

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HOUSING AND HEALTH SERVICES
COORDINATION COUNCIL MEETING

Room 4501
Brown Heatly Building
4900 N. Lamar Boulevard
Austin, Texas

September 10, 2012
10:15 a.m.

COUNCIL MEMBERS PRESENT:

TIMOTHY IRVINE, Chair
PAULA MARGESON, Vice Chair
DAVID DANENFELZER
KENNETH DARDEN
BECKY DEMPSEY
MARC GOLD (by STEVE ASHMAN)
MIKE GOODWIN
AMY GRANBERRY
JIM HANOPHY
JEAN LANGENDORF
JONAS SCHWARTZ (by JIMMY PEREZ)
LAURA VANONI (by JENNIFER EDWARDS)

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL ESTABLISHMENT OF QUORUM	3
Approval of Meeting Minutes from May 15, 2012	4
Discussion of HUD Section 811 Project Rental Assistance Demonstration Program Application	5
Status Update on Comprehensive Analysis of Service-Enriched Housing Finance Practices	16
Discussion of State Agency Legislative Appropriations Requests (LARs)	43
Status Update on Balancing Incentives Program (BIP) & Community First Choice (CFC) Program	54
Discussion of Next Steps and Staff Assignments	65
ADJOURN	69

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

MR. IRVINE: I call this meeting to order.
It's 10:15. This is the September 10 meeting of the
Housing and Health Services Coordination Council.

Let's begin by calling the roll. We have
agency appointee Becky Dempsey, a new appointee from the
Department of Agriculture.

MS. DEMPSEY: Present.

MR. IRVINE: Jessica McKay is not attending.
David Danenfelzer?

MR. DANENFELZER: Yes.

MR. IRVINE: Jim Hanophy?

MR. HANOPHY: Yes.

MR. IRVINE: Steve Ashman is attending for Marc
Gold. Jennifer Edwards for Laura Vanoni.

MS. EDWARDS: Here.

MR. IRVINE: Then we've got Jimmy Perez for
Jonas Schwartz.

MR. PEREZ: Here.

MR. IRVINE: Right there. Let's see, governor
appointees, Doni Green is not here. We've got Mike
Goodwin.

MR. GOODWIN: Here.

MR. IRVINE: Amy Granberry?

MS. GRANBERRY: Here.

1 MR. IRVINE: Paula Margeson?

2 MS. MARGESON: Here.

3 MR. IRVINE: Felix Briones is not here.

4 Kenneth Darden is here.

5 MR. DARDEN: Here.

6 MR. IRVINE: And Jean Langendorf is here.

7 MR. IRVINE: WE have a quorum, so we are in
8 order.

9 As is our tradition, the first thing we always
10 do is ask if there's anyone here from the public who would
11 like to say anything to the council.

12 (No response.)

13 MR. IRVINE: Well, no one stepping forward,
14 we'll move on to the next item of business, and I would
15 also like to point out that at any particular item of
16 business, if there's somebody here from the public that
17 wants to comment, feel free. Participation is encouraged.

18 We would like to ask Kate Moore and Ashley
19 Schweickart to provide a report on the HUD Section 811
20 project and what's going on there.

21 MR. IRVINE: Did you want to do the meeting
22 minutes first, or no?

23 MR. IRVINE: Oh, I'm sorry. Meeting minutes.
24 I'd entertain a motion to adopt.

25 MR. GOODWIN: So moved.

1 MR. HANOPHY: Second.

2 MR. IRVINE: Discussion?

3 MR. ASHMAN: Yes. Marc Gold recused himself
4 from the LAR exception item, sent an email to Ashley, it
5 was after the meeting.

6 MR. IRVINE: We'll let the minutes reflect
7 that.

8 MR. ASHMAN: Thank you.

9 MR. IRVINE: Any other changes?

10 (No response.)

11 MR. IRVINE: All in favor?

12 (A chorus of ayes.)

13 MR. IRVINE: Any opposed?

14 (No response.)

15 MR. IRVINE: The minutes are adopted.

16 Now Section 811.

17 MS. SCHWEICKART: All right. So there is a
18 handout that is in your packets that is a summary of the
19 main features of the State of Texas application for the
20 new HUD Section 811 Project Rental Assistance
21 Demonstration Program, and Kate took the lead, and I did
22 my best to help her out, on writing the application, and
23 so we wanted to just go through briefly with you the key
24 elements of that application, as many of you were
25 involved, both through the 811 team as well as we had many

1 of you come to the public roundtables that we held at the
2 end of June to get the public's input on the application.
3 So thank you for your participation.

4 And just to go through briefly the handout and
5 then we can see if anyone has any questions. So as you
6 know, May 15 is when they released the NOFA and the basic
7 point of the new funding source is to have a state housing
8 or other appropriate housing agency provide project-based
9 rental assistance in the development of supportive housing
10 for extremely low income persons with disabilities.

11 And to be eligible, we had to create a formal
12 partnership with the state health and human service agency
13 and the state Medicaid agency called the Interagency
14 Partnership Agreement. And there were several members of
15 this council, Steve Ashman and Marc Gold from DADS, Jim
16 Hanophy from DARS, and we also had some representation by
17 Dee Anne Stonerman from DSHS and from DFPS as well. And
18 so those people were integral in meeting and creating the
19 interagency partnership agreement between the state health
20 and human services agencies and TDHCA. And so there's a
21 little bit more about that later in the handout.

22 But basically, we had to first come up with who
23 our universe of persons were going to be that could be
24 served through the program, and so the first section goes
25 through targeting the funding and figuring out how we can

1 fill the gap in the existing continuum of assistance for
2 persons with disabilities. So looking at the universe
3 which is that it's a program for non-elderly persons with
4 disabilities that are extremely low income, there were
5 three populations that were targeted through the
6 application.

7 First is persons with disabilities exiting
8 nursing facilities or ICFIDs which is persons with
9 intellectual or developmental disabilities, exiting those
10 institutions. The second is persons with serious mental
11 illness. And then the third is youth with disabilities
12 exiting foster care. So basically, the information that
13 goes through page 2 describes a little bit about these
14 populations and the information that we were able to get
15 on the universe of persons that meet these qualifications
16 and why they were targeted.

17 The second component of the handout that is in
18 the application is about our implementation plan, so that
19 was created through the eleven team meetings and the
20 roundtables, and so basically, we had to come up with how
21 are we going to direct these resources if we receive the
22 funding.

23 So first is the component of the long-term
24 commitment of services, so there was the health and human
25 service enterprise. They had to commit to continuing the

1 services that are described in the interagency agreement.
2 These are Medicaid services for persons with disabilities,
3 and so it goes through a little bit here about the
4 Medicaid program and the waivers that are included, the
5 HCBS waivers, 1115, all those things. So that's first the
6 commitment of services by our health and human service
7 partners.

8 The second thing to look at in the
9 implementation plan was the range, location and potential
10 demand in terms of our properties. So we decided to look
11 at seven geographic areas, and so due to just the sheer
12 scope that we could be looking at, we wanted to narrow
13 down to those specific seven areas which are listed there,
14 and we're looking at metropolitan statistical areas. And
15 then you can see we matched up the persons that are of
16 those three targeted populations that I mentioned earlier
17 into the seven pilot areas. That gives you a rough
18 universe for the number of persons that we could serve.

19 And then starting on page 5 is the
20 identification of supply of units that could help those
21 persons that we could marry that project rental
22 assistance. So we looked at pipeline units which would be
23 multifamily units that have been funded and are either in
24 pre-development or construction phases but have not
25 received their certificates of occupancy. And then

1 existing units which are a part of the TDHCA portfolio, so
2 looking at those, I believe we stated that currently we
3 have a total of 19,848, so almost 20,000 units total
4 between pipeline and existing within those seven
5 geographic areas that we're targeting.

6 So we're looking at being able to go after the
7 maximum amount that you could possibly go after in the
8 NOFA in terms of funding, so we requested the full \$12
9 million, and on the final page it just says that given the
10 parameters in which we had to calculate how many vouchers
11 we would be able to serve over five years -- which the
12 funding is over a five-year period -- we were able to look
13 at approximately 385 units. So that was what was
14 submitted in our application is that we are requesting the
15 full \$12 million and will be able to serve 385 persons
16 with project-based rental assistance.

17 So then the final part is the interagency
18 partnership agreement which I kind of already went over,
19 but just it shows in those bullet points what the
20 agreement includes, so identification of the appropriate
21 services, a description of the overall effort of
22 integration and how the services will be provided and how
23 the tenants access those services.

24 Another component is the identification of the
25 staff that will be managing outreach, referrals and

1 waiting lists, so that way we can determine and refer
2 prospective tenants and make sure that they are in
3 supportive housing units in an effective and timely
4 manner. Also a description of how the waiting list will
5 be managed over time, also detailing the day-to-day
6 management, coordination of the services for the
7 residents. And then finally, an explanation of how we
8 look to do certain things like dispute resolution, if
9 there is a tenant-landlord dispute and how we address
10 those needs if they do come up. So that's the breakdown
11 of the items that were in the application.

