



**TDHCA Governing Board
Single Family Activities Committee
Meeting Transcript***

***2:00 p.m.
April 8, 2026***

***Dewitt C. Greer State Highway Building
Williamson Board Room***

125 E. 11th Street, Austin, TX 78701

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BOARD MEMBERS:

HOLLAND HARPER, CHAIR

CINDY CONROY

ANNA MARIA FARIAS

KENNY MARCHANT

AJAY THOMAS (ABSENT)

LEO VASQUEZ III

SPEAKERS:

Lisa Johnson

Diana Velez

Bobby Wilkinson

Beau Eccles

Abigail Versyp

JoEll Guzman

Karen Walker

1 **Holland Harper (0:00:06):**

2 Welcome. It is Wednesday, April 8th at 2 o'clock, and
3 we're about to start the Single Family Activity
4 Committee for the Texas Department of Housing and
5 Community Affairs. To my right, I have the Chairman,
6 next to him, Ms. Farias, the Director, myself, Beau, and
7 former Congressman with us also. We're missing Mr. Ajay
8 Thomas and Ms. Cindy Conroy. We have a quorum. All
9 right. With that, we're going to go out of order just a
10 little bit and we're going to move Texas Homeownership
11 up, and we're going to talk, and that will be Ms.
12 Johnson. Could you come and give our presentation,
13 please?

14

15 **Lisa Johnson (0:00:43):**

16 I'm ready. Sure. Good morning, everybody.

17

18 **Holland Harper (0:00:51):**

19 Good afternoon.

20

21 **Lisa Johnson (0:00:52):**

22 Good afternoon. Correction. Lisa Johnson, Director of
23 Texas Homeownership. Today, our report is going to
24 focus on, the theme is what we're doing is working, and
25 we've only just begun.

26

27 The Texas Homeownership division of TDHCA has been
28 working tirelessly to build out a robust marketing
29 presence that drives qualified homebuyers to our
30 eligibility quick check tool and ultimately to a
31 qualified TDHCA approved lender who can help them access
32 resources to buy a home sooner rather than later.

33 All marketing efforts drive traffic to our rebranded
34 TDHCA Homebuyer Program website where immediate
35 resources are available to the public and our lending
36 partners. Marketing efforts are driving results that
37 begin with the homebuyer eligibility quick check tool.

38 And we launched that in November of last year, which is
39 gaining traction and adding to the Division's success.

40 Today, we are reporting on Homeownership performance,
41 comparing first quarter 2025 to first quarter 2026 and
42 we'll also cover specific marketing and business
43 development opportunities that our division is
44 implementing to demonstrate how our efforts are working
45 to help more Texas homebuyers.

46 So on your report, we go to Section 1, where we have a
47 lot of metrics on performance. We're comparing first
48 quarter, excuse me, this data is January 1, 2026,
49 through March 24th, so not quite a full month of March.

50

51 We separated out data from the bond program to TBA, and
52 you'll see on the first part of Section 1 that the bond
53 program in comparison from first quarter '25 to '26
54 experienced a 14 percent growth in overall revenue going
55 up to 186.8 million of total closed loan volume.
56 Then the TBA program from comparing quarter one, 2025 to
57 '26, had a whopping 197 percent growth, going from 62
58 million and change to 186 million in total loan.

59

60 **Holland Harper (0:03:16):**

61 Ms. Johnson, do you have any idea why it jumped so much?

62

63 **Lisa Johnson (0:03:20):**

64 I have a whole lot of reasons.

65

66 **Holland Harper (0:03:21):**

67 Okay.

68

69 **Lisa Johnson (0:03:24):**

70 You want to talk about them now, or? Okay. Then kind
71 of just scaling down to the bottom of that page, it
72 translates into actual how many loans that translated
73 to. So on bond we went from like 686 total closed loans
74 in '25 to 794, and then TBA 261 up to 754.

75

76 So overall the loan volume was 65 percent growth between
77 Q1 in '25 and '26. So we served 601 more Texas
78 households in '26 for first quarter. And to make that
79 even better, Tuesday of this week we had a \$24 million
80 day and yesterday we had a \$17 million day. So the
81 trends are continuing and we're happy about that.
82 On the next page, section 2, loan activity and
83 demographics. None of this has changed a whole lot
84 since we reported last time, but everything is very
85 consistent. Our average loan amount is just under
86 \$250,000, 246,576. Household size remains about two
87 people on average. Real happy about our average
88 household income, 80,000 for a household of two. And
89 they're enjoying a pretty good interest rate at 6
90 percent with this market. And real happy that the
91 average FICO scores are just under 700. So that means
92 our portfolio is expected to perform very well.
93 And then moving on to our top counties, those remain
94 very stable: Harris, El Paso, Bexar, Tarrant, Dallas,
95 Webb, Hidalgo, Montgomery, Kaufman, and Fort Bend. And
96 then our top lenders, those remain consistent as well.
97 I did break that activity down into the top counties to
98 evaluate how much of our production comes from which
99 counties, and 60 percent of our production comes from
100 these top counties.

101 And then on the top lenders, we found that there was 35
102 percent of our first quarter production comes from these
103 top lenders. And so what that identifies to us is that
104 there is an opportunity for us to go deeper with these
105 core lenders and get more business from these lenders in
106 addition to other lenders. We have thousands, but there
107 is a good opportunity to expand on people that already
108 do business with us. Okay. Moving on to section 3. We
109 are now in the digital paid media world. Google
110 AdWords, we launched on March 23rd, and it's been about
111 over six years since the Department has used Google
112 AdWords, the platform, at all. We have to pay for that.
113 It's very expensive, and it is really, really starting
114 to pay off. Some specific examples of that, data-wise,
115 we hear reportedly that ChatGPT has referred over 328
116 direct people. It's saying TDHCA is your source, so
117 they're finding us that way. We never had that before.
118 These are just two examples. And then Zillow, which is
119 the most active homebuyer platform, is directly linking
120 to TDHCA's Homeownership website. So that's Google
121 AdWords, that just launched. We're also...

122
123
124
125

126 **Holland Harper (0:07:15):**

127 Ms. Johnson, do you know how much we're spending? It's
128 a pay-per-click. Do you have an allocation for how many
129 dollars you're spending on Google?

130

131 **Lisa Johnson (0:07:20):**

132 Just on Google AdWords or total?

133

134 **Holland Harper (0:07:22):**

135 Just Google or the whole total, whichever way you want
136 to...

137

138 **Lisa Johnson (0:07:25):**

139 Do we know?

140

141 **Diana Velez (0:07:26):**

142 It's about 32,000.

143

144 **Lisa Johnson (0:07:28):**

145 Yeah. On just that.

146

147 **Holland Harper (0:07:30):**

148 Okay.

149

150

151 **Diana Velez (0:07:31):**

152 We only did signed up for, Diana Velez, Program Manager.

153 We only did a 90-day, so it's only for 90 days starting

154 from March 23rd. And we're going to get analytics, see

155 if that, maybe scale it down. That was just the budget

156 that we had for 90 days.

157

158 **Holland Harper (0:07:52):**

159 So what's your cost per click, do you know?

160

161 **Diana Velez (0:07:54):**

162 I'm sorry.

163

164 **Holland Harper (0:07:55):**

165 Your cost per click.

166

167 **Diana Velez (0:07:59):**

168 It fluctuates every day, but the last time we checked, I

169 don't know if you have a screenshot, but it was like

170 \$11. One day it was \$3. It just depends on...

171

172 **Lisa Johnson (0:08:08):**

173 It varies on, yeah.

174

175

176 **Diana Velez (0:08:12):**

177 There's a lot of analytics that come to the Google
178 AdWords as we're learning.

179

180 **Holland Harper (0:08:17):**

181 When you guys get a chance, I'm not a pro at it. We've
182 been doing it for about four years, and you're just
183 looking at your cost per click and your goal is to drive
184 it down pretty cheap, and you'll be amazed how many
185 people you get to look at your stuff.

186

187 **Diana Velez (0:08:32):**

188 Yeah.

189

190 **Lisa Johnson (0:08:32):**

191 Yeah. We know that's moving the needle, and we're
192 waiting really for analytics to come from the marketing
193 firm. They are adjusting things. They tend to kind of
194 wait for a three-month pull-through to see what it's
195 really doing, what's working and what's not, because
196 they're trying a lot of different things, and adjusting
197 constantly to look at what is working and what's not.

198

199

200

201 I played in the back end of the system the other day,
202 and not knowing much of what I was looking at, but I
203 could see anecdotally that people are reaching out to us
204 more often in the evenings, weird stuff like that.
205 You're like, okay. That's interesting to know. So
206 those are analytics that the marketing firm is going to
207 be looking at, trying to push traffic during those
208 times.

209

210 **Holland Harper (0:09:23):**

211 Are we doing this internally or are we doing this with
212 some help?

213

214 **Diana Velez (0:09:25):**

215 We're doing with help.

216

217 **Holland Harper (0:09:26):**

218 Okay.

219

220 **Lisa Johnson (0:09:27):**

221 We have a procured marketing firm called Happy Medium.

222

223

224

225

226 **Holland Harper (0:09:34):**

227 So when y'all get a chance, let's go look at how many
228 clicks you're getting in, it'll tell you zones and
229 regions and give the demographics to all those pieces.

230

231 **Lisa Johnson (0:09:45):**

232 Yes.

233

234 **Holland Harper (0:09:45):**

235 And you should be driving your cost down pretty cheap
236 for what you're trying to accomplish.

237

238 **Diana Velez (0:09:49):**

239 Yeah.

240

241 **Lisa Johnson (0:09:50):**

242 And we hope to present more of those analytics next
243 time.

244

245 **Holland Harper (0:09:53):**

246 Thank you.

247

248

249

250

251 **Lisa Johnson (0:09:54):**

252 Thank you. Okay. The next thing that we're adding,
253 we're super happy to be part of, I don't know if it's
254 public knowledge yet or not, but DPPA is creating an
255 Instagram page for the first time. The Department has
256 not had one, as I understand it, if I'm speaking
257 correctly. And Homeownership is going to be a big part
258 of adding content to that, and with DPPA's approval,
259 we're going to be doing paid media ads, and that's just,
260 it's just super exciting. So thank you, Michael, and
261 very happy to have that. Moving on to business
262 development.

263

264 **Holland Harper (0:10:33):**

265 Mr. Marchant.

266

267 **Kenny Marchant (0:10:34):**

268 Could I ask just one question?

269

270 **Lisa Johnson (0:10:35):**

271 Sure.

272

273

274

275

276 **Kenny Marchant (0:10:37):**

277 Do the loans in the counties, do they correlate to these
278 mortgage companies? So are these mortgage companies
279 predominantly located in these counties that have the
280 high volume?

281

282 **Lisa Johnson (0:10:54):**

283 Some are and some are not. So to do a mortgage loan in
284 Texas, you just need to be licensed for the State of
285 Texas and you can do a loan anywhere. So we do not have
286 a brick and mortar, what they call a requirement to have
287 a product.

288

289 **Kenny Marchant (0:11:07):**

290 No. But like CMS Mortgage across, like American Home
291 Funding, these lenders, they have brick and mortars,
292 don't they?

293

294 **Lisa Johnson (0:11:21):**

295 I'm sorry.

296

297 **Kenny Marchant (0:11:23):**

298 The lenders have a brick-and-mortar place that people go
299 to.

300

301 **Lisa Johnson (0:11:27):**

302 They are not required to have a brick and mortar in any
303 particular city. The State of Texas does not require
304 that, and nor does the Department. They're just
305 required to be licensed to originate mortgage loans.
306 The State of Texas regulates that. Does that...

307

308 **Kenny Marchant (0:11:46):**

309 Yeah. No, but like American Portfolio Mortgage Corp.,
310 they have brick and mortars. They close the title
311 companies, don't they, these loans?

312

313 **Lisa Johnson (0:11:58):**

314 We close all of our loans through title companies. And
315 typically every one on our list, they have a brick and
316 mortar somewhere.

317

318 **Kenny Marchant (0:12:05):**

319 Yeah.

320

321 **Lisa Johnson (0:12:07):**

322 They may or may not have a...

323

324

325

326 **Kenny Marchant (0:12:07):**

327 My question was, do these mortgage lenders correlate to
328 these counties? In other words, Harris County, because
329 we seem to be reaching the big counties. And if we're
330 focusing on, let's say we were trying to focus on Collin
331 County or Grayson County or Fannin County, do we have
332 physical brick and mortar lenders identified in those
333 counties so that we can say to a person that clicks on
334 from, say, Fannin County, that, hey, these are the
335 lenders that are immediately located near you that you
336 can go to and get this loan?

337

338 **Lisa Johnson (0:12:55):**

339 Our database does not identify if they have a brick and
340 mortar. In our search engine on our website, you can
341 search by county. You can get the search results that
342 show lenders that do more business in that county, and
343 that's just doing business, but it doesn't mean they
344 have a brick and mortar. And right now we don't have a
345 identifier that says, I have a physical office here.

346

347 **Kenny Marchant (0:13:22):**

348 But eventually when somebody clicks, as the Chairman was
349 saying, once they click, we got them and they're
350 interested.

351 **Holland Harper (0:13:33):**

352 Let's back up one second, Mr. Marchant. Let's just say
353 we're advertising, we're spending 30 grand a month in
354 advertising.

355

356 **Lisa Johnson (0:13:39):**

357 Sure.

358

359 **Holland Harper (0:13:39):**

360 And we have a product that's cheaper than the market and
361 we're very, very competitive. How do they go from us to
362 a lender?

363

364 **Lisa Johnson (0:13:49):**

365 So it depends how they come into the process. So with
366 our new marketing funnel, so to speak, we were asking,
367 they have an opportunity, this is one path, to download
368 our homebuyer guide, to take our eligibility quick
369 check. If they come through our website, do the
370 eligibility quick check, and they get, it gives them an
371 introduction to a loan officer, and they also have the
372 option to not talk to the one that we said this could be
373 somebody you can talk to. Here's a list of all the
374 other ones that you can talk to, too. So that's one
375 path. We have many.

376 We have homebuyers that go directly to our lenders
377 because they're out there marketing our programs on our
378 behalf, and then the lenders come to us and say we have
379 this loan scenario. We're talking to lenders all day
380 long, working their scenarios to see if it fits our
381 protocol. So those are kind of two areas.
382 And now with all this paid marketing, they're seeing us
383 in a variety of different places. So kind of that's the
384 purpose of driving them through the eligibility quick
385 check so we can get them to a lender faster. Because we
386 have limited staff also, we want to, yeah, we can only
387 talk to so many people.

388

389 **Holland Harper (0:15:11):**

390 And we don't make the loans. We just provide the money.

391

392 **Lisa Johnson (0:15:13):**

393 Correct.

394

395 **Holland Harper (0:15:13):**

396 So we've got to get them to the store.

397

398

399

400

401 **Lisa Johnson (0:15:16):**

402 Right. And that's one of the reasons we started the
403 lender ambassador program, was to take performance data
404 from our top lenders, make sure their loans, they don't
405 have a high cancellation rate or their loans are
406 sticking, they're doing right by their clients.

407 We really wanted to refine that and feel like it's
408 improved dramatically because we used to get a lot of
409 calls where we had thousands of loan officers on our
410 list. And the feedback we got was, this is
411 overwhelming. I don't know if this person's going to
412 call me back, and sometimes they didn't.

413 So we cleaned up our list, so even though we have
414 thousands, the ones that are represented on our website
415 are pared down to high performers more so than we did
416 before.

