

Lower Rio Grande Valley Development Council

Meeting for Public Comment on Method of Distribution For Disaster Recovery

3:00 PM
Wednesday, December 09, 2009

LRGVDC TRANSPORTATION CENTER
510 S. PLEASANTVIEW DR.
WESLACO, TX

**LRGVDC Staff: Kenneth N. Jones, Executive Director
Manuel Cruz, Director, Homeland Security
Marcie Oviedo, Program Administrator
Ludy Saenz, Planner
Laura Gonzalez, Technician IV**

A public hearing was held by the Lower Rio Grande Valley Development Council (LRGVDC) in the LRGVDC Transportation Center Office on Wednesday, December 9, 2009 beginning at 3:00 p.m. with Executive Director, Ken Jones. Also present were Homeland Security Director, Manuel Cruz, Program Administrator, Marcie Oviedo, Planner, Ludy Saenz, Technician IV, Laura Gonzalez, Program Analyst, Chance Sparks (TDRA) and Texas Department of Housing and Community Affairs, Kelly Crawford.

Mr. Ken Jones called the public hearing on the Method of Distribution (MOD) for the Supplemental Disaster Recovery Funds.

FREEDOM of INFORMATION ACT:

The Monitor and Valley Morning Star were both notified of the public hearing. The meeting notice was published with both newspapers and posted on the LRGVDC website as well.

PUBLIC HEARING- PROPOSED METHOD OF DISTURIBUTION

Mr. Jones welcomed everyone present and summarized the first round of funding. He stated that the second round of funding in terms of dollars and the categories are different from the first round. These HUD funds are for Disaster Recovery from Hurricanes Ike and Dolly which the State received \$1.7 billion and out of that \$184 million was assigned to our three county regions with the total of just under \$240 million. This was the county distribution of that \$55 million on round one. Out of that nearly \$185 million we have housing allocation of almost \$105 million and we have proposed a little over \$15 million for affordable rental program.

The other category is the non-housing group for healthcare facilities which are competitive and \$1.4 million has been allocated for that. Although it's competitive directly with the state, it's competitive within our three county region. That affordable Rental housing Program, \$15 million, is a part of the 10% requirement that the state has. Essentially even though the \$15 million and \$1.4million is allocated to this region, if it is not spent here it will get spent somewhere else. The 1.4million is a part of the \$64,885,000 on the total housing so you deduct that 1.4 for the public facilities and healthcare facilities, which leaves the \$63,481,528 for general non-housing category. So what we're charged with the council governments is coming up with a MOD for those two remaining categories (housing and non-housing).

Round 2 has different requirements on the MOD from the state. Round one, we had regional MOD, and we had a county MOD. It still has to meet the same criteria, meet the low amount of income, the objective; the state is not allowing any local competitions on county wide MOD if there is a county wide one. Although not required, the state is encouraging the Council of Government's (COG's) to look towards the regional allocations to specific regional projects of

which you'll see is what is being recommended for public comment at this point of time. The deadline, to submit to the TDRA office is next Thursday, December 17, 2009. Our COG board of directors meeting is scheduled for Tuesday of next week. We have another public meeting scheduled for Friday, December 11, 2009 at the TSTC Campus in Harlingen at 5:30 p.m. We have had two other public hearings prior to this meeting. The state requires no less than two and I'm happy to say that we're going to have at least four when the process is complete. Public comments from the initial meetings held in November were that we try to determine some accurate assessment of the damage per housing unit from what occurred due to hurricane Dolly, and what's the remaining number of people that may be in need of assistance, currently. Other comments received to date was to prioritize the Non-Housing Category Funds to Drainage Projects that meet the failure to function and the 50% Low & Moderate Income (LMI) requirement.