12 Kate, I don't know if you want to add anything
13 to what I just said, or if you want to open it up for
14 questions.

15 MS. MOORE: Let's open it up for questions.

16 MS. MARGESON: What are the target areas? Can
17 you run them down for me?

18 MS. MOORE: So mainly they're the urban areas,
19 the big ones, Austin, Dallas, El Paso, Houston, San
20 Antonio, but we also added two communities and we wanted
21 to add something that would give us more of a rural flavor
22 because we're considering this as a pilot, this is a
23 demonstration NOFA from HUD and this also would be a
24 demonstration for us for how it would be implemented, and
25 so we added Brownsville and McAllen into the mix.

1 MS. SCHWEICKART: Other questions? Mike.

2 MR. GOODWIN: The first comment is the people
3 who put the agreement together must have done a Herculean
4 task. Kudos to the people who participated because it's a
5 heck of a deal to get something like that ironed out and
6 committed to writing in such a short time.

7 But the next question is: Are either the
8 application and/or the agreement available on the web if
9 you wanted to read them?

10 MS. MOORE: No, they're not currently
11 available. We can talk about that. I can request that
12 they be put up.

13 MR. GOODWIN: I'd just like to get a copy and
14 go through it on my own.

15 MS. MOORE: You can't find anything wrong with
16 the application.

17 (General laughter.)

18 MR. GOODWIN: From my standpoint on the
19 development side, it would be interesting reading and help
20 me understand because I've got a couple of properties that
21 I might try to sneak a couple a vouchers out of, just need
22 to know how to approach those two properties to get that
23 done.

24 MS. MOORE: Sure, okay. We can do that.

25 MR. ASHMAN: I don't think you're going to see

1 that level of detail in the application.

2 MS. MOORE: We're going to have a competitive
3 NOFA and you'll be able to see the screening criteria that
4 we have as a threshold for the properties.

5 MR. GOODWIN: Well, the other reason is I've
6 been asked by the Southwest Affordable Housing Management
7 Association to talk about the 811 program at their annual
8 convention at the end of October, I think, and I told them
9 that we may not get it, and they said it doesn't matter,
10 people want to know what's happening because there are
11 several active groups in Texas that always apply.

12 MS. SCHWEICKART: Well, and we understand that
13 there may be future years availability, so if we're not
14 awarded this fiscal year, there's a possibility we could
15 apply.

16 MS. LANGENDORF: Very competitive.

17 MS. MOORE: Yes. Two-thirds of states applied,
18 so it's very competitive.

19 MS. SCHWEICKART: Well, the total amount is \$85
20 million over five years. They originally said that they
21 were going to award between nine and sixteen applicants.
22 We heard mumblings and grumblings that maybe they'll try
23 to award more if they think that the program designs of
24 more than sixteen are sound enough, but that would
25 probably mean that states would not be getting the amount

1 that they originally asked for.

2 So right now all we have is the list of people
3 who applied, that was released by HUD, and it looks like
4 from that list that they haven't actually narrowed down
5 the ones that have met threshold criteria such as having
6 the partnership with the state health and human service
7 and Medicaid agencies. So I think that they're still in
8 the early review stage at this point.

9 MS. MARGESON: When you said it's over a five-
10 year term, that means that we have that amount of time to
11 sign up the 85-, let's say. Right?

12 MS. MOORE: We put together an implementation
13 schedule and so we estimated some time that it would take
14 us, once we were awarded, to release the competitive NOFA,
15 and then we would have to go into contracts with
16 properties, and then we estimated it would take us nine
17 months to start rolling it out incrementally, and so we
18 knew we can't get them all out on the street in one month,
19 for instance. And so we have a schedule that we submitted
20 to HUD with a timeline of how long that would take. And
21 so it's five years from the time that the contract is
22 signed with the property, and so the contractor signs,
23 they have five years, and then HUD is telling us that they
24 anticipate an annual renewal based on that. And that's
25 their history is they usually honor those commitments

1 because they have to enter into a 20-year use commitment.

2 MS. MARGESON: That was my next question.

3 MR. HANOPHY: So as I understand, there's a
4 fixed amount and if they pick more providers, the slice of
5 the pie is smaller, and I assume you guys have created
6 some sort of cost per formula for whatever amount there
7 is.

8 MS. MOORE: Yes. The concerns for us, too,
9 would be admin, so there's a 5 percent admin, and so the
10 administrative costs don't necessarily decrease a lot.

11 MR. HANOPHY: Right. I was going to say is
12 there a worth it point to you.

13 MR. ASHMAN: That's a good point.

14 MR. HANOPHY: That at some point if a certain
15 amount of money is available it's not worth it at this
16 point. Have you guys had that discussion?

17 MR. IRVINE: Yes, we've had that discussion.
18 We actually crossed the worth it point when we decided to
19 go forward with the program, but there's worth it and
20 there's worth it. I mean, we will have to subsidize it.

21 MS. MOORE: We were subsidizing it anyway, and
22 DADS was subsidizing the administrative side already
23 through Money Follows the Person, we're receiving CMS
24 admin funds, and so we calculated using those
25 administrative funds to help us administer the program.

1 MR. GOODWIN: I'm sure that that helped on the
2 application that state agencies are already kicking in
3 money to support the program.

4 MR. HANOPHY: Agreements are nice but nothing
5 talks like money.

6 MS. DEMPSEY: Was there a match required?

7 MS. SCHWEICKART: No, there wasn't a match
8 required. We just had to specify very specifically where
9 we came up with the admin, and so we say in the
10 application that in terms of the staffing cost, that part
11 of the staffing cost is going to be taken by the CMS admin
12 funding that we received through DADS.

13 MS. MOORE: You could receive points for match,
14 but you had to commit operating costs for 20 years which I
15 would be surprised if any state would. That would be
16 interesting.

17 MS. SCHWEICKART: Any other questions? We have
18 been told that November 15 is the expected date to hear
19 back from HUD, so we hope that they will stick to that
20 date, we don't know yet, but that's the time frame we're
21 looking at.

22 MS. MARGESON: I thought they had to make those
23 allocations by the end of the fiscal year, by September
24 30.

25 MS. SCHWEICKART: That isn't what was written

1 in the NOFA.

2 MS. MARGESON: That's interesting.

3 MR. HANOPHY: I just want to say you guys did a
4 great job. You really kept everybody focused. We had the
5 easy part, we just showed up at meetings and said a few
6 things, and you guys really did a great job of getting
7 this out.

8 MR. ASHMAN: It was getting a little tense
9 towards the end getting all these signatures, review and
10 signature.

11 MR. IRVINE: Anything further on 811?

12 (No response.)

13 MR. IRVINE: Well, next we have a status update
14 on the comprehensive analysis of service-enriched housing
15 financing practices. Is that what our call-in is?

16 MS. SCHWEICKART: Yes. Kevin, Jim, are you on
17 yet?

18 (No response.)

19 MS. SCHWEICKART: It is 10:33, I told them to
20 call in at 10:30, so they may be able to get on, but if
21 not, that's okay.

22 So I just wanted to briefly talk about the
23 contract that we awarded. So as you recall at our last
24 council meeting in May, members voted on a proposal that
25 TDHCA utilize funding allocated towards council activities

1 to hire an outside vendor to conduct the comprehensive
2 analysis of service-enriched housing financing practices.
3 Thank you for all of your input on the scope of work.

4 We put the RFP out in June. Unfortunately, we
5 didn't receive any proposals in the first go-round, but
6 then we re-released it in July and we had four proposals
7 come in by our August deadline which was great. Then we
8 assembled an RFP review team which included two council
9 representatives, Jim Hanophy and Jonas Schwartz, and I
10 thank both of them very much for their time and putting in
11 to the review and scoring of the applicants.

12 And so basically, by August 28 we had awarded
13 the contract to the Technical Assistance Collaborative,
14 and I provided just a brief one-pager in your packets that
15 gives an overview of who they are. They're a national
16 nonprofit organization that has done research and
17 consulting for state agencies of this very specific nature
18 for 20 years, and they have worked with many states on
19 service-enriched housing financing policies,
20 recommendations, and so I think that they're going to be a
21 great partner for us.

22 And we're going to get started fairly soon
23 here. I've already had several conference calls with
24 them. Jim Yates is a senior associate there who is going
25 to be our project manager, and then the supervisor is

1 Kevin Martone who is the director of behavioral health
2 with TAC.

3 So just to break down a couple of the details,
4 as you recall, in the RFP that we put out we asked that
5 they select a minimum of four and a maximum of seven
6 states to look at for the analysis. We included North
7 Carolina, Pennsylvania and Louisiana as states that we
8 wanted, and that was because those states were used as the
9 models for creating the Melville Act and the new Section
10 811 program, so we thought of them as places that we
11 wanted to start. And then from there TAC added on three
12 more states, so we have a total of six, so we have
13 Illinois, Georgia and New Mexico, as well. So that's the
14 list of organizations that TAC will be contacting, going
15 and going onsite visits with each of them, speaking not
16 only with the state agency staff and the housing and
17 health services world, but also speaking with developers
18 and property managers of properties that are engaged in
19 service-enriched housing. So they'll be doing that.

20 And if you look down at the summary of work
21 plan deliverables and schedule of performance, this is to
22 give you kind of our time frame breakdown. So there were
23 three main tasks that the RFP outlined. The first was the
24 comprehensive study of nationwide best practices in
25 service-enriched housing financing and development. So

1 they will have a draft report by month four and then a
2 final report by month five. And if you see on the
3 asterisk, month four draft reports will be submitted to
4 council so you guys can take a look, provide your
5 feedback, give us any input that you want TAC to have and
6 we will submit that to TAC.