417

418 **Kenny Marchant (0:16:06):**

419 Yeah. If you look at these counties and the number of
420 loans, some of these smaller counties, quote, unquote
421 smaller, you look at their volume, for instance,
422 Hidalgo, 103 loans. That's quite a bit of volume for
423 that size county.

424

425

426 **Lisa Johnson (0:16:22):**

427 Correct.

428

429 **Kenny Marchant (0:16:23):**

430 It's got to be correlated to one of these lenders that's

431 reaching out to them.

432

433 **Lisa Johnson (0:16:29):**

434 Of course. They do their own marketing, and we provide

435 a lot of marketing materials for them to do that.

436

437 **Kenny Marchant (0:16:34):**

438 Okay.

439

440 **Lisa Johnson (0:16:34):**

441 We attend homebuyer fairs together. We invite our

442 lenders to come to our booths that we sponsor. And

443 since our loans have to be approved through a lender, we

444 can't do that for them. That's why we have that

445 interface there. And it's gotten more and more, to your

446 point about brick and mortar. There are definitely

447 people, and we think about this, that want to still walk

448 in someone's office and say, I want to sit down at your

449 desk and talk to you, but we don't hear that all that

450 often. Whether that's good or bad, I don't know.

451 They do have access to, our main goal is to make sure
452 they have access to somebody that's knows what they're
453 doing, they know our products more than not, and that's
454 giving everyone more comfort and less complaints. Did
455 that answer your question, Mr. Marchant?

456

457 **Kenny Marchant (0:17:30):**

458 Oh, yeah, it does. I'm sorry.

459

460 **Lisa Johnson (0:17:33):**

461 No worries.

462

463 **Kenny Marchant (0:17:34):**

464 There are no banks, no local banks on this top 10.

465

466 **Lisa Johnson (0:17:40):**

467 Well, that's a whole another subject that's near and
468 dear that we're working on, is trying to find an
469 alliance with the community banks and finding a
470 connection. It's proving to be more difficult than we
471 expected to, but there are some paths that we're working
472 on. We would like to have that community connection if
473 at all possible. Okay. Moving on to business
474 development.

475

476 So we've always offered a realtor specialist training so
477 that our realtor partners are highly engaged and again,
478 don't misspeak. Back in the past, we had a lot of
479 misspeaking going on, and they would say, my realtor
480 said my loan's forgivable. Your realtor is not your
481 mortgage person, but however, these people would
482 misspeak and mislead sometimes. So we have developed a
483 really robust realtor training, and now we're adding it,
484 going through the TREC process to have it be a official
485 continuing education class. So our realtors will be
486 getting additional continuing education credit when they
487 take our courses. We are finally starting our state
488 employee webinar series. That's expected to reach
489 obviously gainfully employed individuals, and often we
490 hear that most state employees don't have any idea that
491 they can get, they do qualify or they're eligible to see
492 if they can get our down payment assistance, and so
493 we're going to be talking to them directly.
494 And then our HFC partnerships, we're continuing to
495 expand on those relationships. I'll show you on the
496 last page, we're developing more of a, we have a
497 partnership page on our website, but each HFC is going
498 to have an opportunity to build a really robust landing
499 page, and so we have a place for them to point their
500 constituents to our website.

501 They've often said, okay, people come to us, we don't
502 know where to send them, and we don't want to just give
503 them an email. So we're developing landing pages for
504 each one of those. What else? Okay. Section 4, program
505 expansion and strategic initiatives. So with the
506 support of our program administrator, HilltopSecurities,
507 master servicer, TMS, which is The Money Source, and the
508 Bond Finance team, and a lot of hard work from our
509 Homeownership team, which is Diana Velez and Rosa
510 Liscano, they are working so hard to expand our program
511 offerings and to offer more qualified homebuyers.
512 Part of business development is kind of keeping your ear
513 to the ground and what does the market, what is the
514 market offering? What can we do within our framework
515 that can expand our reach? And so what we've done is
516 increase the income limit, some of this we've talked
517 about before, on just the My Choice program, which is
518 our TBA program, to 170 percent. There's been a really
519 strong response for that. There was a sub-need to reach
520 folks that make a decent amount of money, but they still
521 need down payment assistance. So it's helping increase
522 those numbers, and that's one of the things that has
523 increased TBA. That same day, so we launched, that
524 February 12th, we launched the MCC standalone program,
525 it's a sub of the Mortgage Credit Certificate program.

526 It's where a lender can bring in their own first lien
527 mortgage but come to us for the standalone MCC, and
528 that's helped volume a lot. TBA. So we added the
529 permanent buy-down program. Bobby announced that last
530 board meeting, I think. And we've been really, we
531 launched that just, let's see, March 16th. So we've
532 done about 20 of those buy-downs so far. It is a
533 permanent buy-down. It's not a temporary buy-down.
534 The few stats we have, the average loan has a rate
535 reduction of about 40 bps, so it's going down a little
536 bit. And HilltopSecurities is really managing that
537 whole process. It's quite laborious to do the pricing
538 and all that. They're already recognizing that our
539 current process that we're working with requires the
540 lender to make the reservation first and then request
541 the buy-down, but they're going to flip that to be able
542 to get the pricing before they make the reservation.
543 So we expect that our lenders asked for that in
544 particular. So they're taking the heavy lift. It's a
545 lot of extra work, but it's helping. Going back to...

546

547 **Leo Vasquez III (0:22:44):**

548 I'm sorry. Just to go back to the last topic.

549

550

551 **Lisa Johnson (0:22:47):**

552 Sure.

553

554 **Leo Vasquez III (0:22:48):**

555 So are they pricing the buy-downs per individual

556 applicant or is it like a pool saying here this...

557

558 **Lisa Johnson (0:22:59):**

559 It's per loan.

560

561 **Leo Vasquez III (0:23:00):**

562 It's per loan.

563

564 **Lisa Johnson (0:23:01):**

565 Yes. It's quite laborious. Yes. They have to have

566 list of what are the specs on the loan. For instance,

567 the loan amount, what is the, they start with what are

568 the interest rates for the day, how much do you want to

569 buy it down. They'll give options like, I want to look

570 at a quarter or half, or whatever, provide the pricing,

571 and then the lender goes back to their customer, they

572 decide on what it is, here's the cost to do that, and

573 then they fill out the form and it just proceeds like

574 normal.

575

576

577 **Leo Vasquez III (0:23:42):**

578 Okay. Thanks.

579

580 **Lisa Johnson (0:23:48):**

581 Are there any...

582

583 **Leo Vasquez III (0:23:48):**

584 It just seems to me that it would be more efficient to
585 be able to get, here's this tier, you meet these
586 specifications, here's your cost. You make these
587 specifications, there's your cost, rather than having to
588 go evaluate, it sounds like they are evaluating each
589 individual applicant that's...

590

591 **Lisa Johnson (0:24:12):**

592 Yes, they are. They are, but they have it set up so
593 it's, I'm going to say a spreadsheet, but it's a system,
594 where you would just put...

595

596 **Leo Vasquez III (0:24:23):**

597 A matrix.

598

599

600

601

602 **Lisa Johnson (0:24:24):**

603 A matrix, there we go. Put in the data so it spits out
604 what it is because they know the variables and they work
605 with Bond Finance to, the whole behind the scenes, what
606 margins and all that stuff that they have to meet. And
607 it's all based on the pricing of the day. And we have so
608 many loan programs that it's not as easy as if it was
609 one loan program and without, because we have 2, 3, 4,
610 and 5 percent assistance, FHA, VA. It's all relative.
611 But they really have a system that goes really fast and
612 it doesn't seem to be slowing people down.

613

614 **Leo Vasquez III (0:25:09):**

615 Okay. Great.

616

617 **Holland Harper (0:25:11):**

618 Ms. Johnson, what do you think we could do to get more
619 people in the market? When I look at the list you sent
620 to us earlier here, other than on the top performers,
621 PlainsCapital, through their prime lending, is a
622 traditional bank, and everybody else is their mortgage
623 company, which is fine. It's fine. What do you think
624 we could do to get more lenders to take our product or
625 get our product out there?

626

627 **Lisa Johnson (0:25:40):**

628 What do we need to do to get more new lending companies
629 in?

630

631 **Holland Harper (0:25:45):**

632 To get more stores out there to take our product. Yes.

633

634 **Lisa Johnson (0:25:48):**

635 We need more staff, and that's to start, and we have two
636 FTEs that we're working to hire. I'm working with Scott
637 right now to look at different job descriptions. The
638 idea is that, one idea is that we have more specialists
639 that do different things. We're all other duties as
640 assigned, all of us on our team. However, if we have
641 someone, a staff or more staff focused because it's so
642 important on the lender side, this is, for lack of a
643 better word, a lender specialist. And they dive deep
644 into all the things that have to be done in particular
645 as the lead, if you want to call it that is focused on
646 just that. So we need to compare our competitors. Do
647 they have people that we're not using? That's very
648 important. We need to look at the list of the top ones
649 we have. Get more business. That's always business
650 101.

651

652 Get more business from the people that are already doing
653 business with you, but then to expand to other lenders,
654 we need to get out there and talk to them.

655 And we also have learned that given an opportunity,
656 there are plenty of people that work with one of our
657 competitors that once we have the opportunity to
658 actually engage with them, talk about our program,
659 they're like, why have I not done this before? So it's
660 people and engagement. It's not just on the lender
661 side, it's not really advertising.

662 But it's also things like they're noticing. We have our
663 lender ambassador program. Their names are showing up.
664 They have badges. We're doing marketing with them. So
665 that's paying off. So that kind of feeds into other
666 lenders. We get calls all the time for, hey, we want to
667 do business with you, and so the team works on that.

668

669 **Bobby Wilkinson (0:27:45):**

670 How many lender partners do we have total?

671

672 **Lisa Johnson (0:27:47):**

673 I sent you that list maybe a month ago. It was 700 or
674 so.

675

676

677 **Bobby Wilkinson (0:27:55):**

678 Yeah. So we're just looking at the top 10, but there's
679 like hundreds, 700.

680

681 **Lisa Johnson (0:27:58):**

682 Oh, hundreds.

683

684 **Bobby Wilkinson (0:27:59):**

685 And a lot of them produce zero for us year over year,
686 maybe, or are they just kind of trickles, or?

687

688 **Lisa Johnson (0:28:05):**

689 And that's another thing, to answer your kind of
690 question. We can get some, it's a fine line. Like, do
691 you try to get a company that may not be set up for down
692 payment assistance to do more loans? Where's the break-
693 even? Is it better to get higher quality loans out of
694 people that are already doing business with us or
695 somebody that doesn't know us from scratch?

696

697 **Bobby Wilkinson (0:28:35):**

698 Are there some really big mortgage companies that aren't
699 using us?

700

701

702 **Holland Harper (0:28:39):**

703 Like Rocket.

704

705 **Bobby Wilkinson (0:28:40):**

706 Yeah.

707

708 **Lisa Johnson (0:28:41):**

709 Yeah. There are, and there's reasons for that. They

710 typically don't, Scott and I talked about that this

711 week. The Rockets, Bank of America. Not so much

712 Rocket, but Bank of America, Chase, they have their own

713 portfolio loans. Like Bank of America has a, what's the

714 name of that program? They have their own little down

715 payment assistance thing, and we can't layer with it

716 because of the way they have it set up. So that's kind

717 of the reasoning behind some of those big, big ones.

718 But we have LoanDepot, that's pretty big because their

719 setup is right. But we need more personal engagement.

720 We need to drill down into data and find out more about

721 the lenders that we don't have that we want to have and

722 outreach and ask them for their business.

723

724 **Kenny Marchant (0:29:36):**

725 Mr. Chairman.

726

727 **Holland Harper (0:29:38):**

728 Please, Mr. Marchant.

729

730 **Kenny Marchant (0:29:40):**

731 Do we have a program where we bring in home builders?

732 Because let's say you pick the top 10 home builders in

733 Texas, and almost all of those top 10 are going to have

734 an in-house...

735

736 **Lisa Johnson (0:29:57):**

737 They do.

738

739 **Kenny Marchant (0:29:58):**

740 Mortgage company, quote unquote. And that's where the

741 buyers are, the people that end up in the model homes.

742 And they aren't going, they don't typically walk in

743 having any idea where they're going to finance their

744 home.

745

746 **Lisa Johnson (0:30:16):**

747 Right.

748

749

750

751 **Kenny Marchant (0:30:16):**

752 And are any of those builders steering their buyers to
753 our programs?

754

755 **Lisa Johnson (0:30:26):**

756 They are.

757

758 **Kenny Marchant (0:30:27):**

759 Okay.

760

761 **Lisa Johnson (0:30:28):**

762 They are.

763

764 **Kenny Marchant (0:30:30):**

765 Lennar.

766

767 **Lisa Johnson (0:30:30):**

768 Lennar in particular, DHI. We're meeting with DHI,
769 which is D.R. Horton, on Friday. They have a builder
770 forward program that they want to match up with our
771 MCCs, and that'll bring revenue in.

772

773

774

775

776 They're buying down their own rates. They're paying
777 D.R. Horton \$200 million to buy their rates down low,
778 which benefits our customers. So we do have
779 conversations with them.

780

781 **Kenny Marchant (0:30:59):**

782 Chairman, what is our capacity volume-wise in a year?

783

784 **Holland Harper (0:31:03):**

785 It's 1.2 billion.

786

787 **Kenny Marchant (0:31:05):**

788 In a year.

789

790 **Holland Harper (0:31:06):**

791 And our goal is to take this not instantly, but two
792 billion, three billion would be ideal. Not today, but
793 over the next...

794

795 **Kenny Marchant (0:31:14):**

796 And that's what we could originate and sell.

797

798 **Holland Harper (0:31:17):**

799 That's correct.

800

801 **Lisa Johnson (0:31:18):**

802 It's actually infinite what we could...

803

804 **Kenny Marchant (0:31:21):**

805 It's infinite.

806

807 **Lisa Johnson (0:31:22):**

808 It is with TBA. We only have so much bond.

809

810 **Kenny Marchant (0:31:25):**

811 But are we limited by Federal...

812

813 **Bobby Wilkinson (0:31:27):**

814 The bond finance's constrained by bond cap. Yeah. And

815 for TBA, there's theoretically no limit. There's a

816 limit to how many homebuyers there are in Texas that

817 would qualify.

818

819 **Lisa Johnson (0:31:38):**

820 Correct.

821

822 **Kenny Marchant (0:31:40):**

823 Okay. So if we had a program where we just originated

824 and sold, originated and sold, what would be the maximum

825 amount we could do in a year?

826

827 **Bobby Wilkinson (0:31:50):**

828 The number of Texans that would qualify.

829

830 **Lisa Johnson (0:31:53):**

831 Qualify.

832

833 **Bobby Wilkinson (0:31:55):**

834 Yeah. So it's sort of no limit, but it is limited

835 economically.

836

837 **Kenny Marchant (0:31:59):**

838 So out of 30 million people, how many households do we

839 think would be in our realm that would qualify?

840

841 **Holland Harper (0:32:09):**

842 I haven't done that analysis, maybe the team has.

843

844 **Lisa Johnson (0:32:12):**

845 We haven't.

846

847 **Holland Harper (0:32:12):**

848 But what started this program about a year ago was we

849 were doing about a billion. And Lisa, Scott, and Bobby

850 said, our competitors are doing three.

851 And we're like, well, this is a solid mission because
852 it's single-family homes, highest amount of wealth for
853 most individuals. We have a first-time homebuyer.
854 Let's see if we can crank this up. So in a matter of
855 what, two quarters, a quarter, we're now accelerating
856 that program, hopefully take this to two billion and
857 then it's great wealth for people in Texas.