A Housing Survey Questionnaire form was mailed out to the region. To help substantiate an assessment of which housing categories are in the most need, in the MOD there is a section we can check off if we want to exclude certain housing types or not exclude any in terms of public housing, rental housing, single family occupied, relocation, new construction, etc. We are recommending for the public comment not to exclude any housing type at this time. Our advisory committee supported that the Development Council be the recipient for that funding and to administer those funds on a regional basis. We are recommending that an Request for Qualifications (RFQ) for professional services be secured and in that RFQ we would want to encourage that local professional services that exist already within our three county region be utilized to the maximum extent possible. Also included in that RFQ, would be the flexibility to recommend to the board, for those entitlement communities that so choose to have the flexibility to enter into inter-local agreements directly with those communities to address and identify the need within their communities as part of that three county assessment process.

There are seven entitlement communities in our three county region, four in Hidalgo County which is Pharr, McAllen, Edinburg and Mission. In Cameron County we've got Harlingen, San Benito and Brownsville. The professional services we would secure would solicit applications, determine eligibility, process the environment and continue thru construction etc. Also, within that MOD for housing, we talk about a couple of safety nets recommended to the housing and non-housing. But on the housing side, if there is enough need to expend the whole \$105 Million for housing in those specific categories, then it will be expended. If not, for whatever reason, either for the assessment or we can show objectively and verifiably that we saturated the region, there are no eligible applicants left in any of those categories that would satisfy the State, we should include in that MOD, a milestone that when about 50% of time passes the uncommitted housing funds be reallocated to the non-housing infrastructure category. Speaking of the non-housing, it's at 63 and a half plus million that we're talking about.

As Round 1 many of you were involved in that, same criteria applies, we have to verify the failure to function for those improvements and also meet better than the 50% LMI from the impacted area. Also, we reviewed comments on the first two public meetings to apply these

non-housing funds in a regional way for regional drainage projects that hopefully will have the maximum impact for the dollars available across the three counties. With that, we solicited from the drainage districts among the region a listing of projects that they felt would target not only meeting the LMI component but also meet the failure to function requirement.

Non-Housing Allocation Funds:

LRGVDC Hurricane Dolly Non-Housing Category disaster funding from HUD priority recommendations for Drainage Projects proposes the following projects by priority. **First project** is **Raymondville Drain** and some verbiage, connecting lateral, was added in. **Project number 2. Repair Weirs/& Bridges and Bank Erosion & connecting laterals.** The cost for this second project will be between Hidalgo (-\$14,792,502.50) and Willacy (-\$5,278,578) Counties. **Project number 3. Tio Cano/Tamm Lane/Southwest Drain (Cameron),** it was revised to move forward for comments that also included some lateral connections with the city of Santa Rosa which would be about half a million. Also, in Cameron County the connection of municipal laterals that we would have after the Combs, Primera, and Rio Hondo which would be about a million within each of those three communities. **Project number 4. Peñitas' Drain (Hidalgo),** **Project number 5. Drain "A" Widening (Cameron),** we connected laterals with the City of San Benito, **Project number 6. South Fork Drain (Hidalgo),** **Project number 7. Pharr-McAllen South Drain (Hidalgo),** **Project number 8. East Line Drain & Relief (Cameron),** **Project number 9. Delta Area Connector (Hidalgo),** connecting laterals in Hidalgo County which is a new edition as well that came out originally the repair wears and drain. That delta area connector would affect beneficially Elsa, Edcouch, and La Vila. **Project number 10. I-09 Channel Project (Hidalgo),** **Project number 11. East Lateral Improvements 3 Counties (3 Counties),** **Project number 12. Rancho Grande South (Cameron),** **Project number 13. Hardin Ranch Drain (Cameron)** We should include in the MOD, that any unused dollars remain within the county that it was originally dedicated to and it would go down to the next prioritized project that's unfunded in that county. For example, in Cameron County, we have about a \$10.3 million buffer and Hidalgo County about \$27 million buffer. That MOD would also say if money is left on the table in Cameron County after project number 12 and 13 was considered, those unused dollars would go back to the next prioritized project unfunded regardless of which county it is located in. The same thing with if there is an opportunity getting back to the housing MOD if there should be any dollars left on the table we get the state approval to move that over to non-housing category those dollars would go to whatever the prioritized unfunded on the list those dollars would go to fund those first. Additionally, should there be remaining funds in the non-housing category after all projects have been considered, then those non-committed funds would be reallocated to the housing category.

