

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

BOARD MEETING

8:30 a.m.
Wednesday
July 30, 2003

Auditorium
State Capitol Extension
1100 Congress
Austin, Texas

PRESENT:

BOARD MEMBERS:

MIKE JONES, Chairman
KENT CONINE, Vice Chairman
NORBERTO SALINAS
BETH ANDERSON
SHADRICK BOGANY
VIDAL GONZALEZ

STAFF:

EDWINA CARRINGTON, Executive Director
RUTH CEDILLO
BROOKE BOSTON
TOM GOURIS
DAVID GAINES
EDDIE FARISS
BILL DALLY
CHRIS WITTMAYER, General Counsel
ERIC PIKE
SUSANA GARZA
BYRON JOHNSON

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1
2 MR. JONES: I would now like to call to order
3 the Board Meeting of the Texas Department of Housing and
4 Community Affairs for July 30, 2003. First order of
5 business being to call the roll. Mr. Conine.

6 MR. CONINE: Here.

7 MR. JONES: Ms. Anderson.

8 MS. ANDERSON: Here.

9 MR. JONES: Mr. Bogany.

10 MR. BOGANY: Here.

11 MR. JONES: MR. Gonzalez.

12 MR. GONZALEZ: Here.

13 MR. JONES: Mayor Salinas.

14 MR. SALINAS: Here.

15 MR. JONES: And I am here. We have a quorum.
16 Everybody is present, nobody is absent.

17 The next order of business I would like to take
18 the privilege to do -- I believe we have a distinguished
19 guest here. I'm going to learn to talk someday. The
20 former mayor of Austin here, Gus Garcia. Nice to have
21 you, Mayor. We sure do appreciate you coming.

22 (Applause.)

23 MR. JONES: And speaking of former mayors, we
24 also have the former mayor of Lamesa here with us, Mr. Don

1 Bethel.

2 (Applause.)

3 MR. JONES: I would now like to encourage
4 public comment on why you clapped for Mayor Bethel, better
5 known as Chairman Bethel. You know, those of us who
6 served on the board with Don know what a tremendous job he
7 did as chairman. There has never been a chairman like
8 him. There never will be a chairman like him.

9 He led our department through some really
10 choppy waters at times, and did a magnificent job. And
11 the State of Texas owes him a great debt. And we thank
12 him very much for his service, and are so glad to see him
13 again.

14 I would also like to say this. It is very
15 true -- I've told many people this, that Don taught me
16 everything I know. And Pam just wants me to tell you that
17 he also taught me some things she didn't want me to know.
18 So maybe she and Linda need to get together and discuss
19 it. But thank you for your service, and thank you so much
20 for being here. You've been such a good friend to this
21 state and this department.

22 With that, I would also like to recognize a
23 number of employees of our department who have done some
24 magnificent things. And I had that piece of paper right

1 in front of me, and here it is. And a number of our
2 employees -- and if you would, Delores, could you and
3 Beth -- would you mind doing this for us? Handing out the
4 pins?

5 I will -- if I would, I'd like to ask the
6 employees, as I call your name, to come up here and stand
7 in front of us. And when I get everybody up here, I'll
8 then discuss these pins and their significance. And the
9 employees are: Alyssa Carpenter, Analisa Gonzalez, Angela
10 Thompson, Annette Cormier, Aurora Carvajal, Becky
11 Peterson, Blanca Hernandez, Christy Roberts, Delores
12 Groneck, Jorge Reyes, Ty Myrick, Krissy Vauro, Laura
13 Palacios, Linda Aguirre, Linsey Kornya, Liz Barrera, Mike
14 Garrett, Mark Klingeman, Bobby Grier, Michael Jovicivich,
15 Misael Arroyo -- excuse me. I never did learn that
16 tongue.

17 Naomi Acuña, Nidia Hiroms, Rachel Metting,
18 Teresa Morales, Brenda Hull, Joanne De Penning, Scott
19 Schotman, Wendy Pollard, Veronica Martinez, and Michelle
20 Atkins. And we would like to honor these employees today.
21 They have been involved in a very important project. It
22 was the Low Income Housing Tax Credit Data Gathering and
23 Population Project, which could have been done by
24 temporary employees outside of our department, but it was

1 not. It was done within our department by our own
2 employees.

3 The primary objective of this project was to
4 populate the compliance monitoring and tracking system
5 with current and accurate Low Income Housing Tax Credit
6 data collected from the original source documents. The
7 business benefit of the project was that it would -- made
8 available the data concerning property and program-related
9 information in a single repository, and it was much easier
10 to work with.

11 The project sponsors and leaders were Ruth
12 Cedillo and Bill Dally. The two project managers were
13 James Roper and Russ Walch, who coordinated the inter-
14 agency team of 31 staff members. The work effort included
15 gathering data for approximately 1,400 Low Income Housing
16 Tax Credit properties consisting of over 14,000 buildings.

17 This project came in ahead of time. No
18 temporary employees were done. It was done by our own
19 employees while they did their regular job fully. It was
20 done with immense effort and with immense overtime. And
21 we thank you so much for it. It saved the State of Texas
22 a lot of money and has produced a better department for
23 the State of Texas, and we thank you.

24 (Applause.)

1 MR. JONES: And Beth, if you, on behalf of the
2 Board, present these pins to commemorate their services.

3 (Pause.)

4 MR. JONES: Thank you.

5 (Applause.)

6 MR. JONES: Our next item of business would be
7 Public Comment. As is our custom, you have an option of
8 when you would like to make your public comment. If you
9 would like to speak to the board, that could either be
10 now, during the period of time of public comment, or it
11 can be on the agenda item.

12 We have a number of people that would like to
13 speak to the board. And the only advice I can give you as
14 chairman is get at the board early. Those who speak
15 earliest are probably best understood.

16 With that in mind, I will now go -- and by the
17 way, our list of people who want to speak to the board
18 today is quite lengthy. And in order to make sure that
19 everyone has an opportunity to speak, and also in order to
20 ensure that the business of the State of Texas actually
21 gets conducted today, because many of you out there would
22 like to see us accomplish our tasks, we will put a three-
23 minute time limitation on that.

24 I apologize ahead of time for that limitation,

1 but I just don't see how we can get done what we need to
2 get done today without such a limitation. With that in
3 mind, the first witness affirmation form I have is from
4 Mr. McCasland.

5 MR. MCCASLAND: I wish to thank the board for
6 letting me speak. I'm Woody McCasland, Kingsland, Texas,
7 Llano County. We are -- we have a project that is being
8 asked to get tax credit in Kingsland for affordable
9 housing and family and elderly.

10 I want to let you know that I have been in
11 Kingsland for the last 40 years. Have been involved with
12 Highland Lakes Bank in Kingsland, also in many other
13 projects in the area. And the need has certainly arisen
14 in Llano County and other rural areas, but -- especially
15 our area. It has been a growth area. But yet, the
16 availability of affordable housing is very limited.

17 And because of this, the commercial area has
18 not provided or -- commercial investors have not provided
19 any type of rural affordable housing. Most of it is more
20 in the high-dollar housing, or medium income. And this
21 project would be very beneficial. We have an awful lot of
22 families that are in the -- people working in the service
23 areas, in the construction areas, and the retail areas in
24 our area, and find it very hard to find acceptable

1 housing.

2 We understand that we're in Region 7, and that
3 the money -- that this particular region has no money
4 allocated coming -- or tax credits allocated for this
5 particular region.

6 I want the board to realize that we are in a
7 rural area. We happen to be in a county which does not
8 adjoin Travis County, but the Austin area, has, I
9 understand, taken all the allocations over the --
10 therefore there is none available.

11 I guess what I'm asking for today is that at
12 least for a consideration, and at least give us a
13 forwarding commitment, if that is possible. And we have
14 other speakers that will speak on the project itself. But
15 I wanted to be here as a person in the county representing
16 the people in the county of Llano, and also showing that
17 there is a need for this type of housing in Kingsland.
18 Thank you.

19 MR. JONES: Thank you, sir.

20 Mr. Mayfield.

21 MR. MAYFIELD: Thanks to the board for the
22 opportunity to speak to you this morning. On behalf of
23 Project Kingsland Trails Apartments in Kingsland, Texas,
24 Mr. McCasland just also spoke in favor of it. It is

1 Application Number 3168 in Region 7.

2 And my name is Mark Mayfield. I am the
3 Executive Director of the Marble Falls Housing Authority;
4 have been going on 17 years now, and a lifelong resident
5 of that area in rural Texas. And I understand that our
6 property -- proposed property here has been sent to
7 underwriting. And I want to thank the board for that,
8 that they saw this application kind of be feasible enough
9 for that very purpose.

10 However, we have kind of run up against an
11 obstacle that we have continued to run up against. And
12 one of the most frustrating things for me as a director of
13 a public housing authority in rural Texas is some of the
14 obstacles that we have to run up against, it seems, time
15 after time in trying to meet the demand of housing in our
16 community when it's -- it tends to be primarily directed
17 to more of the urban areas.

18 And our region -- of the 13 regions within the
19 state, Region 7 is the only region that had zero credits
20 allocated to that, which is because of commitments that
21 have been made, again, to the Austin area. And it seems
22 like we are always behind the shadow of the urban area.

23 And it has nothing to do at all with the
24 quality of the application that we can prepare. It has

1 nothing at all to do with the quality of the development
2 in which we can -- are developed, the quality of the
3 management in which we can manage the property with.

4 We are able to do that. I don't know how we
5 could put together a more perfect application than what we
6 have. But yet there is obstacles that we continue to have
7 to cross over that make it so difficult for us to do that.

8 And that is because we live in a rural area.

9 And I just submit to you that the needs out
10 in -- west of Travis County, out in the Marble Falls,
11 Burnet County, Llano County, Kingsland, Texas -- all of
12 that area -- I represent that area. I represent a lot of
13 the counties within the Central Texas area. And we have a
14 tremendous housing need. A tremendous housing need. And
15 we would certainly like the opportunity to meet these
16 needs, but we would like to be able to do that on a level
17 playing field if at all possible, just because of where we
18 are.

19 MR. JONES: Thank you, sir. I believe your
20 time is up. Thank you, sir. I appreciate it.

21 MR. MAYFIELD: Okay. Thank you.

22 MR. JONES: Mr. Kilday?

23 MR. KILDAY: Mr. Chairman, I'm going to do mine
24 later on.

1 MR. JONES: Okay. Ms. Blunt.

2 MS. BLUNT: First of all, good morning to the
3 TDHCA board and to your staff. My name is Janett Blunt.
4 I'm the housing manager and the grants administrator for
5 the City of Beaumont. And we are here today in support of
6 the Low Income Tax Credit application submitted by Stone
7 Hearst to construct a 144-unit apartment townhomes in --
8 on Locust Street, which is located in Census Tract 1.03.

9 And I want to start off by just letting you
10 know that our city council, our local officials have
11 wholeheartedly supported the application by way of
12 Resolution Number 03-143, which reads, "Whereas, Stoneway
13 Limited Partnership proposes to build Stone Hearst
14 Townhomes on approximately 27 acres located at 1650 East
15 Locust Drive in Beaumont, Texas; and whereas Stone Hearst
16 Townhomes will be comprised of a community center building
17 containing on-site management offices, residential
18 activity areas, as well as 144 townhome units, and where
19 Stone Hearst townhomes will consist of two- and three-
20 bedroom units which will be beneficial to the families in
21 Beaumont; Stone Hearst Townhomes received the highest
22 score of 100 in the TDHCA 2003 tax credit round for Region
23 5, and a score issued to Stone Hearst Townhomes on the
24 strong demand for affordable housing in our city, this

1 development should be awarded its tax credits.

2 "Now, therefore, let it be resolved by the city
3 council of the City of Beaumont that the council finds
4 that R.J. Collins and the Stoneway Limited Partnership
5 have the historical experience in developing high-quality
6 affordable communities for our city.

7 "Be it further resolved that the city council
8 supports the efforts of Stone Hearst Townhomes, and
9 especially its application to the TDHCA for Low Income Tax
10 Housing credits, passed by the City Council of the City of
11 Beaumont, this 15th day of July 2003, signed, Mayor Evelyn
12 Lloyd.

13 And I just want to add to that that the area
14 that the apartments would be located is in a census tract
15 with approximately 84.6 low/moderate families. The
16 occupancy there is at or below 40 percent of poverty.

17 The median income for that census tract area is
18 \$18,393 per year. We're at an 82.8 percent minority
19 population. The units will be in an area with minimal
20 and/or substandard housing. And the city does have in its
21 goals of its affordable housing program goals to
22 revitalize the area. And certainly construction of this
23 144 units will go a long way in helping us to meet that
24 goal. So we encourage you to consider the application.

1 Thank you.

2 MR. JONES: Thank you, ma'am. I appreciate it.
3 Terry Campbell.

4 MR. CAMPBELL: Agenda item.

5 MR. JONES: Michael Gilbert?

6 MR. GILBERT: Agenda item.

7 MR. JONES: Randy Stevenson?

8 MR. STEVENSON: I'll pass.

9 MR. JONES: Geanie Morrison?

10 MS. MORRISON: Thank you, Mr. Chairman and
11 members. I come before the board today to express my
12 concerns regarding the Campbell, Hogue and Associates
13 application for the Pinnacle Point Apartment Complex that
14 would be in Region 10, Number 03-162. The proposed
15 development includes 156 multifamily apartment homes to be
16 located in Victoria, Texas.

17 While I recognize the need for additional
18 housing, my concerns are based on the impact that a
19 development of this size would have on the local schools.

20 Currently Chandler Elementary School, which
21 would be right next door to this complex, is near
22 capacity, with only enough space to accommodate an
23 additional 44 students. Unfortunately, this new school,
24 which was just opened two years ago, was not built in a

1 location that has land that could expand.

2 There is not even enough space available to
3 bring in portable buildings at the school. Once a school
4 reaches capacity, two alternatives exist. Students could
5 be transferred to one of two schools, Vickers or Rowland,
6 because the school that would be closest to this complex,
7 besides the new school, is already at capacity, and cannot
8 take any more students.

9 If the students go to Vickers or Rowland, they
10 would have to bring in portable buildings that would have
11 to be moved onto the campuses. Of these other two
12 schools, Vickers is the only one that is eligible to
13 transport students from the area that the Pinnacle Point
14 project is to be located at, as it is over the two-mile
15 radius.

16 This means that the students that would have to
17 attend Rowland, the school that is not over two miles
18 away, would be forced to travel right at two miles,
19 placing a burden on families and putting many students in
20 danger, who would be walking along major roadways to get
21 there, since that is actually the third school of choice,
22 since the other two could not handle them.

23 Beyond the elementary schools is the junior
24 high school, which would face many of the same problems,

1 and they would have to bring in portable buildings.

2 I also have a letter with me from the vice
3 president of our school board, who wishes to express his
4 concerns, including the impact that this development would
5 have on assessment initiatives that are already in place.

6 Additional members will also be sending letters to you
7 from the school board.

8 In closing --

9 MR. JONES: Representative, one question about
10 that letter.

11 MS. MORRISON: Yes?

12 MR. JONES: Would that letter be expressing his
13 opinion, or was he authorized to write it on behalf of the
14 school district?

15 MS. MORRISON: It's expressing his opinion as
16 the vice president. Now, it's not -- it would not be
17 coming from a school board meeting, but it's his opinion.

18 MR. JONES: Okay. Thank you.

19 MS. MORRISON: Yes.

20 MR. JONES: I'm sorry to interrupt.

21 MS. MORRISON: That's okay. In closing, I
22 would respectfully ask that you take these concerns into
23 consideration as you make your decision on the Pinnacle
24 Point Application. And I want to thank you again for

1 allowing me to appear before the board. And I would be
2 glad to answer any questions that you might have.

3 MR. JONES: Representative, thank you so much
4 for being here.

5 MS. MORRISON: Thank you.

6 MR. JONES: We certainly appreciate it.

7 Mr. Palmer -- Barry Palmer?

8 MR. PALMER: Mr. Chairman, we have several
9 speakers on the same item. Is it possible for us to have
10 them go in a certain order?

11 MR. JONES: I'd be happy.

12 MR. PALMER: At the agenda item.

13 MR. JONES: That's fine.

14 Ms. Lott?

15 MS. LOTT: Good morning.

16 MR. JONES: Good morning.

17 MS. LOTT: My name is Ann Lott, and I'm the
18 president and CEO for the Dallas Housing Authority. Thank
19 you for allowing me to speak to you this morning on behalf
20 of the Housing Authority of the City of Dallas and our
21 request for \$4.5 million in tax credits for the Frazier
22 Fellowship, Application 03097, located in Region 3.

23 In February of this year, DHA was awarded a \$20
24 million HOPE 6 grant, from the U.S. Department of Housing

1 and Urban Development. With this grant, DHA has the
2 opportunity to take a giant leap forward in meeting the
3 needs of low-income families in the Frazier Courts
4 community, and spurring the revitalization of southeast
5 Dallas.

6 The redevelopment of this 550-unit complex will
7 occur in five phases, and cost approximately \$16 million.

8 The 60-year-old structures will be replaced with 356 new
9 contemporary units. The HOPE 6 grant requires housing
10 authorities to leverage the grant dollars to accomplish
11 this revitalization effort.

12 HUD has made it clear. They have no intention
13 of providing support for any revitalization effort without
14 the financial participation of the local and state
15 government. HOPE 6 is an extremely competitive program.
16 Only the best and the brightest get funded. DHA was one
17 of the 28 housing authorities to receive funding in 2002.

18 We submitted to HUD a plan that leveraged the
19 HOPE 6 grant with city funds, private debt, and tax credit
20 equity. We were awarded the grant in large part because
21 HUD believed DHA had the wherewithal to leverage the grant
22 successfully and complete the project within the five-year
23 period.

24 In February of this year, DHA submitted an

1 application for \$4.5 million of tax credit equity for the
2 fourth phase of the HOPE 6 development plan. The proposed
3 project includes the construction of 76 units. Thirty-
4 eight of them will be public housing, 22 will be low-
5 income tax credit units, and 16 will be market rate units.

6 Frazier Fellowship is the first of two tax
7 credit applications we plan to submit to you for this HOPE
8 6 plan. Although our application received a score of 100,
9 the staff has not recommended Frazier Fellowship in this
10 funding cycle. As I have pointed out previously, tax
11 credit equity is a critical component of this
12 revitalization effort.

13 We only have five years to complete the
14 proposed project. If DHA cannot secure tax credits for
15 Frazier Courts, our entire HOPE 6 grant is in jeopardy.
16 We will not be able to complete the project, and the \$20
17 million will be returned to Washington, D.C.

18 I am here to ask you to consider a forward
19 commitment for this very worthwhile endeavor. To be
20 successful, DHA must begin construction of the fourth
21 phase by 2005. And a forward commitment will ensure a
22 timely completion of this project.

23 MR. JONES: Ms. Lott, I believe your time is
24 up. If you could conclude.

1 MS. LOTT: I will conclude.

2 MR. JONES: Thank you.

3 MS. LOTT: This venture is difficult, if not
4 impossible to accomplish without the state's tax credit
5 program. And I want to thank each and every member of the
6 board for your commitment to affordable housing, and I
7 urge you to consider a forward commitment. There are
8 several residents of the Frazier Court community. My
9 council member is also here in support. And if you could
10 hear from them as well.

11 MR. JONES: Certainly. And I would also like
12 to comment, many of the issues that you've raised --
13 Senator Royce West would like to be here, and would like
14 to be commenting very favorably on the issues you've
15 raised, and that you've taken this position.

16 And I told Senator West, when he told me he
17 couldn't come and that he couldn't be here, that certainly
18 our board understood those issues, as they've been raised.

19 I know our executive director understands those issues
20 and has looked at them carefully. And that I would make
21 sure the board members knew of his interest and of his
22 opinions on the subject.

23 MS. LOTT: I do appreciate it. Thank you.

24 MR. JONES: Thank you. Who -- Mr. Palmer, who

1 would be next? Excuse me?

2 MS. FULLER: Geraldine Fuller.

3 MR. JONES: Ms. Fuller.

4 MS. FULLER: Good morning.

5 MR. JONES: Good morning.

6 MS. FULLER: My name is Geraldine Fuller. I
7 have been a resident for Frazier Courts for a number of
8 years. And I never have -- never believed I would see the
9 day that Frazier Court would have a nice new building. I
10 love this community. And that is why I work so hard with
11 the Dallas Housing Authority to try to make things better.

12 I have looked at all the beautiful plans for
13 the neighborhood, and it brings tears to my eyes to think
14 that one day, I'll get to live in this. Frazier Court is
15 not the best place to live, but for me, it's home. It's
16 where my children grew up and moved out.

17 Some of the residents may not want to live
18 there, but I can't wait until it's ready. This is my
19 neighborhood. We are all excited about the changes,
20 because it gives us hope. It's been a long time coming.
21 I can -- I came here today because I want you to help DHA.
22 They are trying to make things better. Thank you.

23 MR. JONES: Thank you for being here.

24 MS. LOTT: Mr. Chairman, the next speaker is

1 Monnique Meshack.

2 MR. JONES: Thank you.

3 MS. MESHACK: Good morning.

4 MR. JONES: Good morning.

5 MS. MESHACK: My name is Monnique Meshack.

6 Frazier Court needs to be changed. It's a good
7 neighborhood. But we can also have a much better place to
8 live under the changes that DHA wants to do. DHA told us
9 that they were going to tear down those old buildings and
10 give us some new ones.

11 They told us that they would be in a mixed-
12 income neighborhood, and have jobs and training. We
13 believe in them. They came back and said to us that you
14 do not get -- that they were not able to get the tax
15 credit. We didn't know if they -- if that was what they
16 were saying was true, but we trusted them when they told
17 us that the community was going to be changed.

18 We need to -- your help, to help with DHA give
19 us our good community. We want the same things for our
20 family. Good jobs, good school, and a decent place to
21 live. Thank you.

22 MR. JONES: Thank you.

23 MS. LOTT: Mr. Chairman, Tammy Conway will
24 speak next.

1 MS. CONWAY: Good morning.

2 MR. JONES: Good morning.

3 MS. CONWAY: My name is Tammy Conway. I'm here
4 today to encourage your board to award Frazier Court
5 Fellowship towards a community of low-income housing tax
6 credits. As a resident of Frazier Court, the award of the
7 forward commitment is very important to me and to those
8 who are with me today.

9 We have worked hard with the Dallas Housing
10 Authority to develop a plan about the renovation of the
11 Frazier Court neighborhood. And we will be awarded -- and
12 we will -- was awarded in March a bunch of HOPE 6 funds.
13 And we are now working with the Housing Authority to
14 approve that plan.

15 Frazier Court is our home. But it's old, and
16 due to be done, and down -- be torn down and rebuilt. We
17 are asking the board to award the credits to DHA and so we
18 can rebuild Frazier Court and give us a better community
19 for our families. Thank you.

20 MR. JONES: Thank you, ma'am.

21 MS. LOTT: Barry Palmer.

22 MR. JONES: Thank you.

23 MR. PALMER: Thank you, Mr. Chairman, and
24 members of the board. The housing authorities are charged

1 with a very difficult task. They are charged with serving
2 a very low-income tenant base. The average median income,
3 portfolio-wide of the Dallas Housing Authority's tenants
4 is about 17 percent.

5 The only way that they are able to do this is
6 they get operating subsidy from HUD that allows them to
7 operate their properties, but they get very limited
8 capital dollars to maintain their properties, and
9 certainly none to rebuild obsolete housing.

10 The HOPE 6 program was designed to allow
11 housing authorities to replace obsolete housing with new
12 construction, like we see in the tax credit program. But
13 it is entirely dependent on receiving tax credit awards to
14 leverage the HOPE 6 dollars.

15 In the past, the department has recognized the
16 importance of the HOPE 6 Program, and there has been a
17 point category for projects that have HOPE 6 awards. And
18 in the 2003 QAP, unfortunately, that was changed to
19 include in there, with HOPE 6, projects that had CDBG or
20 HOME funds. But unfortunately, the QAP did not specify
21 how much you had to have, and in fact, if you even had to
22 actually have it, but rather, you just applied for it.