858

859 **Kenny Marchant (0:32:50):**

860 In my former lives, I was a home builder. We built
861 first-time homebuyers. We loved this program because
862 all we dealt with, anybody walked in was a first-time
863 homebuyer, they almost always met this criteria.
864 And that's why I was asking about the builder, because
865 the builders, that's who's, if they work in a model,
866 they're a prospective buyer. They may not, though, in
867 the smaller communities.

868

869 **Holland Harper (0:33:18):**

870 No. So we tried Independent Bankers of Texas, but
871 that's not, because it's just 384 members and that's
872 kind of flopping around a little bit. I don't know why
873 we're not, you guys are still working on it.

874

875

876 **Lisa Johnson (0:33:31):**

877 We are.

878

879 **Holland Harper (0:33:31):**

880 So that was our intent was to get that side. I also
881 think that if we could get homebuyers, which we'd love
882 your input in that because you've done 400 houses at a
883 WACC, is when I talked to Regions Bank last week, they
884 were not focused on this product.

885

886 When you look at a company like PlainsCapital, statewide
887 player, well-capitalized bank from West Texas, all of
888 this, there's got to be that happy medium and they're
889 are pushing...

890

891 **Lisa Johnson (0:34:01):**

892 Absolutely.

893

894 **Holland Harper (0:34:02):**

895 They're sophisticated enough that they can put the work
896 into it, they can put a mortgage company together and
897 roll that out. I don't know about you guys, but I've
898 never found the super banks that to be very, very fun,
899 but I'm...

900

901 **Kenny Marchant (0:34:14):**

902 Well, the same guy that owns Plains owns Hilltop.

903

904 **Holland Harper (0:34:17):**

905 I didn't know that. Okay.

906

907 **Lisa Johnson (0:34:20):**

908 Yeah. The super banks tend to not give very good
909 customer service, and they, just as a beast, they don't
910 take care of their people like a PlainsCapital or
911 somebody else and process the loans as efficiently. So
912 we hear more complaints from those bigger ones, but
913 that's just an anecdotal thing.

914

915 **Kenny Marchant (0:34:43):**

916 Well, I congratulate you for the progress you're making.
917 It's just if it's infinite and we want to do it, it's
918 out there, I'm with you, though, trying to reach the
919 rural areas.

920

921 **Holland Harper (0:34:57):**

922 Well, we'll come up with a plan.

923

924

925

926 **Lisa Johnson (0:34:59):**

927 Yeah. It's rebuilding momentum. We had done a couple
928 of billion four years ago, five years ago, so it's been
929 done. A lot of it is market driven. A lot of it,
930 Scott's team has done an amazing job at keeping us super
931 competitive, and that helps just tremendously.

932

933 But it's momentum of getting the marketing out there and
934 having enough staff that's talking to people. Our
935 customer service is bar none really good. People are
936 loyal to us and we answer the phone and we solve
937 problems all day long. Those things build up momentum.
938 To answer your question also, we've overcome a lot of
939 things that were partially responsible for some of the
940 dips between those \$2 million years. Then COVID
941 happened. But then we did things, like in '23, we put
942 in some pretty strict credit overlays, and it was in
943 response to some of the servicing that we thought we
944 were going to repair that problem with.

945 We were having too many delinquencies, and it didn't
946 solve that problem and what it did was hurt business.
947 So it was a double dip of a bad decision. I'll call it
948 that because, so we're recovering from that and it took
949 a long time. We also had, we transitioned to a new
950 program administrator. All these administrative things

951 take people out of the loop because they're like, this
952 is too much. It's hard to transition people to new
953 interfaces. We had a new master servicer. So now we're
954 on the other side of some of those things and we're
955 rebuilding.

956

957 So it's very hopeful that with some new staff and all
958 this fabulous marketing that we're really, I don't think
959 it's that hard to get there. Thank you. And we
960 appreciate your input. And all ideas are good ideas,
961 and we want to pursue all of them, so keep them flowing.
962 Any other questions that I can answer?

963

964 **Holland Harper (0:37:24):**

965 Board members.

966

967 **Cindy Conroy (0:37:27):**

968 I'd like to add for us, pleased to see El Paso's doing
969 well.

970

971 **Lisa Johnson (0:37:31):**

972 We are. Thank you. Yeah, number two. And we're
973 meeting with the HFC out there on Friday, I believe, and
974 they're bobbing and weaving and that's our other thing
975 is to really work with our partners that are on the

976 street, in the communities, and how can we work
977 together.

978

979 **Cindy Conroy (0:37:49):**

980 And I'll probably get together with you all later just
981 to write like a small piece that we could probably get
982 put in our local media.

983

984 **Lisa Johnson (0:37:57):**

985 Oh, good. That's great.

986

987 **Cindy Conroy (0:37:58):**

988 To highlight what that means and the opportunities
989 available.

990

991 **Lisa Johnson (0:38:00):**

992 Thank you. Thank you, Ms. Cindy.

993

994 **Cindy Conroy (0:38:03):**

995 I think we all could actually do that in our own
996 regions, too. It would be kind of helpful if we were
997 to...

998

999

1000

1001 **Lisa Johnson (0:38:08):**

1002 That'd be great. That'd be lovely. Thank you. We
1003 appreciate your time. Thank you.

1004

1005

1006 **Holland Harper (0:38:18):**

1007 Ms. Versyp.

1008

1009 **Leo Vasquez III (0:38:20):**

1010 Which county's number one?

1011

1012 **Holland Harper (0:38:22):**

1013 Say again?

1014

1015 **Leo Vasquez III (0:38:22):**

1016 Which county is number one?

1017

1018 **Beau Eccles (0:38:27):**

1019 Pound for pound, it's...

1020

1021 **Holland Harper (0:38:29):**

1022 Pound for pound, El Paso's whipping you guys.

1023

1024

1025

1026 **Abigail Versyp (0:38:36):**

1027 Good afternoon, Committee. I'm Abigail Versyp, Director
1028 of Single-Family and Homeless programs, and I'm here to
1029 discuss more about forms of assistance for our HOME
1030 single-family programs.

1031

1032 This time, we're going to cover the forms of assistance
1033 for our Single-Family Development first, then we're
1034 going to go back and recap and reconvene about HRA.
1035 But before we do any of that, I think it's important to
1036 cover a topic that kind of feeds into this as far as how
1037 our funds are allocated and how we use them. And we're
1038 going to go over just some updates about program income
1039 and some information. So you have your handouts, which
1040 have two slides per page, but if you see a chart and you
1041 cannot see that chart because it's very tiny, there's a
1042 supplement that has one slide per page. It's probably
1043 not the most elegant way to prepare the handout, but as
1044 I was looking through my handouts, I realized that I
1045 could not see them, so I found it to be a little
1046 frustrating. So program income. This is loan proceeds
1047 that come to TDHCA from HOME program activities. We
1048 collect it throughout the course of a program year, and
1049 then each year, our program income is allocated in our
1050 one-year action plan. So when we prepare our funding

1051 plan for a presentation to the Board for approval before
1052 it goes to HUD, that plan does include all of the
1053 program income that we've received throughout the
1054 program year as well as a forecast amount for the
1055 remainder of the year.

1056

1057 If you look on the very last bar on the chart, that's
1058 our 2025 program income. That's just receipted so far.
1059 That does not include a forecast of what we expect to
1060 receive. Something interesting to note is program income
1061 overall used to always be just about \$10 million. Since
1062 I've been here, it had been right about \$10 million
1063 until 2019 when it started to spike. And that's because
1064 our Multifamily programs stopped doing cash flow loans
1065 pretty much. And so our multifamily revenues, proceeds
1066 from those loans...

1067

1068 **Bobby Wilkinson (0:41:04):**

1069 It's also the year I got hired.

1070

1071 **Abigail Versyp (0:41:05):**

1072 Also it's the year Bobby got hired, and people just
1073 wanted to give money back to the Department. So we
1074 expect that this will continue to climb and become a
1075 greater and greater part of our total HOME funding pool.

1076 So our program income, it can be used for any HOME
1077 eligible activity. So even if the money came from a
1078 multifamily loan repayment, when we receive that money
1079 back, we can use it for any HOME program-eligible
1080 activity.

1081

1082 The action plan isn't going to make a differentiation
1083 between if we say we're programming 14 million to
1084 multifamily rental development, it doesn't want to know
1085 how much of that is program income and how much of that
1086 is allocation, because for HUD, it's a distinction
1087 without a difference. However, for TDHCA, it's a very
1088 important distinction because we have our state law that
1089 says that we can't use our HOME allocation in a
1090 participating jurisdiction. And we've historically
1091 included program income in there, however in looking at
1092 the rule, in looking at the statute, and how the statute
1093 can be interpreted, it has been determined that we don't
1094 have to apply that limitation to our program income
1095 because those are not funds that are allocated, those
1096 are funds that are receipted. So beginning with this
1097 year, we'll start opening up potentially use of program
1098 income in HOME participating jurisdictions, which has
1099 key implications for multifamily and single-family
1100 programs. And just wanted to make the Committee aware of

1101 that update, because for us, it's pretty huge on the
1102 programming side. It allows us to take care of problems
1103 that crop up from time to time that really they need
1104 help with. Some of these PJs only get \$300,000, \$400,000
1105 per year.

1106

1107 So they may be small cities, but they're cities that
1108 need more than \$300,000 or \$400,000 a year in affordable
1109 housing investment, so this gives us opportunity to
1110 partner with them in single-family and multifamily
1111 space. Next slide. I wanted to highlight, so this is
1112 our HOME program accomplishments. These are our closed
1113 activities we reported to HUD over the past 10 years.
1114 And the first line and the third line, first, so I know
1115 color is not always the best way to indicate
1116 information, but the blue bar and the purple bar, those
1117 are our development activities, and you can see over
1118 time that they have decreased. The multifamily
1119 development has decreased primarily because we were
1120 needing to utilize a huge influx of National Housing
1121 Trust Fund dollars, so that ate a lot of the, the
1122 resources maybe exceeded what was needed during those
1123 times. So those funds moved over to Single-Family
1124 Activities instead. 2020 is not represented because we
1125 had about 2,500 TBRA activities that year, which, as you

1126 can see, the 798 was the most TBRA activities we've had
1127 any other year. That was a result of COVID response.
1128 So it would have skewed everything so badly you couldn't
1129 see anything at all.

1130

1131 But just kind of wanted to show that development
1132 overall, we've declined, and using program income in
1133 participating jurisdictions, we should be able to
1134 increase that. So now I want to talk a little bit about
1135 a subject that we've kind of gone around a little bit in
1136 Single-Family Committee, but we haven't hit head on, and
1137 that's our HOME Single-Family Development program.

1138 So this is not in, this is not the homeowner
1139 reconstruction program that we talked about last time.
1140 This is actually the program where TDHCA partners with
1141 developers to construct affordable housing and then
1142 provide an affordable mortgage product to a homeowner
1143 should they need that assistance.

1144 So this is a different program but the forms of
1145 assistance are kind of related, like the way we provide
1146 it. So I wanted to cover SFD with y'all and talk about
1147 what we're doing so that we can utilize more HOME
1148 funding in this space than we have in the past several
1149 years.

1150

1151 **Kenny Marchant (0:45:54):**

1152 Can you describe the last one you did and what it looked
1153 like and how many lots it was?

1154

1155 **Abigail Versyp (0:46:00):**

1156 Yeah, yeah. So the last time we did a single-family
1157 development NOFA was actually in 2019. The homes were
1158 not put on the ground until 2023. We had four
1159 applications funded from three applicants.

1160 Two of the applicants ended up deobligating the funding
1161 because they lost support of the city. The city
1162 wouldn't provide the support that they needed in order
1163 to make the developments work. Those were in El Paso
1164 County. But two of the applications, two of the
1165 contracts were completed. Those were in Brownsville,
1166 and we completed four units per development. So these
1167 are developments that the developer, Come Dream Come
1168 Build in Brownsville, they used to be Community
1169 Development Corporation of Brownsville, has had for a
1170 really long time.

1171

1172 **Kenny Marchant (0:46:51):**

1173 Four lots.

1174

1175

1176 **Abigail Versyp (0:46:52):**

1177 Four lots in two different subdivisions, so eight lots
1178 total. When we were doing those, the maximum award
1179 amount was at \$1 million.

1180

1181 **Kenny Marchant (0:47:02):**

1182 Okay. So they weren't putting paving and all that in
1183 and you were just taking vacant lots in front of an
1184 existing street.

1185

1186 **Abigail Versyp (0:47:07):**

1187 No. Correct. So this isn't development of a
1188 subdivision. It's just development of housing within a
1189 subdivision. We can't pay off-site. So we consider the
1190 site, the home or the, the site for the HOME program for
1191 homebuyer development...

1192

1193 **Kenny Marchant (0:47:26):**

1194 Is an empty lot.

1195

1196 **Abigail Versyp (0:47:27):**

1197 Is the lot where the home is going to sit, right. And
1198 we can't pay for any development costs off of that lot.
1199 If it won't be owned by the homebuyer, we can't pay for
1200 it.

1201

1202 **Holland Harper (0:47:37):**

1203 Okay. So we put \$125,000 in eight lots, right?

1204

1205 **Abigail Versyp (0:47:44):**

1206 Yes, that's correct.

1207

1208 **Holland Harper (0:47:45):**

1209 And what did we get for our money?

1210

1211 **Abigail Versyp (0:47:47):**

1212 What we get is homes sold to households under 80 percent

1213 AMFI at a cost that is affordable for them to maintain

1214 long-term, and the homeowner pays us back. So we have a

1215 mortgage, some of them have interest, some don't,

1216 depends on the homeowner's income. Because we structure,

1217 on those we did provide all the first lien mortgages,

1218 and when we provide the first lien mortgage, we

1219 structure the mortgage so that we can adjust the rate or

1220 the term to make it affordable to the homeowner without

1221 oversubsidizing them.

1222

1223 **Kenny Marchant (0:48:22):**

1224 So the last time we utilized this was 2019.

1225

1226 **Abigail Versyp (0:48:27):**

1227 The project started in 2019 and wrapped up in 2023.

1228

1229 **Kenny Marchant (0:48:32):**

1230 For eight lots.

1231

1232 **Abigail Versyp (0:48:33):**

1233 For the eight lots, yeah. Everything was significantly

1234 delayed because of COVID.

1235

1236 **Kenny Marchant (0:48:36):**

1237 And nothing since then.

1238

1239 **Abigail Versyp (0:48:38):**

1240 That's correct.

1241

1242 **Kenny Marchant (0:48:41):**

1243 Okay.

1244

1245 **Leo Vasquez III (0:48:42):**

1246 I'm sorry. So do we need to reallocate another million

1247 dollars, or?

1248

1249

1250

1251 **Holland Harper (0:48:50):**

1252 But let's talk about that for a second. Are we better
1253 off putting that money into down payment assistance to
1254 drive more single-family homeownership and move
1255 velocity?

1256

1257 **Abigail Versyp (0:49:03):**

1258 Potentially. That's definitely something to talk about.
1259 There are some caveats with down payment assistance with
1260 the HOME program.