PUBLIC COMMENTS:

Apolonio "Nono" Flores, RGV Housing Authority:

I'm here on behalf of the housing authority to make comment concerning the 105million for housing. When you review the TDRA plan you see that they mention that in round two includes

some new elements that split the funding between housing and non-housing and include affordable rental housing. Some of the comments that are made in the TDRA plan are that they want to reduce the risk of damage from future natural disasters and meet the urge in housing needs that exist in each of the regions including the RGV region. The goal would be to provide decent housing, decent safe housing with suitable living environment and also expanding economic opportunities for the low income persons. To meet the low income objectives, the residential structures must be occupied by persons with income not to exceed 80% of the area meeting income at affordable rents as published by HUD. 51% of the units must be occupied by persons with income not exceeding the 80% LMI. While the community Development block grant rent has noted in the TDRA plan do not have restriction for how long the unit must be occupied by low income people on affordable range TDRA suggest a five year period. The significant advantage that housing authority has for the entire area is that their units will be occupied by low income families at affordable range forever and that's something that others cannot guarantee the Development Council or the State or HUD. Housing Authority has been around for about 70years since the 1937 Housing Act and they have always served families at various income levels 30%, 50%, 60% and 80% and have done very, very well. Not only providing housing but services to the seniors, disabled, and the families and become economically self sufficient. Most housing authorities have an over stock which was not built to present day standards. When you look at a public housing development that was built 60 or 70 years ago, it did not include standards to prevent wind storm damage or heavy rain damage so what has now happened to a lot of this property because of the heavy rains; the foundation has shifted and has caused structural damage. They need to replace the age obsolete damage public housing that has been damaged by the hurricane. The housing authority can provide this quality housing at affordable rent. There is a lot of low income families that live in the Lower Rio Grande Valley in substandard housing that their renting that does not provide them protection from severe weather and have to live there because that's all they can afford. I think with this available 105million dollars housing authority can use that money, provide the quality housing, to move those low income families into this quality housing and protect them not only from severe weather but give them the safe decent sanitary living environment in a quality living environment. The allocation are conditioned by the 50% income requirement that until the state meet that requirement, you basically have a hold on the other money and one way to quickly meet that requirement in the valley is to partner with the housing authority who can quickly meet and exceed that requirement for affordable housing. Brownsville has a property with vacate about 3years ago because the damage from the shifting foundation and separated walls. They need to replace it, they have plans to demolish that and they have the funding available so they would not need any of this funding for the demolishing but they would like to replace it with 150 apartments for families and disabled people and about 100 units for senior citizens and disabled person. Unfortunately in the valley, you have low incomes and the low income base equals low rents by federal requirements, that's what you get. However, your construction cost in San Antonio or Dallas are going to be higher than the valley. Their incomes are much higher so they can generate higher rent. San Antonio or Houston or Austin may generate a dollar a square foot for rent. In the valley you'll be lucky if you get 0.55 or 0.60 cents under the affordable rent requirement. The following is an example, 150 unit apartment

complexes in Brownsville and town home has an estimated cost of about \$18 Million. The money generated alone is about \$7 or \$8 million creating a gap of \$10 million dollars. Again, the Housing Authorities need assistance from programs like the disaster assistance program. Donna is the same thing they have 20 units for senior citizens that were vacated and are sitting there empty and need to be demolished and replaced and provide safety & sanitary housing to the seniors. Alamo, Pharr, Weslaco, Port Isabel and many of the housing authorities present here are in the same situation. One advantage that they also have is that some of these housing authorities already own the land. Alamo, Weslaco, Pharr and McAllen are looking to buy the land. You won't need out of this money to buy land all you need it is for construction. The housing authorities and I are available to meet with Mr. Jones and provide whatever assistance and guidance we can to the Development Council as it concerns 105million for housing.