23 So what you have is the anomaly where you have
24 this project that has over a million and a half of HOPE 6

1 grant funds firmly committed to it. And on the other
2 hand, you have projects in the region that have applied
3 for, but not received a \$10,000 CDBG grant.

4 Had it not been for that change in the QAP that
5 allowed developers to claim points for merely applying for
6 a few dollars that they'll never receive, this would have
7 been the highest-scoring project in Region 3.

8 Because of that, I would request that the
9 department consider a forward commitment of 2004 tax
10 credits to this project.

11 MR. JONES: Thank you, sir.

12 MR. CONINE: Mr. Palmer?

13 MR. PALMER: Yes?

14 MR. CONINE: Did I hear -- and Ms. Lott, I
15 think, say that Phase 4 of this particular project is the
16 one we're dealing with?

17 MR. PALMER: No, this is Phase 1.

18 MR. CONINE: Just Phase 1? Okay.

19 MR. PALMER: The funding stage. We only have
20 four years to complete the four phases.

21 MR. CONINE: And how many units are in the
22 total four phases?

23 MS. LOTT: 356.

24 MR. CONINE: Okay. Thank you, very much.

1 MS. ANDERSON: I have a question for Mr.
2 Palmer, Mr. Chairman.

3 MR. JONES: Certainly.

4 MS. ANDERSON: Maybe I misheard you. I
5 remember -- I think I remember Ms. Lott saying that
6 there's 20 million in HOPE 6 Funds. And I think I heard
7 you say a million and a half in --

8 MR. PALMER: In this particular phase. This is
9 only 72 units in the first phase. And there's a million
10 and a half --

11 MS. ANDERSON: It's not 20 million for this
12 current deal. It's 1.5?

13 MR. PALMER: Right.

14 MS. ANDERSON: Okay. Thank you.

15 MR. JONES: Are there any questions? Next.

16 MS. LOTT: Mr. Chairman?

17 MR. JONES: Yes?

18 MS. LOTT: The next speaker is Councilman Leo
19 Chaney.

20 MR. JONES: Thank you. Mr. Councilman.

21 MR. CHANEY: Buenos dias.

22 MR. JONES: How are you doing?

23 MR. CHANEY: I thought we'd get a little light
24 there. I'm from south Dallas, Texas, but we represent

1 everybody.

2 (Laughter.)

3 MR. JONES: So do we.

4 MR. CHANEY: I'm here today as a partner, if
5 you will, of the Frazier Courts projects. My parents are
6 78 and 77 years old, began their marriage and their
7 families in these housing projects many, many, many years
8 ago. I'm here also on behalf of my colleagues on the city
9 council, and our mayor, Laura Miller, to ask you to
10 seriously -- very seriously grant the request that the
11 Dallas Housing Authority is making.

12 This community -- the average census tract --
13 the income is less than \$10,000. We have committed -- we
14 being the Dallas City Council -- we have committed to --
15 we are experimenting, if you will. We have created what
16 is called a Neighborhood Improvement Program, whereby we
17 are using a substantial amount of our federal grant monies
18 to improve targeted neighborhoods.

19 And this particular neighborhood is one of our
20 future targets. So not to belabor the point, I just want
21 to say to you that we're in the midst of a metamorphosis,
22 if you will, in southeast Dallas. And without these tax
23 credits, and without the partnership, if you will, between
24 the city, our local government, the federal government,

1 and our state, many of the folk, who are like me, who were
2 impoverished, will not have the opportunity to have decent
3 and safe housing.

4 And so I implore you today -- I made a special
5 trip down here because this means so much to our city, and
6 so very, very much to the -- to Ms. Fuller and the
7 residents that currently reside in that area.

8 And I want to urge you to please, please
9 consider the forward commitment that we've requested, that
10 took us three years to get the \$20 million commitment from
11 the federal government. And we were delighted. We all
12 just jumped up and down when we received that.

13 And so we're trying to leverage all our
14 dollars, put all the partners together, so that within the
15 next four years we can really get a bang for our buck, and
16 you can come to Dallas and come down on Spring Avenue and
17 Taste of New Orleans and eat a sandwich with us. Thank
18 you.

19 MR. JONES: I would love to do that.

20 MR. CHANEY: You're on, Mr. Chairman. Just
21 give us that forward commitment.

22 (Laughter.)

23 MR. JONES: Now, when I -- was that just a
24 bribe?

1 MR. CHANEY: No, sir. No, no. That's just an
2 invitation. That's just the type of hospitality we have
3 in south Dallas, Texas.

4 MR. JONES: Hey, we go to Tyler, too. So
5 you --

6 MR. CHANEY: All right, then.

7 MR. JONES: We appreciate your special trip.
8 Thank you so much for being here.

9 MR. CHANEY: Thank you.

10 MR. JONES: Janice Steffes. We think you're
11 different places in this stack.

12 MS. STEFFES: Good morning. My name is Janice
13 Steffes. I'm here representing State Senator Troy
14 Frasier, Senate District 24. He has asked me to read some
15 comments for him regarding the Kingsland Trails
16 Apartments, Tax Credit Application 03-168. And he sent a
17 letter on July 14 that might be in your board packet. And
18 that's what I'm going to read.

19 "Dear Ladies and Gentlemen, I am writing you to
20 express my full support for Kingsland Trails Apartments, a
21 76-unit family apartment community proposed for
22 development and construction in my district under the
23 Federal Low Income Housing Tax Credit Program.

24 "Kingsland, in Llano County, is a thriving

1 rural community which has a serious need for high-quality,
2 safe and clean, affordable multifamily rental housing, for
3 families, the elderly and the disabled.

4 "A development like Kingsland Trails will be
5 critical in our efforts to diversify the housing market in
6 order to fulfill the ever-increasing housing demand in
7 Kingsland and the surrounding communities.

8 "While I understand that currently there is no
9 tax credit money available for the Kingsland region, I
10 would strongly urge the board to find the funds available
11 to approve this much-needed rural development in my
12 district.

13 "Of the LIHTC 2003 applications for Region 7,
14 the Kingsland application scored the highest, and it
15 should be funded. Thank you for your favorable
16 consideration of this most worthwhile project. If I can
17 ever be of assistance, please do not hesitate to call on
18 me. Sincerely, Troy Frasier, State Senator." Thank you.

19 MR. JONES: Thank you. I appreciate it.

20 Mr. Anthony Cobos.

21 MR. COBOS: Mr. Chair, Commissioners, Good
22 morning. My name is Anthony Cobos, mayor pro tem, City of
23 El Paso, Texas. The mayor of El Paso, Mr. Joe Wardy, has
24 asked me to come down and address an issue. That is the

1 Suncrest Townhomes Project, 03223.

2 While we are very glad that --

3 MR. JONES: And if I could interrupt just for a
4 second. I would like to say this. I did hear from the
5 mayor yesterday. He is very interested in your comments,
6 very supportive, I believe, of your comments. And he
7 wanted me to express to the board members that he would
8 have loved to have been here today, and to express his own
9 opinions, and that just could not do that. It was
10 impossible for him to do that.

11 I'd just like to make that -- so they had that
12 information as you speak.

13 MR. COBOS: Thank you, Mr. Jones. And I do
14 officially represent the position of the City of El Paso,
15 Texas.

16 We are opposed to this project, even though we
17 are grateful for you considering Region 13 with these
18 funds. But we think it will be counterproductive if we
19 authorize this project, for three main reasons.

20 Number one, it is an issue of clustering. If
21 this project goes through, it will be in an area where
22 there are five public housing projects already -- in your
23 packet I passed out earlier, you will find a resolution
24 from the City of El Paso, the mayor breaking the tie.

1 That is to officially oppose this project.

2 And again, the issue of clustering was the main
3 point. And also in your packet, you will find a document
4 from our police department. And in the back, I have
5 highlighted, in the summary section. It says, "We believe
6 that crime will increase at a higher rate than if
7 developed -- if this development was placed in an area
8 without this concentration." It's a concentration issue.

9 We believe that low-income housing should be
10 distributed throughout a community, not clustered in one
11 general area. Crime is higher in this area, and that is
12 due to gang affiliations within the various housing
13 complexes.

14 And also it is the police department's opinion.

15 Therefore, it is our opinion, based on the research and
16 experience, the location of the proposed housing is not
17 beneficial to either the current community residents, or
18 those residents of the proposed complex.

19 The second issue that I'd like to address, or
20 the second point is, we have had many elected officials
21 supporting my position. And again, I'm the city
22 representative. I've walked that neighborhood. I
23 represent that neighborhood. I live it every day.

24 I received a letter -- in your packet is a

1 letter from the congressman of the 16th Congressional
2 District, rescinding his initial letter of support for
3 this project, and asking you to consider my opinion here
4 this morning.

5 Also the State Representative of District
6 Number 78, Patrick Haggerty, has sent a letter in
7 opposition to this project. State Representative Joe
8 Pickett, District 79, has sent a letter in opposition to
9 this project. But the main concern is the clustering
10 issue.

11 And Chente Quintanilla, State Representative,
12 has also sent a letter in opposition to this project. And
13 Mr. Jones, you did receive a letter from Mayor Wardy, as a
14 similar letter was sent to Governor Perry. And I would
15 say that Mayor Wardy is -- has a very close working
16 relationship with Governor Perry. We have not received
17 correspondence back from Governor Perry at this point.

18 And also the school districts are going to be
19 affected. In that general area -- I've included a map,
20 and I've highlighted that map. This is it. The little
21 dot is where the proposed project is going to be. That is
22 on the opposite side of the street from an elementary
23 school, Lyndon B. Johnson, and a middle school.

24 In order for children to get to that school,

1 they're going to have to cross the street. It's a minor
2 arterial. There is two lanes in either directions. It's
3 a four-lane road. And El Paso, Texas, has the highest
4 pedestrian fatality accidents in the state of Texas. This
5 certainly will not help.

6 I would like to answer any questions if you
7 have some, please.

8 MR. JONES: Okay.

9 MR. SALINAS: How long have you all been in
10 office?

11 MR. COBOS: I've been in office -- this is my
12 second term. I've been elected two times. And I am a
13 mayor pro-tem of the City of El Paso.

14 MR. SALINAS: Well, to say this project went
15 through the city, planning and zoning and --

16 MR. COBOS: This city -- this project -- was
17 not -- did not go through the City of El Paso. It is a
18 Housing Authority project. To the best of my knowledge,
19 the City of El Paso was not invited to the table when
20 dialogue took place, and when the decision was made to
21 move forward on this project.

22 MR. SALINAS: This is an area where it was
23 supported very highly by the Housing Authority Project in
24 the City of El Paso.

1 MR. COBOS: That is correct. And again, to
2 that point, is the City of El Paso has officially taken a
3 position against the project. We did relay our concerns
4 to the Housing --

5 MR. SALINAS: Who appoints the board members
6 for the City -- for the Housing Authority?

7 MR. COBOS: The mayor of the City of El Paso
8 appoints the board members to the Housing Authority. We
9 have had a change in leadership with the mayor of El Paso.

10 MR. SALINAS: But I mean, the board members
11 have not changed?

12 MR. COBOS: The board members have not changed.
13 No, sir.

14 MR. SALINAS: Well, you need to tell the mayor
15 [inaudible].

16 MR. COBOS: Well --

17 MR. SALINAS: Because as long as the board
18 members are there, those are the ones running the Housing
19 Authority right now.

20 MR. COBOS: Yes, sir.

21 MR. SALINAS: I would think that it would be
22 very unjust for us to -- not to consider the Housing
23 Authority's request. I think this project's been
24 recommended by our staff, highly recommended, and I would

1 hate to see it politically being brought down simply
2 because of the change of administration, and the chair
3 might want to change the board members.

4 I just think that if you all want to change the
5 Housing Authority's presence there, then the mayor needs
6 to start getting busy and start appointing new members.

7 MR. COBOS: Let me address that.

8 MR. SALINAS: Right now it's very hard to work
9 and serve a board -- that board that unanimously support
10 this housing -- this project. I, myself, respect the
11 seats that they represent in the Housing Authority. And I
12 don't know what seems to be the problem. At one time
13 everybody was supporting it, and then the new mayor comes
14 in and looks at it differently, and -- but it looks bad.

15 The way I see it -- I'm a mayor, and I
16 appointed my own housing authority board members. But I
17 do really not get involved with them. I let them do their
18 own thing. And we appoint them. We appoint good people.

19 But if the new mayor's not happy with them, then I don't
20 see why we should be put in the position to choose, simply
21 because you all have a new mayor.

22 So I got a call from the mayor yesterday. I
23 didn't call him back because I knew that I was not going
24 to be able to communicate with him fairly, because my

1 position is to represent the people that applied, which is
2 the housing authority board, which is a respectable board
3 in El Paso, I thought.

4 You know, we had a trip there some -- about a
5 year ago. Everybody was so happy about everything that we
6 were doing there. It's a nice part of town. I mean, the
7 most -- I think El Paso has the best housing -- affordable
8 home programs in the state. We even had a tour through
9 some of those projects -- beautiful projects. And all of
10 a sudden here, everybody is -- simply because the mayor
11 doesn't like the board members.

12 MR. COBOS: Mr. Chairman, may I address that?

13 MR. JONES: Yes, sir.

14 MR. COBOS: I would like to say, Mayor Salinas,
15 that I have survived the change in the administrations. I
16 was there when the last mayor was in power. And even
17 then, the housing authority did not bring this to my
18 attention. Being a city representative for that area, I
19 was totally out of the loop.

20 You have brought up a point, that the housing
21 authority is not taking into consideration the city's
22 opinions. I have a newspaper article that was in
23 yesterday's El Paso Times. And I would like to tell you,
24 more than likely, why the housing authority has not

1 changed its position. And I'm going to read this. It's a
2 quote from Mr. Al Velarde, the official spokesman for the
3 housing authority.

4 It says, "Our partner has filed suit to
5 obligate the housing authority to honor its partnership,
6 housing authority Spokesman Al Velarde said, and we must
7 therefore proceed with our agreement. To do otherwise
8 will cause the Authority to risk incurring a multimillion-
9 dollar liability.

10 "For that reason, the Housing Authority of the
11 City of El Paso has not changed its position, in my
12 opinion." That's a quote from the housing authority
13 Spokesman, Mr. Al Velarde.

14 And also to that point, there is -- the City of
15 El Paso is doing exactly what you proposed, Mr. Salinas.
16 We are trying to have a better dialogue with the housing
17 authority. We have not been successful in having a
18 positive or a beneficial dialogue with the housing
19 authority, so therefore, the City of El Paso passed a
20 resolution to expand the board from five members of the
21 housing authority to eleven members of the housing
22 authority.

23 MR. SALINAS: Well, and I understand that. And
24 the city has all the authority to do that, and the mayor

1 does that. But meanwhile, this housing authority has the
2 vote. And my feeling here for the -- representing this
3 board is, until that housing authority gives us the signal
4 otherwise, I think the recommendation from the staff on
5 this project should stand.

6 If you all wanted to change the political base
7 of that housing authority, then you all need to start
8 working right now. But right now, I don't think -- why
9 should we get involved? I think that this is a project
10 that's been recommended by our staff. The project is
11 being supported by a unanimous board of the housing
12 authority in El Paso.

13 All we've heard from people in El Paso is good
14 things about the housing authority and the partnership
15 with these people. I don't want to tell you who you can
16 appoint next year, but as it is right now, it's very hard
17 for you to come here and tell us, Well, we want to pull
18 this application simply because we don't agree with the
19 housing authority.

20 Well, we all would like to do a lot of things
21 right now that we don't like. But people have terms and
22 there are limits, and there are appointments. And their
23 elected officials get so many terms. So as of right now,
24 I think it would be hard for me to -- not to take the

1 recommendation from the staff on a project such as that
2 project in El Paso, and it's being recommending highly by
3 staff.

4 MR. COBOS: Mr. Jones --

5 MR. JONES: Before you do -- I've been very
6 remiss. Mr. Bogany had a question. I'd like to turn to
7 his question if we could.

8 Mr. Bogany, I'm sorry it took so long. And
9 then Mr. Gonzalez.

10 MR. BOGANY: No problem. I just have a couple
11 of questions. Is the City of El Paso saying that they
12 don't want any low-income subsidized housing in El Paso
13 anymore?

14 MR. COBOS: No, sir. We are not saying that.

15 MR. BOGANY: Okay. The next question I have.
16 Do you represent -- do your representation spill over on
17 the other side of South Mesa Hills? Or is that the
18 border?

19 MR. COBOS: South Mesa -- it does, sir.
20 This -- my representation affects the entire area,
21 including the school district.

22 MR. BOGANY: Okay. But the other five projects
23 there too? The five other housing -- subsidized housing
24 projects there? Would you be a representative for those

1 five?

2 MR. COBOS: Would I be the representative for
3 the --

4 MR. BOGANY: I'm looking at your map. And I'm
5 looking at --

6 MR. COBOS: Yes, sir.

7 MR. BOGANY: And I'm looking at South Mesa
8 Drive. And my question is, basically, I know you
9 represent where this project is. But the other one
10 through five -- do you represent on that side?

11 MR. COBOS: Yes, sir. I do. That is my city
12 representative district. Yes, sir.

13 MR. BOGANY: I would -- I talked to staff
14 earlier, and they said they went out and took a look at
15 this project, and shopping around it. It's ideal for an
16 affordable housing project. And I'm just questioning what
17 was -- was there any opposition to these other five? And
18 why all of a sudden it moves across the street, now we've
19 got opposition to it.

20 And it seems as though it's a political
21 football in El Paso, and you're throwing it at us, and ask
22 us to play in your game. And all we're doing is voting to
23 provide affordable housing. And it really bothers me.
24 I've got a letter from Representative Robert Cushing, who

1 sits -- I guess city council with you, one of your
2 members --

3 MR. COBOS: Yes, sir.

4 MR. BOGANY: -- who is in favor of this
5 project, based on what his letter said. And he had some
6 concerns about some of the things you just mentioned, but
7 overall, he felt that it was a good project, and it was in
8 a great neighborhood. And just, why is the City of El
9 Paso wants -- does it want to get involved with your
10 political fighting back at the city? I mean, that's not
11 our job.

12 MR. COBOS: Mr. Jones -- Chairman Jones, if I
13 may address that -- those concerns, as -- Representative
14 Cushing voted for the resolution in opposition to the
15 Suncrest Townhomes. I am not sure of the interpretation
16 of that letter, but he is opposed to this project.

17 MR. BOGANY: Okay.

18 MR. COBOS: And I would say that I believe that
19 some of the issues I have addressed or brought forward
20 have been deflected into politics and other items. You
21 may read that in -- from others. But I am here to tell
22 you today that it is an issue of clustering.

23 The city leadership and the majority of the
24 state representatives, the congressmen, are very concerned

1 about this project. And also, it's an overburden on
2 surrounding schools. Okay?

3 I never met -- this is not about politics.
4 This is about clustering. Cities throughout the country
5 are getting away from clustering of housing units. It's
6 common knowledge that these clustered housing units --
7 families have to work more. Many of them are single
8 families, or single-parent families.

9 There is less parental participation in the
10 PTAs, and in extracurricular activities, because
11 individuals are trying to make ends meet. It's a fact
12 that there are gangs in these housing authorities. We
13 have had major problems.

14 So to deflect my argument and say it's
15 political is not an accurate statement. That it is not --

16 MR. SALINAS: I can tell you how you can fix
17 this problem. You need to go back to your city council
18 and do a study of your city, and revamp your zoning. We
19 just cannot stop a project, especially a beautiful project
20 like the ones you all have there. It's beautiful
21 projects.

22 You cannot say that they're not, because we saw
23 them. You need to go revamp your zoning on housing, and
24 you need to move them out. If you don't want them in a

1 place, then the city council has the authority to stop --
2 to change the zoning if you don't want these people.

3 Because that is the only authority that I think
4 the City of El Paso would have. It would be very hard for
5 you to put us in this particular position, and say, Well,
6 we decided we don't want it anymore.

7 And all this time, these people -- this housing
8 authority has spent money in making the application, has
9 talked to people. You've got to have some people in favor
10 of this project simply because the whole housing authority
11 board voted in favor of it.

12 And I can understand that the people that
13 should run the city are the people that get elected by the
14 citizens, and maybe one of the things that you all need to
15 do next year, or whenever you get back, is just to a study
16 and revamp the new zoning and say, Well, we don't want any
17 more projects here. Maybe this will be the last one. And
18 move them out somewhere else.

19 I think that's the only authority you have,
20 because if you deny something that is in your zone, and is
21 zoned for that purpose, you know, the developer might sue
22 you. Because we've gotten sued before in our city for
23 denying and getting too much involved in the political
24 process simply because we don't like the developer.

1 It's something that I think you all need to go
2 back and rezone and pay a consultant to do your study.
3 You're saying that you all have too many of them. And
4 then that you are not going to accept any more. This is
5 the only way you can do it. But just don't do it
6 overnight simply because you have a new mayor.

7 MR. COBOS: Mr. Salinas --

8 MR. JONES: Just a second. Okay. I've got a
9 number of board members that would like to ask you
10 questions. Mr. Gonzalez, then Ms. Anderson, and then Mr.
11 Conine.

12 MR. GONZALEZ: I had a question on the package
13 that you gave us on the concentration of low-income
14 subsidized housing where the maps were.

15 MR. COBOS: Yes, sir.

16 MR. GONZALEZ: There was also an article about
17 how the buses avoid that area. Can you touch on that just
18 for my personal benefit and the board's benefit?

19 MR. COBOS: Yes, sir, I can. In that issue,
20 about the buses, directly goes into one of my three
21 arguments, the clustering issue. The buses, for the past
22 five years, have refused to travel in that area because
23 they are -- individual people living in the complexes
24 stone them, or they throw rocks at them, or pellet guns.

1 And the director of Sun Metro, Mr. Terry Lee Scott -- and
2 I have a quote. And he's saying -- this is in the
3 Borderline Section, January 17, 2003, "It's very
4 dangerous, Sun Metro Director Terry Lee Scott said. If a
5 window were shattered, passengers could get hurt, and a
6 driver could lose control, he said."

7 And also, it goes on. "For years, Sun Metro
8 buses have avoided parts of the west side and lower valley
9 for fear of rock attacks or pellet shots from air rifles,
10 officials said."

11 Ladies and gentlemen of the board, we
12 appreciate your consideration, but this will be
13 counterproductive if this project is approved in that
14 area. Anywhere else is fine. But when you have a
15 concentration of low-income housing, it directly affects
16 the neighborhood.

17 This isn't about politics. This is about
18 quality of life, and if anyone can challenge me on the
19 quality-of-life issue, I would appreciate it, because it
20 doesn't appear that there is an argument that challenges
21 the quality-of-life issue. It's all about politics.

22 I walked the streets to get elected. I knocked
23 on a lot of doors. I know the area better than anyone
24 else in the City of El Paso. It's about quality of life.

1 It's about condensed school districting.

2 At Moorehead Elementary, they replaced the
3 principal three times. An administrator had to come and
4 take over. I don't want to have children cross the street
5 over a four-lane road, a minor arterial, to get to school
6 when the City of El Paso has the highest rate of
7 pedestrian fatalities in the state.

8 Can anyone challenge me on the quality-of-life
9 issue?

10 MR. JONES: Okay. Let me --

11 MR. COBOS: Thank you, sir.

12 MR. JONES: Ms. Anderson?

13 MS. ANDERSON: Mr. Cobos, were you on the city
14 council in January 2003?

15 MR. COBOS: Yes, ma'am.

16 MS. ANDERSON: Okay. That's when this
17 application was filed and became public. So if you were
18 so concerned about public safety and clustering, why did
19 we not hear anything from you, sir, until after the
20 scoring was released in May or June, and it became clear
21 that this project out -- you know, was the one in El Paso
22 that was going to be funded, and this board now making a
23 change in the staff recommendation would come at direct
24 expense to the developer of Suncrest, and a direct benefit

1 to another developer in El Paso?

