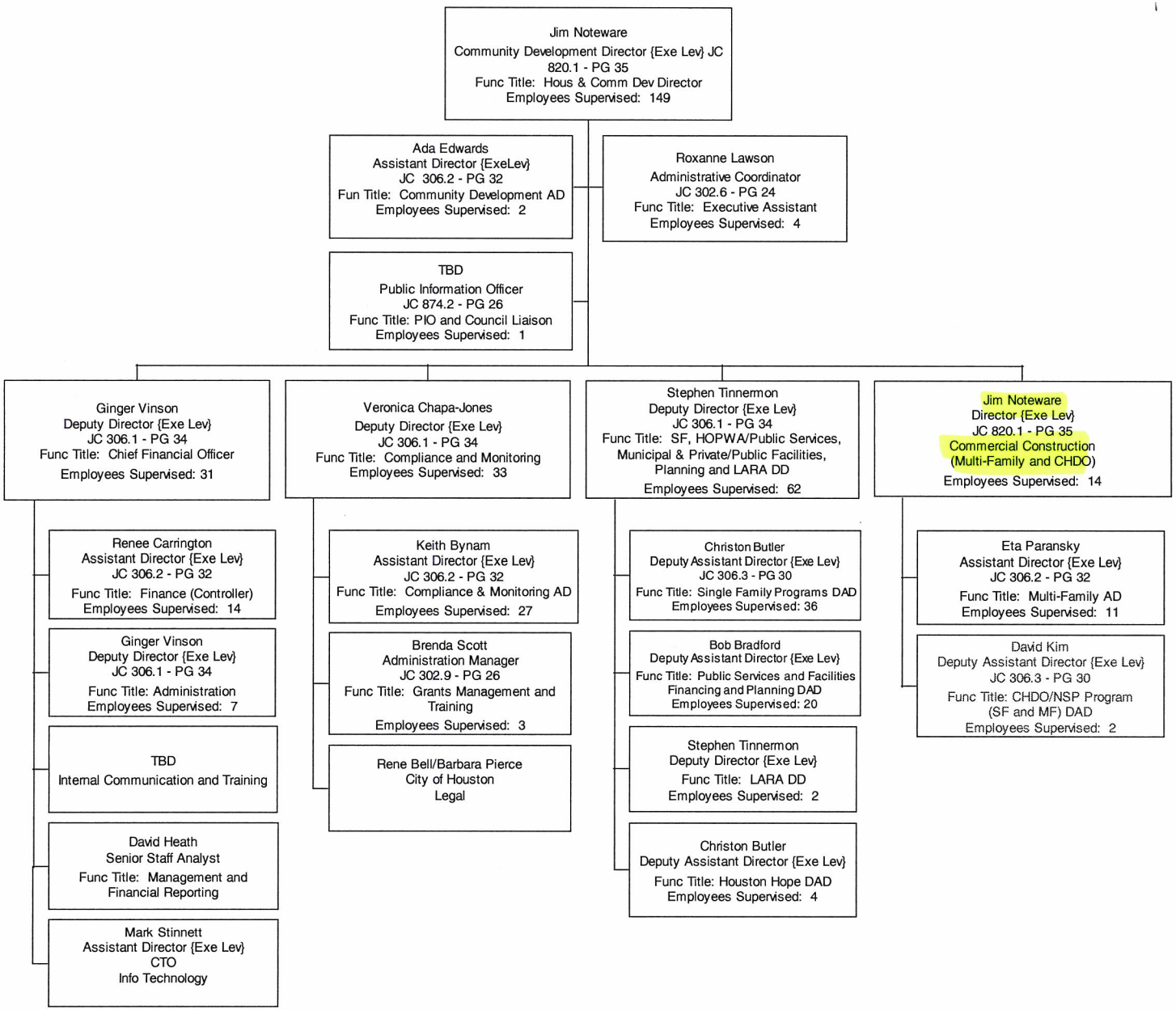
  - Creation of a New Community Development function, and enhanced:

    - Pro-Active External Communications
    - Research in Urban Economics, Sociology, Public Finance, etc; and experience elsewhere
    - Planning (Organizational, Financial, Community Development)
    - Grant solicitation and Mission and Revenue Expansion

  - Establishment of a new Compliance function, with Monitoring teams independent of program management

  - Consolidated and more focused single-family programs (Down Payment Assistance and Home Repair)