Commissioner Cain Casares, City of Elsa:

I just wanted to comment on the regional funding allocation that is being proposed by the disaster committee. I am concerned about the lack of time to fully discuss and deliberate the funding methods for the second round of the disaster recovery funding. I have been shown a letter from HUD, where HUD is telling the State of Texas (ORCA), that the legislative intent of the disaster funding is for recovery efforts. They are stressing that the immediate needs in the area of infrastructure in housing be intended to before moving on to improve infrastructure projects like it's being proposed by the disaster committee. The CDBG Disaster Recovery Funds as stated in the appropriation are primary targeted to restoration of infrastructure housing and economic revitalization. Governor Rick Perry even admits in his response to the HUD that there are irreconcilable differences when it comes to whether regional litigation projects are viable. And if they are not viable, why are we proposing these types of projects when questions exist about its viability. I have a letter from the office of the governor, which is signed by our governor Rick Perry, to the Honorable Shawn D. with the US Department of housing and in here the governor makes it clear that the state is left irreconcilable directions from HUD. I also want to add that small communities like Elsa, and I see other small communities out here, this funding is very limited to our settings. We have needs just like the big cities and the drainage districts do. The counties have strong financial backbone where they can go out and issue bonds; they can issue a lot of debt because they have that financial backbone to back them up. Small communities don't have that. This type of funding doesn't come around very often, and I don't think it'll ever come around again. Our small cities need this help, we need these funds, and we have needs. We were hit in the delta area by hurricane Dolly. We had standing water for many, many days. The funding that we get is not enough and to say that our problems are smaller compared to a larger drainage district problems, is an insult to us, to the families who were affected by hurricane Dolly, to the small businesses that were affected and to the Local Governments.

Commissioner Angie Garza, City of La Joya:

I am also from a small city, La Joya. I want to comment on the regional funding allocation that is being proposed by disaster committee for round two. I'm concerned that there are too many un answered questions concerning this type of funding. First of all, the low and moderate income figures of the percentage this morning at the disaster committee meeting are not correct. Unless

the city is directly tied to the regional project, you cannot count the population as benefit from the project. Under urban county regulations we are constantly told that our project has to benefit low and moderate income people. Many of the regional projects proposed do not have the connection to the cities. For example, The Delta Area, Delta connector does not tie to La Villa, Elsa, or Edcouch so how will this benefit be determined. La Joya does not belong to the drainage district. We drain to the river. So how do we benefit from that? How will the procurement process be handled if the county drainage district administers the project, the procurement process might not meet federal requirements. The cities have been working with the urban county program and understand the process. If a project does not meet HUD standards, who will decide what other projects will take its place? If the regional projects are constructed with what funding will cities improve their infrastructure to get the drainage to the district. When the hurricane hits again, the cities will be in the same condition. If the cities can get the water out of the cities into their rural areas less damage will be done mostly to fields and crops. What about the last bond issued? Where is the money? Too many unanswered questions. The funding of individual cities would not have these questions.

Jerry Hartzog, City of Rio Hondo:

I would like to state the need for proceeds. Rio Hondo will have a major impact with this three county wide range program. I believe that we will receive and see probably 40% of the water from those drainage systems which will come down the Arroyo Colorado. Our concern and our intent is to be able to drain our city from the rainfall from the hurricane versus our location. We can drain our city or improve our drainage where we'll be able to get rid of that access before the Arroyo Colorado rises and at the point in time that the Arroyo Colorado rises, our drainage system becomes inadequate because it cannot flow. We also in return start receiving back flow from other drainage because we are going to receive Hidalgo, Cameron County & Willacy County money. So the money that has been appropriated to the city of Rio Hondo will be a very big benefit for our city. I feel that Rio Hondo will be impacted greatly by this drainage program. We also choose to live on the Arroyo Colorado as residents of Rio Hondo we accept the responsibility and we are willing to bare this responsibility when the back flow comes we will survive it but with this money we will not be quite in the situation that we would be in because we would have adequate advantage before the health hazard comes, we will be able to re drain again.