7 Also, the second item is the production of
8 recommended actions for providing service-enriched housing
9 in Texas, and so their comprehensive analysis and
10 recommendations draft report will be month eight. Again,
11 it will be provided to the council to provide any of your
12 input and feedback on that draft report, and then final
13 report month nine.

14 And then the third component that is requested
15 is the training materials, so they're going to be
16 providing two sets of training materials. The first set
17 is for state agency to state agency training so that our
18 housing and health services staff can understand each
19 other and be conversant in both. And the second set of
20 training materials is state to local so that we can make
21 sure that we're using all this best practice understanding
22 to train our local providers and participants, and so
23 they'll be providing that in month ten.

24 Did I hear someone on the call?

25 MR. MARTONE: Hi, Ashley. It's Kevin Martone

1 from TAC.

2 MS. SCHWEICKART: All right, Kevin. Thank you
3 for joining us. I was actually just giving the council a
4 breakdown of what we're doing, but I'll let you introduce
5 yourself.

6 MR. MARTONE: Sure. Hi, everybody. Kevin
7 Martone. I'm the executive director for the Technical
8 Assistance Collaborative in Boston. I apologize for not
9 being able to get out there today for the meeting, but
10 myself and Jim Yates, who is going to be the project
11 manager for this work, we actually had prior commitments
12 in other states. He's out in Phoenix today and I'm
13 actually in North Carolina. Ashley had asked that we join
14 the call and just do a brief introduction and say hi to
15 everybody and maybe answer any brief questions if there's
16 anything out there that you want to talk about.

17 MS. SCHWEICKART: Great. So basically, for the
18 upcoming activities and maybe Kevin can answer anything
19 about the upcoming activities, but on the second page of
20 your handout if you flip it over, we are going to have our
21 onsite kickoff meeting, so TAC is going to come to TDHCA
22 to have an onsite kickoff meeting, and we're hoping that
23 will be in about two weeks' time. And they're actually
24 going to spend a couple of days here to do interviews with
25 some key informants in Texas so they can better understand

1 Texas's programs, funding sources, and get an
2 understanding, both from the state agencies staff but also
3 from key stakeholders in the community, be they advocates,
4 developers, service providers.

5 So there are a couple of things that we would
6 really like your feedback on as council members. The
7 first thing is that we really think that there should be a
8 council representative for this project, so someone from
9 the council who can call in to the monthly conference
10 calls, who can be at the kickoff meeting, who can be the
11 council face for the project. So does anyone want to
12 volunteer for that position?

13 MR. HANOPHY: All in favor of Paula, say aye.

14 MS. MARGESON: What?

15 (General laughter.)

16 MR. HANOPHY: It's a shot in the dark.

17 MS. MARGESON: I was just going to nominate
18 you.

19 MR. GOODWIN: We've got two people that aren't
20 here.

21 MR. HANOPHY: Yes. Who's not here?

22 MR. IRVINE: I tell you what, since it's not
23 posted as an action item but only as a discussion item, if
24 anybody wants to volunteer, just call me or Ashley. How's
25 that?

1 MS. SCHWEICKART: Yes, that sounds like a great
2 idea. So if you could let us know within the next week,
3 that way we can make sure that you are a part of our
4 kickoff.

5 Another thing that we really want the council
6 to help us out with at the start of this whole thing as we
7 begin is any recommendations that you have on persons to
8 speak with in Texas to get a good understanding of how our
9 programs work, how our policies are also, to understand
10 what the state legislature has put in place around our
11 programs, or any stakeholders that you think TAC should
12 really reach out to.

13 I'm assuming, Kevin, that you're going to be
14 reaching out to the council, as well, but I just want to
15 get their perspective on if there's anybody that you guys
16 want TAC to maybe pay attention to or as a suggested
17 person to interview, please also send an email to me and
18 give me those names and contact emails and phone numbers.
19 That way we can pass them along.

20 MR. IRVINE: And I'll only fit one telephone
21 introduction right here, we have Cameron Dorsey with us.
22 Cameron is our director of multifamily programs, and
23 Cameron, you'd be a great person to interface with TAC.

24 MS. LANGENDORF: With that being said, I'm
25 looking at the timeline and it looks like we'll have

1 recommendations next April. How does, and particularly as
2 to the housing agency, TDHCA, figure recommendations will
3 be considered and filtered through your processes?

4 Because right now you're doing a QAP.

5 MR. IRVINE: We're doing the 2013 QAP right
6 now.

7 MS. LANGENDORF: A two-year QAP, as I
8 understand it.

9 MR. IRVINE: I has the ability to be extended
10 for a second year, but I would anticipate that our QAP is
11 probably a few years off from getting stable enough to be
12 a two-year QAP. So this quite likely will be a one-year
13 QAP. So as recommendations come forward, there's
14 certainly going to be things that we consider.

15 Also, as always, everybody, our QAP process is
16 a very, very public process. We have online discussion
17 forums, we have roundtables and working groups, and we
18 have a board meeting where people are not shy about coming
19 to the microphone and sharing their ideas. So anybody and
20 everybody that wants to participate in that process, come
21 one, come all.

22 MS. LANGENDORF: And we do, I mean, we have.
23 And I guess as you all know from some emails my
24 frustration, mine and I think other council members, is
25 we've been appointed to this committee, it was created by

1 the legislature to address service-enriched housing
2 overall. So we've been at it now for three years and we
3 keep running into this, having other experiences serving
4 on committees to where -- PIAC, Promoting Independence
5 Advisory Committee, that's been around for a long time,
6 but every year there's a plan made and every year those
7 recommendations are considered by the agencies and we get
8 responses back. I mean, I feel like we have an impact
9 with PIAC, or PIAC has had a huge impact.

10 This committee, on the other hand, I feel like
11 we meet, we make recommendations, and our recommendations
12 are like gone nowhere, nothing has changed, nothing has
13 been considered. We're told to show up at hearings
14 representing the council.

15 Somehow we need to get a process. I know for
16 myself, personally, I'm not going to serve on this, and
17 the Governor's Office knows this, if we don't start having
18 some responses, because I agreed to serve on this and
19 agreed with the Governor's Office to do this, but it was
20 truly with the idea that our reports would not sit on
21 shelves, which is what I absolutely feel like they've
22 done.

23 And with this particularly, I have the highest
24 regard for TAC, have watched them for many years. I think
25 they will have very concrete recommendations -- pardon the

1 pun -- but I need to feel somehow that we're going to be
2 able to impact the Department of Housing, which is what a
3 lot of this is directed towards, Tim. It's frustrating.

4 MR. IRVINE: Well, I would respectfully refine
5 that view a little bit.

6 MS. LANGENDORF: Okay.

7 MR. IRVINE: I view this as a council whose
8 charge is directed towards the process of conveying these
9 findings and recommendations and so forth to the governor
10 and the LBB. I view this as a collaborative source for
11 getting input on all of these issues so that they can go
12 to the people who can make policies and fund them. I do
13 not believe that it's really a council that should be
14 impacting any one of its specific constituent agencies. I
15 think the constituent agencies need to understand and
16 respect each other and certainly collaborate and
17 coordinate and all of those kinds of things, but I do not
18 view this as a council that is specifically charged with
19 providing input to the agency on how it runs its programs.

20 And I, again, extend the invitation to people
21 who want to participate in this process. I think you're
22 participating from your independent perspective and not
23 necessarily as a member of the council. For example, I'm
24 a member of the council and I can't really take a position
25 of advocating for one approach or another when I'm making

1 recommendations to my board about the QAP and so forth.
2 The QAP is their rule. I'm conflicted in the whole
3 matter.

4 We certainly go out of our way to make sure
5 that the board hears the input. We provided the excerpts
6 from the plan and the recommendations and so forth to the
7 board, but beyond that, we're pretty circumscribed.

8 MS. LANGENDORF: Okay. That helps me.

9 MS. SCHWEICKART: Are there any comments for
10 Kevin while he's still on the phone, or questions for TAC
11 as they start this project?

12 (No response.)

13 MS. SCHWEICKART: Kevin, are you still there?

14 MR. MARTONE: Yes, I'm still here.

15 MS. SCHWEICKART: I think that we don't have
16 any other further questions, but I will make sure to pass
17 along any of the recommendations that the council has for
18 stakeholders to interview and who the council
19 representative will be on the project, as well, to you.

20 MR. MARTONE: Yes, that's great. And we're
21 very much looking forward to helping you all with this
22 project. I mean, I guess if there's one comment I could
23 make in response to the last discussion that happened, I
24 think our goal really would be to give you a comprehensive
25 report, and I think we get that when you're in states and

1 states, whether they have their own fiscal issues or their
2 own political issues and things like that, we want to be
3 able to give a report that can give some recommendation of
4 things that are not necessarily easy to do but that are
5 very manageable within the current environment, to make
6 changes on to improve things.

7 And then some of the recommendations may be a
8 little bit more policy oriented, or sometimes, frankly,
9 they may cost more to implement, but we want to give that
10 report there so that the state or the council or whatever
11 jurisdiction has retained us has sort of a menu of options
12 to work from to implement, so even if it was on the side
13 of doing less, changes still can be made in the system.

