

SUBJECT: Financing plumbing connections in colonias

COMMITTEE: Natural Resources — favorable, with amendment

VOTE: 8 ayes — Counts, Walker, Cook, Corte, Culberson, King, R. Lewis, Moffat,
0 nays
1 absent — Puente

SENATE VOTE: On final passage, May 5 — 30-0

WITNESSES: (*On House companion, HB 844*)
For — Judy Donovan, Texas Interfaith
Against — None
On — Ruth Cedillo, Texas Department of Housing and Community Affairs;
Fernando Escarcega, Texas Water Development Board; Sandra Martinez,
Comptroller's Office

BACKGROUND : The Texas Department of Housing and Community Affairs (TDHCA) is required by the federal government to set aside 10 percent of federal Community Development Block Grant money each year to assist colonias within 150 miles of the border. In fiscal 1997, there will be \$8.7 million available in the Colonia Set-Aside Fund that can be used for grants to cities and counties for water and wastewater improvement projects, including indoor plumbing facilities and fixtures.

The Texas Water Development Board administers a Colonia Plumbing Loan Program funded by a one-time \$15 million grant from the Environmental Protection Agency for residents who qualify for Economically Distressed Area (EDAP) Funding. To qualify for EDAP programs, applicants must be located in affected counties with a per capita income 25 percent below the state average and an average unemployment 25 percent above the state average. Loans are available from the TWDB program for certain water and sewer projects, including indoor plumbing facilities and fixtures.

DIGEST: SB 844, as amended, would prohibit using money in the TDHCA Colonia Set-Aside Fund for indoor plumbing facilities and fixtures.

The bill also would require TDHCA and TWDB to coordinate applications for residential hookup funds from the TDHCA fund and the TWDB Colonia Plumbing Loan Program. The two agencies would share information elicited by each agency's application procedure to avoid duplication of effort and eliminate the need for applicants to complete different forms with similar information.

The bill would require TDHCA to provide by rule that an application for assistance in paying for residential service lines and hookups associated with being connected to a water supply or sewer service system could be submitted after the construction of the water supply or sewer system began. TDHCA would be required to approve or disapprove a timely application before construction of the water supply or sewer service hookup was completed in order to eliminate delays in hookups.

The bill would take effect September 1, 1997.

SUPPORTERS SAY: SB 844 would allow the TWDB and the TDHCA to streamline the application process for colonia residents applying for residential service lines, hookups and plumbing improvements from both agencies. If TDHCA obtained federal approval, the two agencies could coordinate funding to provide a combination of grants and loans for residential sewer and water hookups.

Money in the Colonia Set-Aside Fund should not be used to pay for indoor plumbing facilities and fixtures because making improvements to individual homes is not a proper use of either state or federal money.

SB 844 would allow money from the Colonias Set-Aside Fund to be used to pay for hookups for homes in colonias where the state or federal government has already funded water and wastewater systems or where those systems were being finished. The current low rate of hookups could endanger the viability of some colonia projects since additional revenue to utility systems cannot begin until residences are connected to the system.

**OPPONENTS
SAY:**

Prohibiting money in the Colonia Set-Aside Fund from being used to pay for indoor plumbing facilities and fixtures would be a big mistake; paying for indoor facilities is an eligible activity under the federal community block grant program, the source for Colonia Set-Aside Funds.

Many colonia residents, who may make \$6,000 or less annually, simply cannot afford to purchase indoor plumbing fixtures or pay to have their house plumbed. Under SB 844 as amended, the best many residents could expect from Colonia Set-Aside Funds would be to have a faucet installed outside their house.

NOTES:

The committee amendment would add the provision that money in the Colonia Set-Aside Fund not be used to pay for indoor plumbing facilities and fixtures and would delete language in the Senate-passed version of the bill providing that the fund could be used for certain water and sewer service connections.