  - Leaner and cleaner underwriting of Multi-Family rehabilitation programs


Jim Noteware
Community Development Director {Exe Lev} JC 820.1 - PG 35
Func Title: Hous & Comm Dev Director
Employees Supervised: 149
Ada Edwards
Assistant Director {ExeLev}
JC 306.2 - PG 32
Fun Title: Community Development AD
Employees Supervised: 2
Roxanne Lawson
Administrative Coordinator
JC 302.6 - PG 24
Func Title: Executive Assistant
Employees Supervised: 4
TBD
Public Information Officer
JC 874.2 - PG 26
Func Title: PIO and Council Liaison
Employees Supervised: 1
Ginger Vinson
Deputy Director {Exe Lev}
JC 306.1 - PG 34
Func Title: Chief Financial Officer
Employees Supervised: 31
Renee Carrington
Assistant Director {Exe Lev}
JC 306.2 - PG 32
Func Title: Finance (Controller)
Employees Supervised: 14
Ginger Vinson
Deputy Director {Exe Lev}
JC 306.1 - PG 34
Func Title: Administration
Employees Supervised: 7
TBD
Internal Communication and Training
David Heath
Senior Staff Analyst
Func Title: Management and Financial Reporting
Mark Stinnett
Assistant Director {Exe Lev}
CTO
Info Technology
Veronica Chapa-Jones
Deputy Director {Exe Lev}
JC 306.1 - PG 34
Func Title: Compliance and Monitoring
Employees Supervised: 33
Keith Bynam
Assistant Director {Exe Lev}
JC 306.2 - PG 32
Func Title: Compliance & Monitoring AD
Employees Supervised: 27
Brenda Scott
Administration Manager
JC 302.9 - PG 26
Func Title: Grants Management and Training
Employees Supervised: 3
Rene Bell/Barbara Pierce
City of Houston
Legal
Stephen Tinnermon
Deputy Director {Exe Lev}
JC 306.1 - PG 34
Func Title: SF, HOPWA/Public Services, Municipal & Private/Public Facilities, Planning and LARA DD
Employees Supervised: 62
Christon Butler
Deputy Assistant Director {Exe Lev}
JC 306.3 - PG 30
Func Title: Single Family Programs DAD
Employees Supervised: 36
Bob Bradford
Deputy Assistant Director {Exe Lev}
Func Title: Public Services and Facilities Financing and Planning DAD
Employees Supervised: 20
Stephen Tinnermon
Deputy Director {Exe Lev}
Func Title: LARA DD
Employees Supervised: 2
Christon Butler
Deputy Assistant Director {Exe Lev}
Func Title: Houston Hope DAD
Employees Supervised: 4
Jim Noteware
Director {Exe Lev}
JC 820.1 - PG 35
Commercial Construction (Multi-Family and CHDO)
Employees Supervised: 14
Eta Paransky
Assistant Director {Exe Lev}
JC 306.2 - PG 32
Func Title: Multi-Family AD
Employees Supervised: 11
David Kim
Deputy Assistant Director {Exe Lev}
JC 306.3 - PG 30
Func Title: CHDO/NSP Program (SF and MF) DAD
Employees Supervised: 2

- To accommodate this requirement:

  - HCD has reduced its head-count by 33 "permanent" employees, from 140 to 107… -
  - ….and then "add back" approximately 12 employees with required new skills over the next six months
  - After consideration of the 4% increase, this will reduce HCD's annual budget by approximately $750,000

- HCD has three choices to fund this remaining annual budget shortfall ($1,200,000 - $750,000):

  - To reduce employment levels further now by another 15-20 employees, but risk performance reduction
  - To reduce employment levels further by the same 15-20 employees, but over the next six to twelve months
  - To seek additional grant funds, which will permit "growth" of additional administrative "revenue", and retention or actual expansion of staff size and capabilities (new expertise for existing and new functions)

- HCD has decided to:

  - Reduce employment levels over the next six to twelve months as:

    - Technology and process improvements permit
    - Further staff evaluation under new management environment and standards permit

  - Seek additional grant funds to support its mission expansion and permit additional revenues
  - Not risk the potential deterioration in performance that a larger current employment reduction might create
  - Target an administrative reduction of at least $1,500,000 (net of growth) to permit "repayment" of cumulative deficit
  - Utilize fiscal year 2011 to "true up" its finances and negotiate resolution (repayment) of deficit with HUD

HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT
RACE & SEX DISTRIBUTION
As of 6/30/2010 and after 8/6/2010 Layoff

Overall as of 6/30/10

	B	H	W	A/P	TOTAL
MALE	27	12	22	2	63
FEMALE	44	21	8	4	77
TOTAL	71	33	30	6	140
Percentage	51%	24%	21%	4%	100%

Reductions

	B	H	W	P	TOTAL
MALE	9	2	5	1	17
FEMALE	10	4	2	0	16
TOTAL	19	6	7	1	33
Percentage	58%	18%	21%	3%	100%

Overall after Layoffs on 08/06/2010

	B	H	W	P	TOTAL
MALE	18	10	17	1	46
FEMALE	34	17	6	4	61
TOTAL	52	27	23	5	107
Percentage	49%	25%	21%	5%	100%

B: Black or African American
H: Hispanic/Latino
P: Asian/Pacific Islander
W: White

Implementation

- Background Analysis and Communication
  - Full Human Resource analysis of individual departures
  - Background Briefings: Mayor, Senior Staff, Council Committee Chair
  - Notification of City and other government officials and HOPE

- Friday Events
  - Individual meetings with 29 departing personnel
  - Press briefing
  - Meeting of full remaining HCD staff

- Moving Forward
  - New management teams
  - Dedication to: improved operation, monitoring staff levels, growth

New Policy Initiatives

- Focus on Single Family Programs
  - Home Repair
  - Down Payment Assistance
- Seek Additional Grant Funds: Disaster Relief, NSP, etc.
- Examine City-Wide Initiatives
  - Develop recommendation for commitment of TIRZ low-income housing funds
  - Develop Program for Homeless
  - Demolition of Dangerous Buildings and Expansion of LARA program for land-banking
  - Acquisition of foreclosed Class B units
- Initiate Community Development function
  - Continue to link HCD with other key departments – Planning, Public Works, Parks, Health, etc.
  - Add Economic Development functions (HBDI, etc.) in Community Development
  - Create "template" for inclusion of common Community Development needs
  - Prioritize targeted neighborhoods (Fondren Southwest, Antoine DeSoto, etc.)
  - Assume "Owner / Developer" role in targeted neighborhoods; appoint community leader for each

CITY OF HOUSTON

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