14 And I think just from even before you're even
15 really starting to do any work in Texas right now, from
16 the outside looking in, we know that you guys applied for
17 the 811 application, we know you have some balancing
18 incentive money on the Medicaid side, so there's
19 ingredients there that I think we can work with and
20 hopefully help you guys out with.

21 MR. IRVINE: Great.

22 MS. SCHWEICKART: Thank you so much, Kevin.

23 MR. MARTONE: All right. Looking forward to
24 seeing you guys. Bye.

25 MR. IRVINE: Looking forward to meeting you.

1 Anything further on that item?

2 MS. MARGESON: Yes. On the training component
3 of the contract, are we going back to the whole notion of
4 training the state agencies about what each of them does
5 so that the other knows? Is that what we're talking
6 about?

7 MS. SCHWEICKART: Right. I think that what we
8 hope to do with the training component is to provide an
9 understanding between the housing agencies and the health
10 and human service agencies of the programs that are
11 currently in place in those agencies, how they are serving
12 the targeted population of the council, with the target
13 population be persons who could benefit from service-
14 enriched housing, so how those resources are currently in
15 play in the State of Texas, where they are, how to access
16 them. So that way the state agencies know the current
17 activities of their fellow state agencies in providing
18 assistance and resources to that population.

19 And hopefully, I think that we can start having
20 a more fruitful collaboration between those state agency
21 players because they're more educated on each other's
22 programs, so the possible connecting of programs or
23 providing that input, that feedback from a different
24 perspective.

25 MS. MARGESON: So as this curriculum is

1 developed, then what happens with it? I mean, who
2 presents it? How would it just not lie on a shelf or
3 whatever?

4 MS. SCHWEICKART: Well, I think that the
5 implementation of the webinars and power point
6 presentations that TAC provides, I think that that fits
7 very well into this council and I think that it's
8 something that we can undertake. They're giving us the
9 tools, they're giving us the materials and the resources,
10 and I think that we can go forward with implementing the
11 training.

12 MS. MARGESON: Would it be on a management
13 level, the training, or like the line staff that works
14 with people? How do you envision that?

15 MR. ASHMAN: Well, I think one of the things
16 that we want to do with it is we get it down to our
17 regional directors and managers, as well as the local
18 authorities that we work with for individuals with
19 intellectual disabilities so that they can learn about
20 housing and the housing options that are available out
21 there. I'm not sure all of our counterparts know much
22 about housing, so we could filter that down to the
23 appropriate staff. I mean, I'm not going to suggest it's
24 going to get to 30,000 people, but I think some of the
25 people that need to know, case managers and people that

1 are working with our mutual clients ought to know about
2 the types of services that are available on the housing
3 side, as well as our sister organizations, if they don't
4 know that already.

5 MR. IRVINE: So yes, I would think that the
6 training would go down to the line level staff. That's
7 the only way it will ever really have an impact.

8 MS. MARGESON: That's right. That's what I was
9 thinking. I don't know how I missed it, that was part of
10 the contract.

11 MS. SCHWEICKART: We really did want to
12 incorporate that, given that it's one of the statutory
13 obligations of the council is to make sure that there are
14 persons conversant in both housing and health services,
15 and I think that's something that has been on our radar
16 screen and having their expertise in the crafting of the
17 materials, I think will be really helpful in moving it
18 forward.

19 MS. MARGESON: Well, yes, I know it was on the
20 radar and part of the mandate, but I just thought it was
21 going to be done in-house, I guess.

22 MR. ASHMAN: And I don't know on the timing-
23 wise because it looks like they'll be here the end of
24 September or maybe early October, but with TAC talking to
25 different advisory groups or advocates and consumers, I

1 wonder whether or not drawing some of these committees
2 that we currently have available what we have, would like
3 people coming into the room and maybe they could come in
4 and discuss housing with those folks too to get a broader
5 view.

6 MS. SCHWEICKART: Absolutely. And it's one
7 thing that's on my to-do list for TAC is to actually see
8 for those who are out of the Austin area, stakeholders, to
9 see what kind of timing they have and if it's possible for
10 them to come in person. If not, then we're going to do
11 conference calls with those individuals. But yes, if
12 there are meetings that are happening the last week of
13 September that we're already aware of, whether it be any
14 cross-agency councils or other organizations that are
15 meeting, please let me know. I would like TAC to be able
16 to sit in on those meetings and possibly ask some people
17 to talk with them for maybe just half an hour after those
18 meetings, something like that. So yes, let me know.

19 MR. IRVINE: To the extent that coordination is
20 an important part of our charge, does it make sense for
21 them specifically to target the geographic areas that
22 we're targeting in 811 and identify people in each of
23 those regions that they could talk to.

24 MR. ASHMAN: Yes, that would be a good idea.
25 And typically, what we do once we get a notice from TDHCA

1 about a meeting, we'll broadcast it through our website to
2 our list serve too, and hopefully we get some
3 participation that way.

4 MS. SCHWEICKART: Any other questions or
5 conversation around the comprehensive analysis?

6 MR. GOODWIN: I'll probably be in deep trouble,
7 I stay in trouble most of the time anyway, but I want to
8 go back to Jean, as someone really outside of outside. I
9 have seen in sitting on the 811 and some of the things
10 that have gone on between the agencies that we have had an
11 impact in the coordination liaison interest that goes on.
12 Take the 2-1-1 project that's going on now that didn't
13 exist before for getting information out on both housing
14 and services on a single site statewide. But you're
15 somebody in this process that I think they ought to talk
16 to because you're on the front line in trying to figure
17 out how to finance and how to bring services and how to
18 beat the dead horse, if you will, because you've been
19 doing this very extensively, and I think you'd have
20 valuable input if you're willing to give it, because, like
21 I say, you fight that on a daily basis and I don't know
22 anybody that probably knows as much about the matter as
23 you do. And you can have all the leftover donuts.

24 MS. SCHWEICKART: Oh, yes, there's lots of
25 donuts. Do you want me to pass them around? Mike brought

1 them so nicely.

2 MS. MARGESON: Going back to that discussion
3 and what Jean said and then Tim's response, and I know
4 that the original legislation was that we would make
5 recommendations to the legislature and all of that, but
6 where is TDHCA's position in supporting the
7 recommendations that we make?

8 MR. IRVINE: Well, we certainly have supported
9 service-enriched housing as a significant objective that
10 we consider when we're drafting rules and creating our
11 programs.

12 Cameron, could you come up to the table and
13 kind of update them on where we are with the current draft
14 of the QAP?

15 MR. DORSEY: Sure. We have currently done
16 several things to the 2013 QAP. I think most
17 significantly, this is the first year we're going to have
18 specific point incentives that are reserved only for
19 supportive housing.

20 MS. MARGESON: Supportive or service-enriched?

21 MR. DORSEY: Supportive housing.

22 When I reviewed the definition of service-
23 enriched housing, it is a great overarching conceptual
24 definition, but in terms of how to implement it, I find it
25 difficult to figure out how to implement that definition.

1 A good majority of our housing could argue that their
2 types of transactions meet that definition. You know,
3 when I reviewed the definition I went and also reviewed
4 the actual services that our properties provide just
5 routinely, and arguably, most of our properties could meet
6 that definition.

7 I know that that's probably not what the intent
8 is, but having a very clear, objective and measurable
9 definition is really important for the Qualified
10 Allocation Plan because when someone prepares an
11 application, and it costs roughly \$40- to \$50,000 to
12 prepare, without having a clear, measurable, objective
13 definition that they know that they will or will not meet
14 is incredibly important.

15 So we did not refine the definition of
16 supportive housing for that reason and because I think
17 that definition has an impact on rules outside of just the
18 QAP, for example, under our real estate analysis and
19 underwriting rules. The debt-free language, the
20 requirement that supportive housing not have debt that's
21 imbedded within that definition is an incredibly important
22 component that links in with other sets of rules within
23 the department. So supportive housing receives certain
24 benefits from an underwriting perspective under the
25 underwriting rules because of the debt-free nature of a

1 supportive housing transaction, and we needed to maintain
2 that linkage.

3 That said, we have tried to build in point
4 incentives. Like I said, this is the first we've been
5 able to do this and the first year that we really
6 anticipate more differentiation in the scoring within the
7 QAP such that I think in following years we may be able to
8 make some progress in having some kind of niche incentives
9 that have been very difficult in an environment where the
10 scoring is incredibly flat, and so any point incentive
11 almost becomes a necessity of every single application,
12 and so that's a change where we can have incentives for
13 one or another type of thing where it won't impact every
14 single applicant that is trying to seek funds.

15 MR. IRVINE: So we really are working to find
16 ways that we can provide more units that serve truly
17 lowest income persons with meaningful services.

18 MR. DORSEY: Right. The two criteria where
19 supportive housing receives benefits that only are
20 reserved for supportive housing are under our rent levels
21 item where there's a tier for 20 percent of the entire
22 number of low income units are targeted for 30 percent of
23 AMFI, and then in the tenant services portion of the QAP.

24 MR. GOODWIN: You said something that my brain
25 went into neutral, that supportive housing doesn't support

1 debt.