2 MR. COBOS: I'm glad you asked that question.
3 In January 2003, I was knocking on doors. I was knocking
4 on a lot of doors. I spent every day -- I was --

5 MS. ANDERSON: So you weren't reading the
6 minutes of that housing authority meetings and --

7 MR. COBOS: No, ma'am. I was campaigning for
8 my political future. I was fighting for my life. And in
9 fact, that's how I discovered this project, where
10 neighbors in the area -- when I was knocking on doors.
11 So --

12 MS. ANDERSON: So when was that that you
13 discovered, in your knocking on doors, that -- when you
14 learned about the project through knocking on doors, not
15 reading housing authority minutes?

16 MR. COBOS: I would say early -- late February
17 to early March.

18 MS. ANDERSON: Okay.

19 MR. COBOS: I was campaigning approximately
20 four months.

21 MS. ANDERSON: Okay.

22 MR. COBOS: So I apologize, but when -- I had
23 four opponents. I spent most of my days --

24 MS. ANDERSON: It's difficult for this board

1 member to, you know, make a decision when this developer,
2 you know, has scored and followed departmental rules,
3 because someone who is opposed to it -- you know, and I
4 know campaigning is hard work, and it makes, you know,
5 people busy. But that, you know, creates a -- it's hard
6 for me to decline to support a project because someone
7 says, Well, I didn't know about it.

8 And the other question I have for you is did
9 the El Paso Housing Authority violate any of their own
10 rules and policies, or any explicit city rules and
11 policies in creating its partnership that was, you know,
12 public in January when this application was filed?

13 Did they violate any --

14 MR. COBOS: I am not an attorney.

15 MS. ANDERSON: -- in your judgment, sir.

16 MR. COBOS: But in my judgment, yes. And if
17 this policy -- if this project moves forward, I believe
18 you will see an injunction --

19 MS. ANDERSON: What rules did they violate,
20 sir?

21 MR. COBOS: In -- according to -- in my
22 opinion, they violated open records -- excuse me -- open
23 bidding rules. Any municipality, any government entity,
24 has got to go out to open bids and solicit bids. That was

1 not done.

2 But I am not -- I am only answering that
3 question because -- I am addressing this because you asked
4 the question. That is not one of my three points which --

5 MS. ANDERSON: Okay. I have another question.

6 MR. COBOS: -- which is not --

7 MR. SALINAS: Let me ask -- go ahead.

8 MS. ANDERSON: Let me just ask my last
9 question.

10 MR. SALINAS: Sure.

11 MS. ANDERSON: You mentioned that the El Paso
12 City Council passed a resolution to increase the number of
13 board members from seven to eleven on the housing
14 authority. How -- has HUD had a reaction to that
15 proposal?

16 MR. COBOS: To the best of my knowledge -- let
17 me correct something. It was from five to eleven, not
18 seven to eleven.

19 MS. ANDERSON: Okay.

20 MR. COBOS: Five to eleven. HUD -- we have not
21 received any correspondence from HUD. So to that -- this
22 resolution was passed on the 22nd. So it hasn't -- it's
23 been a little over a week. So we have not received any
24 correspondence from HUD.

1 According to our city attorneys, the -- we're
2 totally within state law to do that. We could have a
3 board of five, seven, nine or eleven. And the city
4 council has taken action to try to remedy the problem.
5 Back here the issue of open bidding -- there was no
6 solicitation of bids on this project.

7 MS. ANDERSON: That's not -- my question is,
8 what written rule did the housing authority violate?

9 MR. COBOS: I don't have that information.

10 MS. ANDERSON: Okay.

11 MR. COBOS: And -- but -- and again, Mr. Jones,
12 if I may, that is not one of my three argument points.
13 Still --

14 MR. JONES: We understand your argument. We're
15 into the questioning.

16 Yes, sir?

17 MR. SALINAS: I'd like to ask our staff -- we
18 had a public hearing in El Paso concerning this project.
19 Who was there? Were you there?

20 MS. JOYCE: Yes, sir.

21 MR. SALINAS: How many people were there
22 opposing the project when you went to El Paso for the
23 public hearing?

24 MR. JONES: If you would, please, come to a

1 mike and state your name.

2 MS. ANDERSON: Jen, you need to come to a mike.

3 MS. JOYCE: My name is Jennifer Joyce. I'm
4 Program Analyst on the Multifamily Division. To the best
5 of my recollection, there was zero opposition.

6 MR. SALINAS: No opposition, you mean?

7 MS. JOYCE: Zero opposition at the public
8 hearing.

9 MR. JONES: Zero opposition. Thank you. I'm
10 sorry.

11 MR. SALINAS: Zero opposition? And you all
12 publicized it. You all were there?

13 MS. JOYCE: Yes.

14 MR. SALINAS: You sent letters to the
15 neighbors?

16 MS. JOYCE: We publicized it in the Texas
17 Register. We also posted it. Yes.

18 MR. SALINAS: Okay. Thank you. One of the
19 things that I've always had concerns with is when public
20 is opposed to these projects. We've had several of them
21 here come before this board, and we fought them, and we've
22 heard the public, and we've heard the elected officials.

23 But when those things have happened, we've had
24 people here from the -- opposing these projects. The only

1 ones that I've heard opposing these projects is the new
2 mayor and you. You know?

3 And I just don't see it fair that the public
4 around this project has no public opposition. So it's
5 very hard for us to think that it's going to hurt your
6 neighborhoods, because if it was, it would -- we would
7 have hundreds of people here that we've had from
8 everywhere else.

9 The only thing I can say is that that is an
10 issue that you're all going to have to take up later. I
11 don't think that we would be able to not recommend this
12 project. The staff spent a lot of money, a lot of time.
13 And the recommendation is to support this project. So
14 as you can see, you have no public opposition to this
15 project over there. And you don't have anybody from El
16 Paso here, besides you and probably some of the city
17 staff -- anybody from the public from El Paso that is here
18 opposing this project. There is nobody here.

19 MR. COBOS: Mr. Chairman?

20 MR. SALINAS: One, two, three, four? Okay.

21 MR. COBOS: Mr. Chair?

22 MR. JONES: Yes, sir?

23 MR. COBOS: If I may address that. Mayor
24 Salinas, for you to say that there is no public opposition

1 to this in the City of El Paso and in the general
2 neighborhoods is not an accurate statement.

3 MR. SALINAS: Well, we had a public hearing in
4 El Paso. My question, not only to you, but to everybody
5 that goes to our public hearings throughout the state --
6 my first question is, how many people were opposed to this
7 project? And they give me a number. And sometimes they
8 are high numbers.

9 On this number, you just heard our staff say
10 zero. Nobody was opposed at the public hearing. So that
11 is a conclusion that it is a problem that just erupted out
12 of the city council. So it is a problem that you all need
13 to take care of yourself, and not put it up to us to
14 decide for you.

15 MR. COBOS: Sir, with all due respect, I was
16 not invited to the public hearing. And when you asked the
17 young lady if she sent notice --

18 (Laughter.)

19 MR. JONES: There will be order, please.

20 MR. COBOS: When I -- when you asked the young
21 lady if she sent notice to the residents, the answer was
22 no.

23 MR. JONES: Okay. Thank you, sir.

24 Mr. Conine, I apologize for being so long.

1 MR. CONINE: Okay. You moved to a city council
2 vote in the resolution that I think you said the mayor
3 broke the tie.

4 MR. COBOS: Yes, sir.

5 MR. CONINE: Can you restate that again for me?

6 MR. COBOS: Yes, sir. It was a four-to-four
7 tie, and the four-to-four vote, and the mayor broke the
8 tie supporting the resolution in opposition to the
9 project.

10 MR. CONINE: Is the property zoned currently
11 for multifamily?

12 MR. COBOS: Yes, it is, sir.

13 MR. CONINE: So there is going to be
14 multifamily there, whether it's -- no matter which income
15 stratum it's designed for, there is probably going to be
16 multifamily on that site. Is that correct?

17 MR. COBOS: Yes, sir. I would suspect that.

18 MR. CONINE: Part of our problem is the
19 lumping, if you will, of the statement of public-housing
20 units, which I think is very erroneous for city officials,
21 or anybody -- and the educational process for us to have
22 to try to instill upon local officials, the difference
23 between public housing and Low Income Housing Tax Credit
24 housing. There is a huge difference there.

1 And I -- and so would you say that there is a
2 concentration of public housing in this particular
3 neighborhood?

4 MR. COBOS: There is a mix in this particular
5 neighborhood. There are housing projects --

6 MR. CONINE: Right.

7 MR. COBOS: -- and there are low-income housing
8 projects. So they -- there is a mix.

9 MR. CONINE: Well, I -- I'm looking at a
10 statement here in a letter that says that only 9 percent
11 of the public-housing units are on the west side of the
12 city. Is that an accurate statement?

13 MR. COBOS: I -- that are owned by the El Paso
14 Housing Authority? It may a correct statement. But as
15 far low-income housing -- subsidized low-income housing, I
16 do not believe that is an accurate statement. No.

17 MR. CONINE: Okay. Well, subsidized low-income
18 housing is a different term than public housing, and we
19 need to be careful when we represent what's there and
20 what's not there, because in fact, the five different
21 projects or six different projects on your map are a
22 mixture of projects.

23 MR. COBOS: Uh-huh.

24 MR. CONINE: So mixed-income is happening in

1 this particular area, not a concentration of public
2 housing, which I think is what you said earlier. Thank
3 you.

4 MR. COBOS: Thank you, and I would like -- Mr.
5 Chair?

6 MR. JONES: I tell you what. I think we're way
7 past your time limit. Unless there is another question, I
8 think we're going to have to go on to someone else.

9 MR. COBOS: I would also, just in closing,
10 please, that the State Legislature recently passed a law
11 in the form of Senate Bill 264, prohibiting TDHCA from
12 allocating tax credits to a development located one linear
13 mile or less from an existing tax credit project serving
14 the same type of household. Senate Bill 264.

15 MR. JONES: Thank you, sir.

16 MR. COBOS: Thank you.

17 MR. JONES: Appreciate your time. Appreciate
18 you being here, City Representative. Thank you so much.

19 MR. COBOS: Thank you.

20 MR. JONES: Next, Mayor Gus Garcia.

21 MR. GARCIA: Thank you, Chairman Jones, members
22 of the board. You'll notice that the applause was very
23 strong. And I think it's attributable to the word
24 "former." We are no longer there to do any more damage.

1 I appreciate you giving me the opportunity to
2 speak in the general citizens' communication, because I
3 had a very important job to do that former mayors --
4 retired mayors and grandparents have. For the next five
5 days, I'm going to babysit four boys -- four
6 grandchildren. So I need to start that job in about 15 or
7 20 minutes. So I appreciate you allowing me to speak at
8 this time.

9 MR. JONES: Our prayers go with you.

10 MR. GARCIA: I need them all, Mr. Chairman.
11 I'm here to speak on behalf of the Villas on Sixth Street,
12 Project Number 03-160. This was a project that the city
13 entered into an agreement with the developer.

14 To do a project in an area that has not had
15 this kind of project -- it has public housing, but this
16 tax credit project is going to bring a special kind of
17 housing to that particular area. It's a very -- and this
18 is a forward commitment kind of project.

19 It is part of a redevelopment of an area that
20 has long been neglected. The city started the -- you
21 might say the redevelopment of what we call east
22 Austin/central east Austin, when we got some money from
23 the Texas Transportation Commission to build Plaza
24 Saltillo. And that was a catalyst for further

1 development.

2 Now Capital Metro, the transit agency -- the
3 City of Austin is entering into a redevelopment effort
4 that goes all the way from I-35 east about a mile -- I
5 don't know exactly, less than -- about a mile, a mile and
6 a half.

7 All along that corridor, we're doing some
8 redevelopment. This project, being a private project, not
9 one that the city is doing by itself, is part of this
10 public/private partnership that we hope will redevelop the
11 area.

12 It has, across the street from it, University
13 of Texas is putting a charter school, which is now fully
14 enrolled. To the east of this project is a project that
15 is market priced. It's condominiums for sale, practically
16 all sold out.

17 So the redevelopment of that area is working
18 very well. This project, because of the unique nature of
19 it, is a very strong part of the redevelopment effort. It
20 is transit-friendly. People from there can actually ride
21 bikes, or ride the Capital Metro into downtown, where many
22 of them work.

23 So we think -- and I was the mayor when we were
24 doing this -- we think this is the kind of project that

1 will help Austin redevelop that part of east Austin that
2 has been long neglected, starting in the north with the
3 redevelopment of the old Mueller Airport. Catellus
4 Corporation, the master developer, is now in place.

5 Then coming south along 11th and 12th, we have
6 the Austin Redevelopment Authority that's now moving along
7 very well. And then this is the third leg of that
8 redevelopment effort. We think this particular project
9 adds tremendously to that particular effort. And I would
10 recommend highly that you put it into forward commitments
11 that you are considering.

12 I appreciate the opportunity to speak before
13 you, and thank you for the opportunity.

14 MR. JONES: Thank you for being here, Mayor.

15 MR. GARCIA: Thank you.

16 MR. JONES: And good luck this week. This -- I
17 would like to do this, board members, unless there is an
18 objection. We have been going for a couple of hours.
19 Let's take a break of ten minutes, and I will really try
20 to start again at ten minutes.

21 If we have a -- we will start again in ten
22 minutes, or as soon as we have a quorum. And so if you've
23 got to be gone longer than that, I understand. But we're
24 starting. Thank you.

1 (Whereupon, a short recess was taken.)

2 MR. JONES: The next speaker will be Mr. Thom
3 Parker. The meeting is now in order. Mr. Parker? Thank
4 you, sir.

5 We have grown in the number of people who would
6 like to speak to the board by about a third since we
7 started. And I -- fortunately, if we're going to get
8 through any time probably this year, we're going to have
9 to lower our time limit. And the time limit will now
10 become two minutes.

11 And I apologize for that, but unless there is
12 an objection from a board member, I think that's what
13 we're going to have to do, because we have a lot of
14 business to do today.

15 With that in mind, Mr. Parker?

16 MR. PARKER: Thank you. My name is Thom
17 Parker. I'm the Director of Program Services for the YMCA
18 of Austin. I come to speak on behalf of the Villas at
19 Sixth Street. We are, and have been actively involved
20 with program services on the east side of Austin for a
21 number of years.

22 Our offices are located within two blocks of
23 this development. We are also a partner in a
24 private/public concern that is very similar to this, where

1 we are able to make a dramatic impact in the lives of the
2 families that we serve, providing child care -- other
3 types of services. So we would greatly support and
4 endorse the development of this project.

5 We know that we can impact kids and children's
6 lives -- families' lives at the level that they need to be
7 served. So we would support this. Thank you very much
8 for your time.

9 MR. JONES: Thank you, sir.

10 Mr. Don Currie.

11 MR. CURRIE: Thank you, Mr. Chairman. I'm Don
12 Currie. I'm with the Community Development Corporation of
13 Brownsville. I'm not here to speak on a tax credit
14 project.

15 I'm here actually to talk about the CHDO set-
16 aside under the HOME Program. And I'm basically here
17 today to ask the board to take a look at possibly new ways
18 of awarding money under the HOME/CHDO set-aside.

19 As you are aware, you have right now about \$15
20 million that's set aside. Some of those funds are left
21 from the year 2000. Today you are being asked to award
22 1.9 million in HOME/CHDO set-aside funds for homebuyer
23 assistance.

24 And of the 8.164 million that your plan is

1 basically calling for in this particular year, there is
2 still going to be \$6.2 million left in that particular
3 set-aside, even after you award all of the money that
4 you're going to award today.

5 We think that's a lot of money left on the
6 table. Basically I'm here today to ask the board,
7 continually you're being advised that there is not enough
8 applications to basically fund the whole set-aside, and
9 that there is lack of basically sufficient applications
10 being submitted.

11 Based on the fact that that's been the case
12 over the last three or four years, maybe it's time to take
13 a look at the way the application cycle works, and to
14 perhaps suggest some new ways that HOME/CHDO set-aside
15 money could be awarded.

16 And I'd just like to run through one or two
17 suggestions for your consideration. One would be that if
18 a CHDO set-aside application was denied for missing an
19 expenditure threshold, as our particular application was
20 this time, but meets all the other criteria, that the HOME
21 funds be committed by the board, and that the contract not
22 be signed until the expenditure threshold has already been
23 met.

24 This would avoid having to wait for another

1 round. Another suggestion would be to allow the CHDO set-
2 aside to be run under a reservation versus a grant
3 application kind of system similar to the system that's
4 used for your Mortgage Revenue Bond Program.

5 A CHDO could come in, reserve funds under the
6 Homebuyer Assistance Program. If funds were not used
7 within a six-month period, they could be used by somebody
8 else, and the board would be able to continue to fill that
9 application --

10 MR. JONES: Sir, your time is up. Do you want
11 to conclude? Thank you, sir.

12 Mr. Gilson Westbrook?

13 MR. WESTBROOK: Good morning. My name is
14 Gilson Westbrook. I'm with St. John Colony Neighborhood
15 Association. And I also would like to speak concerning
16 the CHDO set-aside.

17 Our project was not recommended for homebuyer's
18 assistance. What that does to St. John Colony, as I've
19 pointed out to you all -- it makes it difficult for us to
20 get tax exemption. Other funding sources and the taxing
21 authority looks at the -- you have to be a CHDO.

22 Under the current guidelines, if you make
23 application, you do not get funded, you lose your CHDO
24 status. So therefore, it -- they do not allow you to

1 receive points on some of the HUD projects, the Federal
2 Home Loan Bank program, and also we have to struggle for
3 our tax exemption.

4 And with that, I'll advance the balance of my
5 time to the gentleman from Brownsville. And by the way,
6 on the -- we scored 107 points on our application.

7 MR. JONES: I think you didn't have anything
8 for these parties. So thank you, sir.

9 MR. CURRIE: I wrote it all down.

10 MR. JONES: All right. Thank you. And we do
11 read. Ms. Alma Del Val-Aranda.

12 MS. DEL VAL-ARANDA: Good morning. My name is
13 Alma Del Val-Aranda. I am here -- I guess this is public
14 comment. I live in El Paso. I'm not here representing a
15 developer or the Authority, or anything.

16 Currently I am the manager for the tax credits,
17 so I do have some knowledge of this. One of the things I
18 would like to respond to is the whole -- there was no
19 opposition during the public-comment phase. I live in
20 that area. And I -- the truth is, unfortunately the way
21 it's set up -- I mean, most people don't read the Texas
22 Register, whatever that is.

23 I mean, I didn't -- you know, you guys are
24 aware of that, because you've worked in this type of

1 field, and I mean, everybody here has knowledge of that.
2 But in the general public, I mean, we don't. So there
3 was -- I mean, I can say that there was not an issue at
4 the time.

5 But at the same time, most people did not know.
6 And there is a great concern in that area of clustering.
7 And my biggest issue is, if this project would have been
8 applied for one month from now, it would have been
9 ineligible, because of the obvious clustering issues.

10 And to state here that, well, it's -- low-
11 income tax credits and not this one was public housing --
12 I mean, I understand, you know, for performing purposes
13 and for many reasons, like, we have to differentiate.

14 But the bottom line is, you know, I grew up in
15 those neighborhoods. Low-income housing is low-income
16 housing. And there is a problem there. I mean, what --
17 you can call it public housing. You can call it Section
18 8, HUD or low-income -- also there is so many different
19 entities that can come into play with us.

20 Unfortunately -- I mean, I know that there are
21 so many people here. And I don't know, you know, what the
22 gains could be. But it would be a disservice to the area,
23 because some of the issues that our representative brought
24 up are legitimate issues.

1 And to say that this is a political football
2 thing thrown back and forth and now it's going to land in
3 your lap -- well, the reason is because you are part of
4 that game, if that's what you're going to call it, if
5 that's the analogy you're going to use.

6 We -- there was a resolution passed by the
7 city, and yet you still voted for this project six to
8 zero. Back then, we could have avoided maybe some of this
9 conflict if we would have looked into it further.

10 I'm not going to say that we need to rewrite
11 the way public-comment periods are made and so, but
12 obviously there is a flaw. I'm from the public. I live
13 in that area. I can assure you my neighbors had
14 absolutely no idea where to look.

15 As far as the public-housing board meetings --
16 I'm not even going to go into that. That's opening up a
17 can of worms. That's going to lead into all sorts of
18 other issues, and the last thing I want to bring to El
19 Paso is another scandal.

20 However, though, those public board meetings --

21 MR. JONES: If you could conclude, please,
22 ma'am, your time is up.

23 MS. DE VAL-ARANDA: Excuse me?

24 MR. JONES: If you could bring it to

1 conclusion, your time is up.

2 MS. DEL VAL-ARANDA: Okay. Those public board
3 meetings -- they're changed back and forth. So there is
4 not even a really -- a concise opportunity for the public
5 to go to those board meetings. The things that
6 Representative Cobos had brought up are not just his
7 concern or Mayor Wardy's. He's stated he has support
8 letters and support opposing to this project.

9 I urge you to please not turn a blind eye.

10 MR. JONES: Conclude, please.

11 MS. DEL VAL-ARANDA: In my conclusion, please
12 do not turn a blind eye to this and be swaddled by the
13 different political agendas that might seem to surface.
14 The real issue is clustering, and it is a disservice to
15 the people in the area that I live in.

16 MR. JONES: Thank you so much. I appreciate
17 it.

18 Mr. Bobby Bowling. Mr. Bowling?

19 MR. BOWLING: Might I wait for the agenda item?

20 MR. JONES: Yes, you sure can. You signed up
21 twice. So we will put you over there. Mr. Alfonso
22 Velarde.

23 MR. VELARDE: I'm with the Housing Authority of
24 El Paso, and I'm deferring till the agenda item to request

1 my time.

2 MR. JONES: Mr. Vince Dodds.

3 MR. DODDS: I'm deferring as well. I'd like to
4 defer to the agenda item.

5 MR. JONES: Mr. Monty.

6 MR. MONTY: Thank you, Chairman, your board.
7 Ladies and Gentlemen, my name is Ike Monty of Investment
8 Builders. We are pleased to partner with the Housing
9 Authority of the City of El Paso in the application of the
10 Suncrest Townhomes.

11 We think it is important to build quality
12 affordable housing on the west side of El Paso. The west
13 side of El Paso is a very desirable, beautiful part of our
14 town.

15 We know that there is a need for affordable
16 housing units in this area. We have an ownership interest
17 in two other projects on the west side of town, and they
18 have a waiting list of over 100 qualified tenants.

19 Our other tax credit developments do not have
20 waiting lists. I'm sorry that you have to hear from
21 people opposing this project. As you know, Investment
22 Builders has worked in the Tax Credit Program for a long
23 time.

24 We believe we have a good reputation and a

1 track record for housing that we've produced. We're aware
2 that other housing authorities across the state have
3 entered into partnership with developers. We approached
4 the Housing Authority of the City of El Paso, since we saw
5 this as a win/win situation.

6 The housing authority, with no commitment of
7 its own funds, would have the ability to generate
8 independent financing via their fees on this project. We
9 also had the opportunity to compete for tax credits in the
10 nonprofit round or set-aside.

11 Overall, this partnership could only benefit
12 the City of El Paso. After the housing authority held
13 public meetings announcing its intention to enter into the
14 partnership with us, we reached an agreement.

15 We are pleased that staff has recommended
16 Suncrest Townhomes as deserving of a tax credit
17 allocation. That the staff has visited the proposed site
18 twice, and deemed it appropriate for the project.

19 The site has its zoning, and is consistent with
20 the city's consolidated plan. If awarded the tax credits,
21 we will proceed. We appreciate the time and the effort
22 that the board puts into these tax credit allocations. We
23 want the department to be proud of the housing that we put
24 on the ground, and we believe that Suncrest Townhouse

1 project will do that. Thank you very much. And I
2 appreciate the time. And if you have any questions, I'm
3 here to answer them.

4 MR. JONES: Thank you. I appreciate it.

5 MR. CONINE: Mr. Monty, do you currently have a
6 temporary injunction on the housing authority in El Paso
7 for this project?