Mayor Senovia Castillo, City of Elsa:

I wanted to comment on the regional funding allocation that is being proposed by the committee. I do have a problem with the disaster committee, the way they set up the divisions of the funding. This whole process from the beginning was proposed on the regional method of funding without consideration being given with city funding method using round one. These were issues with the round one funding. But if in round two, MOD provides each city with a safe percentage of money we received on round one, the problem of funding will not be a problem. If you see in Hidalgo County if funds were allocated on a percentage basis they would each get

about 20% more funding. For Example, Hidalgo County would get \$6.2 million dollars instead of \$5 on round one. The City of Edcouch would get approximately \$565,000 instead of \$500,000. By funding each city we can better decide whether we want to correct the infrastructure that failed during hurricane Dolly or we could go to another regional project. For example, McAllen and Pharr wanted to fund the south drain which is \$1,031,581 and the south fork drain would be \$4,166,252. They would be able to do it with their individual allocation of over \$7 million dollars. The Delta Area would then decide whether we wanted to go with the drainage district and throw our money together and go with them. I wish the committee to approve the allocation that was done in round one. And this way we would decide whether we wanted to use our money to correct our infrastructure. Our problem in the City of Elsa is that we need to get the water out of the city. We go with the regionalized that's funded now. Elsa is six miles from La Villa so we would have to run a line from Elsa all the way to La Villa and the money is not going to be there so we do need to get our allocations so we could decide what we want.

Mayor Ramiro J. Rodriguez, City of Palmhurst:

I have a few comments regarding this regional project. We've had flooding in our city. There are roads that are still under repair they're still collapsed I have photographic evidence and I have people asking what is going to be done. We cannot handle the rain from a hurricane. I was hoping that with round one and round two monies, we could complete our outcall and get our water out of our cities so that we don't have these problems. Because not only I had flooding in my streets I had damage in my streets and I'm going to have to go back to my citizens and say to them, "regionally, this regional project is going to help everybody else, but we're still going to have to deal with our water." I have been outside with several commissioners and city employees pumping water for several hours. We've purchased high velocity water pressure pumps and low velocity water pressure pumps. We used them to get the water out of our cities to areas that are flooded. I rather the cities be given their allocation and we take care of that drainage of our own to get that water out. I know that we had a drainage district and I think that it should take care of its own responsibilities. We need that accountability; they need to show us what is going on. I have told my commission and all my commissioners that we need to always analyze and study everything closely because if you rush to judgment, you usually rush to mistake so I think that we should go with the Method of Allocation that we had before and let the cities work together, the counties work together, all the precincts to work together to get this and get their input.

Rolando Gonzalez, City of Sullivan City:

As mentioned earlier, in our case we get flood waters from up north. Our flooding comes from outside the city. We happen to be outside the drainage district. As you know storm sewer systems are very costly. We don't have the financing mechanism to do our own work so the way that it was allocated in the first round was tremendous help and we're left out in the cold for second round.

Gabe Guzman, Willacy County Housing Authority:

The only thing that I want to say is that the \$104 million is supposed to be and earmark for housing. If it comes down to pipe line and it's already earmarked for something, why do we have to keep changing things? There's a great need in this valley for housing and it was not addressed completely. We're changing the recipe here that HUD and President Obama wants to see to get addressed is housing. I can go to any other county and I can show you housing that still from the last hurricane, hasn't been fixed. Maybe because of population, it does not have someone to help reach them and get down to the problem. If the COG has the power to do and undue they can finally decide what they really want to do?

Ken Jones: "Only within the state guidelines."

Gabe Guzman: But it is very big sometimes and the COG has the power to do so. My question would be if this \$28million short fall the COG has the power to take it away from the \$104million?

Ken Jones: "If any of the housing dollars were ultimately moved over to non housing, it would only be in such time that it could be identified and proven that there was no additional housing need that would be eligible for those housing dollars." "When you're looking at multi-family issues like that, I'm sure that the \$104 is probably going to go exclusive to the housing. If we have those kind of numbers. But it would only be in such case that the housing dollars could not be used. In an effort to ensure that, everything that is allocated housing or non housing or in the other competitive categories the priority is to keep it within the region."