1261

1262 **Holland Harper (0:49:13):**

1263 Okay.

1264

1265 **Abigail Versyp (0:49:14):**

1266 Things used to click, go very smoothly, the HOME program
1267 could work well with private lenders, but in 2012 or
1268 2013, HUD released a CPD notice. So these aren't rules
1269 that we can comment on, but they have the same force of
1270 a rule. And what this CPD notice required for a very
1271 nominal amount of down payment assistance, \$5,000,
1272 \$10,000, \$15,000, was that our subrecipient now has to
1273 fully underwrite that loan. They can't rely on the
1274 bank's underwriting. They have to verify that we are
1275 only providing gap. So we have to be the last money in

1276 the deal, which, if you're the big money, is not that
1277 hard to do, but if we're coming in with \$5,000, \$10,000,
1278 and we want to be the last money in the deal, we've
1279 created kind of an issue. Not only that, we can't use a
1280 TREC inspection. So we have to have our own special
1281 inspection. We have to have an environmental review.
1282 So these are all things that really slowed down our
1283 ability to provide that loan, and it makes it where it's
1284 not always the best fit with a private partner.
1285 So we found that interest we used to provide that, and
1286 after 2012, we provided no down payment assistance even
1287 though we had the program operational and were funding
1288 it. We didn't provide it for eight years, and then
1289 eventually we repealed the rule and shuttered the down
1290 payment assistance program because it was not workable.
1291 And many, many other jurisdictions have done the same
1292 thing.

1293

1294 **Holland Harper (0:51:05):**

1295 Do you have another solution for this money?

1296

1297 **Abigail Versyp (0:51:07):**

1298 Yes, I do. I do. So we're going to, we'll talk about
1299 that. The reason we develop with HOME funds is so that
1300 we can increase supply. This is our national objective.

1301 We want to increase supply and accessibility of
1302 affordable housing. When we provide assistance into a
1303 development, federally, there are two types of
1304 assistance we can provide, and we can provide them both.
1305 One is a development subsidy.

1306

1307 So that's if we say, hey, developer, you're going to
1308 need to, you want to develop a house in Haskell County,
1309 but it costs you \$200,000 to build that house. The
1310 appraisal is only going to come in at \$180,000, and we
1311 know that. So what we can do is leave \$20,000 in that
1312 project, and the developer can then sell it for \$180,000
1313 without taking a loss. So we can provide money that
1314 way. We can also just say the market, okay, maybe it
1315 appraised at 180, but it's been sitting on the market
1316 for four months and you don't have any bites, but you
1317 have someone that can buy it at 150. We can also go in
1318 and say, we'll just subsidize the difference to get this
1319 low-income family in the house. So that's our
1320 development subsidy that we can leave in the deal. We
1321 can also provide subsidy to the household to buy the
1322 unit, regardless of whether we leave any development
1323 subsidy in. So we've made an interim construction loan
1324 to the developer. They've built the house utilizing our
1325 funds at 0 percent interest. They sell the house to a

1326 homebuyer, but the homebuyer doesn't have funding for
1327 down payment. We do provide down payment assistance in
1328 conjunction with our first lien mortgage loan. It's
1329 limited to 10 percent of total development cost, but we
1330 have not found that to be a problem.

1331

1332 We also can and often do provide the first lien mortgage
1333 financing to the family. So we can subsidize the
1334 development, or we can subsidize the development and the
1335 homebuyer. We can't only subsidize the homebuyer under
1336 this activity, which is okay. We can do that under
1337 other activities if we choose to do that.

1338

1339 **Holland Harper (0:53:18):**

1340 And, Ms. Versyp, are we talking about \$18 million this
1341 year? Or is it, how many dollars are we talking about?

1342

1343 **Abigail Versyp (0:53:26):**

1344 Our plan this year is to put, so what we have put in our
1345 draft plan, the staff's draft plan so far, is \$3 million
1346 into development. And we think we can make it work
1347 better, may end up considering putting more money in.

1348 And I kind of want to, we'll talk kind of about the plan
1349 for how we're going to make it more workable. Because
1350 just like our homebuyer assistance program had some

1351 challenges, those challenges came from HUD. We have
1352 some challenges with SFD with HUD too, but we also have
1353 some self-imposed challenges that we need to look at and
1354 talk to our stakeholders and see if we need to increase
1355 some flexibility.

1356

1357 And there are reasons that we can where it would not
1358 have been prudent before, but perhaps it is now on time.

1359

1360 **Kenny Marchant (0:54:16):**

1361 Name a stakeholder.

1362

1363 **Abigail Versyp (0:54:20):**

1364 Midland Community Development Corporation.

1365

1366 **Kenny Marchant (0:54:22):**

1367 Okay.

1368

1369 **Abigail Versyp (0:54:22):**

1370 Used to use this program quite a lot. They don't use it
1371 at all anymore. Of course, Come Dream Come Build in
1372 Brownsville, these are all organizations that were
1373 CHDOs. We used to limit this program to CHDOs, but we
1374 don't anymore, so we could reach out to any developer,
1375 really, could be a stakeholder.

1376

1377 **Kenny Marchant (0:54:40):**

1378 Yeah. A developer is that guy that buys raw land, puts
1379 water, sewer, storm sewer, streets, and then sells them
1380 to builders.

1381

1382 **Abigail Versyp (0:54:53):**

1383 We would consider that builder a developer for the
1384 purposes and the definitions in this program.

1385

1386 **Kenny Marchant (0:54:58):**

1387 Okay.

1388

1389 **Abigail Versyp (0:54:59):**

1390 Because they own the lot through what we consider the
1391 development period, which is construction of the housing
1392 unit.

1393

1394 **Kenny Marchant (0:55:06):**

1395 Of the house, okay.

1396

1397 **Abigail Versyp (0:55:06):**

1398 Yeah.

1399

1400

1401 **Bobby Wilkinson (0:55:08):**

1402 So Single-Family Development, there are ways we could
1403 get some program income?

1404

1405 **Abigail Versyp (0:55:13):**

1406 Yes.

1407

1408 **Bobby Wilkinson (0:55:13):**

1409 Okay.

1410

1411 **Abigail Versyp (0:55:14):**

1412 Yes. So the way we provide the subsidy is we're
1413 automatically going to get program income because we
1414 provide an interim construction loan at 0 percent.
1415 We're not getting more than our investment, and I know
1416 the future value of money can be calculated and
1417 technically we're taking a loss, but we do get some of
1418 our money back even if it's at 0 percent. So we do
1419 provide that as a loan. Outside of the loan, though, we
1420 do provide a developer fee to the developer, 15 percent
1421 developer of the housing unit. As I said, we can leave
1422 a permanent subsidy in. We can provide a grant to the
1423 developer to cover their costs related to acquisition
1424 and interim loan closing. So if they had, I don't know,
1425 some closing cost to close the loan to purchase the

1426 property, then we could pay those as a grant, and that's
1427 what we do currently. We also can provide that down
1428 payment assistance, principal buydown. If they're buying
1429 from a regular lender, we can provide some interest rate
1430 buydown and then first lien mortgage loan if we need to
1431 make it affordable for a family that's low-income to buy
1432 the property.

1433

1434 **Leo Vasquez III (0:56:36):**

1435 Ms. Versyp, before you move on, when you use the term
1436 "permanent subsidy" and you kind of gave some numbers,
1437 200,000 cost and then 180 appraisal or 180 and they can
1438 only afford 150. So in that 180 down to 150, that
1439 30,000, do we ever see that back?

1440

1441 **Abigail Versyp (0:56:57):**

1442 No.

1443

1444 **Leo Vasquez III (0:56:58):**

1445 So it's a...

1446

1447 **Abigail Versyp (0:56:59):**

1448 We reduce the principal on the interim construction loan
1449 by that amount.

1450

1451 **Leo Vasquez III (0:57:05):**

1452 So on both those examples, the 200 to 180 or the 180 to
1453 150, that money is a,

1454

1455 **Abigail Versyp (0:57:13):**

1456 It's gone. It is gone.

1457

1458 **Leo Vasquez III (0:57:16):**

1459 Never to provide any kind of program income to us.

1460

1461 **Abigail Versyp (0:57:20):**

1462 That's correct. That's correct.

1463

1464 **Kenny Marchant (0:57:22):**

1465 And it goes back to the developer, or?

1466

1467 **Abigail Versyp (0:57:26):**

1468 The developer just gets to keep, they already have it
1469 because they borrowed it and it was reimbursed to them
1470 as they incurred costs for the construction. So they
1471 just don't have to repay it when the loan closes with
1472 the homebuyer.

1473

1474 **Holland Harper (0:57:40):**

1475 It's a subsidy to the developer.

1476

1477 **Abigail Versyp (0:57:42):**

1478 Yeah.

1479

1480 **Holland Harper (0:57:43):**

1481 I think that I would personally be more interested in
1482 down payment assistance than discounts on houses that
1483 are not moving. It just doesn't seem like, we're not
1484 taking the best use of our capital to move that forward.

1485

1486 **Abigail Versyp (0:58:00):**

1487 Okay.

1488

1489 **Kenny Marchant (0:58:01):**

1490 Are we restricted in doing that by any law, or?

1491

1492 **Abigail Versyp (0:58:06):**

1493 No. Like Bobby said last time, HOME is Swiss Army knife
1494 of affordable housing programs. And so we can do
1495 development with single-family, we can do this, but we
1496 don't have to.

1497

1498 **Holland Harper (0:58:19):**

1499 If we're trying to get more single-family houses in the
1500 market, how do you increase velocity? So we're going

1501 from a billion to a billion two, up to two billion
1502 dollars. What other things can we do with our HOME funds
1503 to drive velocity in our programs to make the flywheel
1504 go faster?

1505

1506 And you guys have the, you know the knowledge. You have
1507 the knowledge inside the system. We need your good
1508 ideas to see if we can help get those numbers...

1509

1510 **Abigail Versyp (0:58:45):**

1511 So are you meaning how would we leverage our HOME
1512 dollars with Lisa's money? This is an idea that's been
1513 explored.

1514

1515 **Holland Harper (0:58:56):**

1516 Now, you told me earlier that there's a lot of hair on
1517 HOME money and you have to have environmental and the
1518 rest of it, but tell me how do you get really creative
1519 to drive velocity?

1520

1521 **Abigail Versyp (0:59:08):**

1522 We could build it with the HOME dollars and then Lisa's
1523 money could be used to purchase it. That's the only
1524 intersection that I can see where it would be
1525 manageable.

1526 Because if we've built it, all of that bad, ugly stuff
1527 that HUD requires is done before Lisa's program ever
1528 comes in, but if we tied our funds to Lisa's funds, it
1529 will hurt both of us. I don't see a way around, I don't
1530 see a way to, because we want to do that.

1531

1532 We want to use Lisa's money as HOME program match badly,
1533 which is part of why we've explored this issue in depth
1534 about how to make some kind of partnership to make these
1535 programs work together. And it there's always a point
1536 that you get to where the effort is not, we would hurt
1537 their program.

1538

1539 **Anna Maria Farias (1:00:19):**

1540 Question.

1541

1542 **Holland Harper (1:00:19):**

1543 Mr. Marchant, go ahead.

1544

1545 **Kenny Marchant (1:00:20):**

1546 Ms. Farias is before me.

1547

1548

1549

1550

1551 **Anna Maria Farias (1:00:21):**

1552 One question. The examples that you gave, there's a
1553 home for 180,000 or 150, and for four, five, six months,
1554 it has not moved. What are some of the reasons why it
1555 did not move? Is it because of the down payment, or?

1556

1557 **Abigail Versyp (1:00:40):**

1558 It wouldn't be the down payment or it may be just that
1559 the market is that bad. Maybe they can't find a
1560 creditworthy family that's wanting to buy it. Maybe we
1561 have an unmotivated seller. Maybe they want to make a
1562 profit and are refusing to drop the price.

1563

1564 **Holland Harper (1:00:57):**

1565 Maybe they make a bad product.

1566

1567 **Abigail Versyp (1:00:59):**

1568 Maybe they built a bad house.

1569

1570 **Kenny Marchant (1:01:01):**

1571 Maybe they want to make a profit. I don't see any
1572 profit in any of these transactions.

1573

1574

1575

1576 **Abigail Versyp (1:01:06):**

1577 They do receive a 15 percent; they receive a 15 percent
1578 developer fee.

1579

1580 **Kenny Marchant (1:01:08):**

1581 It's an \$80,000, 15 percent off of the final sales price
1582 of the house?

1583

1584 **Abigail Versyp (1:01:15):**

1585 15 percent on the total development cost excluding the
1586 developer fee.

1587

1588 **Kenny Marchant (1:01:21):**

1589 So if it's a \$180,000 house...

1590

1591 **Abigail Versyp (1:01:25):**

1592 15 percent of \$180,000.

1593

1594 **Kenny Marchant (1:01:28):**

1595 And that is some profit, but a person cannot stay in
1596 business making that little profit on that transaction.

1597 Believe me.

1598

1599 **Abigail Versyp (1:01:42):**

1600 Well, the builder would be making their own profit.

1601

1602 **Kenny Marchant (1:01:46):**

1603 Yeah. But you have to limit the price of the house to

1604 fit under the criteria and...

1605

1606 **Leo Vasquez III (1:01:55):**

1607 You're saying construction costs might exceed \$100,000.

1608

1609 **Kenny Marchant (1:01:58):**

1610 Well, I'm just telling you the...

1611

1612 **Abigail Versyp (1:01:59):**

1613 Right. And when they do, we pay the gap.

1614

1615 **Leo Vasquez III (1:02:02):**

1616 Yeah.

1617

1618 **Kenny Marchant (1:02:04):**

1619 But you're talking about one house.

1620

1621 **Abigail Versyp (1:02:06):**

1622 That's true.

1623

1624

1625

1626 **Kenny Marchant (1:02:07):**

1627 Generally speaking, you need a little bit of volume
1628 beside one, yeah.

1629

1630 **Abigail Versyp (1:02:08):**

1631 And generally we're working with nonprofit organizations
1632 who are mission-driven to perform this type of work.

1633

1634 **Kenny Marchant (1:02:15):**

1635 Yeah. Mission-driven and profit usually don't go
1636 together.

1637

1638 **Abigail Versyp (1:02:21):**

1639 They can. We can hope. We can hope.

1640

1641 **Kenny Marchant (1:02:24):**

1642 Well, we can, though.

1643

1644 **Holland Harper (1:02:31):**

1645 We're trying to, help us help you. So I think that how
1646 do you drive velocity? You have \$3 million to play
1647 with. You can't co-bond, you're telling me you don't
1648 want to mix it with single-family housing bond funds.

1649

1650

1651 **Abigail Versyp (1:02:45):**

1652 I want to, because I want to use the single-family bond
1653 money as match.

1654

1655 **Holland Harper (1:02:49):**

1656 Okay.

1657

1658 **Abigail Versyp (1:02:51):**

1659 If it were a want, I would, but it gets past want into
1660 not very feasible.

1661

1662 **Holland Harper (1:02:59):**

1663 Would you put it into housing funds for communities to
1664 incentivize them to do single-family houses?

1665

1666 **Abigail Versyp (1:03:20):**

1667 Help me understand that idea.

1668

1669 **Bobby Wilkinson (1:03:22):**

1670 That's kind of what this is, right? We were working
1671 with community development corporations and made eight
1672 units, you know what I mean? But it's...

1673

1674 **Abigail Versyp (1:03:30):**

1675 Yeah. That's eight families.

1676

1677 **Bobby Wilkinson (1:03:31):**

1678 Yeah. It is what it is.

1679

1680 **Abigail Versyp (1:03:33):**

1681 And these are eight families that are not going to
1682 qualify for Lisa's program. They don't make enough
1683 money. Because we're generally helping people at or
1684 below 60 percent of AMI.

1685

1686 **Bobby Wilkinson (1:03:42):**

1687 Yeah. Everything Abby does kind of focus on that lower
1688 end of income compared to the bond-financed and TBA
1689 stuff.