8 MR. MONTY: Yes, sir.

9 MR. CONINE: And what's been the dialogue that
10 you've had with them over the last couple of months that
11 has led you to that drastic an action?

12 MR. MONTY: The mayor has been pressuring the
13 board members to pull out of the contract. And as a -- on
14 the advice of my attorneys, it was -- and in conjunction
15 with their attorneys, we filed that to protect our
16 position because of the actions that the mayor has taken
17 that we understand HUD would not be approving of. But
18 that is why that's been filed, sir.

19 MR. CONINE: Do you think it will be a little
20 tough to carry this project forward, assuming we go ahead
21 and grant the project approval today with the housing
22 authority wanting to, quote, get out of the deal?

23 MR. MONTY: We've done our research there. And
24 I can assure you that it will get built. We've done our

1 legal research, and it will get built.

2 MR. CONINE: Well, that's a little different
3 answer than my question. Do you think it would be --
4 because I know you can probably sue them, and you know,
5 force them to do certain things based on you winning
6 lawsuits. But that's not -- generally not conducive to
7 good real estate development.

8 MR. MONTY: Exactly. The board -- the mayor
9 cannot replace the board members until February. So we
10 don't anticipate -- after this storm is over, we don't
11 anticipate having to sue the housing authority.

12 MR. CONINE: Okay. Thank you.

13 MR. JONES: Thank you.

14 MR. MONTY: Thank you very much, sir.

15 MR. JONES: Mr. Keith Puhlman.

16 MR. PUHLMAN: I'd like to defer to the agenda
17 item, please.

18 MR. JONES: Mr. Demetrio Jimenez?

19 VOICE: He stepped out. Probably wants to
20 speak at the agenda item.

21 MR. JONES: Ms. Theresa Caballero.

22 MS. CABALLERO: I will ask to speak to the
23 agenda item later.

24 MR. JONES: Mr. Luis Sariñana. Mr. Luis

1 Sariñana.

2 MR. SARIÑANA: Good morning, Mr. Chair, members
3 of this committee. My name is Luis Sariñana, for the
4 record, and I am a former city council member for eight
5 years and the deputy mayor pro tem for the last two years
6 for the City of El Paso.

7 I'm also the 19th of 22 children in the state
8 of Texas. A lot of people tell me if it's the same mom,
9 and I say yes. Father? I say, I certainly hope so. No,
10 my mom has not said otherwise. Anyway, thank you very
11 much for the opportunity that you have bestowed on me to
12 address this committee.

13 I am here to speak in opposition to this
14 project. And I'm going to tell you why. There has been
15 some concerns -- some allegations brought up in reference
16 to that this has been master-planned, this is all part of
17 the master plan.

18 But let me tell you, back in 1996, when I was
19 elected under Mayor Frank's administration, myself and
20 other council members, we participated in putting a 25-
21 year master plan together.

22 And one of our concerns was that if we
23 concentrate too many affordable homes or housing authority
24 projects in one certain particular area, that that was

1 going to have an impact on this community.

2 And what we did is we kind of divided or we
3 worked on trying to eliminate the clustering of these
4 homes in one particular area. We even decided to go ahead
5 and move forward in annexing back in 1999, and that's what
6 we did. We annexed about 2,300 acres to kind of move the
7 growth towards the east, so that we would eliminate some
8 of these concerns.

9 And I'm here now as a concerned citizen,
10 because I live -- I happen to live with three beautiful
11 children close to about three or four housing authority
12 projects in my district, or past district. And it's very
13 hard to say that this doesn't impact family members,
14 because it does.

15 When you have to worry about whether your
16 vehicle is going to be there next morning, or you worry
17 about if your children are going to be safe within the
18 neighborhood, that raises some concerns. That question
19 has been brought up by my wife many, many times, if my
20 children are going to be safe in this community.

21 And all I say is that I hope so. Let us pray,
22 and let's just hope that God protects us. You know, this
23 raises a big concern. Clustering is definitely a big
24 problem in many, many communities --

1 MR. JONES: Sir, if you could conclude. Thank
2 you.

3 MR. SARIÑANA: Yes. Thank you, Mr. Chair.

4 MR. JONES: Thank you.

5 Mr. Martin Gonzalez.

6 MR. GONZALEZ: I'll pass.

7 MR. JONES: Okay. Thank you, sir. Mr. Frank
8 Fuentes. Mr. Fuentes. Going once, going twice, gone.

9 Mr. Paul Saldana?

10 MR. SALDANA: I don't want to speak. I just
11 want to speak on the record in favor of this project.

12 MR. JONES: So you shall. Kalinda Howe.
13 Kalinda Howe. David Marquez?

14 MR. MARQUEZ: I'd like to speak to the agenda
15 item.

16 MR. JONES: Joy Horak-Brown.

17 MS. HORAK-BROWN: I'd like to speak to the
18 agenda item, please.

19 MR. JONES: Thank you. Fernando Godinez.

20 MR. GODINEZ: I'd like to speak to the agenda
21 item.

22 MR. JONES: Frances Teran.

23 MS. TERAN: I'd like to speak to the agenda
24 item.

1 MR. JONES: Jay Stewart.

2 MR. STEWART: With your permission, Mr.
3 Chairman, I'd like to speak on the appeal that I'd write
4 your board.

5 MR. JONES: Thank you, sir.

6 A.V. Mitchell.

7 MR. MITCHELL: I'll wait for the agenda item.

8 MR. JONES: George Fuller. George Fuller.

9 MR. FULLER: Yes, sir. Chairman Jones, ladies
10 and gentlemen of the board, I appreciate the opportunity
11 to speak to you about a matter in our community.

12 My name is George Fuller. I'm the executive
13 director of the Texas City Housing Authority. My purpose
14 in being here is to ask you to reconsider the award of tax
15 credits for the Village at Morningstar, Project Number 03-
16 189, a 78-unit senior-housing development in Texas City.

17 Last month, Mayor Garza was here at the
18 meeting, and he visited with you all concerning this. The
19 mayor and I would like to remind you that this project
20 scored the highest in Region 6, and the third-highest in
21 the state, although we're competing against a large area
22 of Region 6. So it's a very difficult way to have to
23 compete.

24 This housing is desperately needed by the

1 citizens of our community. I am the director of the
2 housing authority. I have a lady that calls me on a
3 monthly basis on a personal note. She lives in the
4 clustered-style housing with a lot of children running
5 around. She's raised all her children. She needs a quiet
6 place to live, and we need this very bad.

7 If we can't get it this time around, we would
8 ask that you would give us the forward commitment for
9 2004. I'd be glad to answer any questions.

10 MR. JONES: Thank you. I appreciate it, Mr.
11 Fuller.

12 Jaime Navarro.

13 MR. NAVARRO: Hi. It's Jaime Navarro, thank
14 you. Sir, I'm representing Representative Joe Deshotel.
15 He's not able to be here right now, and I'm just wanting
16 to read this letter into the record, please.

17 MR. JONES: Thank you.

18 MR. NAVARRO: Regarding TDHCA Project Number
19 03-064, the Stone Hearst Project in Beaumont, Texas.
20 "Dear Ladies and Gentlemen, Thank you, the board members
21 and staff of TDHCA for serving the state. I'm here to
22 speak in strong support for this application of Stone
23 Hearst Townhomes Development for my city of Beaumont,
24 Texas.

1 "This application was board-recommended to be
2 underwritten during June 25, 2003, meeting. I thank you
3 for that, your amendment to the motion, Ms. Anderson, and
4 I thank this board for passing it.

5 "Stone Hearst is a proposed new 144-unit two-
6 and three-bedroom townhome community located in the key
7 area targeted for revitalization by the City of Beaumont.

8 "The immediate area is 39 percent poverty rate,
9 and there are 20 to 25 percent substandard houses in this
10 area. It is located to two major highways north of IH-10.
11 Excuse me. The traffic pattern in this area is excellent
12 for downtown proximity. Construction is planned to be on
13 25 acres.

14 "Since 2001, the City of Beaumont has invested
15 significant time and resources to affirmatively bring this
16 development to our community. We realize that their
17 support and mine are vital to this application's success.

18 "Accordingly, this application is documented
19 within the city's Resolution Number 03143, dated July 15,
20 2003."

21 There is a copy enclosed also, and I think
22 someone had read that earlier. "As stated, it has much
23 strong support. This is the third time that this proposed
24 development has been in front of this board, and we do not

1 understand why it has not been approved by you.

2 "Stone Hearst was submitted as a 9 percent tax
3 credit application in 2001, was not underwritten, and did
4 not receive an allocation. The developer submitted this
5 application as a 4 percent bond in 2002, and received an
6 allocation. He had 120 days to close.

7 "Four working days before the board
8 meeting was --" Excuse me. "Four working days before the
9 board meeting for final approval, underwriting issued a
10 report that the capture rate exceeded TDHCA's cap of 25
11 percent. In the developer's market study, there was no
12 documentation to show that the rate was only 18 percent.

13 "TDHCA said it was 31 percent, and recommended
14 not to fund the project. Simply, the developer did not
15 have enough time to defend its position and meet the
16 closing deadlines. At that time the developer had spent
17 \$240,000.

18 "We are now in the 2003 allocation round.
19 Stone Hearst received the highest score in the region, and
20 it did not receive the recommendation from the staff that
21 it be funded. Why? Because the staff elected to allocate
22 first priority set-asides before allocating for general
23 set-asides. Is that good?

24 "I respectfully request that if consideration

1 is to be given to 2004 forward commitments, that the Stone
2 Hearst Development be included. Our city wants and needs
3 this developer and this project. Therefore, please give
4 my city and this developer this allocation.

5 "Sincerely, Joseph D. Deshotel, State
6 Representative, 22nd Legislative District." Thank you,
7 Mr. Chairman.

8 MR. JONES: Thank you, Mr. Navarro. I
9 appreciate it.

10 Cleola Williams.

11 MS. WILLIAMS: I'd like to defer to the agenda
12 item.

13 MR. JONES: Thank you.

14 John Long.

15 MR. LONG: I'll do the same.

16 MR. JONES: Cynthia Bast.

17 MS. BAST: Mr. Chair, I have a -- I have
18 items -- I have agenda items that I will defer upon both
19 of those.

20 MR. JONES: R.J. Collins. Mr. Collins?

21 VOICE: He stepped out.

22 MR. JONES: Okay. I'll defer him to the agenda
23 item. Mr. Earl Harris.

24 MR. HARRIS: Mr. Chairman, I'll go now.

1 MR. JONES: Thank you. Are you Mr. Collins?

2 MR. COLLINS: Yes, I am.

3 MR. JONES: Thank you. We just did. I
4 apologize. Yes, sir?

5 MR. HARRIS: To the members and to the
6 president of the board, I'm here representing Yorkdale and
7 the Acres home community in general.

8 We had someone from our organization that was
9 trying to build a project in our community, a low-income
10 project. That number is 03-236. And he was sent
11 information prior to coming to this meeting, to the board
12 members, so they'd have this when they speak today.

13 This proposed project and the person who said
14 he was a developer -- he came to Acres Home Community, he
15 may have brought a few other people in Acres Home, and
16 they oppose it.

17 When we came to testify before you on the 25th
18 of last month, he said he had the approval from the
19 community. And that's not true. We have letters, and we
20 have already filed this to the office that it's not a true
21 statement. The people in Acres Home Community and the
22 Yorkdale addition did not approve what he said to you in
23 the meeting on the 25th of June.

24 I think that anyone come to the board meeting

1 and make a false records and present it to you should not
2 be accepted as true information from the people around the
3 community. And also -- he also stated to you that he had
4 recommendation from our -- Sheila Jackson Lee, our 18th
5 district representative. And that wasn't true.

6 He also stated that at that meeting on the
7 25th, that he had recommendation from our district city
8 council lady. That was not true, and they sent you
9 letters to the effect that she said, No, that was not what
10 she recommended. He recommended that he go to the
11 community and speak to the people in the community, that
12 perhaps they'll get permission to build this low-income
13 unit in our community.

14 My understanding that the unit is 126 units,
15 and they sold some proceeding next to -- by the community,
16 which is Yorkdale. And we have had a real good community
17 for the past many years. You haven't had any major
18 problem, and I think that if you had given this
19 organization the tax credit -- I hope you would ask some
20 questions, because I'm not halfway through what I wanted
21 to say, but however, we want you to refuse it -- to give
22 us organization tax credit, because they don't want this
23 unit in our community. Anybody have any questions?

24 MR. JONES: Yes, are there any questions?

1 MR. HARRIS: Just one.

2 MR. JONES: Thank you, Mr. Harris. You're very
3 eloquent.

4 MR. HARRIS: Okay. We do it -- let me say it
5 and I'll be through. We did bring some more people from
6 our community to speak, and they will be speaking.

7 MR. JONES: Thank you, sir.

8 Bruce McDonald?

9 MR. McDONALD: Pass.

10 MR. JONES: Brian Cogburn.

11 MR. COGBURN: Pass till the agenda item.

12 MR. JONES: Ruby Mosley?

13 MS. MOSLEY: Some of these items -- the agenda
14 item [inaudible].

15 MR. MCDONALD: Debra Forbes?

16 MS. FORBES: Good morning. My name is Debra
17 Forbes. And I grew up in community Acres Home. I'm
18 speaking on Project Number 03236. And I grew up in
19 Yorkdale community, and the last couple of years I've
20 returned there. And I have here to oppose the new low-
21 income housing that's being proposed.

22 Mrs. Whiteside -- can you stand, Mrs.
23 Whiteside? Her property is right in the back of that low-
24 income housing. And they have a lot of elderly in our

1 community, and as you know, statistics show that in low-
2 income housing crime go up, and as Mr. Harris has said,
3 we've had a very good, clean, quiet community.

4 We have a low-income housing across the street,
5 less than a mile, or half a mile from this proposed new
6 project. And it's not good. And we don't want it right
7 in our backyard, where the crime rate will increase. And
8 that's all I have to say, is that we oppose. We are
9 definitely against that low-income housing coming into our
10 neighborhood.

11 MR. JONES: Mr. Bogany?

12 MR. BOGANY: I have just one question. Have
13 you opposed any other projects in the community?

14 MS. FORBES: I've only been back in my
15 community the last couple -- two years I've returned. And
16 I've just found this out about this.

17 MR. BOGANY: Okay. Because there is another
18 new project that's just come on board in your community.
19 And I was just wondering. And I'm going to be asking that
20 same question of everybody who comes up, have you opposed
21 the other project?

22 MS. FORBES: I don't know about it.

23 MR. BOGANY: Okay. Thank you.

24 MS. FORBES: Okay. Thank you.

1 MR. JONES: Thank you so much.

2 Irene Mathis.

3 MS. MATHIS: Good morning.

4 MR. JONES: Good morning.

5 MS. MATHIS: I am here to oppose the apartments
6 also, because they're moving in Little York. And those
7 apartments were bringing in narcotics, gangs and
8 undesirable tenants. What I would like to see built there
9 would be homes. Homes that people would have to pay for
10 and not rent. And when you build a home and purchase a
11 home, you're going to take pride in it.

12 But these apartment people -- they do not take
13 pride in apartments. And we have a highly restricted deed
14 asset division. And we want desirable people in our
15 neighborhood.

16 MR. BOGANY: I have a question.

17 MR. JONES: Yes, Mr. Bogany.

18 MR. BOGANY: Do you -- there are other
19 projects -- I think there's a couple of them up and down
20 Little York. Did you guys oppose any of those?

21 MS. MATHIS: No, they were not there when I
22 moved out to --

23 MR. BOGANY: How long have you been in the
24 community?

1 MS. MATHIS: About 15 or 16 years.

2 MR. BOGANY: There is one really nice
3 project -- probably one of the nicest -- any apartment
4 project I've ever seen there that I was at. And there is
5 another one down on the corner of Little York. And I
6 don't know if it was Wheatley or one of those streets
7 there, that's really, really nice.

8 So I'm just curious as everybody else comes
9 up --

10 MS. MATHIS: No, they're not a part --

11 MR. BOGANY: Well, I'm familiar with your
12 community. I may not know that exact street, but there
13 are other projects in your community that have been built
14 recently. And so my question is, have you all opposed any
15 of those projects?

16 MS. MATHIS: Those of us --

17 MR. JONES: Excuse me. Excuse me. If you
18 could -- questions are being addressed to the speaker.
19 And the speaker is certainly entitled to answer them. And
20 then any other people that speak thereafter -- they can
21 answer any questions they want to answer or that are
22 addressed to them. But if the audience would refrain from
23 speaking, we would appreciate it. Yes, ma'am?

24 MS. MATHIS: Those apartments are some miles

1 from us.

2 MR. BOGANY: Okay. Thank you.

3 MS. MATHIS: Thank you.

4 MR. JONES: Erma Jefferson.

5 MS. JEFFERSON: Good morning to the board. I'm
6 Erma Jefferson, and I am here to speak against -- I
7 repeat, against -- 03236. And I will answer the question
8 up front: The other projects that you were speaking of
9 are not directly affecting Yorkdale, White Oak community.
10 We are here really opposing this particular project
11 because it is directly affecting our single-family deed-
12 restricted area.

13 We want to keep it the same as it was when I
14 grew up there. I moved in there as a 14-year-old with my
15 parents. And now I'm living there in the Yorkdale area,
16 and I have my daughter there.

17 I want the same simple, quiet trafficless area
18 as I grew up with. You know, we are a loving community.
19 We're a close-knit group there in the community. We don't
20 have a lot of -- we don't have any gang activity that we
21 know of. We don't want that.

22 We don't want what that type of project would
23 bring possibly, the additional noise, traffic, and the
24 fact that apartments don't really -- people don't really

1 have any real commitment to maintain their area as someone
2 that is not tax-exempt.

3 If you pay taxes in an area, you're going to
4 look after the property. And someone saying that they're
5 going to start paying taxes 30 years from now -- I don't
6 think their interest is the same as mine. We don't want
7 it, and we expressed that to the entity that came before
8 us on the 24th of June.

9 We expressed it. We don't know why that person
10 would say on the 25th that we were for it. We are against
11 it totally.

12 MR. JONES: Excuse me, Ms. Jefferson.

13 MR. SALINAS: Did you have a public hearing,
14 staff? Did staff have a public hearing in this area? How
15 many people opposed it?

16 MS. BOSTON: Yes. We were there on the 25th --

17 MR. JONES: If the staff member who is being
18 asked the question could approach the podium and answer
19 the question. Thank you.

20 MS. BOSTON: We hold hearings across --

21 MR. JONES: Please state your name.

22 MS. BOSTON: I'm sorry; Brooke Boston of the
23 Texas Department Of Housing.

24 MR. JONES: Thanks, Brooke.

1 MS. BOSTON: We hold a series of hearings
2 across the state. They are not development-specific.
3 People can come and speak about any of the developments
4 that are up for application.

5 MR. SALINAS: But didn't you have one on the
6 single -- on this certain project?

7 MS. BOSTON: No. On the 9 percent credits, we
8 do not do development-specific hearings.

9 MR. SALINAS: Do you have any zoning in that
10 area?

11 MR. JONES: It's in Houston.

12 MS. BOSTON: I'm not sure.

13 MR. SALINAS: It's in Houston. I should know
14 better than that.

15 (Laughter.)

16 MR. SALINAS: There's your answer right there.
17 Houston. No zoning.

18 MR. JONES: Thank you, ma'am.

19 MR. SALINAS: Thank you.

20 MS. JEFFERSON: Thank you.

21 MR. JONES: Any questions? Hearing none, I
22 assume we're ready to go on. Thank you so much. Joseph
23 Agumadu.

24 MR. AGUMADU: Mr. Chairman and members of the

1 board, my name is Joseph Agumadu. I am here actually
2 representing the developer. And let me say -- I state for
3 the record that I'm -- you know, I'm sensitive to the
4 concerns of the neighborhood. We don't take it for
5 granted at all. That's why the meetings are being called
6 for and being held.

7 And we did -- have been heard in the past. On
8 the 24th of July, after the last public hearing, after the
9 meeting here and everything was held, in that meeting some
10 members of the group support, some move not have it, no
11 matter what you do. So it takes time to address some of
12 their concerns.

13 Let me also say that there are some
14 other homeowners association -- few of these member -- of
15 the members here, actually the ones that are close to the
16 project -- the larger bodies of homeowners association
17 that we've also met. Some of them have sent letters of
18 support.

19 The -- excuse me for just a -- [indiscernible]
20 we met. They are essentially are in support of this
21 project. The Acres Home Super Neighborhood -- they sent a
22 letter of support signed by their president. And I may
23 mention also in this meeting that was held, the biggest
24 concern is that these projects will bring crime, and that

1 you'll lower their property values.

2 As big a concern that is, that has not been
3 stated a truly substantiated stat. We are sensitive to
4 that. But we want to be able to talk through some of
5 those things.

6 After the last meeting, we agreed to meet
7 again. Since then we have a letter of support from the
8 county judge. The letter is here. Also read that. We
9 have a letter of support from some other elected
10 officials, specifically I have a letter of support from
11 Ms. Sheila Lee Jackson.

12 We have a letter from the City of Houston
13 Mayor. And I'll read that to your record. Eleven of
14 July, TDHCA Number 03236. "On behalf of the citizens of
15 the City of Houston, I wish to thank you, the board, for
16 your consideration and acceptance of the above-referenced
17 tax credit project at your recent meeting of June 25, and
18 for the support you have given Houston over the years.

19 "This development is consistent --

20 MR. JONES: If you could conclude, sir.

21 MR. AGUMADU: Thank you. Thank you. Just to
22 kind of say that in conclusion, that this project has
23 received recommendation from the staff. It is, in
24 short -- it is financially feasible. It has a competitive

1 score in its region.

2 And the City of Houston has a six-year
3 credits -- the capital, the most of the communities in its
4 region. And the basis for the opposition is fairly
5 unsubstantial -- it's really unsubstantiated
6 statistically.

7 MR. JONES: Thank you, sir.

8 MR. AGUMADU: Thank you very much.

9 MR. JONES: Ms. Anderson.

10 MS. ANDERSON: Mr. Agumadu, your first meeting
11 with the members of the neighborhood was on June 24. Is
12 that correct?

13 MR. AGUMADU: It was the developer that I went
14 through. It was --

15 MS. ANDERSON: Is that the first time the
16 developer's representatives met with the members of the
17 community, was on June 24?

18 MR. AGUMADU: I'll have to clarify that
19 information. But there has been information out of that
20 there was a meeting called and there was a meeting held.
21 And since then it was under an agreement. I'm not sure of
22 the date, because I'm speaking on behalf of the developer.

23 But that's -- my agreement was reached that day to meet
24 again. And since then I was at a meeting on the 24th of

1 July.

2 MS. ANDERSON: Right.

3 MR. AGUMADU: And beyond that, which day, I
4 would to meet again.

5 MS. ANDERSON: Okay. And then in the
6 transcript from our meeting on the 25th of July, you are
7 quoted in the transcript as discussing that you have
8 achieved this agreement. But I have two notarized
9 affidavits from two individuals, Mr. Ben Mask and Mr.
10 Charles Ingram, stating that there was not -- they have
11 attested that there was not an agreement reached in the
12 meeting on the 24th.

13 MR. AGUMADU: I think for the record, I think
14 we might -- it might be a misunderstanding. See, there
15 was an agreement to meet again.

16 MS. ANDERSON: You -- this transcript says, "We
17 came to an agreement where we agreed to work together."

18 MR. AGUMADU: To meet again.

19 MS. ANDERSON: That's not what this transcript
20 says.

21 MR. AGUMADU: I'm here -- it's -- quoting what
22 I said.

23 MS. ANDERSON: Mr. Agumadu, we also have a
24 letter from Congressman Sheila Jackson Lee about this

1 project, dated the 29th of July, that says, "Concerns of
2 this neighborhood organization citizens council should be
3 addressed before any decision is made and/or funds are
4 expended for this project."

5 Does that sound like a -- that doesn't sound
6 like a letter of support to me.

7 MR. AGUMADU: Well, they -- there has been a
8 letter of support from her. And I am also saying that as
9 people -- and I know the position of some of these. And
10 since then, also there is a letter from the mayor of
11 Houston.