David A. Cortez, Brownsville Housing Authority:

We do have some projects; we do have some developments that received some damage through the standing water. We have some development that also received damage through the highway. So certainly I want to comment to the LRGVDC, that there is and we want and need the funds. There is a need in the valley and certainly \$104 plus million dollars can be well effectively used.

Diana Serna, Hidalgo Urban County Program:

Hidalgo Urban County Program is also an entitlement community so we are one of 8. Also, in regards to the drainage needs the development council made a very concerted effort to try to provide all of the cities within the Urban County Program with the proposals that were being knocked around. We had a presentation from our drainage district director in which we provided a map to all of our cities and advised them of how the project would go. I would be very happy to meet with the City of Elsa in regards to how one of the projects would definitely benefit their drainage needs and I'm sure that Mr. Garza would be available for discussion regarding the drainage project in the Delta area. I am an employee of the county of Hidalgo. I however feel that unless we address the drainage improvement, we will continually spend money on addressing housing needs if we don't fix the drainage problems.

Jose Saenz, McAllen Housing Authority:

I want to bring up some additional use for these funds for housing activities practically as a large city entitlement, one of the things that does the occur whenever we encounter disaster related issues is the families that are affected because they are at risk because of the lost of their own, they're at risk for continued damage, they come to housing authorities first to seek alternate shelter and our resources are already packed as it is. We have in order to address that exposure these funds would allow us to increase our inventory to make available to the families who have a need and don't want to reside in continued conditions that are going to be affected on subsequent years. I did also want to support the comments of Mr. Flores as it relates to the valley housing authorities and some of the efforts that they want to do in this manner and that with the appropriate input and direction and process I think it would be a win-win situation for the four county area in the programs and the projects that can be implemented for housing services. Furthermore, to support the COG's decision in these efforts I would refer you to the bi annual report that TDRA submitted to the Legislature, they did their own survey as part of their reporting process, and in that survey, the second most responsive need was the development of rental units. I would encourage the COG to utilize that reference in its support for this effort. And finally, I know the entitlement communities, five years ago, did a regional wide consolidated plan and as far as that planning process, all housing authorities were as far as their wait list. Because their wait list include families that are still wanting to get into housing because of over crowdedness, substandard conditions, or maybe pending issue from damage property from previous storms. I know that the entitlement communities are getting ready to submit a new 5 year plan.

Anthony Covacevich, Hollis Rutledge and Assoc.:

Why hasn't any consideration been given to a funded method that's similar to the round one method? In the round one, all the cities received an allocation of money. Nothing prohibits the funding of the cities individually like we did in round one. What will the city get if they went with the round two total amount available funding and divide it by percentages that were issued on round one. On round two the \$63,482,000 would be divided between the three counties by 45% through Hidalgo and Cameron and 10% to Willacy County. That would give Hidalgo and Cameron County each \$28,566,687. Willacy County would get \$6,348,152 that would be an increase of approximately \$800,000 more for Willacy County. If you were to divide it at around Hidalgo County Cities, if you take the same percentage that they got in round one and divide that by the total amount of money available in round two they would get for instance Hidalgo County instead of getting 5million, they would get \$6,278,393, Edcouch instead of getting \$450,534 you would get \$565,725, Elsa instead of getting half a million, they would get \$627,839, La Joya currently gets \$405,865 they would see \$509,636, Palmhurst \$500,000 they would end up getting \$627,839, Progreso from \$500,000 will receive \$627,839 and all the cities would see an increase by 20%.

Fernando Lopez, Pharr Housing Authority:

LRGVDC PUBLIC MEETING MINUTES

I agree with the comments that Mr. Flores and Mr. Saenz said. Keep those original comments for tomorrow where we will be giving the applications out.

Ended the Public Meeting at approximately 5:00 o'clock pm.