1690

1691 **Abigail Versyp (1:03:49):**

1692 Yeah. I think Lisa mentioned 170 percent income you
1693 were...

1694

1695 **Lisa Johnson (1:03:55):**

1696 For one program minus (indiscernible) 1:03:57.

1697

1698 **Abigail Versyp (1:03:57):**

1699 Right.

1700

1701 **Bobby Wilkinson (1:03:57):**

1702 For TBA, yeah.

1703

1704 **Abigail Versyp (1:03:59):**

1705 Yeah. Very different populations.

1706

1707 **Bobby Wilkinson (1:03:59):**

1708 They average about 80 in general, but...

1709

1710 **Lisa Johnson (1:04:01):**

1711 They have about a 80 percent AMI.

1712

1713 **Bobby Wilkinson (1:04:03):**

1714 Probably a stronger credit scores, et cetera.

1715

1716 **Holland Harper (1:04:06):**

1717 The credit score's almost 700. Average income's

1718 \$80,000. That's winning. That's winning what we're

1719 supposed to be doing up here.

1720

1721 **Kenny Marchant (1:04:18):**

1722 When you look at our qualifications, the average profile

1723 of our borrower, you're saying that our average profile

1724 of our borrower to our program is way above anybody that

1725 would apply for these loans.

1726

1727 **Abigail Versyp (1:04:35):**

1728 Yes. I'm saying that our average borrower in Single-

1729 Family Development is at or below 60 percent AMFI.

1730

1731 **Leo Vasquez III (1:04:44):**

1732 Well, I don't, I'm,

1733

1734 **Abigail Versyp (1:04:46):**

1735 So 50 percent of the income limit is how low-income you

1736 have to be to qualify for a Section 8 housing choice

1737 voucher.

1738

1739 **Kenny Marchant (1:04:52):**

1740 Is there a number on that?

1741

1742 **Abigail Versyp (1:04:56):**

1743 Yes. So if you're 60 percent, I have like some

1744 scenarios of families, like this family would be at 50

1745 percent of median income in a household of four in Red

1746 River County is 44,005. So let's say \$53,000, \$54,000 a

1747 year for 60 percent.

1748

1749 **Holland Harper (1:05:17):**

1750 And you picked the poorest county in the State of Texas.

1751

1752 **Abigail Versyp (1:05:20):**

1753 I did not know that. I hear Starr County is the poorest
1754 county in the State of Texas.

1755

1756 **Holland Harper (1:05:26):**

1757 No. But you're right, it bounces from Red River County
1758 and whoever the, okay. I'm not trying to beat you up.
1759 I'm really not. What I'm trying to do is solve the
1760 problem with how do you create velocity with \$3 million
1761 to move stuff out there where we're not trying to
1762 micromanage eight housing builds? Does that make sense?
1763 And I'm not...

1764

1765 **Abigail Versyp (1:05:54):**

1766 It does. It does. And if that's the, and if that's
1767 where we want to go, that's where we'll go.

1768

1769 **Holland Harper (1:06:04):**

1770 I don't...

1771

1772 **Abigail Versyp (1:06:05):**

1773 For us, those eight housing units are really important.

1774

1775

1776

1777 **Holland Harper (1:06:10):**

1778 How do you create velocity? How do you create 8,000
1779 houses?

1780

1781 **Abigail Versyp (1:06:16):**

1782 You put more money into programs that generate program
1783 income so that you have more money to work with. And
1784 then as you do that, you fund these same entities every
1785 single year so that they can expect and plan to have
1786 funding, the entities that are good, you fund them and
1787 you make partnerships and you retain those partnerships
1788 every single year. And if it's possible, you give them
1789 operating funds.

1790

1791 **Holland Harper (1:06:46):**

1792 Could I just put the money into Habitat for Humanity?
1793

1794 **Abigail Versyp (1:06:50):**

1795 Habitat for Humanity, their model does not work with our
1796 model because Habitat for Humanity requires that they,
1797 most of the time, they want to generate that first lien
1798 mortgage, and they have expressed that they do not want
1799 to repay the interim construction loan at loan closing,
1800 but they want to retain the proceeds of the loan.

1801

1802 **Bobby Wilkinson (1:07:17):**

1803 We actually do work with Habitat in our Bootstrap
1804 program that's State funded.

1805

1806 **Abigail Versyp (1:07:19):**

1807 We work with Habitat in our Bootstrap program. And some
1808 Habitat, some people that are not Habitats that work
1809 with our Bootstrap program also work with this program.
1810 But Habitat and HOME funds, Habitat was designed to not
1811 utilize government funding. So they do use government
1812 funding, but very flexible forms of it. And they may use
1813 some money when they don't have an option, but when
1814 we're talking about providing the entire construction
1815 loan, it hasn't always been very Habitat-friendly.
1816 There are procurement issues that well, not with this,
1817 there are not procurement issues that arise. But we
1818 don't allow entities to retain the payment unless they
1819 repay our interim construction loan to us. Habitat
1820 wants to keep that payment and they want to recycle it
1821 instead of having it come back to us and us recycling
1822 it. That creates an issue because once HOME funds are
1823 HOME funds, they're HOME funds forever. So we would
1824 then have to start tracking Habitat projects that we
1825 didn't, that we don't even know about.

1826

1827 **Anna Maria Farias (1:08:32):**

1828 Mr. Chairman.

1829

1830 **Holland Harper (1:08:33):**

1831 Yes, ma'am.

1832

1833 **Anna Maria Farias (1:08:34):**

1834 May I ask a, when you're talking about the CHDOs,

1835 especially the ones in Brownsville, were they

1836 successful, I used to visit a lot of them. Were they

1837 successful because they had strong community support?

1838 Is that what made it successful?

1839

1840 **Abigail Versyp (1:08:51):**

1841 Long-standing agencies with high community support and

1842 good capacity. So down in the valley we have Come Dream

1843 Come Build, Affordable Homes of South Texas, both long-

1844 standing organizations with ties in the community that

1845 have been very high producers in the past, by our

1846 definition.

1847

1848

1849

1850

1851

1852 **Anna Maria Farias (1:09:12):**

1853 Okay. On the issue of Habitat for Humanity, they do
1854 accept HUD funds in the sense that three times a year, I
1855 spent many years working at HUD, three times a year,
1856 they expected a lot of us political appointees to be
1857 there for a full day helping build a home. So yes, in
1858 that sense, we were giving them free work. We were
1859 getting paid, but they were getting free work from ours.
1860 And I do remember one time, I think it was in
1861 Mississippi and Missouri as well, where you walk into
1862 one block and every home was a Habitat for Humanity
1863 home. It was incredible. It was beautiful.

1864

1865 **Abigail Versyp (1:09:58):**

1866 There are amazing at what they do.

1867

1868 **Anna Maria Farias (1:10:00):**

1869 That was the only time that I saw that in Mississippi
1870 and in Missouri. It was really incredible to see two
1871 full blocks of nothing but the little sticks that said,
1872 this is, so it does work, it just...

1873

1874

1875

1876

1877 **Holland Harper (1:10:14):**

1878 What if I give it away? What if we just give it away?

1879 For \$3 million, I'm going to say, I'm going to spread it

1880 through there and say, you can use that money to make

1881 your taps on your sewer in the system. And I hit, which

1882 is a, let's say it's \$3,000. I don't know what it is in

1883 Collin County or...

1884

1885 **Kenny Marchant (1:10:33):**

1886 It's three grand.

1887

1888 **Holland Harper (1:10:33):**

1889 Three grand; is that right?

1890

1891 **Abigail Versyp (1:10:37):**

1892 Three grand per unit?

1893

1894 **Holland Harper (1:10:39):**

1895 Yes.

1896

1897 **Kenny Marchant (1:10:39):**

1898 That's the amount the city charges you...

1899

1900

1901 **Holland Harper (1:10:42):**

1902 For the taps.

1903

1904 **Kenny Marchant (1:10:43):**

1905 Tap into the city grid.

1906

1907 **Abigail Versyp (1:10:44):**

1908 Okay. So I can do that. I then need to verify the
1909 income of every household that buys one of those
1910 properties, because I can't just verify that the
1911 property was sold at an affordable rate. I have to make
1912 sure it's occupied by an eligible household.

1913 And at 3,000, I only have to do that for five years, but
1914 I do have to have a lien on the property with the
1915 homebuyer or, well, I guess I could leave it with the
1916 developer, but I still have to verify that ownership. I
1917 have to verify that the household that buys the house is
1918 80 percent AMI.

1919

1920 **Holland Harper (1:11:23):**

1921 I bet that's going to work out just fine. All the
1922 Habitat houses I've put together, those people didn't
1923 seem like that they needed the help, I promise you that.
1924 Do you all have any other solid ideas?

1925

1926 **Kenny Marchant (1:11:40):**

1927 Could we have a, you're talking about just a grant
1928 program to buyers, or?

1929

1930 **Holland Harper (1:11:46):**

1931 I'm looking for a solution. Either you're going to
1932 build eight, the first one was build eight homes and
1933 give them away for the most part. There was no
1934 repayment on those.

1935

1936 **Abigail Versyp (1:11:55):**

1937 No. We get our money back from, we have a first lien
1938 loan with that homebuyer and they provide us a monthly,
1939 they're monthly amortized loans.

1940

1941 **Holland Harper (1:12:03):**

1942 Okay. What the mission of this Subcommittee is how
1943 we're going to drive more. And if we were 3,000 units,
1944 that's 100,000 noses...

1945

1946 **Kenny Marchant (1:12:25):**

1947 I can't read...

1948

1949 **Holland Harper (1:12:26):**

1950 That's 10,000 doors.

1951

1952 **Kenny Marchant (1:12:27):**

1953 How much money goes into this program?

1954

1955 **Abigail Versyp (1:12:29):**

1956 Right now we have not programmed any money into this

1957 program since 2019.

1958

1959 **Kenny Marchant (1:12:33):**

1960 No. This whole Department. This whole brochure, how

1961 much money goes into it?

1962

1963 **Bobby Wilkinson (1:12:39):**

1964 I guess HOME in general is...

1965

1966 **Abigail Versyp (1:12:42):**

1967 HOME in general, we have about \$40 million, 40 to 45

1968 million a year, depending on how much we receive from

1969 HUD and our program income.

1970

1971 **Kenny Marchant (1:12:52):**

1972 Okay.

1973

1974

1975

1976 **Abigail Versyp (1:12:52):**

1977 We can take that money then and we split it up into a
1978 bunch of different programs. This particular program we
1979 have not funded at all since 2019. We did put \$3
1980 million into it for a plan for next year, but that
1981 plan's not final. We certainly don't have to do that.
1982 Program has been working on updating the program
1983 regulations because a lot of them are the way they are
1984 because of the financial crisis and because of some rule
1985 changes made in response to that which have now been
1986 pulled back at the federal level. But we'll pause that
1987 activity if we're looking to do something, like if we're
1988 looking to assist a larger number of people with less
1989 money per person, then that's a different focus and
1990 we'll need to kind of tweak the way that we think about
1991 this operating.

1992

1993 **Kenny Marchant (1:13:54):**

1994 Could you make a direct grant to a first-time homebuyer,
1995 low-income first-time homebuyer?

1996

1997 **Abigail Versyp (1:14:00):**

1998 I cannot make a grant, but I can make a deferred
1999 forgivable loan.

2000

2001 **Kenny Marchant (1:14:03):**

2002 Okay. Could you make it a deferred forgivable loan to a
2003 low-income first-time homebuyer?

2004

2005 **Abigail Versyp (1:14:12):**

2006 Yes.

2007

2008 **Kenny Marchant (1:14:13):**

2009 Then that would really incentivize a lot of first-time
2010 low-income homebuyers to buy houses if they could get a
2011 forgivable 30-year loan, or would it coincide with their
2012 first lien?

2013

2014 **Abigail Versyp (1:14:25):**

2015 Depends on the amount. It could range anywhere from 5
2016 to 15 years.

2017

2018 **Kenny Marchant (1:14:30):**

2019 But it'd be forgivable.

2020

2021 **Abigail Versyp (1:14:31):**

2022 Correct, forgivable.

2023

2024 **Kenny Marchant (1:14:32):**

2025 If they'd make a monthly payment, or?

2026

2027 **Abigail Versyp (1:14:34):**

2028 No.

2029

2030 **Kenny Marchant (1:14:34):**

2031 Everything is forgivable.

2032

2033 **Abigail Versyp (1:14:36):**

2034 All 100 percent forgivable.

2035

2036 **Kenny Marchant (1:14:37):**

2037 So you're calling it one thing, I'm calling it another,

2038 but it would be an incentive for a low-income first-time

2039 homebuyer to buy a house.

2040

2041 **Bobby Wilkinson (1:14:50):**

2042 I think she means a mortgage for the entire house,

2043 right?

2044

2045 **Kenny Marchant (1:14:55):**

2046 Yeah, yeah. That's what I'm talking about. I'm not...

2047

2048 **Bobby Wilkinson (1:14:56):**

2049 Okay. Well,

2050

2051 **Abigail Versyp (1:14:57):**

2052 Oh, a mortgage program, just a standalone mortgage
2053 program where we're not paying for any construction, I
2054 would have to defer to Legal because I don't know if
2055 that's an eligible HOME activity. I don't believe it
2056 is.

2057

2058 **Kenny Marchant (1:15:11):**

2059 Okay, never mind.

2060

2061 **Leo Vasquez III (1:15:15):**

2062 But that deferred forgivable, what's the scale of a loan
2063 can you make? Is it a percent of total, or?

2064

2065 **Abigail Versyp (1:15:27):**

2066 What we would have to do is there are, HUD requires that
2067 we determine that we are not oversubsidizing. So let's
2068 say we want to do, let's say the household can only
2069 afford half of the sales price, we could potentially, if
2070 we can verify that they can only afford half of the
2071 sales price and that the sales price is reasonable, we
2072 could do a deferred forgivable loan for that amount, but
2073 we can only pay gap and we cannot oversubsidize. But we
2074 can provide a substantial amount of down payment
2075 assistance. We have limited it in the past to \$20,000,

2076 which may be why juice wasn't worth the squeeze, but if
2077 we up it to 50, maybe it is.

2078

2079 **Leo Vasquez III (1:16:13):**

2080 Okay.

2081

2082 **Kenny Marchant (1:16:14):**

2083 Yeah. I think the money might fly away. It might go
2084 straight into the market.

2085

2086 **Abigail Versyp (1:16:22):**

2087 Okay.

2088

2089 **Cindy Conroy (1:16:24):**

2090 Can we do that almost like on a pilot basis just to see
2091 instead of...

2092

2093 **Holland Harper (1:16:30):**

2094 Yeah.

2095

2096 **Cindy Conroy (1:16:31):**

2097 Yeah.

2098

2099

2100

2101 **Abigail Versyp (1:16:36):**

2102 I think 3 million might, I would call 3 million a pilot.

2103 Are we thinking that we would want to do that inside and

2104 outside of participating jurisdictions? Like should we

2105 look at funding that with program income, or should we

2106 look focused only on our areas that are more rural?

2107

2108 **Bobby Wilkinson (1:17:00):**

2109 Or a mixture.

2110

2111 **Leo Vasquez III (1:17:01):**

2112 Yeah. I don't see why not both.

2113

2114 **Abigail Versyp (1:17:02):**

2115 Okay.

2116

2117 **Bobby Wilkinson (1:17:03):**

2118 I think we mix it up.

2119

2120 **Abigail Versyp (1:17:05):**

2121 And we'll have, this will require drafting a rule. And

2122 so we will, we always solicit stakeholder feedback, and

2123 they may have strong opinions about that as well that we

2124 could take into consideration when we're determining how

2125 to split the funding, other than that we would

2126 regionally allocate it. So that being said, I think we
2127 can skip the rest of this piece. And I don't know if
2128 y'all want to revisit last January's discussion about
2129 homeowner rehab, but I was prepared to do so today. And
2130 y'all had some outstanding questions I wanted to make, I
2131 did want to make sure that we covered those at a
2132 minimum.