12 MS. ANDERSON: Yes, but did you just tell this
13 board that you had a letter of support --

14 MR. AGUMADU: From Sheila.

15 MS. ANDERSON: -- from Sheila Jackson Lee?

16 MR. AGUMADU: There is support from her going
17 backwards. I am not aware of the letter of the 29th from
18 her.

19 MS. ANDERSON: I know. But when you just
20 testified a major statement to us, did you just state that
21 you had a letter of support from Sheila Jackson Lee?

22 MR. AGUMADU: I'd have to verify that. I'm
23 submitting the information that was given to me.

24 MS. ANDERSON: Okay.

1 MR. AGUMADU: The staff who had the
2 information. Yes, we had a letter of support from her.

3 MS. ANDERSON: And that's what you just told
4 this board. Right?

5 VOICE: And we did.

6 MS. ANDERSON: Okay. And are you aware, sir,
7 of the provisions in the Qualified Allocation Plan that
8 deal with disqualification when fraudulent information is
9 provided to this department?

10 MR. AGUMADU: Fraudulent information?

11 MS. ANDERSON: This is a -- this is with regard
12 to my previous question about your testimony to us in
13 June, that we came to an agreement where we agreed to work
14 together.

15 MR. AGUMADU: I don't remember saying that we
16 came to an agreement. What I said that we came to -- we
17 went to a meeting, and we agreed to meet again to work
18 together.

19 MS. ANDERSON: Thank you, sir.

20 MR. AGUMADU: Sure.

21 MR. JONES: Any further questions? Thank you,
22 sir.

23 MR. AGUMADU: Sure.

24 MR. JONES: I would -- excuse me. You can sit

1 down. I hesitate to make a comment, but I would like to
2 make one comment. There has been a statement made -- and
3 everybody is entitled to say anything they want to about
4 statistics always showing that tax credit developments
5 give rise to increased crime.

6 I think that may well be a misconception. I
7 have read many studies that are fairly well done that
8 would not prove that. And so I guess I just can't let
9 that statement go without responding to it.

10 Mr. Martin Paredes?

11 MR. PAREDES: I will wait for the agenda item.

12 MR. JONES: Darrell Jack?

13 MR. JACK: Thank you for allowing me to speak.

14 While we're on this topic of Little York Villas, I was
15 the market analyst that performed the market study for
16 this project that proved up the demand for income-
17 restricted rents and residences in this neighborhood.

18 Besides that, I think I'm intimately qualified
19 to speak about the neighborhood. I've actually managed
20 over quote, over a 13-year career in property management
21 at least four projects in this neighborhood.

22 Now, I understand the concerns a little bit
23 expressed about the neighborhood. This isn't an area that
24 people typically would want to live in along Little York.

1 The -- Little York is really the southern boundary of a
2 very affluent subdivision called Inwood Forest.

3 There is no easy way to get to Inwood Forest,
4 except to go through crime-ridden areas. Out of these
5 four projects that I've managed over the years, one was so
6 deplorable that it looked like it had been bombed. It
7 looked like Germany after World War II.

8 I've been shot at. I've had residents
9 murdered. I -- there is numerous gangs up and down Little
10 York and the other streets. So some of the things that
11 have been said are not true.

12 This is an area of Houston that for years --
13 when I started managing properties there in the early
14 '90s, it was a drug-infested area. This is -- this
15 property is going to offer a different product.

16 You know, I think the other tax credit
17 properties in the neighborhood, they're managed, you know,
18 differently than what we would typically call slumlords.
19 You know, I have to really believe that this project is
20 going to offer something to the neighborhood that is not
21 presently there in any quantity.

22 To say that this project is going to be a
23 detriment to the neighborhood -- you can't say that with a
24 straight face. This property is heavily wooded. It's

1 been fenced off, primarily because of the drug dealings
2 that go on in the unseen areas in the neighborhood.

3 This is going to clean up that area of the
4 city, that particular plot. It sits right across from a
5 city park that, you know, is going to offer amenities to
6 the residents.

7 MR. JONES: I need you to conclude, sir.

8 MR. JACK: I really advise you to give serious
9 consideration. This is a project that should be done.

10 MR. JONES: Thank you.

11 Mr. Michael Thibodeaux.

12 MR. THIBODEAUX: Good afternoon, everyone.

13 MR. JONES: Good afternoon.

14 MR. THIBODEAUX: My name is Michael Thibodeaux.

15 I'm the Super-Neighborhood President of the Acres Homes
16 area. Also I'm the vice president of the Acres Homes
17 Citizens Council.

18 Now, we did have a meeting on this project.
19 And there was a lot of things that was said that was, no,
20 we wasn't for the project. And then also we agreed that
21 we would talk again with him and try to see can we work
22 something out.

23 By talking with him, we found out that he is a
24 person that is willing to work with the community. Now, I

1 feel that an apartment project or townhouses or something
2 like that would be a great asset to the community under
3 good management.

4 I don't believe that any type of project that
5 has management that goes bad is because they're -- I feel
6 that the reason for a project to go bad is because the
7 management is bad. If the management is good, I feel
8 that, Hey, this project would be good.

9 He stated that he would have police officers in
10 the project. Okay. Now, if he has that, I believe that
11 it's going to work out fine. He also stated that he would
12 go and he would build a fence that would separate the
13 Yorkdale subdivision from this project, leaving no access
14 going to that subdivision. And I believe if he'd do that
15 with a masonry fence with no openings in it, that it would
16 also work pretty well.

17 So all of that and talking with some other
18 civic club presidents -- I know I see some of my
19 colleagues are here now. But talking with some other
20 civic club presidents, they feel the same way that I do,
21 that we can't be biased towards this man because he wants
22 to build some apartments.

23 I believe that we should give him a fair
24 chance. I believe that with good management that this

1 project can work, and that's what it's all about, good
2 management, and that will keep the drugs out along with
3 police that's being in that area. Thank you.

4 MR. JONES: Mr. Bogany?

5 MR. BOGANY: I have a question for you.

6 MR. THIBODEAUX: Yes, sir.

7 MR. BOGANY: How many Low Income Housing Tax
8 Credit Programs are in your community right now?

9 MR. THIBODEAUX: In the area, I believe there
10 is, you know, two or three. Now, some of these areas we
11 are having a problem with some of the apartments. I
12 believe, like I said, because of the managements under it.

13 MR. BOGANY: Okay.

14 MR. THIBODEAUX: If they change the management,
15 I believe everything will work out.

16 MR. BOGANY: Okay. How close are these -- the
17 other projects to this particular --

18 MR. THIBODEAUX: I think in a radius within a
19 mile or three miles.

20 MR. BOGANY: Okay. Thank you.

21 MR. THIBODEAUX: Thank you.

22 MR. JONES: Thank you. That then concludes the
23 public comment today, with the exception of those who
24 deferred. I do have a couple of letters. The first one

1 is from Senator Gallegos. And he's requested I read this
2 into the record.

3 "I am writing to express my support for
4 Jefferson Davis Artist Lofts, Development Number 03-011.
5 And I urge the Texas Department of Housing and Community
6 Affairs to make a commitment of Low Income Housing Tax
7 Credits to this venue by funding this project. TDHCA will
8 help to preserve and rehabilitate a historic structure
9 that was built in 1925 as Houston's first public hospital.

10 "The building has stood vacant for over 20
11 years, unfortunately becoming a magnet for trespassing and
12 vandalism. There is wide community support for the
13 redevelopment of this building as affordable housing,
14 which is located in a diverse community just northwest of
15 Houston's central business district.

16 "It is my hope that the department will provide
17 the last piece of funding needed to make this unique
18 project a reality. The commitment of tax credits from the
19 TDHCA will help leverage over 3.9 million in other funds,
20 including 1 million in historic tax credits, and 1.2
21 million in private foundation dollars.

22 "Please do not hesitate to contact me should
23 you require further information."

24 And next, I have a letter from Representative

1 Terry Hodge, that she's requested me to read into the
2 record.

3 "I am writing to express my full support of
4 proposed plans to revitalize the Frasier Court Housing
5 Complex in southeast Dallas, Project Number 03-097.

6 "As an advocate for affordable housing for
7 senior citizens and low-income families, I have firsthand
8 knowledge of the need for a project of this magnitude for
9 this community.

10 "The Dallas Housing Authority recently received
11 a \$20 million HOPE 6 grant from the U.S. Department of
12 Housing and Urban Development. These funds are part of a
13 \$60 million revitalizer plan for Frasier Courts, Frasier
14 Courts addition, and the immediate surrounding
15 neighborhood.

16 "To leverage the HOPE 6 funds, Frasier
17 Fellowship L.P. submitted application to the Texas
18 Department of Housing and Community Affairs for low-income
19 housing tax credits.

20 "Unfortunately the request for funding was not
21 granted. However, funding for this project will allow the
22 revitalization in a severely depressed public-housing
23 facility. It will provide for the construction of a total
24 of 76 units, recognizing this project scored a very high

1 ranking in regional request for funding.

2 "I respectfully request the board's strong
3 consideration to place this project on the forward
4 commitment list for funding. Questions may be forwarded
5 to my district office concerning this project. Your
6 consideration of this request is greatly appreciated."

7 Okay. Ada Jones? You filled out a witness
8 affirmation form?

9 MS. JONES: Yes, I did.

10 MR. JONES: Okay. For some reason I didn't
11 have it. Please speak to us.

12 MS. JONES: Okay.

13 MR. JONES: And then when you get through, if
14 you would, fill out another form. Somehow we've lost it.

15 MS. JONES: Okay.

16 MR. JONES: But they're now in three figures,
17 so we have a lot of them up there.

18 MS. JONES: Oh, okay. Thank you. First, I
19 want to say what -- good morning.

20 MR. JONES: Good morning.

21 MS. JONES: And I heard the mayor. He was
22 telling you first about the Creole food, to come to
23 Beaumont or wherever. I would just like to invite you to
24 Houston, because my husband makes the best barbecue. A

1 small-mouthed man can eat it; you know, that's how good
2 his barbecue. Now, I can go on with my --

3 MR. JONES: Can you give me the name and
4 address?

5 MS. JONES: Okay. I will.

6 VOICE: You don't say that right at lunch time.

7 MS. JONES: I'm the president of the
8 [indiscernible] Civics Club, and I'm very much against the
9 Little York Villa Apartments that's want to be built. I
10 am experiencing -- for years I have been experiencing
11 trouble with the apartments that's near me, which is
12 Copper Tree. I signed papers and they was going to grant
13 in order to make the apartments better. And guess what?
14 Those people are still left, and they've got more
15 managements there.

16 I take chances on paying police, you know,
17 throughout the neighborhood. And I would police the
18 storefront, and also our police are overworked because of
19 the problem in those -- you know, over there with those
20 apartments.

21 I'm very much against it. I would like to see
22 how this would be fair. We have CDC that's building
23 homes. Let them build homes there. Give children a home
24 atmosphere. Give them a backyard to play in, and not a

1 small courtyard or up and down stairways to play on.

2 We just don't need that. They have a small
3 porch. Let them build homes there. Don was talking about
4 how affluent Inwood was, about the big houses. You all do
5 have expensive houses, too. I don't put them -- you
6 know -- you know about our neighborhood. So don't just
7 skip you all building right into Inwood. We don't want
8 the apartments there.

9 I can tell if the -- who want to build
10 apartments where they can go and buy some property, and
11 Liberty is -- like 203,000 acres for sale there. And that
12 would make a good place to build these apartments. And I
13 can give them the direction to Liberty and tell them how
14 to purchase that. They need apartments down there. We
15 don't want the apartments. Okay.

16 MR. JONES: Thank you, ma'am.

17 MS. JONES: Okay.

18 MR. JONES: Any questions? Thank you so much.

19 MS. JONES: Okay.

20 MR. JONES: All right. And then, unless there
21 has been -- what's that? All right. You're tired of
22 waiting. Okay. I would like to recognize Eric Opiela and
23 Beau Riefhauser, from the Urban Affairs Office. There you
24 all are. Thank you all for being here.

1 You're so good to be consistently with us. And
2 let me tell you, I appreciate that. I really do. Lisa
3 Gonzalez -- I believe she left the room. She works for
4 the governor's office. It was a delight to meet her. And
5 we're so glad she's with us.

6 And Don Jones here from Representative Mercer's
7 office. Don? Well, Don was here. All right, Don. Good
8 to see you. Thanks for being here. I also need to thank
9 Senator Shapleigh's office for the use of this room. Am I
10 doing everything you're telling me to do?

11 MS. CARRINGTON: Yes, sir.

12 MR. JONES: All right. Thank you. I want to
13 make sure I don't get in trouble. I get a less than an A
14 grade. I'm not going to get anything but a C there. Next
15 we have Item Number 1 on our agenda. I believe we've
16 already gotten to Item Number 1.

17 (Laughter.)

18 MR. JONES: Item Number 1. Board members,
19 what's your pleasure?

20 MR. CONINE: Move for approval of minutes.

21 MR. BOGANY: Second.

22 MR. JONES: We have a motion made and seconded.

23 Is there any discussion? Hearing none, I assume we're
24 ready to vote. All in favor of the motion, please say

1 aye.

2 (Chorus of ayes.)

3 MR. JONES: All opposed, Nay?

4 (No response.)

5 MR. JONES: Motion carries. We will then turn
6 to Item 2 of the agenda, which will then turn us right
7 back to everybody who deferred to the agenda, so this is a
8 big stack, guys.

9 Mr. Martin Paredes.

10 MR. PAREDES: Good morning, sir, and good
11 morning, board. Thank you for allowing me to speak this
12 morning. I'm here to speak in opposition to the Suncrest
13 project.

14 Basically I'm looking more for clarification
15 than -- or more information on -- according to the Texas
16 Administrative Code Section -- or Part A, "An application
17 will be ineligible if a member of a development team has
18 been," or if, in part 3, "subject to enforcement action
19 under state or Federal Security law, or subject to an
20 enforcement proceeding from any government entity."

21 And then part one of that, "fraudulent
22 information, knowingly false documentation, or material
23 representation has been provided in the application or
24 other information submitted to the department."

1 Upon reviewing the application by -- for
2 Suncrest, I noticed that the applicant of Part B of the
3 disclosures marked No for "Has been delinquent on federal
4 or state debt." Number two, "Been delinquent on filing
5 any federal or state returns." And both of those were
6 marked no.

7 And I have here some notice of federal tax
8 liens for Mr. Ike Monty, who signed on behalf of that
9 project. So my question basically is, is the
10 application -- you know, subject to this disclosure?
11 Has -- he -- should he have disclosed this information to
12 you? And if he did not, why not?

13 MR. JONES: I'll tell you what. During the --
14 can I ask you a question, sir?

15 MR. PAREDES: Yes, sir.

16 MR. JONES: I guess your employer was the El
17 Paso Tribune?

18 MR. PAREDES: Yes, sir.

19 MR. JONES: Are you here in the course of your
20 employment, or are you here just as a citizen?

21 MR. PAREDES: Correct. As a private citizen.

22 MR. JONES: Okay. Thank you, sir. I think
23 that question probably is best answered by a general
24 counsel? Correct? And we will probably -- since you've

1 raised the question, I'm sure the board members will want
2 an answer to it, and we'll attempt to find that.

3 MR. PAREDES: Thank you, sir.

4 MR. JONES: Thank you. The only way -- Mr.
5 Conine, your suggestion makes a lot of sense to me, that
6 we take up first those individuals who would like to speak
7 with regard to the appeals. Unfortunately, I can't tell
8 that from these forms and the way they're filled out.

9 So what I would like to ask is those
10 individuals who would like to make public comments
11 concerning the three appeals -- four? Excuse me.
12 Concerning the four appeals that are listed on Item 2(a)
13 of the agenda, if they would please now come forward and
14 speak. Does that make sense?

15 If you wish to speak to the four appeals that
16 we have on our agenda for 2(a)(1), would you please come
17 forward now, and if you'll form a line, we'll let you
18 speak to those appeals.

19 MS. CARRINGTON: And Mr. Chairman, for
20 clarification, when the agenda was posted, there was one
21 appeal that had not been received by the agency. You
22 know, your agenda is posted one day prior to the board
23 book being posted. And so there was a fourth appeal that
24 came in that was timely filed.

1 MR. JONES: Okay. Come on down. We don't
2 bite. I promise. Yes, sir. You can go first.

3 MR. MARQUEZ: Thank you.

4 MR. JONES: Thank you.

5 MR. MARQUEZ: Good morning. I feel like I'm
6 preaching to the choir, but my name is David Marquez. I'm
7 here on Palacio del Sol, Project 03-207. And we're here
8 to appeal staff's recommendation of not putting us on the
9 at-risk set-aside.

10 I want to read something to you real quick. It
11 says, "More than 1 million federally subsidized housing
12 units are at risk due to expiration of federal subsidies
13 and use restrictions, aging and deterioration, the need
14 for debt restructuring and local market conditions."

15 Mr. Conine, this -- I picked this up at -- in
16 Dallas at the Southwest Managers. I think you were one of
17 the presenters. And the Southwest area has lost 42 --

18 MR. JONES: Then? That was your first mistake.

19 MR. MARQUEZ: I was there, too, though. And
20 we've actually lost 4,200 subsidized units in the last
21 three years here. What I would also like to read real
22 quick is the definition of an at-risk development.

23 "An at-risk development receives" -- and this
24 is under the Texas Government Code, "receives the benefit

1 of the subsidy in the form of a low market interest rate
2 loan, interest rate reduction, rental subsidy, Section 8
3 housing assistant payment." Then it goes on to name the
4 FHA sections, Section 221(d)(3), Section 236, Section 202,
5 Section 101, and Section 8, additional assistant program
6 for housing developments with HUD-insured and HUD-held
7 mortgages.

8 The Palacio del Sol, which is a 23-year-old
9 project, has both. They have already come to the end of
10 their term for 20 years of their Section 202 project,
11 their loan, rather, and they also have at risk the Section
12 8 contract.

13 And so we have appealed this to the staff. And
14 they responded in saying that under the QAP 49.3, that we
15 had to rehab existing units. And so then we went back and
16 researched it under the 49.3 and found out that it said
17 the same thing as the law.

18 So what we're asking for today is because we
19 feel that we qualify under two sections. If you could
20 give us a definition, or if you could put us back on the
21 at-risk set-aside.

22 MR. JONES: Thank you, sir. Mr. Bogany?

23 MR. BOGANY: I'd like staff to give us their
24 opinion and their thoughts on that appeal.

1 MR. JONES: Okay. Staff, who his going to
2 respond? Tom? Brooke?

3 MR. WITTMAYER: I'll take it.

4 MR. JONES: Chris. I know you.

5 MR. WITTMAYER: Chris Wittmayer, the General
6 Counsel of the Department.

7 MR. JONES: Did you get your assignment a
8 moment ago?

9 MR. WITTMAYER: Concerning this at-risk
10 development, looking at the QAP, the staff reviewed
11 Section 49.3 at 12, 49.3.29 and 49.7(b)(3). And (b)(3)
12 discusses that the at-risk set-aside involves the
13 preservation of the development.

14 The situation with this development is they
15 propose demolition down to the dirt. And their analysis
16 is that if they preserve this site and build a new
17 development on this site, that that would be within the
18 at-risk development. We don't interpret the QAP to that
19 effect.

20 And really, we see that their proposal is
21 little different than any development for new construction
22 on any piece of dirt. That's our analysis.

23 MR. JONES: Thank you, sir. Further questions
24 for the board? Yes, sir?

1 MR. GODINEZ: Mr. Chairman, members of the
2 board, I'm here in support of Palacio del Sol. I'm
3 Fernando Godinez --

4 MR. JONES: Thank you.

5 MR. GODINEZ: -- with the Mexican-American
6 Unity Council. I'm speaking with regards to the Palacio
7 del Sol, Project 03-207. And what I have is a letter from
8 State Representative Michael Villarreal in support of our
9 project.

10 "Dear Mr. Jones, This letter is being submitted
11 in support of the application submitted from the Mexican-
12 American Unity Council for the reconstruction of Palacio
13 del Sol in the at-risk category under the 2003 QAP. MAUC
14 submitted the application to TDHCA on February 27 for the
15 purpose of reconstructing the senior HUD 202 project
16 located in Downtown San Antonio.

17 "Palacios currently consisting of 106 units and
18 is home to 106 low-income, minority, elderly of which 98
19 percent are Hispanic. Due to the age of the facility and
20 the original construction, rehab is not a financially
21 feasible option.

22 "Palacio del Sol is a 20-year-old development
23 located in Downtown San Antonio in close proximity to
24 amenities such as health centers, shopping and banking.

1 Many of the elderly residents have called Palacio home for
2 more than 50 years. The project has become dated, and the
3 frequency of repairs and the cost of repairs is putting
4 the project in jeopardy.

5 "The project has reached a point of diminishing
6 returns and mortgage space with few options related to
7 preserving the affordability of the elderly housing units.

8 "MAUC has made the decision to attempt to
9 preserve the affordability of the development, but is
10 doubtful that this can be done without the awards of the
11 tax credits. MAUC investigated the requirements of the
12 QAP prior to the submission of the application. Due to
13 your resources involving the preparation of such
14 application, MAUC will now have submitted an application
15 that did not meet the requirements.

16 "In response to the department's failure to
17 categorize MAUC's application under the at-risk category,
18 extra reviews have been sought and received from
19 [indiscernible] Company and Cynthia Bast, attorney at law.

20 "They have concurred with MAUC's response to
21 the QAP under the at-risk category. It is important to
22 bear in mind that Palacio del Sol currently receives
23 project-based Section 8 assistance from HUD, which will be
24 lost if a development is simply closed due to its physical

1 condition and the inability to renovate the project to
2 provide basic amenities, such as air-conditioning to our
3 low-income elderly.

4 "This was translated in a loss of 106
5 affordable housing units for the City of San Antonio,
6 which is already experiencing a large deficit of
7 affordable housing units across the board.

8 "It is my understanding that MAUC has exhausted
9 all other administrative remedies --

10 MR. JONES: If you could conclude, sir.

11 MR. GODINEZ: Thank you.

12 MR. JONES: Thank you. I appreciate it. Thank
13 you so much. Yes, ma'am.

14 MS. TERAN: My name is Frances Teran, and I'm
15 the president and CEO of the Mexican-American Unity
16 Council. And I have a letter of support here from Senator
17 Van de Putte, and I'd like to read that into the record.

18 MR. JONES: Thank you, ma'am.

19 MS. TERAN: "Dear Mr. Jones, This letter is a
20 request to the board of directors to strongly encourage
21 the staff of the Texas Department of Housing and Community
22 Affairs to include the application submitted by the
23 Mexican-American Unity Council, Inc., for the
24 reconstruction of Palacio del Sol in the at-risk category

1 under the 2003 Qualified Allocation Plan.

2 "The Mexican-American Unity Council submitted
3 its application on February 23, 2003, for the purpose of
4 reconstructing the senior HUD 202 project located in
5 Downtown San Antonio.

6 "Palacio currently consists of 106 units, and
7 is home to 116 low-income minority, 98 percent Hispanic
8 elderly. Due to the age of the facility and the original
9 construction, rehabilitation is not a financially
10 feasible option.

11 "The Palacio units consist of 539 square feet
12 of living space, do not have central air-condition, and
13 maintenance and replacement costs exceeding \$4,500 per
14 unit per year.

15 "In addition, due to safety codes imposed by
16 the City of San Antonio, window air-conditioning units
17 sufficient to provide comfort and safety are not allowed
18 to be installed in the units.

19 "In a city where temperatures and heat indexes
20 reach in excess of 100 degrees for days at a time, real
21 life-and-death situations arise. The Mexican-American
22 Unity Council is currently faced with the option of
23 obtaining tax credits to reconstruct the complex, and in
24 the process, add an additional 94 units in an effort to

1 provide additional affordable housing units to the 300-
2 plus individuals on a waiting list, or consider selling
3 the property, valued at over \$3 million, or to convert the
4 property for commercial use, resulting in the loss of
5 affordable units currently receiving project-based rental
6 assistance from HUD.