2 MR. DORSEY: That's right. Over the years
3 we've had an evolution in the definition of supportive
4 housing, and the reason is because it's incredibly
5 difficult -- oftentimes service-enriched housing or
6 supportive housing is an I-know-it-when-I-see-it type of
7 thing. It's really hard to draw very clear, objective,
8 bright lines as to what is and what isn't. And so in
9 years past we've literally had for-profit developers that
10 identified some benefits from an underwriting perspective
11 and so they elect supportive housing, and we've been
12 unable to clearly distinguish that this isn't a supportive
13 housing deal when looking at it I know that it's not a
14 supportive housing deal, so we've had this evolution in
15 the definition.

16 And supportive housing transactions generally,
17 the ones that we want to incentivize getting done, are
18 sponsored generally by nonprofits that have a goal as
19 their core mission the provision of supportive housing,
20 and thus, provide much more intensive supportive services
21 and voluntarily target much lower income levels than a
22 more conventional tax credit transaction would. And as a
23 result of those voluntarily targeting much lower income
24 levels, they come in with no debt, they are basically a no
25 debt financing structure that enables them to serve a huge

1 number of 30 percent households.

2 MR. IRVINE: Effectively, these deals can't
3 serve those very low incomes and support debt, cash flow.

4 MR. DORSEY: Right. For example, at the 30
5 percent income level, you know, if you're talking about a
6 more conventional 9 percent transaction, kind of venturing
7 above 10 percent of your units targeted for 30 percent of
8 AMFI, as you ratchet that up and get closer to 15 percent,
9 you start knocking certain areas of the state out and
10 eventually get to a point where they're just not a viable
11 transaction from the perspective of their ability to
12 support debt.

13 MR. GOODWIN: But isn't our, quote, new 811
14 program going to kick a leg out from under that? Because
15 we're looking at pipeline properties and existing
16 properties that are not debt-free properties but they're
17 going to be big time supportive for the voucher, at least
18 the voucher. The whole project is not supportive housing
19 but those vouchers are certainly.

20 MR. DORSEY: Right. The transaction itself
21 isn't really supportive housing, it was structured to work
22 as a conventional tax credit transaction where some units
23 will basically provide a supportive housing type option,
24 but the income to the owner is going to be effectively the
25 same, perhaps even a little bit better than what they

1 would get under a conventional tax credit property.
2 That's different than a structure where there is no
3 operating subsidy and they're still voluntarily serving
4 extremely low income folks.

5 MR. DANENFELZER: To give everyone some
6 context, I will take the blame for having kicked up the
7 dust a couple of weeks go on this, and the reason it was
8 because when I attended the planning meeting for the
9 multifamily rules and I asked a question about service-
10 enriched and why that definition was not in the rules, it
11 was my understanding at that time that staff had not
12 actually known that we had written a plan or that they had
13 reviewed our plan and incorporated any of those ideas.

14 And my concern at that time was that, you know,
15 from my perspective -- and I know I'm required to do this
16 with just about everything -- is when plans like this come
17 out, it is my job to make the policies for our corporation
18 for my programs, and I need to know and be aware of the
19 different plans that are out there, I need to read them,
20 and if they have recommendations for our corporation or
21 for any other housing entity that makes sense for us, I
22 try my best to either understand those rules, integrate
23 them and get them incorporated into our policies as best I
24 can. That doesn't always work.

25 But what I felt at the time was that staff had

1 not actually even known that there was a plan, and it
2 alarmed me. I communicated with Ashley about that. And I
3 understand the need for us to continue to advocate as a
4 group, but I also feel that this is a very large
5 commitment of time and effort to advocate on a regular
6 basis for these issues. And with all due respect, Tim, I
7 do feel like it is a responsibility of not just the
8 department but all of the agencies at this desk to take
9 the plans that we develop, make sure their staff know that
10 they're there and then make sure that our staff
11 understands and can have a reasonable argument of why or
12 why not we're accepting the recommendations from this
13 committee.

14 MR. IRVINE: Actually, Cameron may not have
15 recalled it, but right after the document was created
16 offering the different definition, we did go over it
17 internally and we worked through why we wanted to keep to
18 the current definition and structure, and in fairness, he
19 probably just didn't remember it.

20 MR. DORSEY: Yes. And I think you'll find that
21 there is actually recommendations built into that. Being
22 on the spot on that dais, when the kind of preeminent
23 issues of the day had been some of the other, the ICP
24 lawsuit and making sure that we incorporate a judge's
25 order and those things into the Qualified Allocation Plan,

1 so it had been certainly it had been a little bit further
2 in the past.

3 MR. IRVINE: Several months ago.

4 MS. MARGESON: Well, from an advocate's point
5 of view, thinking about supportive housing, and I have to
6 admit it's been a while since I was really working in the
7 housing development related field, but what I remember in
8 the past is that the definition was different than
9 service-enriched housing because it was almost like
10 mandatory, those certain services had to be provided
11 onsite and then the residents had to use those services if
12 they needed a service that was one of the ones provided.
13 Like it kind of took away the freedom of choice, and that
14 was one reason that the housing advocates weren't
15 really -- we haven't been real thrilled with supportive
16 housing.

17 MR. DORSEY: In our programs, particularly the
18 Housing Tax Credit Program, the services can't actually be
19 mandatory, and generally aren't mandatory, hopefully, so
20 they are voluntary. They are provided onsite, the way we
21 have our tenant services options, they are required to be
22 provided onsite, but that doesn't preclude an individual
23 from receiving offsite services or pursuing offsite
24 services to the exclusion of taking part in onsite. Those
25 are the options that a tenant has available to them.

1 MS. MARGESON: Jean, help me out with this.
2 What are the other differences that I'm not remembering
3 between supportive housing and service-enriched?

4 MS. LANGENDORF: I wish I had that plan, we
5 spent so much time on this. I don't know off the top of
6 my head.

7 MS. SCHWEICKART: Do you want the definition?
8 I have the plan in front of me.

9 MS. LANGENDORF: I mean, we spent a lot of time
10 on this, Ashley.

11 MS. MARGESON: I know the definition of
12 service-enriched housing, but I mean, the definition we
13 came up with. What I'm asking about is the definition of
14 supportive housing as it relates to this discussion, not
15 the whole ball of wax.

16 MR. DANENFELZER: Well, and one thing I would
17 like to ask the department, and anyone to look at too, is
18 while I understand where you're coming from from the QAP
19 perspective and how you determine what a supportive
20 housing project is and why it's important to define it in
21 the way you have, I do think it would be beneficial to
22 include also a definition of service-enriched housing into
23 the multifamily rules overall because those rules do
24 affect not only the QAP but all other programs that the
25 department may run.

1 And if there is an opportunity to create a
2 service-enriched housing program or a program which is not
3 specifically for supportive housing, as the department has
4 defined it, I still think it would be beneficial to go
5 ahead and have that service-enriched definition so that
6 the department can actually encourage those types of
7 programs to be developed outside of the Tax Credit
8 Program.

9 MR. DORSEY: I guess I would look to this group
10 to help further refine some of the concepts in that
11 definition because, like I said, as the person who's
12 responsible for actually writing the rules and
13 implementing the program, it's difficult for me to tell
14 you how the deals that we fund on a daily basis don't meet
15 this definition already.

16 MR. IRVINE: And I would say that really the
17 way this ties back to this particular discussion item
18 that's on the floor right now, or table, is that we will
19 come out of this with some recommendations that will have
20 had the benefit of TAC's input based on input from
21 everybody else, and we'll say, hey, these look like best
22 practices and we'll absolutely dial those into our
23 thinking as we develop the next QAP.

24 MS. SCHWEICKART: If there's no other
25 discussion, we do have some more items and I think we have

1 some people who have some time constraints here.

2 MR. IRVINE: Let's go.

3 MS. SCHWEICKART: All right. So the next item
4 on our agenda is discussion of state agency legislative
5 appropriations requests. So this is an identical item to
6 two years ago which is that prior to the start of each
7 legislative session each state agency submits an LAR which
8 communicates to the Governor's Office and the legislature
9 baseline funding needed to continue the agency's current
10 operations, and I asked the state agency representatives
11 that are here today just to give a brief update on their
12 legislative appropriations requests and anything that is
13 pertinent to the mission and purpose of the council.

14 And I know that, Jim, you are going to be
15 talking to the LBB next at 11:30, so why don't I let you
16 go first.

17 MR. HANOPHY: Okay. Well, I'll just hit a very
18 brief overview. Of course, within DARS we have four main
19 divisions and for our exceptional items request we're
20 focusing on early childhood intervention, the VR program,
21 Centers for Independent Living, and deaf and hard of
22 hearing services. So those are the four major areas that
23 we'll hit upon.

24 Early childhood intervention, as you'll recall,
25 last legislative session that program underwent some major

1 changes in the structure. The funding, there was a
2 reduction in the amount, the ARRA funding helped it
3 survive, and so essentially the exceptional items request
4 is to keep up with the additional cost but also to
5 increase based on the forecasted growth based on the
6 eligibility criteria. What occurred last session was
7 narrowing of the eligibility criteria, and for those of
8 you who don't know, the early childhood intervention
9 serves kids zero to three with developmental delays, and
10 we deliver that mostly through contract services.