2133 **Holland Harper (1:17:49):**

2134 If you'd like to go ahead, that'd be fine.

2135

2136 **Abigail Versyp (1:17:51):**

2137 Okay. In January, we talked about a different program,
2138 homeowner reconstruction. Folks already own their home;
2139 home is in disrepair to the point that it cannot be
2140 repaired. We provide funding at this time that is non-
2141 repayable, be it a loan or a grant, to demolish and
2142 rebuild the house. So just as a refresher. Some of the
2143 questions that I got, how many foreclosures are there in
2144 an average year? I guessed that there were two a year,
2145 and the data proves my guess was dead on. We averaged
2146 two a year over the last five years. That includes
2147 foreclosures that we performed because we had no choice.
2148 I know like in one instance there was a death in the
2149 family and the person occupying the home was a
2150 girlfriend of one of the family members, and we had to

2151 foreclose. We had to foreclose and we sold the home and
2152 proceeds came back to the program. So it includes those
2153 and any tax foreclosures. How many are sold in an
2154 average year? So how many times did someone get
2155 assisted and then turn around and sell the house? That
2156 happened 35 times in the past five years.

2157

2158 The vast majority of those are because the homeowner
2159 passed away and the estate sold the house, and then we
2160 recover the remaining balance of the loan from the sales
2161 proceeds. Do they submit anything prior to annual
2162 forgiveness? Question is no, or answer's no. And then
2163 typical age range of the persons we serve. We
2164 anecdotally said most of the people that we serve are
2165 elderly or disabled, and I just wanted to follow back up
2166 with that. We looked at three different sets and
2167 ultimately found over 55 percent of the people that we
2168 serve are elderly, disabled, or both. So more than half
2169 meet one or more of those categories. Average door
2170 cost, right about 175. We do expect that to go up.
2171 It's just going to continue to go up.

2172

2173 **Holland Harper (1:20:10):**

2174 How big is this program again? How big is this program?

2175

2176 **Abigail Versyp (1:20:14):**

2177 Generally, we program about \$15 to \$20 million per year
2178 into this program.

2179

2180 **Holland Harper (1:20:20):**

2181 And where else would we put it if we weren't doing this?

2182

2183 **Abigail Versyp (1:20:22):**

2184 Any HOME-eligible activity. So we could put it into new
2185 down payment assistance program, multifamily rental
2186 development, tenant-based rental assistance, single-
2187 family development, which we're not going to do,
2188 contract for deed. Any HOME-eligible activity.

2189

2190 **Holland Harper (1:20:41):**

2191 Okay. I think that we should do that instead.

2192

2193 **Bobby Wilkinson (1:20:45):**

2194 I'm sorry. Do what?

2195

2196 **Abigail Versyp (1:20:47):**

2197 Come again.

2198

2199

2200

2201 **Holland Harper (1:20:47):**

2202 I just don't, rebuilding these homes, taking a home,
2203 taking it down to zero, and then putting it back
2204 together, I just don't think it's the best interest to
2205 this Board. I don't think it's a good use of the money
2206 for single-family homes. Go ahead.

2207

2208 **Bobby Wilkinson (1:21:03):**

2209 Okay. So this has been the main focus of your single-
2210 family activities for the last few years.

2211

2212 **Abigail Versyp (1:21:05):**

2213 Yes. For the last, since 1992.

2214

2215 **Bobby Wilkinson (1:21:08):**

2216 Yeah. Just historically, what we've been doing with it.
2217 We're not getting any program income on it. I thought
2218 there was some interest in maybe adjusting that last
2219 time.

2220

2221 **Abigail Versyp (1:21:21):**

2222 Yeah. That was kind of originally the idea, and we
2223 talked about how to structure that in a palatable way.

2224

2225

2226

2227 **Bobby Wilkinson (1:21:31):**

2228 Yeah. The easiest way for her to spend money is a
2229 tenant-based rental assistance, but that's just money
2230 out the door, no one builds equity, whatever, right?
2231 But it's a nice thing that we can do because some places
2232 don't have enough vouchers or whatever. That single-
2233 family development seems like it's a lot of work for a
2234 few number of units, but we could get some program
2235 income that way. This has been your main activity, but
2236 we're getting zero program income on it.
2237 And we did hear testimony from some consultants about
2238 how we can't, but maybe we can for those that are at 80
2239 percent or 70 to 90, that kind of thing. But if we're
2240 just going to say, forget this activity, let's do
2241 something different, I think we just need more direction
2242 on...

2243

2244 **Holland Harper (1:22:16):**

2245 Okay. So let's...

2246

2247 **Bobby Wilkinson (1:22:18):**

2248 In the whole, let's combine it with one finance, I just
2249 think it's,

2250

2251

2252 **Kenny Marchant (1:22:22):**

2253 Are these flippers?

2254

2255 **Abigail Versyp (1:22:24):**

2256 No. These aren't, no.

2257

2258 **Kenny Marchant (1:22:25):**

2259 Who is the, no. Old people that are...

2260

2261 **Holland Harper (1:22:28):**

2262 This is the...

2263

2264 **Cindy Conroy (1:22:29):**

2265 Their houses are so old they don't have enough money to

2266 fix up the house, and so they go and they fix that,

2267 because they don't make the money. They're basically in

2268 rural communities, right?

2269

2270 **Kenny Marchant (1:22:38):**

2271 Yeah.

2272

2273 **Abigail Versyp (1:22:39):**

2274 That's correct.

2275

2276

2277 **Cindy Conroy (1:22:40):**

2278 So say you've got somebody older, they're not really
2279 employed.

2280

2281 **Kenny Marchant (1:22:44):**

2282 Yeah. I misunderstood. I thought these was they tore
2283 it down and rebuilt it.

2284

2285 **Holland Harper (1:22:47):**

2286 They do...

2287

2288 **Cindy Conroy (1:22:47):**

2289 No.

2290

2291 **Abigail Versyp (1:22:48):**

2292 We do.

2293

2294 **Holland Harper (1:22:48):**

2295 They tear it down and they build a brand new house.

2296

2297 **Cindy Conroy (1:22:49):**

2298 Yeah. They build them a brand new house because it
2299 doesn't make sense to fix a house that's already...

2300

2301

2302 **Kenny Marchant (1:22:54):**

2303 And these are older people.

2304

2305 **Cindy Conroy (1:22:55):**

2306 But they're older people that don't really have, they're

2307 not going to go out and find a new job or get a new

2308 certification.

2309

2310 **Holland Harper (1:23:01):**

2311 55 percent of these are elderly or disabled people.

2312

2313 **Kenny Marchant (1:23:06):**

2314 That contract with somebody to do this, or they...

2315

2316 **Holland Harper (1:23:09):**

2317 I think there's a few agencies that focus on this money

2318 to go to this...

2319

2320 **Abigail Versyp (1:23:14):**

2321 Yes, hundreds.

2322

2323 **Holland Harper (1:23:15):**

2324 Like Henderson County had like 43 percent of it or

2325 something. It was....

2326

2327 **Kenny Marchant (1:23:18):**

2328 Okay.

2329

2330 **Abigail Versyp (1:23:19):**

2331 So we have over 100, at any given time, organizations

2332 that are authorized to access our funding to do this.

2333 Generally, our customer is going to be a small city, and

2334 that city is going to hire a consultant because they

2335 don't have the internal capacity to operate the federal

2336 program. So they hire it out, and our funds pay for that

2337 as well. But yes, this is most often, almost

2338 exclusively used by rural communities to serve the folks

2339 in their communities.

2340

2341 **Holland Harper (1:23:58):**

2342 So it's 15 to 20 million dollars a year to take houses

2343 that we're not taking care of because of the deal. We

2344 tear them down, we go build new houses, and we don't get

2345 to really get the money back on that. How do we, I know

2346 that you're, I know you said this has been the program

2347 from before, but how do we get more velocity for the,

2348 can I take \$3 million from the other one and then \$20

2349 million from this and have \$23 million? What would we do

2350 to create more velocity for people and return equity or

2351 return money back, even if it's 0 percent finance?

2352

2353 **Cindy Conroy (1:24:27):**

2354 Well, okay, I'm just, you take who her client is in
2355 these small rural towns. First off, how are we going to
2356 build velocity? Because they don't really have the
2357 population, right? We can say we need to do more in
2358 these areas, but I just don't see how that works, and I
2359 really don't, personally, I don't see how that works.
2360 And I just don't see how you take money from people in
2361 communities that don't have a whole lot of opportunities
2362 and say we're going to take that money because we want
2363 to create more assistance elsewhere, but who helps these
2364 people in these little, small communities? And I don't
2365 come from a small community, but I'm just...

2366

2367 **Holland Harper (1:25:03):**

2368 I come from a small community.

2369

2370 **Cindy Conroy (1:25:04):**

2371 I'm wondering who helps them? Where do they go?

2372

2373 **Kenny Marchant (1:25:09):**

2374 Can we expand this program? Can you make this a \$30
2375 million program?

2376

2377 **Holland Harper (1:25:16):**

2378 Do you really want to create that as a \$30 million
2379 program?

2380

2381 **Kenny Marchant (1:25:18):**

2382 Well, if it creates some revenue, not if it...

2383

2384 **Holland Harper (1:25:20):**

2385 It doesn't create revenue.

2386

2387 **Kenny Marchant (1:25:21):**

2388 Well, that's what, but we could give...

2389

2390 **Bobby Wilkinson (1:25:23):**

2391 We could make adjusted costs,

2392

2393 **Abigail Versyp (1:25:25):**

2394 We can adjust it and add...

2395

2396 **Kenny Marchant (1:25:25):**

2397 You could take advantage, you've got to...

2398

2399 **Bobby Wilkinson (1:25:27):**

2400 Some.

2401

2402 **Cindy Conroy (1:25:27):**

2403 Some.

2404

2405 **Abigail Versyp (1:25:28):**

2406 Right. And you had asked us to create some scenarios,
2407 and we do have ability to, I'm not going to say claw
2408 back, but we have ability to get some program income on
2409 this. And we can do it in multiple ways. We can
2410 structure it in a very customizable way dependent on the
2411 family's personal situation. We can also do, there was
2412 interest last time in looking at what maybe a due-on-
2413 sale provision looks like. We can do a due-on-sale
2414 provision that is going to protect the homeowner's
2415 equity because they do have some equity. They're coming
2416 in with something, it's the only asset they have.
2417 So we come in and we can protect their equity, but when
2418 they sell the house, still get back a piece of those
2419 proceeds. Let them get their proceeds and let us get
2420 proceeds. We can calculate it so that as the, if they
2421 put in more work into the house, say they have the house
2422 for 15, 20 years, put a new roof on the house, we can
2423 add that into their investment in the property when
2424 we're determining shared net proceeds upon sale. So that
2425 way they're not having this monthly payment that's due

2426 to us that is causing financial harm, potentially
2427 causing financial harm and making it difficult for them
2428 to meet their other needs, but ultimately we would still
2429 receive some kind of return on our investment. And if we
2430 do it that way, the better the household keeps their
2431 house, it's a benefit to them as well, because they're
2432 going to see the fruit of their additional investment.
2433 If we pursue a shared net proceeds model of repayment
2434 that is a due-on-sale provision.

2435

2436 **Holland Harper (1:27:21):**

2437 Ms. Versyp, if we took the money and halved it, and they
2438 had to come up with half for the house, they have the
2439 land as equity, we're going to tear it down, and we put
2440 it on a 15-year note or 30-year note at 0 percent
2441 financing, could they do it, and double the amount of
2442 houses?

2443

2444 **Abigail Versyp (1:27:39):**

2445 I did some calculations and potentially yes, they could
2446 do it. Or they could pay, they're not going to be able
2447 to front the half under any circumstances. And their
2448 lots are worth, in a town where I come from, maybe five
2449 grand for your lot in town if it's a corner lot.
2450 So they're not going to be able to come up with \$125,000

2451 on their own. They're not going to be able to get it
2452 from a bank. But we could say in your circumstance, we
2453 are going to reduce, we're going to say we'll make it a
2454 repayable loan, but only half of it has to be repaid.
2455 Or maybe you're at 50 percent income and you have a lot
2456 of medical bills, so if we lay out in advance what we're
2457 going to deduct from your income before we determine how
2458 much you have to pay, just like a bank is going to have
2459 a back-end ratio, we can limit a back-end ratio and make
2460 the loan fit that ratio based on interest rate, term,
2461 percentage of the loan that's actually repaid.
2462 10 percent back of \$15 million is more than we're
2463 getting right now. And that may not be enough to
2464 satisfy the Committee and it may not be creating, it's
2465 not going to create any immediate effect. All of these
2466 things are drops in the ocean.

2467

2468 **Holland Harper (1:29:09):**

2469 I think that there has to be some skin in the game for
2470 the homeowner, and it feels like there's not a lot of
2471 skin in the game for the homeowner before.

2472

2473 **Abigail Versyp (1:29:24):**

2474 It's their only asset that they've paid for, and they're
2475 signing oftentimes a lien with us.

2476

2477 **Cindy Conroy (1:29:30):**

2478 They're going to still live in this house whether or not
2479 you tear it down, correct?

2480

2481 **Abigail Versyp (1:29:32):**

2482 That's correct. Yeah, that's correct. Unless some,
2483 often, not often. We regularly do see homes that the
2484 city has either condemned or determined they were
2485 otherwise unfit to live in, and so the homeowner has
2486 gone to live with family or friends, and so they can't
2487 live in those, but they did until they had to leave.

2488

2489 **Kenny Marchant (1:29:59):**

2490 And then they come back and we've thrown them money to
2491 rebuild on that lot if they were pre-signed. Could we
2492 give them a zero interest, what was the thing?

2493

2494 **Leo Vasquez III (1:30:15):**

2495 Deferred.

2496

2497 **Kenny Marchant (1:30:15):**

2498 You said it.

2499

2500

2501 **Leo Vasquez III (1:30:18):**

2502 Zero-interest deferred.

2503

2504 **Kenny Marchant (1:30:19):**

2505 Not a grant, it was that other phrase.

2506

2507 **Leo Vasquez III (1:30:21):**

2508 Zero-interest deferred loan, fully deferred loan.

2509

2510 **Kenny Marchant (1:30:24):**

2511 For elderly and disabled that we could give them a grant

2512 going in.

2513

2514 **Abigail Versyp (1:30:30):**

2515 We already do that. So we give either a grant or a

2516 loan. If HUD tells us there has to be a federal

2517 affordability period on it because it falls under one of

2518 these 10 weird rules, then it's a loan. Otherwise it's

2519 a grant. A deferred forgivable loan.

2520

2521 **Kenny Marchant (1:30:47):**

2522 So it wouldn't help.

2523

2524 **Abigail Versyp (1:30:49):**

2525 It wouldn't generate any income for us if that's the...

2526

2527 **Anna Maria Farias (1:30:59):**

2528 Question. In a small town, and you have an elderly,
2529 they don't have a job anymore, they might be getting a
2530 little bit retirement, a little bit of Social Security.
2531 Let us assume you build a brand new home, who's going to
2532 pay for it? If you build a brand new home in a small
2533 town, somebody's going to go and move in with Grandma
2534 real fast, and then sometimes that person's boyfriend or
2535 girlfriend is going to join. And then you're going to
2536 find yourself in the same position that you've had in
2537 other cases where it says this was not meant for you.
2538 It was meant for Grandma.