7 "The Mexican-American Unity Council has made a
8 decision to maintain the affordability of the development,
9 but will not be able to do so without the award of the
10 credits. The decision to submit a tax credit application
11 was made only after the Unity Council reviewed the rules
12 and regulations, received expert interpretation and
13 advice, and made a determination that the redevelopment of
14 the project would preserve the affordability of the much-
15 needed units in the west side of Downtown San Antonio.

16 "The loss of the project-based assistance --

17 MR. JONES: If you could conclude, please,
18 ma'am.

19 MS. TERAN: Okay. "The loss of the project-
20 based assistance from HUD would be a permanent loss, as
21 HUD is not issuing project-based awards any longer. It is
22 important to note that HUD supports the action of the
23 Unity Council in the redevelopment of this project."

24 Thank you.

1 MR. JONES: Thank you, ma'am. For some reason
2 I can't find your witness affirmation form either. So if
3 you would fill out another one, I would appreciate it.

4 MS. TERAN: Okay.

5 MR. JONES: Thank you. I apologize for the
6 inconvenience.

7 MS. TERAN: You called it earlier.

8 MR. JONES: I did?

9 MS. TERAN: Yes, under the --

10 MR. JONES: Okay. Well, I'll look for it
11 again. Thank you.

12 MR. SALINAS: Would they have to go into a
13 partnership with the private sector and you all go ahead
14 and renovate, or -- I mean -- would you all have to go
15 into a joint venture with the private sector?

16 MS. TERAN: Yes.

17 MR. SALINAS: Have you done that in --

18 MS. TERAN: In the application? Yes, sir.

19 MR. SALINAS: Could I ask the staff why it
20 wasn't considered? Or -- because -- how could we help
21 them by -- yes, well, I've got your --

22 MR. MARQUEZ: May I make one correction, sir?

23 MR. SALINAS: Yes.

24 MR. MARQUEZ: The application and previous

1 participation is in the Mexican-American Unity Council.
2 They are 100 percent of the GP. We brought a construction
3 company to do --

4 MR. SALINAS: But you know that you have to
5 reapply, or -- simply because you're not at the at-risk.
6 Did you understand why you were not recommended?

7 MR. MARQUEZ: Well, because it is a conflicting
8 definition. The department deems it as a rehab-able unit.
9 We deem it as preserving affordability, because it
10 clearly states that if you lose your HUD contract, or if
11 you lose your Section 202, or you can prepay it, then you
12 qualify. And I don't think that's much for
13 interpretation. That's why we're here. So --

14 MR. JONES: Thank you.

15 MR. WITTMAYER: The final interpretation, of
16 course, of the QAP, is up to the board. But it is the
17 staff's view that demolition down to the dirt is not
18 preserving a development within the meaning of the QAP in
19 the at-risk set-aside.

20 I will note that this may be an excellent
21 proposal, competing in the other set-asides. I believe
22 they'll score fairly well, and would be in the upper part
23 of the waiting list. I believe that's correct, Brooke, in
24 their competition in the other set-asides.

1 MR. MARQUEZ: If I can make one addition.
2 Forward commitment would be better than the waiting list.

3 (Laughter.)

4 MR. SALINAS: I think we need to hear the
5 appeal, and then we'll probably -- I would probably
6 recommend that we do a forward commitment to you all later
7 on, if that's okay with you.

8 MS. TERAN: That's perfect. Thank you.

9 MR. MARQUEZ: Thank you.

10 MR. JONES: Next, Mr. Stewart.

11 MR. STEWART: Yes, sir. Are we debating the
12 appeal at this moment, or this public comment on this
13 deal?

14 MR. JONES: This is public comment on the deal,
15 but it's hard to tell, isn't it? The Chair is doing a
16 very poor job.

17 MR. STEWART: I make that question because I
18 may not be able to stay within your allotted time limits.

19 MR. JONES: I'm sorry, Mr. Stewart, but you're
20 going to have to do your best.

21 MR. STEWART: Would I have another chance to
22 argue on the --

23 MR. JONES: I've been in court a lot of times,
24 and the Judge told me that he's going to give me a lot

1 less time than I needed, and I've had to live with it.

2 MR. STEWART: Will I have an opportunity for
3 public comment and also to argue the appeal?

4 MR. JONES: No, you will not.

5 MR. STEWART: Okay. Should I choose now?

6 MR. JONES: Yes, choose now and go for it.

7 MR. STEWART: I think I vote to argue the
8 appeal.

9 MR. JONES: This is your opportunity right now.

10 MR. STEWART: This is it.

11 MR. JONES: This is it right now. Your
12 argument will be presented during the time of public
13 comment on Agenda Item 2(a)(1).

14 MR. STEWART: Very good.

15 MR. JONES: Thank you.

16 MR. STEWART: Mr. Chairman, members, Ms.
17 Carrington, my name, for the record is Jay Stewart. I'm
18 an attorney here in Austin representing the developer in
19 the Green Briar Village Development in Wichita Falls.

20 That project number is 03-104. I will do my
21 best to stay within the time limit. The -- my client did
22 register. His name is Randy Stevenson. And if I would --
23 with your permission, if I do run into his time, I'm sure
24 he would be willing to give that time to me.

1 MR. JONES: We'll certainly do that, sir.

2 MR. STEWART: This project was denied
3 underwriting for one issue, its long-term feasibility.
4 The underwriting staff has stated that the -- in year 25
5 of this project out of the 30-year pro forma, long-term
6 feasibility may be in question.

7 How do you determine what long-term feasibility
8 is? It's an analysis of what's called the debt coverage
9 ratio, DCR. DCR is calculated with -- by an accounting
10 calculation of NOI -- net operating income divided by
11 annual debt service.

12 We know what the annual debt service is,
13 because that's what the lender tells us what it's going to
14 be. No question, no debate on that. The -- so we look to
15 the denominator of that equation. Net operating income --
16 income was not an issue with underwriting. So we jumped
17 to expenses. Total estimated expenses is the debate in
18 this appeal.

19 The staff has reviewed and -- the application,
20 and I assume has reviewed all of their database-derived
21 information, and have come up with a total estimated
22 expenses that ends up challenging the minimum threshold of
23 1.10 in year 25 of the project.

24 This is not year five of the project, not year

1 ten, 15, or 20, but year 25 of the project. We don't
2 believe that this is reasonable. We believe the project
3 will not go broke in year 25. We think it's -- this is a
4 fundable project, and would encourage your support for it.

5 The expenses used were somewhat from the
6 application. However, when I looked to the Rule 1.32 that
7 governs -- (d) (5), which governs your expenses
8 calculation, the highest reliability for a new
9 development, which this is, is the database-derived
10 estimates for expenses for the region.

11 And that -- if you take that information for
12 Region 2, which this is in, you end up with an amount of
13 net-operating income that when you divide that by the
14 annual debt service, the DCR -- the debt-coverage ratio,
15 is well above the minimum threshold of 1.10 throughout all
16 30 years of this project.

17 I don't know where the staff came up with their
18 estimate of expenses, because I'm real concerned that when
19 you calculate what they have estimated for year one of the
20 expenses versus what the database-derived required number
21 is, you end up with a differential of 10.4 percent.

22 In the rules, you're only allowed a 5 percent
23 deviation between your expenses and what the database
24 shows. So by the very terms of using the higher numbers

1 in the -- my underwriting, they are well above what they
2 would even consider reasonable.

3 So I would encourage you to look, and follow
4 1.32(d)(5), which concerns expenses. You'll see database-
5 derived estimate as the first consideration. Then you
6 have a IREM analysis, which is the Institute of Real
7 Estate Management, again, an objective standpoint that you
8 view analysis.

9 Then you drop down to some issues of market
10 analysis information from the application can then be
11 considered if decided to be -- or other documented
12 sources. But the key here is that the objective
13 calculation of estimated total expenses is clearly one
14 from the database-derived estimate. And I'm almost
15 finished.

16 MR. JONES: If could conclude your --

17 MR. STEWART: Yes, sir.

18 MR. JONES: You've used up Mr. Stevenson's
19 time, too.

20 MR. STEWART: I need to learn to talk faster.

21 MR. JONES: There you go.

22 MR. STEWART: We believe that if this
23 department would utilize their own information, this
24 project is feasible throughout the 30 years, and it can be

1 approved.

2 Last point, last year I was before you all on a
3 different project and argued to try to use
4 independently -- not your numbers from the Swift and
5 Marshall residential handbook, but some numbers that we
6 had come up with -- this is another developer, come up
7 with on their own from real purposes.

8 You all denied me because you wanted to use the
9 objective Marshall and Swift. I'm here today to say you
10 are exactly right. Let's use your database-derived
11 estimated expenses, and this project will be feasible.

12 MR. JONES: Yes. And -- you know, you probably
13 were better off if you had stopped at your time.

14 (Laughter.)

15 MR. JONES: Mr. Bogany.

16 MR. BOGANY: I have a question for staff. I
17 was looking at the numbers that they presented to us. And
18 it shows that the net income -- you know, to start off in
19 year one at 150. Operating income started off at 158,453,
20 and by year 30, it dropped down to 80,795.

21 And between year 20 and year 30 it dropped
22 almost to -- almost \$50,000. And I thought that was kind
23 of strange. Why would it drop so much by year 30, between
24 year 20 and 30? Have you seen this at all? This is what

1 was given to us, underwriting analysis.

2 MS. CARRINGTON: Tom, would you please go to
3 the microphone and take your material with you?

4 MR. JONES: And be a good boy.

5 MR. BOGANY: Tom, you want to just take this
6 one here?

7 MS. CARRINGTON: I imagine his --

8 MR. BOGANY: Does Tom have a deadline on
9 speaking?

10 MR. JONES: It sounded like you were in trouble
11 there, Tom.

12 MS. CARRINGTON: No, I just don't want him
13 talking from his seat.

14 MR. GOURIS: I'm Tom Gouris, Director of Risk
15 Analysis. I believe I have that -- those in the board
16 package, and I saw that this morning.

17 The issue of contention here is what -- what
18 underwriting does is we look at our database, our other
19 tools, and we try to validate the applicant's information.

20 In this case we did. And in fact, we're using
21 the applicant's information and the applicant's operating
22 expenses to determine what the feasibility of the
23 transaction is.

24 We felt comfortable with the operating expenses

1 that they provided. On a line-by-line basis, we were able
2 to get to our database and our other tools, get to their
3 number and say, hey, their number is reasonable. It's
4 realistic for this project. So we actually used their
5 calculation.

6 Had we used ours, we would have been -- we
7 would have -- I think our expenses were just shy -- a shy
8 higher, but within a fair -- very small margin, so it
9 would make it fairly irrelevant.

10 To answer your question, the reason why the NOI
11 appears to decline is because our pro formas are based on
12 a model that says we're going to increase income at 3
13 percent and expense at 4 percent. And so -- pardon me --
14 my undergraduate degree was in economics, so I always have
15 to do this as a chart, if I could.

16 If I could have a chart that -- the rate of
17 growth is faster for expenses than for income. And
18 therefore, at some point, with this modeling technique,
19 it's going to -- expenses are going to overtake income.

20 The hope is that that happens sometimes way
21 outside of the 30 years, and that's kind of the
22 conventional methodology, that there is enough cushion for
23 the project to remain feasible if that happens sometimes
24 under the -- sometime outside of the 30 year.

1 Our rules require us this year to identify
2 transactions that don't meet that 30-year feasibility test
3 as unfeasible, and that's what we did in this case.

4 MS. CARRINGTON: Okay.

5 MR. BOGANY: One last question.

6 MR. JONES: Certainly, Mr. Bogany.

7 MR. BOGANY: The Marshall and Swift expense
8 report or whatever that you guys are -- so staff has the
9 discretion to use either one -- the developer's number or
10 that -- those numbers?

11 MR. GOURIS: Marshall and Swift is used for
12 costs -- for development costs. We -- for expenses, which
13 is the issue here, we use our database, which is derived
14 from other developments in the area. And we also look at
15 the Institute for Real Estate Management.

16 We'd also look at their information and see
17 what specific issues with their transaction might cause us
18 to adjust our estimate -- or just a blanket estimate. For
19 example, it may be an all-bills-paid transaction, which
20 would encourage us to show higher utility costs, because
21 the landlord's paying for the utilities, or other issues,
22 such as that may cause us to deviate from the flat TDHCA
23 database.

24 One other issue on the TDHCA database is that

1 we look at both a per-unit and a per-foot number. I think
2 the appeal talks to just a per-unit overall number. We
3 also look at per-unit, per-foot on a line-by-line basis,
4 not on the overall basis.

5 So those are some of the reasons why there is a
6 difference here.

7 MR. BOGANY: Thank you.

8 MR. JONES: Mr. Conine?

9 MR. CONINE: We used the three and 4 percent
10 consistently for all projects?

11 MR. GOURIS: Yes, sir.

12 MS. CARRINGTON: Yes, sir.

13 MR. CONINE: And so anything that's very tight
14 at the beginning is bound to cross out there shorter-term
15 than something else?

16 MR. GOURIS: Yes, sir.

17 MR. CONINE: What -- is there a calculation on
18 the income side, like miscellaneous income, that might be
19 in dispute that would lead him out past the 30-year
20 threshold?

21 MR. GOURIS: I don't believe so. Another part
22 of the problem with this transaction, as far as trying to
23 show additional income or trying to make some
24 adjustments -- though some would help, in this case, we're

1 at exactly 1/30 debt coverage at the front end.

2 So if there was more income -- net operating
3 income capacity, it would have to go to serve additional
4 debt, or we would represent that it would have to serve
5 additional debt, which --

6 MR. CONINE: It would create the same problem.

7 MR. GOURIS: -- would have -- could have the
8 same problem.

9 MR. CONINE: So why aren't all the projects
10 crossing in year 25?

11 MR. GOURIS: Well, in this case it's because of
12 the ratio of expenses to income. If we could change that
13 ratio -- in this case it's 73 percent, and that's
14 extremely high. There is very -- they are -- economic --
15 mathematically I don't believe that at that level of
16 expense to income, anything would survive the 30-year
17 test.

18 Now, I'll throw one other piece of information
19 is -- and that is there are sometimes situations where
20 there is mitigation for this issue, or that income/expense
21 ratios are this high, and we can find that there is
22 mitigation like in a USDA transaction, for example, or
23 those project-based rents where the rents are being
24 monitored, and the income and expenses are being monitored

1 on an annual basis.

2 You know, that provides the mitigation. In
3 this sort of situation where there is no outside
4 monitoring to ensure feasibility, there is no way for us
5 to characterize this as possibly being feasible, or likely
6 being feasible.

7 MR. CONINE: Okay.

8 MR. JONES: Further questions?

9 MR. STEWART: May I respond, Mr. Chair,
10 briefly?

11 MR. JONES: Briefly.

12 MR. STEWART: The applicant's pro forma
13 submitted in the application certainly did not show the
14 DCR -- debt coverage ratio falling below 1.10. The reason
15 that these higher expenses did not fall below 1.10 is
16 because we had some assumptions that underwriting denied
17 us.

18 One was a restructuring of the debt in year 18,
19 which the lender had approved. And that you can
20 restructure these debts out to 50 years pursuant to your
21 rules. So that certainly should have been allowed. But
22 that's why taking the higher numbers that are in the
23 application -- if you would have -- if they would have
24 taken our assumptions, then the DCR would have stayed

1 above the 1.1.

2 So the applicant didn't submit information that
3 showed that the debt coverage ratio fell below 1.1.

4 MR. JONES: Thank you, sir. I appreciate it,
5 Mr. Stewart. Mr. Stevenson? I'll give you 30 seconds if
6 you want it. I hate to just see you lose it all to your
7 attorney.

8 (Laughter.)

9 MR. CONINE: They normally do anyway.

10 MR. JONES: Conine loves lawyers.

11 MR. STEVENSON: Thank you for the time, members
12 of the staff and board. My name is Randy Stevenson. I
13 would submit to you that I do think that, you know, that
14 our case is a good case for funding.

15 I would also submit to you that this Region 2
16 is severely -- and I repeat, severely, underpriced. So if
17 you would, please consider our application.

18 MR. JONES: Thank you, sir. Michael Gilbert.
19 Mr. Gilbert. I believe you want to speak to an appeal.
20 Is that correct?

21 MR. GILBERT: Yes.

22 MR. JONES: Okay. Thank you.

23 MR. GILBERT: Michael Gilbert. I'm speaking on
24 behalf of Meadows of Oakhaven, Pleasanton, Texas --

1 Pleasanton Apartment Ventures.

2 MS. CARRINGTON: Mike, I'm sorry. Can I stop
3 you for just a moment? And I'm --

4 MR. GILBERT: Sure.

5 MS. CARRINGTON: I apologize. Board members,
6 this is not a tax credit application that's on the agenda
7 that Mike is speaking to. It is Item 2(a)(3), which is on
8 page 4 of your agenda, which is a request for an
9 additional extension of deadline to close construction
10 loan for Meadows of Oakhaven.

11 MR. JONES: Okay. Let's wait on that. I'm
12 sorry, Mr. Gilbert. Your deal said 2(a)(1), which is why
13 you've been called.

14 MR. GILBERT: Thank you.

15 MR. JONES: And I understand that's 2(a)(3).
16 Okay. No problem. Anybody else that wants to make public
17 comment or argument, whatever you want to term it,
18 regarding to appeal, which is Agenda Item 2(a)(1)?
19 Anybody else? Going, going, gone. Okay.

20 VOICE: Where does Number Item 03-236 come up?

21 MR. JONES: I think that is 2(a)(2). 2(a)(2).
22 So not yet. All right. So we will then turn to the
23 board. We have heard a public comment. We will turn to
24 the appeals.

1 Ms. Carrington, does staff wish to make a
2 report concerning the appeal?

3 MS. CARRINGTON: Thank you, Mr. Chairman. Yes,
4 we do.

5 MR. JONES: Can I make a request?

6 MS. CARRINGTON: Yes, sir.

7 MR. JONES: If you would take them up
8 individually, and then give the board an opportunity to
9 act after the staff makes their recommendation, I'd
10 appreciate it.

11 MS. CARRINGTON: Yes, sir. Thank you.

12 MR. JONES: Thank you.

13 MS. CARRINGTON: I'm going to try to navigate
14 the board through the material that you have in front of
15 you, because it is in two books today.

16 As I mentioned just a few moments ago, the
17 agenda that was posted on the website had only three
18 appeals. That was Ryan Crossing Villas, Bluffview Villas,
19 and Palacio del Sol.

20 The fourth, which is Green Briar, SWHP, Wichita
21 Falls, Limited Partnership, was the fourth that was added
22 timely. If you go to your second book, which has the
23 Multifamily information in it, you have a tab that says
24 Tax Credit Appeals.

1 The first one in front of you is Green Briar
2 Village. You have heard the testimony on this. You have
3 heard the staff's presentation. As Mr. Gouris did
4 mention, 2306.1711 of our statute requires the department,
5 as we underwrite 9 percent transactions, to look at a 30-
6 year feasibility for each of these transactions.

7 And one comment I do feel is worth making. We
8 certainly acknowledge that in this particular transaction,
9 that in year 18, the lender was proposing to restructure
10 the transaction. Since we have a requirement to
11 underwrite for 30 years, required by statute, then we're
12 going to be doing that based on the information that we
13 have at the time.

14 Staff has provided for the board an
15 underwriting report on this transaction, and the
16 discussion that was just had relates really to page 5 of
17 the underwriting report. Staff is recommending that this
18 application -- that this appeal be denied.

19 MR. SALINAS: What's the number of the appeal?

20 MS. CARRINGTON: The number of the tax credit
21 application is 03-104, and it is the first one behind the
22 tab in your second book that says Multifamily Appeals, or
23 Tax Credit Appeals. I'm sorry.

24 MR. JONES: We have the recommendation of

1 staff. Questions, motions?

2 MR. BOGANY: So moved to the board.

3 MR. JONES: We have a motion that I interpret
4 to be a motion to approve the recommendation of staff --

5 MR. BOGANY: Yes.

6 MR. JONES: -- and deny the appeal.

7 MS. ANDERSON: Second.

8 MR. JONES: Motion's been made and seconded.

9 Further discussion, questions, comments? Hearing none, I
10 assume the board is ready to vote. All in favor of the
11 motion, please say aye.

12 (A chorus of ayes.)

13 MR. JONES: All opposed to the motion, please
14 say nay.

15 (No response.)

16 MR. JONES: The motion carries.

17 Ms. Carrington.

18 MS. CARRINGTON: Thank you, Mr. Chair. The
19 second appeal to the board is Tax Credit Development
20 Number 03-138, which is Ryan Crossing Villas. And it is
21 behind your blue page in your book.

22 This application was requesting a reinstatement
23 of a total of 14 points. We have identified for you where
24 the points were deducted from this application. And we

1 are not recommending that this application be reinstated.

2 We are recommending that the appeal be denied.

3 MR. BOGANY: So moved.

4 MR. JONES: We have a motion to accept the
5 recommendation of staff that the appeal be denied.

6 Second?

7 MS. ANDERSON: Second.

8 MR. JONES: Motion's been made and seconded.
9 Further discussion, questions, comments? Hearing none, I
10 assume we're ready to vote. All in favor of the motion,
11 please say aye.

12 (A chorus of ayes.)

13 MR. JONES: All opposed, nay?

14 (No response.)

15 MR. JONES: Motion carries.

16 Ms. Carrington?

17 MS. CARRINGTON: Thank you, Mr. Chair. The
18 third development is 03-164, Bluffview Villas, the third
19 item in your book.

20 This one was to be located in Brenham. There
21 was a deduction of eleven points that was deducted from
22 this application for a variety of reasons. We are not
23 recommending that these points be reinstated, and we are
24 recommending that this appeal be denied.

1 MR. BOGANY: So moved.

2 MR. JONES: Okay.

3 MS. ANDERSON: Second.

4 MR. JONES: We have a motion that the appeal be
5 denied, and it's been seconded. Further discussion,
6 questions, comments by board members? Hearing none, I
7 assume we're ready to vote. All in favor of the motion,
8 please say aye.

9 (A chorus of ayes.)

10 MR. JONES: All opposed, nay?

11 (No response.)

12 MR. JONES: Motion carries. Ms. Carrington?

13 MS. CARRINGTON: The fourth, 03-207, Palacio
14 del Sol, to be located in San Antonio -- you have heard
15 the discussion on this transaction. The staff
16 recommendation that is in your book is that the appeal be
17 denied for this transaction.

18 MR. SALINAS: Ms. Carrington, is there any --
19 this is a 202 project that has been there for 20 years. I
20 think it would be wise for this board to work with these
21 people and give them a -- probably in September see if we
22 could give them a forward commitment so they could start
23 from scratch and -- you know, they've been very, very
24 dedicated to the elderly in that area.

1 I would think that they scored high, and I
2 would ask the board and the staff to consider a forward
3 commitment in September and not right now. So I agree
4 with the denial right now, but I think we should work with
5 them and try to see if we can give them some forward
6 commitments in September, being that it's a -- it is a 202
7 project that was awarded to them 20 years ago, and they've
8 been there for the longest time.

9 And HUD -- they have a good track record with
10 HUD. So I would think that for one, to reorganize with
11 them.

12 MS. CARRINGTON: May I say from a staff
13 standpoint on this transaction that this was a real
14 struggle for us.

15 MR. SALINAS: Yes.

16 MS. CARRINGTON: We -- it was a real struggle
17 for us. And we had some very interesting internal
18 discussions about this particular transaction. We believe
19 that we did interpret the QAP directly. But we also
20 recognize the value of this transaction.

21 MR. SALINAS: And it would not be a bad project
22 for anybody to do a transaction on, simply because of the
23 property value in that area of where they're at. And I
24 would make the motion to deny, but with a condition that

1 we would ask the staff to consider them for a forward
2 commitment in September.

3 MS. ANDERSON: Second.

4 MR. JONES: We have a motion from the mayor.
5 It's seconded by Ms. Anderson. Further discussion,
6 questions, comments?