11 Anything I talk about that has federal dollars
12 attached to it, ECI fits under the category of
13 entitlement, but the elephant in the room is
14 sequestration, so we prepared our LAR with no anticipation
15 of that, it was just business as usual, so to speak, but
16 obviously, ECI might be one area impacted by that.

17 We also run an autism program for folks who are
18 three to eight years old with autism. It's intensive ABA
19 training, applied behavioral analysis training, which is
20 the evidence-based practice for kids with autism, very
21 successful. We deliver that through contract. This is
22 probably our largest percentage of growth but it's still a
23 relatively small program, but we want to add four
24 additional contractors in the state to provide the
25 services, Lower Rio Grande Valley, West Texas, Panhandle

1 Area, Far West Texas, and then North East Texas to serve
2 another 310 kids a year.

3 The largest program within DARS is the Division
4 for Rehab Services and the public VR program which is also
5 sliced into the division for blind services. We're a
6 four-to-one match program. Historically we have always
7 been able to match. Last legislative session our base
8 bill came in considerably lower than what was available
9 for match, however, the legislature funded us to avoid the
10 maintenance of effort penalty. Our MOE is calculated as
11 the amount of GOR from the previous two years, so our
12 request is to not only recoup those dollars with
13 additional GR, part of our formula that we could have
14 gotten but also allow for the grant growth which we
15 anticipate to be about 1.8 percent. In the Rehab Act
16 there's an automatic COLA, cost of living adjustment, for
17 the VR program.

18 Again, having said all of that, I don't think
19 there's going to be any money because the sequestration
20 estimates are everywhere from 7.8 -- there's three
21 scenarios that are being laid out: 7.8, 8.8, and 13.2.
22 And some of that or all has to -- that's a weird way of
23 saying it -- that all relates to whatever decisions are
24 made on Department of Defense spending, at least that's my
25 understanding at this point. So we've prepared scenarios

1 for that.

2 I will say that we're kind of in a strange
3 position in that we were fortunate -- who would have
4 thought we were fortunate -- but we were fortunate in that
5 we couldn't match all the dollars available, so a 7.8 or
6 an 8.8 percent cut to our formula funding won't be as
7 painful to us as the states that were 100 percent matched.
8 We won't feel it programmatically but things will still be
9 tight. Thirteen percent will probably push both programs
10 into order of selection.

11 MS. LANGENDORF: Which we don't want to go.

12 MR. HANOPHY: It's an incredibly time-consuming
13 and expensive proposition on the order of selection, so we
14 hope not to do that.

15 And what we plan on using our exceptional items
16 for, if we by some miracle get them, is to increase the
17 level serving transition students, transitioning from high
18 school to work, and really create a pipeline with some of
19 our businesses, accessing some of the newer technology.
20 And then also we operate the Business Enterprise of Texas
21 which is the Randolph Shepherd Program, we have 121 BET
22 facilities, these are facilities operated by owners who
23 are blind, part of our exceptional item request is to fund
24 the refurbishing of six of those centers.

25 Centers for Independent Living, there's 27 in

1 Texas, they provide essentially four core services:
2 information referral, independent living, peer counseling,
3 and individual assistance and advocacy. DARS funds 15 of
4 them, most of these centers are either federally funded,
5 DARS funded, or a combination of both. In the past two
6 legislative sessions the legislature with GR has funded
7 five new centers. The State Independent Living Council's
8 plan says it would take 42 just to meet the minimum needs
9 of the population. Our exceptional item is to bring all
10 the centers up to a level of funding, base funding of
11 275,000, and to add three more centers, and the areas
12 we're targeting, College Station, Wichita Falls, Victoria
13 and Sherman are the areas that we would look at.

14 MS. MARGESON: Not Rockwall?

15 MR. HANOPHY: Pardon me?

16 MS. MARGESON: Not Rockwall?

17 MR. HANOPHY: Not Rockwall. Sorry.

18 Let's see, what else. Deaf and hard of hearing
19 services, we do the certification of interpreters, and two
20 of our exceptional items are twofold as far as that goes.
21 We want to increase the number of interpreters. There are
22 several parts of the state, the Panhandle, Permian Basin,
23 Midland-Odessa, El Paso, things like that where there's
24 just a chronic shortage of interpreters. Across the state
25 there's a lack of Level 3 interpreters or highly skilled

1 interpreters, and so those folks are missing assignments
2 or canceling assignments. Rio Grande Valley, Laredo, for
3 example, has one interpreter in the whole city. So we
4 want to increase that, plus we need to develop our court
5 interpreter certification exams and also redevelop our
6 general interpreter certification tests. It's a
7 performance-based test and it's validity loses steam over
8 the course of time as people get used to the test and word
9 gets out, so that's one.

10 We're also looking to increase our resource
11 specialists. We contract with resource specialists around
12 the state for folks who are deaf and resource specialists
13 for folks who are hard of hearing, and again, we're
14 looking to increase those in areas where there's
15 population growth, Houston, San Antonio, Lower Rio Grande
16 Valley.

17 So that's essentially our exceptional items
18 requests. Like I said, the elephant in the room in our
19 federal programs is sequestration, but other than that,
20 we're moving forward.

21 MS. SCHWEICKART: Any questions for Jim?

22 MS. MARGESON: One quick question. I didn't
23 catch it, were you proposing that the eligibility criteria
24 be restored for ECI?

25 MR. HANOPHY: For ECI, no. This is just to be

1 able to meet the caseload growth expectations under this
2 newer criteria.

3 MS. MARGESON: Okay.

4 MS. SCHWEICKART: If there are no other
5 questions, I guess we can go down the line. Becky.

6 MS. DEMPSEY: Well, I'm going to make this very
7 easy because we have no exceptional items or anything in
8 our LAR pertaining to this council.

9 MR. ASHMAN: I've got it easier than you. I
10 don't know. Marc is not here and I just don't know. We
11 did post our budget recently on our web page and our
12 budget folks are preparing for an LBB meeting tomorrow, so
13 I don't have anything.

14 MR. IRVINE: TDHCA lines up with Ag.

15 MS. LANGENDORF: Did you all ask for level
16 funding on the Housing Trust Fund?

17 MR. IRVINE: Yes.

18 MS. EDWARDS: Well, DSHS will make up the
19 difference. We're all about housing this time, and it's
20 about time, in my personal opinion.

21 MS. SCHWEICKART: Go ahead.

22 MS. EDWARDS: Well, I brought what Dee Anne
23 Stonerman worked on with Allen pretty intensively, but
24 also, because I've been working with my boss, Lauren
25 Lacefield Lewis, in program services, we're all doing

1 housing, and actually, substance abuse is doing housing as
2 well, so let me go into a little bit of what it is.

3 So this is over and above what we normally
4 receive, this is the total exceptional item. So what
5 we're looking to do is for the side that Lauren and I have
6 been working on, we wanted to come up with some longer
7 term rental and housing assistance. We're looking at
8 roughly \$6.24 million a year, and we're going to request
9 that being ongoing, and what we wanted to do was we did a
10 data analysis of who really is currently homeless.

11 So we looked at the people who are currently
12 receiving services from local mental health authorities or
13 the North Star Region, and we came up with a total of 600
14 people per year we would serve, so I think the total was
15 roughly it varied around like 1,500 people at any given
16 time are receiving services from our local mental health
17 authorities or from the value options providers and they
18 are roughly homeless within a given year.

19 So we costed everything out and we said that
20 maybe about 600 people per year that are currently
21 receiving services, we want to provide rental assistance
22 to them, and then we looked at what the cost of like a
23 one-bedroom apartment would be, and the average cost
24 utilities, so that's what that portion of the exceptional
25 item would target, and that would be, like I said, about

1 \$6.24 million a year when it's fully funded.

2 Then we have a tiny amount that would serve
3 people who, through our data analysis we found really have
4 some unstable housing like when they go and get their
5 assessment done every year, these might be people who
6 might be living with family members just out of
7 convenience, or they move from place to place, so it's
8 really unstable housing that they experience over a long
9 period of time, and so we wanted to serve roughly 271
10 people a year and give them up to about close to \$2,600 a
11 year for rental assistance.

12 So those two would basically be helping people
13 who are currently receiving services in the community. And
14 the other one that Dee Anne is doing is sort of like she
15 doesn't really want to call it a waiver but this is the
16 way she describes it: \$5.2 million in general revenue and
17 then they would be able to get \$3.19 million in federal
18 matching Medicaid funds; those would be available to
19 address the needs of very high need and psychiatrically
20 unstable individuals that have extended stays in state
21 hospitals.

22 So through her data analysis, they found about
23 106 very high need individuals would be served in an HCBS
24 program, and the dollars would be used to purchase more
25 intensive services such as residential support, support in

1 employment, peer support and other services to help
2 individuals establish their homes and adapt to stable
3 community living. These projects would serve a select
4 number of longer term and/or recidivistic state facility
5 individuals who could potentially be best served in the
6 community.

7 In the mental health world, our supportive
8 employment, supportive housing, peer services, those are
9 not Medicaid reimbursable. They can get Medicaid
10 reimbursement if they provide it as a rehabilitation
11 service but we have a lot of training to do in the field
12 about how you code your services when you deliver them to
13 make sure that that's what you're doing, and so this has
14 really been our push and it's going to be our push for
15 several years to come because we have a lot of learning to
16 do. And our individuals who are served in our
17 communities, they just do not get hardly any housing
18 support, so that's where we're going to put our focus.