2539

2540 **Abigail Versyp (1:31:44):**

2541 Yeah. We know that family members are going to move in
2542 with Grandma.

2543

2544 **Anna Maria Farias (1:31:50):**

2545 Right.

2546

2547 **Abigail Versyp (1:31:51):**

2548 Generally, that means as you grow older, your world gets
2549 smaller, and so it's not always a bad thing if your
2550 granddaughter moves in with you and brings her kids.

2551 It can bring life and energy and purpose to you. And
2552 there's not a HUD restriction on that.

2553

2554 **Anna Maria Farias (1:32:06):**

2555 All right.

2556

2557 **Holland Harper (1:32:08):**

2558 I think let's look at taking this money and making half
2559 of it forgivable and half of it as 0 percent financed
2560 loan to get it back and see what that would look like.

2561 And can you bring that back to the Board?

2562

2563 **Abigail Versyp (1:32:22):**

2564 I have some projections on what that looks like.

2565

2566 **Holland Harper (1:32:25):**

2567 Already. Look at you. Okay.

2568

2569 **Abigail Versyp (1:32:28):**

2570 So it's in your supplemental packet. Slide 26, this is
2571 an example of Red River County, which is either the
2572 poorest or second poorest county depending on the year,
2573 apparently. This is an example of if a family, so this
2574 is a family that really is not doing too bad. 44,005 a
2575 year, from what we see, they're not doing too bad.

2576 This is what it would look like with what a current HRA
2577 project cost spread would look like. It looks like that
2578 if we're looking at a 45 percent back-end ratio, so
2579 that's 45 percent of your gross income toward your PITI,
2580 which is a, I mean, it's a lot. It's a lot.

2581 But that's what is standard in a lot of lending, and
2582 some lenders even go over that. It looks like this
2583 family could afford to pay back, technically could
2584 afford to pay back 100 percent of the loan.

2585 Now, this is a home that they have not been making a
2586 payment on, so it would be a jump in cost to them of
2587 about \$1,150 a month. So is this family going to
2588 participate when they're looking at spending that much
2589 of their income on a bill that they didn't really have
2590 before? Now, this does include taxes and insurance, but
2591 those also go up with this program.

2592

2593 If you go to the next page, you can see what happens if
2594 they only have to pay back 50 percent. So if they're
2595 paying back half of the loan, that brings their total,
2596 on what a loan costs today, that brings their total down
2597 to 721.86 per month inclusive of taxes and insurance.

2598 So that's half of what the loan would cost, half of what
2599 the loan would normally be, so that's half of the
2600 construction costs, hard costs. We don't roll soft

2601 costs into these loans, plus their taxes and insurance,
2602 projected taxes and insurance. So for this family at 50
2603 percent AMI, that could potentially be affordable and is
2604 fairly in line with what we would expect a Section 8
2605 tenant to pay of their income toward rent. Now, if you
2606 flip to the third scenario, I took the maximum SSDI
2607 amount for a family of one to see if they could afford
2608 to pay 50 percent of the loan amount. And what they
2609 have available at 45 percent of their income, assuming
2610 just a nominal \$25 in other debt, is, let's see, 447.30
2611 total debt, 422.30. 422.30, even that is a huge ask for
2612 someone that gets \$994 a month because this doesn't
2613 include gas, electric, water, sewer, trash. And no,
2614 paying 506.74 would not be affordable for them, and we
2615 would be in big trouble if we made a loan like that.
2616 HUD would not look kindly on us making that loan.

2617

2618 So saying it should be based on income percentage can be
2619 a little bit tricky because those income percentages
2620 have a pretty broad swing and everybody's family
2621 circumstances are different. And we do, federally, have
2622 to take those specific circumstances into account when
2623 we underwrite, including how much they pay in child
2624 support, so things that are very variable by household.
2625 I think that it's something that we would, I have

2626 scenarios that I've made up here using data that
2627 reflects where things are today, but I do think getting
2628 feedback from the people who use these programs,
2629 including the communities that they're used in, would be
2630 a wise choice before decisions are made, and I'd like to
2631 do that.

2632

2633 **Holland Harper (1:37:04):**

2634 How does the Committee feel about half, 50 percent
2635 repayable on 0 percent financing?

2636

2637 **Leo Vasquez III (1:37:13):**

2638 Yeah. Well, I would like to have something repayable
2639 eventually.

2640

2641 **Holland Harper (1:37:17):**

2642 Okay. Ms. Conroy.

2643

2644 **Cindy Conroy (1:37:23):**

2645 I think eventually as well to just do it...

2646

2647 **Leo Vasquez III (1:37:29):**

2648 At sale. Yeah. So not,

2649

2650

2651 **Abigail Versyp (1:37:31):**

2652 Oh, so we're talking at sale.

2653

2654 **Leo Vasquez III (1:37:34):**

2655 That's what I was considering, upon sale then you pay

2656 back 50 percent.

2657

2658 **Cindy Conroy (1:37:37):**

2659 Yeah. I wouldn't be, back end's different. Once the

2660 person that has the loan that lives in the house that is

2661 the beneficiary of this person, when they pass away or

2662 they move, I don't have a problem recouping that money.

2663 But I think that if these people had a hard time in the

2664 first place maintaining their house, having them pay a

2665 monthly...

2666

2667 **Holland Harper (1:37:59):**

2668 Even though it's 50 percent.

2669

2670 **Cindy Conroy (1:38:02):**

2671 If they don't live, if they're living in there right

2672 now, these conditions are horrible anyway, but they

2673 can't afford it, they're going to go into public housing

2674 someplace else, right, if it's available? Part of me is

2675 just like, it's wonderful to say this, but I think we

2676 should look at what are the effects of changing
2677 something, of changing this in small communities? What
2678 services are available to them to begin with? What
2679 opportunities do they have if they can't afford to pay
2680 that and their house is falling down, where do they go?
2681 I'd like to actually look at it and say we looked and we
2682 said if we do this, what follows, right? You look five
2683 steps down, like what did this trigger? And so, but
2684 because that's, have to look up all the triggers. So I'm
2685 not against it, I'm just saying I don't know what this
2686 all really looks like, what its impact is. And do I
2687 think giving, like at the end of it when whoever lives
2688 there, and they basically, you recouped all of it. I
2689 don't think it should go on someone's estate, or maybe a
2690 portion could go on someone's estate, but I can see
2691 where a lot of that money could come back to the
2692 Department. If we're talking about older people and
2693 disabled people, their opportunities and their income's
2694 very limited. It's limited, and that's what's kind of
2695 driving me to be like, hey, wait a second, what are we
2696 doing to these people in these small communities where
2697 their opportunities are not, they're limited, right?
2698 So this is just where I'm coming from. So I wanted to
2699 see, I personally would want to see what happens, where
2700 do the blocks fall by this kind of decision.

2701

2702 **Abigail Versyp (1:39:47):**

2703 Okay.

2704

2705 **Holland Harper (1:39:47):**

2706 So I'm going to, I live in a small community. I live in

2707 a community that has a median income of \$58,000. So

2708 better than Red River County because Red River County is

2709 one over to me to the right. It's the headquarters of

2710 Clarksville, Texas. And I live, I know it very, very

2711 well. And Red River County is wickedly poor. It is.

2712 There is no manufacturing there. In my community, the

2713 houses are crumbling to the ground. And people sit, and

2714 I'm not, listen, I have a good life. What I want to do

2715 is get a bootstrap, a program where, okay, let's go fix

2716 that, but what's the skin in the game?

2717

2718 And how do I take instead of 165, cut it in 80s, and we

2719 get more houses out there, and then they were paying

2720 some of that money back even if I'm subsidizing that?

2721

2722 **Abigail Versyp (1:40:35):**

2723 Part of the, one of the reasons that we do it the way we

2724 do is that when we walk away, the entire house has to

2725 meet code. So when we look at a house, you can triage a

2726 house and say this house desperately needs a roof and
2727 they desperately need a new electrical panel, and all in
2728 on that, \$35,000, \$40,000, on a, let's say the house was
2729 built in what, 1948, average age of a house in many
2730 rural counties. The rest of the house, according to HUD
2731 regulations, must meet code. If I put a dollar of HOME
2732 funds into that home, it must 100 percent meet code
2733 before I walk away. That's why we tear it down and
2734 rebuild it, because it's not generally feasible.
2735 It's going to cost more to make the entire house meet
2736 code than it is to, so where is the rest of the money
2737 going to come from? If I take that money and I split it
2738 10 ways and give everybody \$16,500.

2739

2740 **Holland Harper (1:41:38):**

2741 You're going to have \$80,000 per house versus 160, or
2742 what the number might be. And then can you pack a loan
2743 next to that? And maybe that won't work for these
2744 people.

2745

2746 **Kenny Marchant (1:41:50):**

2747 If you tear it down to the slab, it was a 1,200-square-
2748 foot house, going to be 150 a square foot to build it
2749 back. That could be \$150,000.

2750

2751 Okay. Nobody that was living in that house can afford
2752 the new payment, so we're subsidizing half of it.

2753

2754 **Holland Harper (1:42:19):**

2755 No. Right now we're 100 percent.

2756

2757 **Kenny Marchant (1:42:22):**

2758 We're 100 percent.

2759

2760 **Cindy Conroy (1:42:23):**

2761 Right now, yeah.

2762

2763 **Kenny Marchant (1:42:26):**

2764 Yeah. Just the cost of rebuilding a house is
2765 staggering. And then you're going to, that's going to
2766 be a third-party builder, developer, I don't know.

2767

2768 **Abigail Versyp (1:42:38):**

2769 It would be in this program, it's not a development
2770 program, so they'd just be builder.

2771

2772 **Kenny Marchant (1:42:41):**

2773 No, no. Just one house though. Just one house.

2774

2775

2776 **Abigail Versyp (1:42:45):**

2777 Yeah. They're a builder.

2778

2779 **Kenny Marchant (1:42:46):**

2780 If they can't...

2781

2782 **Abigail Versyp (1:42:46):**

2783 But they don't ever do just one house. They go into a

2784 community and they do five or six. Like with

2785 Clarksville, Clarksville has done maybe 20 projects in

2786 the past couple of years.

2787

2788 **Kenny Marchant (1:42:56):**

2789 Yeah. Bonham has a ton of them. Gainesville, these

2790 have hundreds of empty lots. Empty lots.

2791

2792 **Abigail Versyp (1:43:06):**

2793 Oh, okay. Yeah. These lots weren't empty. Somebody

2794 lived in a house on the lot.

2795

2796 **Leo Vasquez III (1:43:11):**

2797 Okay. Sorry.

2798

2799

2800

2801 **Abigail Versyp (1:43:11):**

2802 Yeah. So this is a parent aging in place in the house,
2803 house falling down. And in my experience with my aging
2804 parents in a rural community, if you need a window
2805 replaced, good luck, because nobody will come replace
2806 that window. You just have a broken window now if
2807 something bad happens, and there's no amount of money
2808 under the sun to make someone come to Stanford, Texas
2809 and replace one window. So people get into these
2810 situations and it seems like an easy fix. But in rural
2811 Texas, that's hardscrabble life. There is no easy fix.
2812 If you don't know how to do it, it's not getting done.
2813 If you don't have the capacity to do it, it's not
2814 getting done.

2815

2816 **Anna Maria Farias (1:43:59):**

2817 I came from a small town, population 9,000. And if
2818 grandma's house is falling down, and some still are, or
2819 in very bad shape, the people that come and fix it are
2820 usually the relatives. The younger relatives.

2821

2822 **Abigail Versyp (1:44:12):**

2823 Oh, I'm a roofer, I'm a window installer, I'm a plumber,
2824 I've been an electrician.

2825

2826 **Anna Maria Farias (1:44:18):**

2827 Oh, no, no. That's what happens. The grandchildren

2828 come and take care of grandma or grandpa.

2829

2830 **Cindy Conroy (1:44:22):**

2831 Yeah. Or the church, yeah.

2832

2833 **Anna Maria Farias (1:44:24):**

2834 The church, yeah.

2835

2836 **Holland Harper (1:44:25):**

2837 Ms. Versyp, I think what we'd like to, would you reach

2838 out to the community, to the people in this industry and

2839 see what 50 percent would look like in that? And I will

2840 follow back up with you in two weeks. Is that enough

2841 time?

2842

2843 **Abigail Versyp (1:44:38):**

2844 Oh, yeah. Yes. That's enough time. There are some

2845 folks here today, I think, that were wanting to speak

2846 that...

2847

2848 **Holland Harper (1:44:45):**

2849 Perfect. Thank you.

2850

2851 **Bobby Wilkinson (1:44:46):**

2852 Would you also like some data on what if we did deferred
2853 and 50 percent due upon sale or what they were saying?

2854

2855 **Holland Harper (1:44:56):**

2856 That would be great.

2857

2858 **Bobby Wilkinson (1:44:57):**

2859 Like what's the average life of these anyway, how's...

2860

2861 **Abigail Versyp (1:44:59):**

2862 Yeah. How long until, well, usually they expire, before
2863 very few of these end up...

2864

2865 **Bobby Wilkinson (1:45:06):**

2866 Getting sold.

2867

2868 **Abigail Versyp (1:45:07):**

2869 We know the final disposition. Yeah. Because they
2870 would have to sell during the affordability period for
2871 us to know.

2872

2873 **Bobby Wilkinson (1:45:12):**

2874 Okay. And that doesn't happen too often, right?

2875

2876 **Abigail Versyp (1:45:15):**

2877 No. Like at 35 in the last seven years.

2878

2879 **Bobby Wilkinson (1:45:17):**

2880 Yeah. Okay.

2881

2882 **Kenny Marchant (1:45:19):**

2883 And we're not talking about clawing back existing.

2884 We're just talking about new loans that we make. We're

2885 not...

2886

2887 **Bobby Wilkinson (1:45:28):**

2888 Yeah. We put in....

2889

2890 (Indiscernible - simultaneous speech) 1:45:28.

2891

2892 **Abigail Versyp (1:45:28):**

2893 Oh, no. Oh, yeah. We can't do anything retroactively.

2894

2895 **Holland Harper (1:45:29):**

2896 We're not going backwards. No way.

2897

2898 **Kenny Marchant (1:45:32):**

2899 So they're going to go into it knowing exactly what

2900 they're signing.

2901

2902 **Abigail Versyp (1:45:34):**

2903 Yes. Yeah. Everybody would have to know exactly what

2904 they were signing because it's mortgage lending law.

2905 Yeah.

2906

2907 **Leo Vasquez III (1:45:41):**

2908 Yeah. We only claw back on HFCs.

2909

2910 **Holland Harper (1:45:46):**

2911 At this time, we will open up the public comment. If

2912 you would like to speak on an item, you can walk up to

2913 the podium. Please state your name and your address,

2914 and you will have three minutes.

2915

2916 **JoEll Guzman (1:45:58):**

2917 Hi. I'm JoEll Guzman. I'm with the City of Belton, 333

2918 Water Street, Belton, Texas, and I am going to be

2919 talking on this. Since 2002, Belton has built 41

2920 replacement homes through the HOME Program, helping low-

2921 income property owners stay on the land they owned for

2922 years, often generations, in the community they call

2923 home. The homeowners who benefit are the heart of

2924 Belton: seniors, individuals with disabilities, single

2925 parents, and caregivers. People who invested in this

2926 city not just financially, but personally with memories,
2927 pride, and stake in their neighborhood. Through their
2928 own skin in the game, they've contributed to Belton for
2929 years, and to the HOME program ensures that they are not
2930 left behind when their homes become unsafe or too costly
2931 to repair.