7 MR. BOGANY: Would you repeat the motion?

8 MR. JONES: I think the motion -- and I'll try
9 to repeat it to make sure that the mayor agrees that I've
10 got it right, and Ms. Anderson agrees that I've got it
11 right.

12 It's a motion to deny the appeal, but also
13 asking staff at the same time to consider a forward
14 commitment at later board meetings.

15 MR. SALINAS: It would be in September. I
16 would ask that it be in September of this year.

17 MR. JONES: In September of this year. And
18 that's the motion that I believe is on the floor, and that
19 has also been seconded. And it's also the motion that
20 we're debating at the present time.

21 Further questions, comments, arguments about
22 the motion? Hearing none, I assume the board is ready to
23 vote. All in favor of the motion, please say aye.

24 (A chorus of ayes.)

1 MR. JONES: All opposed to the motion, say nay?

2 (No response.)

3 MR. JONES: The motion carries. I believe,
4 then, that that would conclude Item 2(a)(1) on the agenda.
5 Is that correct?

6 MS. CARRINGTON: Yes, sir.

7 MR. JONES: What I would like to do, with the
8 board's permission -- we have -- we still have a lot of
9 business to do today. We have over probably around 30
10 people yet to speak to us.

11 My suggestion would be that we try to break.
12 And we might as well do that early, since we've kind of
13 come to a stopping place as well. It's late. We try to
14 break as briefly as we could for lunch.

15 Do you think we can shoot at being back at
16 12:30 or 12:45? Is 12:30 okay? Anybody object? We'll
17 shoot be back at 12:30 and get started again. We'll be
18 adjourned until 12:30.

19 (Whereupon, at 11:55 a.m., the meeting was
20 recessed, to reconvene this same day, Wednesday, July 30,
21 2003, at 12:30 p.m.)

1 real appeal to you today is that with the exception of the
2 rural set-aside, all recommendations in Region 6 are in
3 Harris County.

4 And there is -- a lot of those are senior
5 units. There is 400 units of senior housing proposed for
6 the Harris County. There is 182 in Fort Bend. And this
7 is an area that in the last couple of years has already
8 had 600 units of just senior housing.

9 Whereas, we are looking for 78 units of senior
10 housing, and Galveston County, in the entire history of
11 the Tax Credit Program, has only had 32 units of senior
12 housing. So Texas City is your classic exurban. I know
13 that the board does not need to consider exurban this
14 year. But I'm asking you to.

15 And I'm asking you to use the powers that the
16 board has, of geographical distribution to either award an
17 allocation for this project this year, or to forward fund
18 it for 2004. And it only takes \$416,000 in tax credits.

19 MR. JONES: Is that so?

20 MS. MCIVER: That's my request of the board.

21 Thank you very much.

22 MR. JONES: Did you want to bring up that word?

23 MS. MCIVER: The exurban?

24 MR. JONES: All right. LaTonya Collier.

1 LaTonya Collier? Going, going, gone. John Long.

2 MR. LONG: I would like to give my time to
3 Cleola Williams.

4 MR. JONES: Okay. Ms. Williams?

5 MS. WILLIAMS: Good afternoon.

6 MR. JONES: Good afternoon.

7 MS. WILLIAMS: My name is Cleola Williams. And
8 I'm the chairperson for our new CDC. I'm the chairman of
9 the board. And I'm here on behalf of Item Project Number
10 03-011, the Old Jeff Davis Hospital.

11 Our new CDC is a nonprofit organization founded
12 by residents of Houston's Washington Avenue area to
13 develop affordable housing. Not only are we talking about
14 affordable housing, but we want to preserve the historic
15 aspects of our community.

16 This is my community. Not only am I chairman
17 of Avenue's board, but I'm also vice president of the
18 civic organization. So our community is fully in
19 agreement with the preservation of this beautiful
20 structure.

21 Old JD was built in 1925 as Houston's first
22 hospital for poor people. Since that time it's been used
23 as a clinic, a residential treatment facility, and for
24 storage. For the last 20 years, the building has stood

1 vacant and neglected in the very heart of our community.

2 This is a place, as a child, that I used to run
3 around and look up at these buildings. A friend of mine
4 lived right there next to it. It's a beautiful old
5 structure.

6 What we're trying to do -- three years ago we
7 began working to acquire this building from the -- from
8 Harris County, and transfer it into affordable housing for
9 low-income people. We and our partner, Art Space
10 Projects, have already raised over \$1 million of private
11 foundation funds for this effort.

12 We thank the department staff for recommending
13 that tax credits be awarded to our projects. I think that
14 to talk more about it, we have a letter that came from
15 Representative Jessica Farrar. And I'd like to read it to
16 you since I have John's time.

17 MR. JONES: Certainly.

18 MS. WILLIAMS: This is to Mr. Michael Jones,
19 Board Chair, and Ms. Edwina Carrington, Executive
20 Director.

21 "Dear Mr. Jones and Ms. Carrington, I'm writing
22 to express my appreciation for the excellent work of the
23 staff of the Department of Housing and Community Affairs
24 in reviewing the application for Low Income Housing Tax

1 Credit for Development 03-011, The Jefferson Davis Artist
2 Lofts.

3 "Under the department's Qualified Allocation
4 Plan, this development was awarded a score of 105 by
5 department staffers. It was the highest score awarded in
6 Region 6. The highest score demonstrates that the
7 development meets the priorities established by the
8 department through the QAP.

9 "In addition, the development fulfills several
10 of the evaluation factors established in the QAP. It is
11 located in Houston's Enhanced Enterprise Community, with a
12 qualified census tract, and it provides for accessible
13 housing for a mixed-income population.

14 "The redeveloped building will include 27 units
15 affordable to households earning less than 30 percent, 40
16 percent, 50 percent and 60 percent of median income, as
17 well as seven market-rate units. Four of the units are
18 reserved for the disabled.

19 "I've been a strong supporter of this proposed
20 development since it was first brought to my attention
21 over three years ago when the co-developer, Avenue
22 Community Development Corporation, was working to acquire
23 the property from Harris County.

24 "By awarding low-income housing tax credits to

1 this development, TDHCA will help to preserve an important
2 historic building while providing needed affordable
3 housing in a part of Houston where low-income families are
4 being forced out by skyrocketing rents.

5 "The First Ward neighborhood where the
6 development is located is on the edge of downtown Houston,
7 where affordable housing is being demolished to make way
8 for luxury apartments and townhomes. I urge the TDHCA
9 board to support the recommendation of their staff and
10 award low-income housing tax credits to this development.

11 "Respectfully, Jessica Farrar, State
12 Representative, District 148." I want to thank you for
13 your time. I want to thank you for your consideration.
14 This is such an important aspect to our community. If we
15 don't preserve the historic aspects of communities, they
16 will certainly disappear from the area.

17 Almost all of Houston, especially in the urban
18 areas, we've got townhomes and luxury apartments. And the
19 people who used to live there, even those whose children
20 had been left, don't have that anymore.

21 MR. JONES: Would you conclude, please, ma'am?

22 MS. WILLIAM: What did you say?

23 MR. JONES: If you could conclude, please,
24 ma'am. Your time's out.

1 MS. WILLIAM: I'm just going to conclude,
2 because I have concluded. I thank you for your time.

3 MR. JONES: I appreciate it.

4 MS. WILLIAM: Please give your consideration to
5 this project. Thank you very much.

6 MR. JONES: Thank you so much. Our next
7 speaker, if we turn back again to the issue of Suncrest
8 Townhomes. Mr. Monty, if you could, I do have a question
9 for you. I know you already spoke, but I have one
10 question.

11 The allegation has been raised here today about
12 a fraudulent filing with out department. And I would like
13 to give you -- just ask you to please respond to that.

14 MR. MONTY: Thank you, Chairman Jones.

15 MR. JONES: Thank you.

16 MR. MONTY: Ben Sheppard contacted me from the
17 department last week for the items that were brought up
18 earlier today. And we resubmitted the exact documentation
19 that we submitted July 31, 2001. So the department has
20 all the documentation that this associates us with those
21 allegations.

22 MR. JONES: Okay. Thank you, sir.

23 MR. MONTY: Thank you.

24 MR. MONTY: (Brother) They are also not true.

1 It's a two-year-old tax lien that involved my mother. So
2 it didn't involve Ike. But I just felt compelled, because
3 I'm her son, too.

4 MR. JONES: I gotcha. We all defend our
5 mothers, don't we? Either that or we lose our heads.
6 I've got a mother, too.

7 (Laughter.)

8 MR. JONES: Cynthia Bast, please.

9 MS. BAST: Good afternoon. I am Cynthia Bast
10 of Locke, Liddell and Sapp. As you know, we represent and
11 work with Investment Builders on the Low Income Housing
12 Tax Credit matters. I appeared before you at the last
13 board meeting to support the Suncrest Townhomes project,
14 and I am doing so again.

15 We have heard people this morning use the word
16 "clustering." But no one defines what it is. As Mr.
17 Conine adeptly pointed out, there is a difference between
18 tax credit housing and public housing.

19 If you want to compare an apple to an apple, we
20 looked at TDHCA's tax credit inventory on your website.
21 We found 54 total projects in El Paso, and four on the
22 west side. We looked at total tax credit units on the
23 west side, and they were consistent with the population of
24 the west side of El Paso overall.

1 Mr. Monty has noted that in other tax credit
2 properties in the west side area, they have waiting lists
3 of over 100 people. At the last board meeting, you heard
4 from a tax credit tenant from a west side project, who
5 talked about how much she enjoyed her home and her
6 neighborhood.

7 The Suncrest Townhomes project is designed to
8 serve tenants of a variety of incomes, including market
9 rate tenants. I think you could call that anti-
10 clustering.

11 If there are concerns about safety, Mister --
12 and Mr. Gonzalez, you did mention the bus situation --
13 Mr. Al Velarde of the housing authority is here to answer
14 questions about that, or any questions you have for the
15 housing authority.

16 But I have a July 9 El Paso Times newspaper
17 article with a quote from the Sun Metro director,
18 indicating that the buses resumed services to the Carousel
19 [phonetic] neighborhood in April, and that he has had no
20 complaints from drivers.

21 Investment Builders and the housing authority
22 have prepared a competitive tax credit application
23 containing many desirable elements, including a joint
24 venture, units for residents of a variety of incomes, and

1 a townhome design that has proved marketable.

2 They followed the process. Staff has followed
3 its process and has recommended this project for an
4 allocation based on its objective scoring and ranking
5 system. Now we ask you to complete the process and
6 support staff's recommendation.

7 And before I step away, I'd like to say one
8 more thing. Of course I am hired to be here to represent
9 Investment Builders today. But I have been working with
10 this group for over eight years, the longest I have
11 represented any developer client.

12 I am proud to say that Investment Builders is a
13 client, because of the good work that they do in El Paso.
14 Thank you.

15 MR. JONES: I'd just like to say this. I've
16 been on this board for nearly eight years, and I think,
17 Mr. Conine, you're to be congratulated. That's the first
18 time I've heard that a board member made an adept comment.

19 And surely no one's ever said that about me.
20 Congratulations, Mr. Conine.

21 MS. BAST: And I'm so glad it's on the record.
22 Thank you.

23 MR. JONES: Keith Puhlman.

24 MR. PUHLMAN: I'm just here to support the

1 project, and available for any questions on the Suncrest
2 Townhomes.

3 MR. JONES: Thank you, sir. I appreciate it.
4 Vince Dodds.

5 MR. DODDS: Same with me, Mr. Chairman. I'm
6 here to support the project.

7 MR. JONES: Thank you.

8 MR. DODDS: And any questions you might have.

9 MR. JONES: Alfonso Velarde.

10 MR. VELARDE: Thank you, Chairman. Thank you,
11 board. I'm -- I guess I was just going to answer some
12 questions if you had them. But I do have a couple of
13 issues that I would like to provide some clarification on.
14 And the first issue certainly is our commitment to this
15 project.

16 Certainly we are in a very precarious position,
17 where we have -- we are committed to this project back in
18 January. We researched, we studied, we looked into the
19 project. We held public hearings. And we felt back in
20 January and through the process that this was a very good
21 project.

22 Understandably, we had a change in city
23 administration, and then there was some opposition
24 afterward. However, we committed both -- as far as a

1 business, but also legally, to become involved in this
2 partnership. And of course, today we are faced with
3 having to be here.

4 But the fact of the matter is, is our opinion
5 has not changed. We still believe in this project, and we
6 certainly believe that we'll put this project through, and
7 we're going to see a lot of people in El Paso are going to
8 be very pleased and very happy with the final product.
9 And the housing authority certainly intends to do the best
10 that it can to make sure that this project is completed.

11 Another issue I wanted to bring up is the issue
12 over the notice to resolution in increase our board. The
13 question was asked, does HUD approve of this.

14 And the answer to that is no. HUD did, in
15 fact, try to call -- see the city's legal advisors prior
16 to this resolution taking place to oppose and to tell them
17 that this was not appropriate.

18 At this time, we have continued to be -- to
19 talk with HUD, and we do believe that if, in fact, the
20 mayor does appoint the additional six board members, HUD
21 will be sending a letter similar to one that they sent to
22 San Angelo back in October of last year, where the San
23 Angelo City Council attempted to increase the board for
24 the same reasons, and we believe HUD is going to oppose

1 this. In fact, we know that HUD will be opposing this.

2 I wanted to discuss the Sun Metro issue. Ms.
3 Bast just recently -- just now discussed this as well.
4 Crime in this particular area is not a problem. I will
5 qualify myself here. I am recently retired from the El
6 Paso Police Department as their spokesman. And I have
7 been with them for 21 years.

8 I am now with the housing authority, working as
9 their spokesperson, as well as their chief of security.
10 Back in March of this year, the issue about the Sun Metro
11 did come up. One of our residents went to city council to
12 question why bus service did not go into this area after
13 dark.

14 This was a big concern to us, because this is
15 one of our residents, and we wanted to find out. So we
16 sat down with Sun Metro, but we also sat down with the El
17 Paso Police Department.

18 MR. JONES: If you would please conclude. But
19 I would like to hear you finish this.

20 MR. VELARDE: Okay. This -- we had a public
21 hearing on this issue. And the police department provided
22 statistics to us, in addition to our statistics, to show
23 that crime was not an issue in -- for the bus service.

24 This issue was taken back by Sun Metro to the

1 Mass Transit Board; Mass Transit Board, consisting of City
2 Council. And in their hearing, they found that crime was
3 not an issue, and bus service has since resumed to that
4 area.

5 MR. JONES: Mr. Velarde, could you tell me
6 exactly what your position is with the Housing Authority
7 of El Paso?

8 MR. VELARDE: I serve a dual purpose. I'm
9 their spokesperson, and I'm also their chief of security.

10 MR. JONES: Would that be your title?

11 MR. VELARDE: My official title is, PIO, Public
12 Information Officer, and acting Chief of Security.

13 MR. JONES: Thank you, sir.

14 MR. VELARDE: Thank you.

15 MR. JONES: Any other questions? Mr. Conine?

16 MR. CONINE: Yes. I asked Mr. Monty earlier
17 about the temporary injunction that he has against your
18 housing authority. Could you comment on that? And you
19 know, from your testimony here, it doesn't seem like there
20 would have been a need for Mr. Monty to do what he did.
21 So I'm a little bit perplexed.

22 MR. VELARDE: Well, we were asked by the mayor
23 to consider alternatives, either to move the location of
24 the project, or even to pull out of this agreement. We

1 know that both of those options really would have resulted
2 in this application being forfeited.

3 And because of the fact that we have been
4 involved in so many hearings -- public hearings in El
5 Paso, even here in Austin, and it had gotten to the point
6 where the tax credits were already recommended, we had an
7 obligation -- we had a legal obligation to continue with
8 this. And we did know this, and we did advise the mayor
9 that we had this legal obligation.

10 Unfortunately, because the mayor was asking us
11 to back out of this project or to find an alternative
12 which jeopardized this tax application, I believe Mr.
13 Monty had no choice but to file this injunction in order
14 to keep this partnership together.

15 MR. CONINE: It's -- are you on the board?

16 MR. VELARDE: No, I'm not board member.

17 MR. CONINE: You're not a board member. Okay.

18 So the -- so -- and your testimony was that HUD is not
19 going to approve an increased expanded board.

20 MR. VELARDE: Yes, sir.

21 MR. CONINE: So the original board ought to be
22 intact, I guess, or be there. So --

23 MR. VELARDE: Our original five-member board is
24 still intact. Yes, sir.

1 MR. JONES: And those are the same guys that
2 were there -- have been there a while, right?

3 MR. VELARDE: Yes. This is the same board that
4 approved of our partnership with this -- with Investment
5 Builders.

6 MR. CONINE: So I'm confused why a temporary
7 injunction can -- can you help me with that?

8 MR. VELARDE: Well, the temporary injunction
9 that I -- how I have knowledge of the timing of it is
10 there was the -- the resolution was passed -- or not
11 passed, but was posted to announce that they were going to
12 hear or it was going to be heard in the city council
13 meeting that they were going to increase the board from
14 five members to eleven members.

15 And the resolution stated that it was going to
16 be immediate, effective immediately upon the city council.

17 And it was at that time that investment builders filed
18 suit and notified us that we -- they were filing this
19 injunction on us, so that we could not be separated from
20 this partnership.

21 It is my guess and belief that if there was an
22 increased board, that there would be -- there could be a
23 decision to have us back out of this by that board.

24 MR. CONINE: And how long do the current terms

1 of the current board members last?

2 MR. VELARDE: Two years.

3 MR. CONINE: Are they staggered?

4 MR. VELARDE: Yes. We have two board members
5 who will be coming up -- will be finishing their term, our
6 chairman and one of our senior board -- our board members
7 in February. Three others have just recently been
8 appointed. So I believe their terms expire in 2005.

9 MR. CONINE: So it's the current intent of the
10 current board, under your testimony here today, that
11 they're willing to be a full-fledged partner working
12 together on a real estate development project?

13 MR. VELARDE: Yes, it is, sir.

14 MR. CONINE: Okay. Thank you.

15 MR. SALINAS: That is an appointment of the
16 mayor only. Right?

17 MR. VELARDE: Yes. The -- each of our board
18 members are appointed. The vacancies are appointed by our
19 mayor.

20 MR. SALINAS: Not the city council?

21 MR. VELARDE: Not the city council.

22 MR. SALINAS: Okay. That's very important.

23 MR. VELARDE: Yes.

24 MR. SALINAS: The city council has nothing to

1 do with the housing authority, it's only the mayor?

2 MR. VELARDE: Yes, it's only the mayor who will
3 appoint the board members.

4 MR. SALINAS: So two are out and three are
5 going to stay. So you still have a majority there, so --

6 MR. VELARDE: Yes, there will still be three
7 board members from our original board. There will be two
8 board members in February.

9 MR. SALINAS: Okay. Thank you.

10 MR. JONES: Thank you, sir.

11 Bobby Bowling.

12 MR. BOWLING: Chairman Jones, I signed up for
13 both in favor of the projects that I'm presenting to the
14 board, and in opposition to the Suncrest Townhomes. I
15 would like to, with your permission, speak for three
16 minutes on each, or at least -- or get six minutes to
17 combine my testimony if you'd rather go that way.

18 MR. JONES: You can speak -- you filled it
19 twice. I'll tell you what I'll let you do. I'll let you
20 speak two minutes in opposition to Suncrest Homes and two
21 minutes in support of the other two projects that you're
22 speaking in support of.

23 MR. BOWLING: Okay. Thank you very much,
24 Chairman Jones. If you don't mind, I'd like to speak in

1 favor of my projects first.

2 MR. JONES: That would be fine.

3 MR. BOWLING: Okay. I have Diana Palms scoring
4 107 points this year, as the highest-scoring project in
5 the State of Texas. I made that comment to you all last
6 month. I understand how the set-asides work.

7 I would like to bring to your all's attention
8 that this year there is a little bit of a change in policy
9 in the nonprofit set-aside. Prior you've awarded ten,
10 eleven, 12 percent to meet your federal 10 percent minimum
11 requirement. This year, by my calculations, you have
12 scheduled 18 percent of your allocation to nonprofit
13 projects.

14 To me, that argument doesn't hold water that
15 this was the second-highest-scoring project, and that's
16 why it got squeezed out, Diana Palms. I think region by
17 region -- I respect staff's decision, but I disagree with
18 that. I think I have the three highest-scoring projects
19 in the state. They are also, of course, the three-highest
20 scoring projects in my region, and I think they should be
21 funded.

22 Again, you all set up a scoring system that I
23 adhered to better than any applicant in the state. I took
24 everything into consideration. I did a good job. And I

1 also have a good track record. I'm new here. I've only
2 been in the program for about five years. But my track
3 record speaks for itself also.

4 I'd answer any questions if you have any for
5 the merits of my projects. Okay. If none, I'd like to
6 go --

7 MR. JONES: Did you have any, Mr. Bogany? I'm
8 sorry.

9 MR. BOGANY: No, I just had a quick question
10 for staff on their recommendation, why any one of his
11 three projects wasn't recommended. Was it an allocation,
12 regional, geographic dispersion? What was the deal?

13 MR. JONES: Brooke?

14 MS. BOSTON: I'm sorry. I didn't hear your
15 question.

16 MR. BOGANY: Brooke, what I was wanting to know
17 is why any of the three projects that he had that scored
18 so high -- why that he didn't get recommended for an
19 allocation? Was it based on geographic dispersal? And
20 what was your reasons behind it?

21 MS. BOSTON: Brooke Boston. All of the
22 developments that were recommended in Region 13 were to
23 satisfy set-asides.

24 MR. BOGANY: Okay.

1 MS. BOSTON: So after those were satisfied,
2 unfortunately, there wasn't money left for any general.

3 MR. BOGANY: Okay. Thank you.

4 MR. BOWLING: And to wrap that up, my appeal to
5 you for a solution to this problem would, again, be to ask
6 that you forward-commit one or all of my projects, since
7 they are the highest scoring in the state. And I've come
8 into this weird gray area of being squeezed out with these
9 set-asides.

10 Okay. Having said that, I wanted to bring to
11 your attention a few things about my opposition to
12 Suncrest Townhomes. And I don't have any problem with Ike
13 Monty. And let me put that out on the record. Okay?

14 He's my competitor, and we're both developers.
15 My problem is is that the housing authority has a \$13
16 million contract in the tax credit project that they
17 didn't allow anybody else in El Paso to bid on, ladies and
18 gentlemen of the board.

19 Not just me as a builder and a developer and a
20 competitor, but no other builder or developer in El Paso.

21 What you've heard before you today is testimony from
22 representatives of Investment Builders, paid individuals
23 like Ms. Bast said.

24 I would encourage you to listen to what the

1 presentations were from the elected officials today. And
2 I just want to regurgitate what you've heard from -- on
3 this project, you have in the history of low-income
4 housing tax credit projects in El Paso, the only project
5 that's ever been opposed with a city council resolution.

6 You have on record in opposition Mayor pro-tem
7 Cobos, Mayor Wardy, City Council Representative Cushing,
8 State Representative Haggerty, State Representative
9 Quintanilla, State Representative Pickett, U.S.
10 Congressman Silvester Reyes, and two political bodies, the
11 El Paso Independent School District, and the City Council
12 of El Paso.

13 Nowhere else in the history of El Paso have you
14 had this kind of opposition to a low-income housing tax
15 credit project. There is definite concentration issues.
16 I think you all have been prepared with some information
17 that is erroneous.

18 And I wish I would have been afforded the
19 opportunity to have, like, a hearing type of setting
20 before this board where I could give you counterpoint to
21 the information that you've been presented, because it's
22 erroneous.

23 We were afforded that opportunity at city
24 council in El Paso two months ago for an hour and a half

1 to two hours at the end of that. You have the result
2 being that five-to-four vote with that resolution.

3 I don't know where you got that information. I
4 asked Brooke in an email, or asked Jennifer in an email if
5 I could send you all backup information on this situation
6 in El Paso, all the dynamics of the housing authority,
7 what's going on with our mayor.