19 The substance abuse side, just from experience
20 in working an exceptional item, they're going to target an
21 Oxford House living situation and that has high regard
22 nationwide and evidence-based practice and everything, so
23 I think they're asking for roughly like \$600,000, and that
24 would be a self-sustaining project.

25 MS. LANGENDORF: Which we've heard quite a bit

1 as counsel about Oxford Houses.

2 MS. EDWARDS: Good. So they're pushing for it.

3 MS. SCHWEICKART: And I have actually a
4 separate question. I know that there has been funding for
5 the last two session for the Outpatient Competency
6 Restoration Pilot, and do you know if you're requesting
7 continued funding for that program?

8 MS. EDWARDS: We are, I believe. The way that
9 ours work is sort of unusual because it's almost like we
10 assume that it's going to be rolled into the base, but I'm
11 assuming that we're requesting that be continued.

12 MS. SCHWEICKART: Yes. Because I saw that
13 during the 82nd session they actually added a couple of
14 LMHAs that are sites for that, so I thought that was a
15 positive growth.

16 MS. EDWARDS: The way that we got money for
17 that was we originally got \$82 million for crisis services
18 and then the next year we got some money for like
19 transitional services, and they took money out of that
20 exceptional item to fund the additional sites for OCRP.
21 So I'm not quite sure, if the transitional got re-funded,
22 I'd think that the pilots would go along with that.

23 MS. SCHWEICKART: All right. Let's see, last
24 one, Jimmy.

25 MR. PEREZ: You know, I should probably take

1 the same approach as Steve and say I just don't know. I
2 actually emailed our budget division and asked if there
3 was anything of note for this group. Two things were
4 mentioned. One is the Balancing Incentives Program which
5 I think there's someone else who is going to talk about
6 it, so I'm not going to touch that.

7 The other thing is an exceptional item request
8 for \$15.8 million GR, \$39 million all funds, to expand the
9 STAR PLUS Program in the Medicaid rural service areas.
10 This would replace STAR funding and the CBA waiver program
11 by 2015. It would be voluntary for children under 21 and
12 mandatory for Social Security adults, SSI adults. And it
13 would expand managed care to the aged and Medicaid related
14 adults and children populations.

15 And if you have any questions beyond that, I'll
16 have to get back to you.

17 MR. IRVINE: I believe that's everybody. Any
18 other questions regarding LARs?

19 (No response.)

20 MR. IRVINE: Balancing Incentives Program.

21 MS. OLAH: For those of you who don't know me,
22 I'm Tara Olah. I work with DADS, I'm a senior policy
23 advisor, and I work with Steve and Marc in the Promoting
24 Independence Division. For those of you who are
25 unfamiliar with what the Balancing Incentives Program

1 is -- I'll refer to it as BIP from here on out just to be
2 quick -- it's a federal grant opportunity that provides
3 additional enhanced funding to certain states to help them
4 rebalance their long-term service and support systems to
5 provide more community care versus institutional care.

6 It's only available to states that spend less
7 than 50 percent of their Medicaid long-term service and
8 supports expenditures on community-based services. Texas
9 did qualify for that program based on federal fiscal year
10 2009 numbers which had us at around 46.9 percent on
11 community-based expenditures, however, if we look at more
12 contemporary data, we have already met that criteria which
13 is good because that's one of the outcomes we're held to
14 to participate in the program.

15 CMS requires participating states to give
16 assurances that they will make certain what they call
17 structural changes to participate in the Balancing
18 Incentives Program, and the structural changes, there are
19 three, include: establishing what they term a no wrong
20 door eligibility and enrollment system, developing core
21 standardized assessment instruments, and ensuring that all
22 of our case management activities are conflict-free.
23 Another criteria that I just mentioned in order to
24 continue receiving the funding is to get closer to that
25 target of 50 percent community-based long-term service

1 expenditures which, as I mentioned, we're already there.

2 About a week ago CMS awarded Texas the grant
3 which is exciting news, and if you look at the award
4 letter and the terms and conditions that go along with it,
5 you'll see a pretty enormous figure attached to it. The
6 grant itself is \$301.5 million, so about a quarter of a
7 billion. That's not an entirely accurate figure because
8 it is based on projected community long-term service and
9 support expenditures, and that includes our LAR
10 exceptional items which, at this point, who knows whether
11 those will be funded. We think a more accurate number on
12 that is around \$288 million which is still sizable.

13 And we've already identified a number of what
14 we're referring to as mandatory activities to ensure our
15 compliance with those three structural changes, and we
16 know we're going to have to do these things, and if you go
17 back and read the BIP application which is on the DADS BIP
18 website, it's online, if you go back and read it, you'll
19 see that we're already committing to three activities.
20 One is that spending target of 50 percent, one is ensuring
21 statewide coordinated coverage for eligibility purposes
22 and enrollment, and we're doing that through an expansion
23 of our aging and disability resource centers. So we have
24 14 online today, I think we're envisioning maybe doubling
25 that over the next few years.

1 Another mandatory activity is implementing all
2 necessary IT enhancements to achieve that no wrong door
3 system, and very 10,000 foot, it's intended to better
4 coordinate financial and functional eligibility
5 activities. We are in the process of procuring a
6 contractor to do a global enterprise-wide IT evaluation
7 and then get back to us, probably in March or April of
8 next year, with a report that essentially identifies where
9 we are today, where we need to be to achieve minimum
10 compliance with the BIP, and estimated costs for how to
11 get to that point.

12 There are a number of other activities that we
13 mentioned in the BIP application that I'll just refer to
14 as discretionary activities. They're not activities that
15 we must do to ensure that we have implemented those
16 structural changes, but they're activities that have been
17 identified by leadership at the commission and at DADS and
18 that have been supported by leadership and oversight
19 downtown. And I'll just go through them really quickly.
20 If you want more details, we can get those to you.

21 But one of them is an electronic life record
22 for individuals with intellectual or developmental
23 disabilities. The goal of that is to help ensure
24 appropriate community placements, especially as
25 individuals move out of state ICS or privately funded ICS

1 and into the community, and to ensure that we're providing
2 the services that they need and continuing to monitor that
3 service provision to make sure we're not under-providing
4 and at risk of them going back into an institution, for
5 example.

6 Another one is to establish regional crisis
7 intervention teams. You've probably heard former
8 Commissioner Traylor, now at the commission, talking about
9 this initiative in legislative hearings. And these teams
10 are intended to help individuals who have challenging
11 behaviors in the community and help their family members
12 and other support structures to provide the in-home crisis
13 intervention and triage services to prevent an
14 institutional placement.

15 Another one is to look at a new assessment
16 instrument. Certainly this corresponds with one of those
17 structural changes which is core standardized assessments,
18 but this is just for individuals with intellectually
19 developmental disabilities.

20 And finally, we just leave this open as any
21 other initiative at the legislature's discretion to
22 increase access to community services. And I say that
23 just to underscore how political the BIP has been. It's
24 gotten a lot of attention from the Governor's Office and
25 from legislative leadership and oversight offices, the LBB

1 is very interested in it. We have a hearing tomorrow at
2 10:00 a.m., in the Reagan Building, to talk about the DADS
3 budget and we have it on good authority that the BIP is
4 going to be a conversational item there. So if you're
5 interested in that, tune in.

6 But we've certainly opened the door for any
7 stakeholders, internal and external, to provide
8 recommendations to DADS. And again, if you go to the DADS
9 BIP website, you'll see a link to an online forum to
10 provide project recommendations. There's also an email
11 address that you can click on and email us with your
12 thoughts about the program or how we should spend the
13 money.

14 We've gotten 35 recommendations so far. We're
15 in the process of finalizing our vetting process to
16 implement those recommendations. It's looking like we
17 will continue receiving them and having periodic
18 stakeholder meetings to encourage people to provide us
19 with their thoughts. We'll internally review those
20 recommendations and submit recommendations to leadership
21 at the commission and DADS, and any recommendations that
22 executive leadership review and approve for further review
23 will then go over the wall to leadership and oversight
24 downtown for their review and approval. Every single
25 project has to be blessed by leadership and oversight

1 downtown.

2 As I mentioned, we've gotten 35 recommendations
3 so far across the gamut. There really isn't a lot on
4 housing at this point. I went back and looked at the list
5 again today just to make sure I hadn't missed anything. A
6 lot of the recommendations are about our IT systems,
7 mental and behavioral health, direct service workforce,
8 but not a lot on housing yet, so I'd encourage you to
9 provide us with any feedback you have on how we could look
10 at leveraging the BIP with some of the housing activities,
11 potentially, that we're doing through the Money Follows
12 the Person demonstration.

13 And again, I'd just encourage you, if you
14 haven't reviewed the BIP application online, to have a
15 look at it. There are discreet subsections in the
16 application that specifically talk about the challenges
17 with the lack of affordable, accessible and integrated
18 housing and a need for, among other things, a sizable
19 federal contribution to overcome that challenge going
20 forward.

21 And just one last note that I have here, our
22 stakeholder meetings, we're talking internally about
23 posting for another one in the next month or so, and
24 certainly I'll make sure that this council knows and that
25 our partners at TDHCA know as well so that they can tune

1 in.