2932

2933 The HOME program is not a giveaway, it is a partnership.
2934 Homeowners already own their property, but their homes
2935 have become unsafe and too costly to repair. Some of
2936 these individuals, \$15,000 is how much they make for a
2937 year for a family of four. This program replaces those
2938 homes with safe, energy-efficient ones on the same
2939 property, strengthening the neighborhood safety and
2940 revitalizing the community. That is why Belton steps up
2941 to meet that required match and supports this program as
2942 it is currently structured. One story stands out. Last
2943 year, we had a woman who inherited her childhood home.
2944 She had lived in it all her life. It had been unsafe
2945 even before then. She has three children with
2946 disabilities. That HOME program, we didn't just build a
2947 home for her, we restored her stability and hope and
2948 chance to create new memories in the very place she grew
2949 up. The impact didn't stop there. Two neighboring
2950 households were inspired to apply and others nearby

2951 began improving their homes and properties. It created
2952 a ripple effect in this one area, a broken window theory
2953 in reverse. This is a true power of the HOME program.
2954 It strengthens entire neighborhoods, preserves
2955 generational roots, and allows families to remain where
2956 they belong. Without it, many homeowners would be
2957 forced to leave the very place they had helped build.
2958 When that happens, we lose more than houses. We lose
2959 history, stability, connection, and community.
2960 With its 15-year affordability grant and the Belton's 15
2961 percent match, the program ensures safe homes and stable
2962 neighborhoods, and the people who help build Belton can
2963 continue to call it home. It is critical that TDHCA keep
2964 the program as currently structured. The combination of
2965 grant support and the local match allows cities like
2966 Belton, which only has a little over 20,000 people in
2967 its city, give that commitment and it creates that long-
2968 lasting stability. Changing the structure or eliminating
2969 this grant could put these families and the communities
2970 that we're invested at risk and at a disadvantage.
2971 Thank you.

2972

2973 **Unidentified Female Speaker (1:49:10):**

2974 Please sign in.

2975

2976 **Karen Walker (1:49:32):**

2977 Hi. Good afternoon. My name is Karen Walker, and I am
2978 a grant consultant for the HOME program with Langford
2979 Community Management, and actually I'm the grant
2980 consultant for the City of Belton. I just reiterate
2981 everything she has said is accurate, and I see so many
2982 problems in what we've discussed today, I don't even
2983 know where to begin with them, to be honest with you. I
2984 want you to think about this. Someone is living on \$900
2985 a month and we would ask them to pay a mortgage. It's
2986 just you're writing default all over it. I just don't
2987 see how that's possible, and these people have lived in
2988 their community all their lives. And most of them are
2989 70, 75, 80 years old. I've even built for a 94-year-
2990 old. And a problem also with going to a more loan
2991 standard is you're looking at, at least with the HUD
2992 stuff I know of right now, we've had to do 15-year
2993 forgivable loans. These people aren't going to make it
2994 15 years. So then you've got this whole thing that
2995 happens with the resale of the house and who's going to
2996 get it and who qualifies and who finishes out that
2997 forgivable loan, and it becomes a messy situation.
2998 I think that we are implementing a problem in a place
2999 that maybe we just need to give to people who need
3000 something right now. I don't know. I feel like we're

3001 leaving behind all of our older people because they
3002 don't have any money and they have no way to fix things,
3003 and it makes me want to cry when I think about how do
3004 people get by. I see these houses and I'm telling you,
3005 you could not even step foot in some of them. They're
3006 so bad. And it's not that they haven't taken care of
3007 them over the years.

3008 It's just some of these houses were their grandparents'
3009 and then their parents' and theirs, and they didn't have
3010 the funds to maintain it in a way that they should be
3011 living in and it's really a sad situation out there.

3012 And I just implore you not to tear apart the program and
3013 take out the heart of it. And the heart of it, I
3014 thought, was to help people. Maybe I'm wrong here, but
3015 that is where I thought we were going here.

3016 Sure, we should have a recapture capability, which we
3017 do, and maybe you strengthen that, or maybe you make
3018 that a little bit better situation than what it exists
3019 right now. I'm not real sure how it reads right this
3020 moment. So that if they sell the house, you get money
3021 back because that makes total sense. But to not be able
3022 to help a community that is in need and people who
3023 cannot pay, barely can pay for a car to go get groceries
3024 in today, to think that they could actually afford a
3025 loan. And then you've got property taxes, which has

3026 been an issue. And if we can keep the program, I would
3027 ask the State to try to partner with CADs to try to come
3028 up with a thing for HOME program people where they
3029 maintain their initial amount they've been paying,
3030 instead of it always classified as a new build where
3031 they have to pay a lot more money in taxes. That
3032 cripples them as well. I just say really look at this
3033 carefully before you make any decisions on some of the
3034 loan situations. That's all I ask. Thank you, though.

3035

3036 **Holland Harper (1:52:52):**

3037 Thank you.

3038

3039 **Karen Walker (1:52:52):**

3040 I appreciate you guys.

3041

3042 **Kenny Marchant (1:52:54):**

3043 Mr. Chairman. May I ask you a question?

3044

3045 **Karen Walker (1:52:55):**

3046 Yes, sure.

3047

3048 **Kenny Marchant (1:52:56):**

3049 When you say you're a consultant, I don't really

3050 understand what that is.

3051

3052 **Karen Walker (1:53:01):**

3053 What happens is that most small communities do not have
3054 in-board consultants.

3055

3056 **Kenny Marchant (1:53:06):**

3057 Sure.

3058

3059 **Karen Walker (1:53:07):**

3060 And it is a, you ask how come there's not more? It's a
3061 hard program to run. Cities, the small cities cannot,
3062 so they must hire grant consultants because it takes a
3063 lot to get this to the end game. Plus, another thing
3064 that we haven't even touched upon is the fact that when
3065 we're getting these houses approved, I will tell you,
3066 none of them have clear title. 1 percent, okay, maybe
3067 at best. That means as a consultant, we actually work
3068 with the title companies and they clear all these titles
3069 that have gone years and years of nobody filing
3070 correctly of when somebody dies and what do they do when
3071 they transfer it.

3072

3073 **Kenny Marchant (1:53:48):**

3074 So what is the average cost per unit that ends up being
3075 in the soft cost?

3076

3077 **Karen Walker (1:53:57):**

3078 In the soft cost. Soft cost...

3079

3080 **Kenny Marchant (1:53:58):**

3081 No, no, you. The soft cost.

3082

3083 **Karen Walker (1:53:59):**

3084 Oh, me. As a grant consultant...

3085

3086 **Kenny Marchant (1:54:02):**

3087 Yes, ma'am.

3088

3089 **Karen Walker (1:54:02):**

3090 We get \$15,000 a house.

3091

3092 **Kenny Marchant (1:54:05):**

3093 Per house.

3094

3095 **Karen Walker (1:54:05):**

3096 Correct. That's correct.

3097

3098 **Kenny Marchant (1:54:06):**

3099 Okay. And that comes from who? I don't know if my

3100 English teacher would say from who, but...

3101

3102 **Karen Walker (1:54:10):**

3103 That comes through the grant. But I will tell you, it's
3104 all part of the grant from TDHCA. It's all incorporated
3105 into that.

3106

3107 **Kenny Marchant (1:54:20):**

3108 Okay.

3109

3110 **Karen Walker (1:54:21):**

3111 But I will tell you, you know what it takes to get one
3112 person approved sometimes? I've worked for five years.

3113

3114 **Kenny Marchant (1:54:25):**

3115 Well, I understand. I understand. I'm just trying to
3116 put the...

3117

3118 **Karen Walker (1:54:29):**

3119 Five years, and I don't leave anybody behind. Trust me.

3120

3121 **Kenny Marchant (1:54:31):**

3122 What's that person doing in that five-year period?

3123

3124 **Karen Walker (1:54:34):**

3125 Part of it is all title issues.

3126

3127 **Kenny Marchant (1:54:37):**

3128 No. What is that person that was living...

3129

3130 **Karen Walker (1:54:39):**

3131 Oh, they're living in the house that's falling apart.

3132

3133 **Kenny Marchant (1:54:42):**

3134 Or they have moved in with their relative and waiting

3135 for the grant.

3136

3137 **Karen Walker (1:54:46):**

3138 Most of the time, you would be surprised, these people

3139 stay in those houses even though they are horrible.

3140

3141 **Kenny Marchant (1:54:52):**

3142 So a city could identify this house with this person

3143 living in it. Usually the inspector would go out and

3144 say, we need to condemn this house. The city would

3145 say...

3146

3147 **Karen Walker (1:55:06):**

3148 There are some house, yes.

3149

3150

3151

3152 **Kenny Marchant (1:55:06):**

3153 This is this program we could put you on to. The person
3154 signs up.

3155

3156 **Karen Walker (1:55:10):**

3157 Yep. Yes.

3158

3159 **Kenny Marchant (1:55:13):**

3160 The city then hires you to get a clear title before you
3161 tear it down, or? Where does the person go when you're
3162 tearing it down?

3163

3164 **Karen Walker (1:55:23):**

3165 Well, during the process of construction, the main thing
3166 that they are responsible for is removing all of their
3167 items and putting them wherever they choose to and
3168 finding a place to live. Usually they will go live with
3169 a relative because they can't afford to pay.

3170

3171 **Kenny Marchant (1:55:37):**

3172 Okay.

3173

3174

3175

3176

3177 **Karen Walker (1:55:39):**

3178 This is all, this is the point I'm trying to drive.

3179 You're asking for a loan, but they can't even afford to

3180 pay rent, go somewhere.

3181

3182 **Kenny Marchant (1:55:43):**

3183 And does the city become the, hire the contractor to

3184 build the house back according to the original plan or a

3185 new plan, or?

3186

3187 **Karen Walker (1:55:53):**

3188 It's not to the original plan. The houses take,

3189 everything in that house is gone.

3190

3191 **Kenny Marchant (1:55:57):**

3192 Slab, everything.

3193

3194 **Karen Walker (1:55:58):**

3195 And it's whatever the city has plans that they use.

3196

3197 **Kenny Marchant (1:56:02):**

3198 Okay.

3199

3200

3201

3202 **Karen Walker (1:56:02):**

3203 And they go through the procurement process of hiring a
3204 contractor, and then if it goes into construction, it
3205 goes through...

3206

3207 **Kenny Marchant (1:56:09):**

3208 But they've received a forward grant. They're
3209 guaranteed that they're going to get that money when the
3210 house is finished.

3211

3212 **Karen Walker (1:56:16):**

3213 Each house has money put aside for it, singularly. So
3214 when you go into your contract system, you'll put in
3215 your person and takes all the documents in there. And
3216 at the very moment you press the button after you've
3217 added in all the figures of what you think it's going to
3218 cost the house to get built, that money is drawn down in
3219 real time out of the pool that sits there on a daily
3220 basis. You can literally draw money and look and you'll
3221 see your money is gone out of that.

3222

3223 **Kenny Marchant (1:56:43):**

3224 Yeah. I get it.

3225

3226

3227 **Karen Walker (1:56:44):**

3228 And so it holds it for that person while it goes through
3229 the process, which may take four to six months from the
3230 time it goes to the State to actually get a final
3231 document in the end. Sometimes loans can take longer
3232 because it's a much more aggressive process, takes a lot
3233 more to get through there. And that's how that works.

3234

3235 **Kenny Marchant (1:57:04):**

3236 Okay. Thanks for helping me understand the whole thing.

3237

3238 **Karen Walker (1:57:05):**

3239 Yeah, yeah. Do you have any other questions? Because
3240 it is really important before you make a decision that I
3241 want to make sure...

3242

3243 **Kenny Marchant (1:57:11):**

3244 Well, I don't know exactly what decision we're talking
3245 about that you saw.

3246

3247 **Holland Harper (1:57:14):**

3248 We're not making any decision with this.

3249

3250

3251

3252 **Karen Walker (1:57:15):**

3253 I think it's loans. I'm scared of the loans for the
3254 people. I'm worried that they are not going to be able
3255 to live up to what you think they can do, and I don't
3256 want to put anybody in that.

3257

3258 **Kenny Marchant (1:57:26):**

3259 You just want it to be 100 percent forgivable loan.

3260

3261 **Karen Walker (1:57:30):**

3262 At least for like 30 percentiles, the ones that are
3263 making like \$900 a month, I just don't see that as a
3264 realistic thing. And yet, what do they do if we don't
3265 help them? I'm like, where do they go? They can't go
3266 to work. Most of them are 70s and 80s, many of them
3267 disabled.

3268

3269 **Kenny Marchant (1:57:48):**

3270 And if they leave that then five years later to their
3271 son, they inherit that house unencumbered.

3272

3273 **Karen Walker (1:57:57):**

3274 So if it's a five-year grant, if the person dies within
3275 the five years, let's say, they would have had to leave

3276 it to someone who was income qualified, meaning low-
3277 income, low-to-moderate income. Then they would also
3278 have to make sure that person was able to move into it
3279 as their principal residence.

3280

3281 **Kenny Marchant (1:58:16):**

3282 So if their daughter was a lawyer in Dallas, what would
3283 happen to the proceeds from the house? She would not be
3284 low-income.

3285

3286 **Karen Walker (1:58:28):**

3287 Right. So in the event that no one could satisfy that
3288 arrangement and they couldn't get through the five
3289 years, then the State would ultimately take it back at
3290 that point and, and what is the process of that?

3291

3292 **Kenny Marchant (1:58:47):**

3293 They still get some money. The problem...

3294

3295 **JoE11 Guzman (1:58:47):**

3296 If it's during the five years, yeah, we'll get a portion
3297 of the money back based on how long our eligible person
3298 lived there.

3299

3300

3301

3302 **Kenny Marchant (1:58:55):**

3303 Okay. So if it's \$150,000 house and she passed away in
3304 the first five years, then what amount of money goes to
3305 who?

3306

3307 **JoEll Guzman (1:59:06):**

3308 We would receive, because for a piece is forgiven per
3309 year. So if she died between year three and four, we
3310 would get 40 percent of the amount we loaned back, and
3311 then the rest of it the family would have because we
3312 recoup all the portions first at this time.

3313

3314 **Kenny Marchant (1:59:23):**

3315 Okay. So as a consultant, you go in there and make sure
3316 that person's will is drawn so that it qualifies.

3317

3318 **Karen Walker (1:59:32):**

3319 Well, we're really not in charge of any of that, but I
3320 will tell you I instruct them heavily to make sure they
3321 have their things in order, and I show them ways that
3322 they could possibly do it for free so that they could
3323 safeguard what they have.

3324

3325

3326

3327 **Kenny Marchant (1:59:44):**

3328 Yeah. Okay. I understand that you've got a really

3329 difficult job.

3330

3331 **Karen Walker (1:59:51):**

3332 It's hard, but these are all important things and you

3333 can't ever, you can't discount any of it, actually,

3334 because it's all the way through the process, and it's

3335 kind of like taking care of somebody. That's how I feel

3336 sometimes, but it is. But thank you so much. I

3337 appreciate it.

3338

3339 **Holland Harper (2:00:06):**

3340 Thank you so much.

3341

3342 **Leo Vasquez III (2:00:09):**

3343 Ma'am, can you please sign in?

3344

3345 **Karen Walker (2:00:11):**

3346 Oh, yes.

3347

3348 **Leo Vasquez III (2:00:11):**

3349 Thank you.

3350

3351

3352 **Holland Harper (2:00:14):**

3353 Anyone else? Seeing no one, we're going to adjourn the
3354 Single-Family meeting for the day. Thank you very much
3355 for your time.

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