2 And that's it. Do you have any questions for
3 me about the BIP?

4 MS. MARGESON: Too many to ask.

5 MS. OLAH: Well, certainly, if you think of any
6 other questions, Ashley knows how to reach me through
7 email, by phone.

8 And this next one is going to be a lot shorter.
9 I know I owe you an update on the Community First Choice
10 Program as well.

11 This is another federal grant opportunity
12 available to states. It provides participating states
13 with a 6 percent enhanced FMAP in exchange for a state
14 developing a state plan amendment in which the state
15 provides a basic attendant service -- there's a little bit
16 more to it -- attendant services, habilitation services
17 and emergency response systems for any eligible individual
18 who qualifies. And I say that because it's looking like
19 that would be a sizable group of people in Texas, and that
20 crosses all disabilities.

21 So certainly right now Texas provides Medicaid
22 state plan attendant services to individual with physical
23 disabilities through our Primary Home Care Program and our
24 Community Attendant Service Program, but there is no
25 analogous state plan program for our intellectual and

1 developmental disability population. So that would result
2 in a whole new population receiving the basic attendant
3 layer services through the state plan, and certainly at a
4 tremendous cost, as well.

5 We are continuing to gather information to help
6 us evaluate the feasibility of pursuing the Community
7 First Choice Program within the context of a redesigned
8 system that we've been talking about going into next
9 session.

10 The eligibility requirements for this program
11 are fairly narrow but would still encompass a lot of our
12 populations today. The individuals to qualify for
13 Community First Choice would need to already be eligible
14 for Medicaid under the state plan, so it doesn't cover
15 individuals enrolled in Community Attendant Services.
16 Individuals would have to have an institutional level of
17 care which was a relatively new requirement. In the
18 pending rules, CMS didn't specify that those individuals
19 would have to be in an institutional level of care. And
20 then finally, individuals must basically require a nursing
21 facility or an intermediate care facility level of care
22 but for receiving Community First Choice services. I know
23 that's all a mouthful.

24 There are a number of states that are pursuing
25 Community First Choice and we're talking with them.

1 California is one of those, Maryland, Louisiana, Arkansas,
2 and I believe out of all the states that are evaluating
3 the program right now, California is the only one that has
4 been officially approved by CMS, and I think that happened
5 about a week ago.

6 And that is all I have on Community First
7 Choice. Does anyone have any questions about that
8 program?

9 MS. EDWARDS: Do they have to be actually
10 living in the institution or could they have lived in one
11 within a certain time frame?

12 MS. OLAH: It doesn't matter. The program is
13 available to anyone who's eligible and qualified -- that's
14 a little redundant -- but who's eligible and interested in
15 those services. So as long as they're at an institutional
16 level of care, like in our CBA program, I think one of the
17 eligibility criteria is basically a nursing facility level
18 of care. So individuals receiving attendant services
19 through that program or through STAR PLUS, for example,
20 would qualify for CFC.

21 MR. ASHMAN: Really it sounds like a diversion
22 of keeping somebody out of an institutional setting and
23 maybe giving them some supports until they actually get
24 the full blown waiver for the interest list.

25 MS. OLAH: And that's kind of the idea of

1 Community First Choice. What makes it so appealing is the
2 promise of diverting people from institutions, serving
3 them in lower cost settings in terms of cost
4 sustainability going forward. We're looking at historical
5 data on the Primary Home Care and CAS and STAR PLUS
6 attendant programs and how they've kind of stemmed the
7 growth in nursing facility admissions over the past 20 or
8 more years, and evaluating how applicable that is to
9 Community First Choice and what it promises to bring to
10 the state. So stay tuned on that one.

11 MS. LANGENDORF: But the hangup here, BIP
12 didn't require the state to come up with any money, CFC
13 does require that.

14 MS. OLAH: Correct, that's right. So the BIP,
15 we just have to meet those structural changes that I
16 mentioned, and the IT enhancement is really kind of the
17 biggest cost driver there, but even with the Rolls Royce
18 of all IT enhancements, we wouldn't come near expending
19 the grant amount attached to the BIP.

20 With CFC, just preliminary cost estimates are
21 indicating it would probably cost the state anywhere from
22 \$50- to \$80 million per year in GR to serve the CFC
23 population.

24 MR. ASHMAN: And it would be interesting
25 because California has been approved and they've had such

1 a budget problem, so they're getting a 6 percent increase
2 in their FMAP, it had to have been cost-positive for them
3 to do this or California wouldn't have done it at all. Or
4 maybe they did it through settlement of some lawsuits,
5 because they have been sued for the reduction of services.

6 MS. OLAH: We spoke with California a few weeks
7 ago. I've been put on too many projects since then to
8 keep these facts straight, but I want to say that
9 California, it was almost a no-brainer for them because
10 they're already providing a basic service to all of their
11 populations.

12 MR. ASHMAN: So it's like Money Follows the
13 Person.

14 MS. OLAH: This is just enhanced funding to
15 keep doing what you're doing.

16 MR. ASHMAN: Yes. That's a no-brainer.

17 MS. OLAH: So certainly if you have any
18 additional questions after the council meeting today on
19 these two federal opportunities, you can direct them to
20 Ashley and Ashley can find me. Thank you.

21 MS. SCHWEICKART: Thank you, Tara.

22 MS. OLAH: Sure thing.

23 MR. IRVINE: Thanks.

24 MS. SCHWEICKART: I think that the only other
25 item that I had was setting the next council meeting date.

1 So typically we do September and then December, and we
2 have been doing the first Monday of the month. I wanted
3 to see if the first Monday of December was a workable date
4 for everyone. That's the 3rd.

5 MR. ASHMAN: Did that work last year?

6 MS. SCHWEICKART: It did. I don't know if the
7 3rd jumps out. But you can always email me and let me
8 know if you find out that there's something that's
9 pressing. I just wanted to see if that was a placeholder
10 for us.

11 MS. MARGESON: Well, just one comment or
12 something that comes to my mind about that is that I'm
13 wondering if our meeting allotment of funds would be
14 better spent during session as opposed to having a meeting
15 just prior to session. Plus, we won't even have the
16 preliminary draft report, the first report from the
17 contractor won't be available by then. I don't want to
18 see us have wasted meeting time.

19 MR. IRVINE: Okay. So you're thinking of maybe
20 pushing it back then? I mean, you make a good point in
21 terms of the initial draft report that we're looking at
22 from TAC, that would be October, November, December,
23 January, it would probably be late January. I mean, I'm
24 certainly open to the idea, Paula, if you guys want to
25 delay, push it back. Are there any thoughts about that?

1 MS. GRANBERRY: I know that during previous
2 sessions every time we tried to schedule a meeting during
3 session the state employees revolted, so I would find that
4 interesting that we would be able to have two during
5 session because we ended up moving several meetings last
6 session to keep them away from conflicts.

7 MS. DEMPSEY: If you did do meetings during
8 session, I would think erring on early on the session
9 would be much more workable, the middle of January before
10 things really get rolling.

11 MS. SCHWEICKART: Sure. That's true. So I
12 mean, if we were looking at January.

13 MR. IRVINE: Early in the session the budget
14 people will be busy.

15 MR. GOODWIN: Won't we have the draft before
16 the end of December? That's what I've been worried about
17 is what I would call a sober review over the New Year's
18 holiday. If you look at the 28th as the kickoff, then
19 four months is the end of December.

20 MS. SCHWEICKART: What are you saying then
21 about when we should have it?

22 (General discussion.)

23 MS. SCHWEICKART: August 28 is the start date
24 for the contract.

25 MR. GOODWIN: So September, October, November

1 and all of December, so that draft report ought to be
2 showing up around New Year's, and early January would be a
3 review.

4 MS. SCHWEICKART: Early January then?

5 MS. MARGESON: Session starts the 13th; that's
6 my birthday, that's how I know.

7 MS. GRANBERRY: I'm going to be in Austin all
8 session anyway.

9 MS. SCHWEICKART: So the first Monday of
10 January is the 7th. Should I write that down as a
11 placeholder, Monday, January 7?

12 MS. MARGESON: I just think we'll have more to
13 talk about then than we might in December, perhaps.

14 MR. GOODWIN: Seems reasonable.

15 MS. SCHWEICKART: All right. I'll put Monday,
16 January 7, and I will make sure that everyone gets an
17 email about that so that way you can let me know if there
18 are any conflicts that come up or you can think of. I
19 know it's kind of far out.

20 But, Paula, you make a great point, and that
21 will one of the main agenda items of that meeting then
22 will be review and feedback on TAC's draft report.

23 MR. IRVINE: Great. That's all I've got.

24 Motion to adjourn?

25 MR. GOODWIN: So moved.

1 MR. ASHMAN: Second.

2 MR. IRVINE: We're adjourned. Thank you.

3 (Whereupon, at 11:53 a.m., the meeting was
4 concluded.)

C E R T I F I C A T E1
2
3
4
5
6
7
8
9
10

MEETING OF: Housing & Health Services Coordination
Council

LOCATION: Austin, Texas

DATE: September 10, 2012

I do hereby certify that the foregoing pages,
numbers 1 through 70, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Nancy H. King before the
Texas Department of Housing and Community Affairs.

(Transcriber) 9/15/2012
(Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731