8 And I was told, you know, within 24 hours, Now,
9 Mr. Bowling, that would be a direct violation of ex parte
10 communication. You cannot communicate directly with the
11 board members. You'll just have to plead your case before
12 them at the July meeting. And I'm fair game for that.

13 But you all have a lot of information about
14 this project that to me --

15 MR. JONES: Your time's up. If you could
16 conclude.

17 MR. BOWLING: Okay. In conclusion, I just want
18 to remind everybody here that this is the most
19 controversial project in the history of El Paso. The
20 likelihood of this project making carryover is nil to 1
21 percent. There is going to be -- the lawsuits have just
22 started being filed in this situation.

23 And if I could just real quickly read you the
24 resolution as a point of reference, Chairman Jones, that

1 the housing authority adopted?

2 MR. JONES: Do we have --

3 MS. ANDERSON: Mr. Chairman, I have a question
4 for him.

5 MR. JONES: Yes. Let's go to questions.

6 MR. BOWLING: Okay.

7 MR. JONES: Yes, Beth?

8 MS. ANDERSON: Yes. Mr. Bowling, my question
9 addresses the issue of not being able to give us your
10 point-by-point, et cetera. Did you bring that to us in a
11 handout form today, as many of the people making public
12 comment --

13 MR. BOWLING: Oh, yes.

14 MS. ANDERSON: -- have brought us a handout?

15 MR. BOWLING: Yes, ma'am. I've got folders
16 that I can bring to you.

17 MS. ANDERSON: Well, this would be a time for
18 us to have them.

19 MR. BOWLING: Okay. I'll present them to you.
20 Let me go back and bring them forward. I'll do that.

21 MR. SALINAS: I think you're just going to have
22 to give it to the -- actually, to our executive director,
23 and we'll put them on file.

24 MR. BOWLING: Yes, sir.

1 MR. SALINAS: The other legal problem that you
2 might have for this project -- you need to go to the
3 Attorney General's office. We're not --

4 MR. BOWLING: I understand.

5 MR. SALINAS: You know where it is. You know,
6 we could probably give you directions. It's very simple,
7 you know. You all want us to do everything for you all.

8 There is laws that only the Attorney General
9 can work on. I mean, we're here. We have staff, and pay
10 a lot of money for our staff. And I think we have one of
11 the best staffs ever. So you know, again and again, you
12 know, public comments in El Paso, nobody in opposition.

13 Now all of a sudden we change the city council,
14 and everybody is -- so you have a five-four vote. It's
15 not even a unanimous vote. That's not here nor there.
16 It's none of our business. You know, politics in this
17 town takes care of itself.

18 So I would suggest that if you have problems
19 with the contract, go to the AG's office. I mean, they
20 are under so much guidelines if you're in the housing
21 authority board. But they also can be looked at by the
22 U.S. Attorney General.

23 So those are things that you need to address
24 them. I think right now we have a recommendation, and

1 this is our job.

2 MR. BOWLING: I understand, Mayor.

3 MR. SALINAS: You know, and we're not going to
4 get involved in any political suicide over there.

5 MR. BOWLING: The only reason I wanted to bring
6 it to your attention is in light of this project's failure
7 to potentially on carryover, because those suits will be
8 filed and --

9 MR. SALINAS: Fine. And this is why they built
10 the courthouse.

11 MR. BOWLING: I understand.

12 MR. SALINAS: I mean, I'm sure it's not there
13 just to have it. That's why you have lawyers.

14 MR. BOWLING: Yes, sir.

15 MR. SALINAS: And they're going to make some
16 money.

17 MR. BOWLING: Yes, sir.

18 MR. SALINAS: And it's not going to be our --
19 we're not going to be involved in that lawsuit. I
20 guarantee that. We're not going to get involved. And
21 this is why you have a bunch of lawyers in El Paso.

22 MR. BOWLING: Yes, sir.

23 MR. JONES: Thank you, sir. I appreciate it.

24 MR. BOWLING: The resolution? Chairman Jones,

1 it's just one sentence. The sentence is, "Now therefore
2 be it resolved by the Board of Commissioners of the
3 Housing Authority of the City of El Paso, Texas, that the
4 president and CEO is authorized to develop a low-income
5 housing tax credit strategy, and to enter into LIHTC
6 agreements with appropriate public and/or private
7 partners." This particular application and contract was
8 never heard in a public hearing at the housing authority.

9 MR. JONES: Thank you, sir.

10 MR. BOWLING: Thank you.

11 MR. JONES: Mr. Bogany has a question.

12 MR. BOGANY: No.

13 MR. JONES: All right. No more questions.

14 MR. BOWLING: Okay.

15 MR. JONES: Okay. Our next speaker will be
16 Theresa Caballero.

17 MS. CABALLERO: Good afternoon. May it please
18 the board. My name is Theresa Caballero. And I've
19 traveled 630 miles to address you here today. I am an
20 attorney, and I represent Tropicana Homes as well as the
21 Affordable Builders Council of the El Paso Builders
22 Association.

23 And who are they? Well, they are five builders
24 in El Paso who make up 60 percent of the affordable

1 building in El Paso, and I'm proud to represent them.

2 And I'd like to quote some really wise words
3 that were spoken here on June 25, 2003. "I don't believe
4 the Governor --

5 MR. JONES: Did Conine say this?

6 MS. CABALLERO: Pardon? You know the person
7 who said this.

8 MR. CONINE: Give her a chance.

9 MS. CABALLERO: "I don't believe the Governor
10 expects us to check our brains, you know, when we get on
11 this board. And I do know that you all are limited by the
12 "independent market analyses" that are done at the request
13 of the developers. But sometimes what we're getting here
14 just deviates from reality." And that would be your --
15 those would be your words, Chairman Jones. And I
16 appreciate you for them.

17 (Laughter.)

18 MR. JONES: Yes.

19 MR. CONINE: Wise words.

20 MS. CABALLERO: I have sat on the board. And I
21 understand what staff recommendations mean. And I
22 understand what they are doing in the day in and the day
23 out of the grunt work. But as board members, you are
24 charged with making independent decisions based on the

1 facts presented to you.

2 And not to criticize staff, but staff makes the
3 best decisions that they can based on the facts that they
4 have at that time. And I'm afraid that staff did not have
5 all the facts that you now have here today. So perhaps we
6 should be more open-minded about considering some of the
7 facts you've heard.

8 And those would be that three state officials
9 are against this project, our U.S. congressman against
10 this project, our mayor against this project. And it's
11 not a four-to-five vote, Mayor Salinas. For that
12 particular resolution it was a four-to-five vote.

13 But later on, it was a seven-to-zero vote to
14 add six more members to the board to change how things are
15 done down at the housing authority. That was a seven-to-
16 zero vote.

17 And I'd also like to add that the previous
18 mayor, under whom this project was approved without any
19 sort of public announcement, was -- lost in a landslide.
20 So people want things to be different in El Paso.

21 One of the questions that's come up here is,
22 Well, how come nobody was at the public hearings? Well,
23 let me tell you. The housing authority is required by law
24 to post a sign at the physical location where this project

1 is going to take place to let everybody know that such-
2 and-such project is going to be built there.

3 If they have any complaints, call X, Y, and Z's
4 number. Guess what? They didn't do that. And you've
5 heard from a member who traveled the same 630 miles to
6 tell you nobody knew. But it's the same story. Well,
7 where were you? Where have you been? How come we never
8 heard from you before? That's why you have public
9 comment.

10 And your decision hasn't been made yet. And
11 that's why we're here today. I'd also like to add --

12 MR. JONES: If you could conclude.

13 MS. CABALLERO: Thank you, sir.

14 MR. JONES: Sure.

15 MS. CABALLERO: And if the board would allow me
16 just a little bit of leeway, I did travel very far to come
17 here. And I know that the opposition did too, and I ask
18 the same courtesy be extended to them.

19 That this lawsuit has been filed. And let me
20 tell you something. The presentation -- what I heard from
21 Mr. Velarde today is shocking. It's kind of like it's a
22 fake lawsuit that he and his outfit colluded with Mr.
23 Monty and his lawyers to contrive this lawsuit, but they
24 don't really mean it. They're not really adverse parties.

1 And I can assure you that when it comes out,
2 because that's not what they're telling city council.
3 Their attorney, Robert Blumenfeld, called city council in
4 El Paso. We want out of this and we're trying to get out
5 of this, and we're doing what we can do. That's what
6 their attorney told our elected officials.

7 Crime -- crime is high in that area. You heard
8 a letter from the police department. Charles Defoya
9 [phonetic] who is the superintendent of EPISD, who runs
10 the two schools in that neighborhood -- he wrote a letter
11 saying, "As superintendent, it is with the concern of
12 families in mind that I must speak out against the
13 proposed new housing project, Suncrest Development."

14 Did you have this? I don't think so. And I
15 would also like to add one more thing. On your own
16 application, you asked applicants, "Has there ever been a
17 federal tax lien filed against you? Check yes or no. And
18 if yes, please explain."

19 I have here documents of several federal tax
20 liens having been filed against Ike Monty. And one of
21 them is Ike J. Monty, Inc., located at 8800 Yermoland
22 Drive. That's his place of business. So having him and
23 his brother stand there and say that's really my mother's
24 deal? That doesn't quite meet the plain language of your

1 own rules.

2 And my client's just asking to -- for you all
3 to apply the rules equitably. The rules should be the
4 same for everybody. We are -- Martin Paredes from the
5 Tribune wrote your legal counsel three weeks ago asking --

6 MR. JONES: Excuse me. I think you have a
7 question for you. So please, with all your time, I'd like
8 to get this done.

9 MS. CABALLERO: Yes, sir.

10 MR. JONES: Mr. Bogany?

11 MR. BOGANY: Yes, I have a question. You said
12 something that the housing authority is not -- is going to
13 back out this deal. Was it a witness affirmation from one
14 of the housing, other than the first gentleman that we
15 heard from? But it was another gentleman, I thought --

16 MR. CONINE: Sitting next to him.

17 MR. BOGANY: A gentleman -- I would like for
18 him -- if he is with the housing authority, I thought --

19 MR. JONES: Who is here with the El Paso
20 Housing Authority? Okay. If we could -- could you come
21 to the podium, please, and state your name? I think Mr.
22 Bogany has a question for you, and then I think he also
23 probably wants to direct another question to the speaker.

24 Thank you.

1 MR. BOGANY: What's your role with the housing
2 authority?

3 MR. DODDS: I'm the chief financial officer.

4 MR. BOGANY: Okay. Are you underweighted --
5 are you under the impression that they're -- you guys are
6 going to back out this deal with Ike Monty?

7 MR. DODDS: No.

8 MR. BOGANY: Okay. Where did she get this
9 information from?

10 MR. DODDS: I don't know.

11 MS. CABALLERO: I was at city council. I
12 watched city council two weeks ago, and their attorney,
13 Robert Blumenfeld, told city council that they were trying
14 to get out of this contract.

15 MR. DODDS: Okay.

16 MS. CABALLERO: And that they couldn't --

17 MR. SALINAS: Mr. Chairman, I think this is
18 getting out of hand, and we just need to hear -- give them
19 two minutes, the way the rules are. And let's get on with
20 the rest of the people that need to testify. We're not
21 going to try this case here.

22 You know, I think that it's only proper to give
23 everybody else a chance. I think we all know where we
24 stand here. I think they have a problem in El Paso, and

1 they're going to have to solve that problem in El Paso.
2 We cannot solve it here.

3 MR. JONES: Certainly, Mayor, and I --

4 MR. BOGANY: Mr. Jones.

5 MR. JONES: If any board member has a question,
6 I do want them to be answered.

7 MR. BOGANY: I just want to get a clarification
8 of what I'm voting on and what I'm voting against. I
9 really don't care what happens in El Paso regards to what
10 your all internal fighting is. But if I hear -- I'm
11 hearing lies or I'm hearing accusations --

12 MS. CABALLERO: That's true.

13 MR. BOGANY: -- then I just want some
14 clarifications. You're the financial officer. I would
15 assume you would know, you know, if they were trying to
16 pull out of this deal. Am I -- and you just said that you
17 wasn't trying to pull out this deal.

18 MR. DODDS: That's true.

19 MR. BOGANY: You're committed to this deal?

20 MR. DODDS: That's very true.

21 MR. BOGANY: Okay. That's all I need to know.

22 Thank you.

23 MR. JONES: Thank you, ma'am.

24 MS. CABALLERO: Sir, on your staff

1 recommendations --

2 MR. JONES: Yes?

3 MS. CABALLERO: -- it says --

4 MR. JONES: We have run out of time.

5 MS. CABALLERO: Okay. I thank you for your
6 time. I ask you to consider the opposition and the fact
7 that -- the facts that the staff made its recommendation
8 on have changed. Thank you very much.

9 MR. JONES: Thank you so much.

10 Chris, if you would, you were going to address
11 that fraudulent issue for us. And since it's been brought
12 up yet again, if you'd do that quite briefly?

13 MR. WITTMAYER: Chris Wittmayer, the
14 department's general counsel. I have reviewed the
15 allegations of fraudulent information, the allegations
16 concerning the past tax liens. I've discussed this with
17 the Multifamily staff.

18 We've discussed the procedures and practices
19 that we use in the uniform application. And I'm
20 satisfied, based on my review, that there is no fraudulent
21 information that would disqualify this application.

22 MR. JONES: Thank you, sir. Demetrio Jimenez.

23 MR. JIMENEZ: Good afternoon, board. My name
24 is Demetrio Jimenez. I'm a former employee of TDHCA, and

1 also the executive director of a nonprofit called Greater
2 El Paso Housing Member Corporation. I'm here in
3 opposition to Suncrest Townhomes, Project Number 03-223.

4 Now, my experience -- my past experience in
5 running nonprofits and soliciting letters of support from
6 our elected officials was it's easy as submitting a
7 suggested letter and having that letter returned verbatim.

8 Now, everyone is not involved -- including our
9 elected officials, in the ins and outs of these affordable
10 housing projects. Everyone is for affordable housing
11 projects. Many of our elected officials, however, are not
12 aware of the details.

13 Senate Bill 264 is going to change that. It
14 will fully engage our elected officials so that we can get
15 on with these projects and not bore the rest of the people
16 here. We have seven letters of opposition to Suncrest
17 Townhomes, including Representative Cushing.

18 If I may, Commissioner Bogany, I have two -- a
19 letter -- a copy of the letter of Cushing, and he is
20 opposed to Suncrest Townhomes, not for it. These letters
21 are based on facts. The fact is that there is a
22 concentration issue.

23 Senate Bill 264 also addresses this
24 concentration issue. It will make a project ineligible if

1 it's located within one mile of a tax credit project.
2 This is not a mile from the -- a tax credit project.
3 We're placing a project across the street. There is
4 clearly a concentration issue.

5 Please, board, don't turn your back on the
6 spirit and intent of Senate Bill 264, which much -- which
7 you must abide by after September 1. There are thousands
8 of constituents who have spoken through their elected
9 officials in these seven letters. Please don't turn your
10 back away from the affordable -- from the families. Thank
11 you.

12 MR. JONES: I think Ms. Anderson has a
13 question.

14 MS. ANDERSON: Hi. I have a question about the
15 occupation that you have listed on the witness affirmation
16 form.

17 MR. JIMENEZ: I'll address that. Director of
18 Affordable Housing, and proud to say, employee of
19 Tropicana Building Corporation.

20 MS. ANDERSON: Okay. Thank you. And also,
21 when you were referring to Senate Bill 264, you understand
22 that that legislation is not in effect, and that this tax
23 credit round is not subject to those rules. And in fact,
24 their staff's working very hard right now to adjust the

1 QAP for next year so that it's fully compliant with all
2 those legislative changes, but they're not in effect for
3 this round?

4 MS. JIMENEZ: Commissioner Anderson, I'm fully
5 aware of that. I would just suggest to the board that
6 they look at the spirit and intent of that Senate Bill
7 264.

8 MS. ANDERSON: Well, I would argue that we
9 can't change the rules when we have developers enter into
10 a tax credit round last December and January, before
11 anybody knew what was going to be in that legislation. It
12 would be patently unfair to that entire development
13 community to change those rules in the middle of a round.
14 Thank you.

15 MR. JIMENEZ: Representative -- I'm sorry,
16 Commissioner Anderson, the spirit and intent is the
17 concentration issue, pure and simple.

18 MR. JONES: Thank you, sir.

19 MR. JIMENEZ: I appreciate it.

20 MR. JONES: A.V. Mitchell.

21 MR. MITCHELL: No comment, thank you.

22 MR. JONES: All right. Congratulations. Mr.
23 Conine? Thank you, sir. Brian Cogburn?

24 MR. COGBURN: We'll let Bruce McDonald speak.

1 MR. JONES: Gotcha.

2 MR. MCDONALD: Hi. My name is Bruce McDonald.

3 And I was asked by the city manager of -- City of Willis
4 to read you this letter from the mayor.

5 "Dear Chairman Jones and board members, I am
6 unable to attend Wednesday's board meeting. However, on
7 behalf of the City of Willis, I'm writing to communicate
8 our support of the Cricket Hollow Apartments. This is our
9 third consecutive year to participate in [indiscernible]
10 location.

11 "Our city has invested significant time and
12 resources to firmly bring this development to our
13 community. We realize that our support is vital to this
14 application. Accordingly, the application is documented
15 in the City of Willis Resolution dated in January, and
16 letters from the mayor and each city councilman
17 unanimously committing our broad community support and
18 need to have the Cricket Hollow Apartments.

19 "Northern Montgomery County's affordable
20 housing need is critical, especially as it relates to
21 Willis. Willis is in a district experiencing rapid growth
22 and economic growth. We are separate and distinct from
23 Conroe, Houston, and Harris County.

24 "In our opinion, our housing needs are more

1 acute than others in competing markets. We are concerned
2 that over half of our existing housing is classified as
3 inferior quality to be occupied.

4 "Furthermore, our current housing supply is
5 inadequate in quality to serve our existing residents.
6 Willis does have housing --

7 MR. JONES: Sir, could I ask you for --
8 everybody has got a copy of this, and we've probably all
9 read it now.

10 MR. MCDONALD: Okay.

11 MR. JONES: Do you mind if we make it part of
12 the record --

13 MR. MCDONALD: Okay.

14 MR. JONES: -- and move on, because we are in a
15 time crunch?

16 MR. MCDONALD: Okay.

17 MR. JONES: Thank you so much.

18 MR. MCDONALD: You bet.

19 MR. JONES: We appreciate it. Brian Cogburn?

20 MR. COGBURN: Good afternoon, Chairman Jones,
21 and members of the board.

22 MR. JONES: Thank you.

23 MR. COGBURN: If there was ever a community
24 that could justify and warrant the absolute necessity for

1 tax credits to finance its affordable housing needs, it is
2 the City of Willis in northern Montgomery County.

3 The City of Willis has actively and
4 affirmatively participated in the tax credit application
5 process to address its acute affordable housing shortage.

6 Community leaders have demonstrated a tremendous public
7 support through City of Willis Resolution Number R03-0121,
8 letters to the department and at public hearing
9 attendance.

10 This is the third year that the Cricket Hollow
11 Apartments has not received a tax credit recommendation as
12 a result of inability to score the high points reserved
13 for urban areas.

14 The application has a respectable 98-point
15 score. A score to achieve a successful staff
16 recommendation is just an incremental two- or three-point
17 difference. The QAP has an affordable housing needs
18 scoring component as a part of the scoring. The City of
19 Willis has an affordable housing needs scoring component
20 score of 12 points, as compared to virtually all non-
21 Houston Harris County cities, which scored 17 points.

22 What is more, high demographic areas of Harris
23 County, such as West University Place and Piney Point
24 Village, scored 17 points. If Willis had had the same

1 five-point advantage as Harris County, we would have
2 scored 103 points, making it the second-highest-scoring
3 application in Region 6.

4 From a different analyst perspective, please
5 notice that there are eight applications that have scored
6 lower than Cricket Hollow. These lower-scoring
7 applications that recommend to receive tax credit
8 allocations, because they are -- qualify as statewide
9 special interest set-asides, even though their allocation
10 percentage is overweight Region 6 to the detriment of new
11 construction family development such as Cricket Hollow.

12 In fact, Region 6 has only one new construction
13 family development recommended to receive a tax credit
14 allocation.

15 We would appreciate the board considering the
16 issues of geographical dispersion, serving more families
17 for fewer credits, revitalization of local needs. The
18 regional allocation formula was established to avoid
19 concentrating tax credit allocations in large areas such
20 as Houston and Harris County.

21 In Region 6, other than the rural set-aside --
22 MR. JONES: If you would, sir, please conclude.

23 MR. COGBURN: Okay. So in conclusion, we would
24 ask that the department, in the spirit of regional

1 allocation, request the board look past the pure score
2 evaluation to exercise its fiduciary discretion to correct
3 the existing disproportionate allocation, and to award tax
4 credits to the City of Willis, where there is broad
5 community support, a scarcity of existing housing, and
6 enormous need for new and affordable housing in a
7 community that's never received significant tax credits in
8 the past.

9 MR. JONES: Thank you.

10 MR. COGBURN: And just to give you a visual, I
11 brought the charts that shows the City of Willis has over
12 half of its housing is classified as deteriorated or
13 dilapidated.

14 MR. JONES: Thank you, sir. Ruby Mosely.

15 MS. MOSELY: Thank you, Chairman Jones, and to
16 the board. I also am opposing the Little York Villas
17 Apartments. I've lived in Acres Homes since 1949. There
18 is a complex right across the street where this one is
19 scheduled to be constructed. We have a park there that's
20 called Little York Park.

21 We already have acquired \$249,000 to construct
22 a larger park and increase the park there with three
23 ballparks in the community, so that our children will have
24 places to stay. It has not been a month ago that from the

1 present apartment complex that are there, that police were
2 down there at our request because of children in the
3 community right there in the park where it is now at
4 Little York Park, trying to play soccer, and the guys from
5 the apartment next door to the park were over there
6 playing cowboys and rangers and cops and robbers.

7 The boards that are there to divide the
8 apartments and the park don't hold bullets. As fast as
9 the manager put the boards up there, they are now down so
10 that they -- the people can walk through to the park
11 rather than going around Little York and coming back in.

12 Yes, there are some other apartments down there
13 that are not in that vicinity. One is just east of I-45.

14 Very beautiful constructed, that's not in Acres Home.
15 There is one that's on West Montgomery and North Rosslyn
16 that is very beautiful and constructed. But they are not
17 in that particular area where we are working and trying to
18 maintain a decent community and keeping crime down.

19 We have a gentleman 80 years old that is in the
20 hospital in a coma right now, who have owned a grocery
21 store in the community over 50 years, were robbed and
22 beaten. Saturday morning at five o'clock, another young
23 man was shot in the back right at Wheatley on West
24 Montgomery.

1 MR. JONES: Your time's up, ma'am. If you
2 would conclude.

3 MS. MUSTILY: Okay. Thank you, but we're
4 asking you, since we are the taxpayers, and we're the
5 person that have to live there, please consider the fact
6 that we need a safe, decent, and sanitary community.

7 MR. JONES: Thank you, ma'am. Terry Campbell.

8 MR. CAMPBELL: I will pass.

9 MR. JONES: R.J. Collins.

10 MR. COLLINS: Mr. Chairman, ladies and
11 gentlemen of the board, my name is R.J. Collins, and I
12 reside at 8455 Lyndon Lane here in Austin.

13 I want to speak on behalf of TDACH [sic] 03-
14 064. It's called Stone Hearst. It's presented by
15 Stoneway, Limited. We've heard from a number of speakers
16 already today in favor of this project. I just want to
17 put one thing into the record that I feel strongly about
18 why I'm here.

19 This is basically the third time we've been
20 before this board on this project. We also were here once
21 before on a -- with the Bond Program. We didn't make it.

22 But I want to make sure that the board understands we're
23 asking for a forward commitment on this project, and that
24 the capture rate, according to the underwriting, and our

1 market, has now fallen from 31 percent down to 7 percent,
2 showing a strong need in the Beaumont area for a project
3 of this type.

4 We appreciate what you are going through today,
5 and we look forward to working with you in the future.
6 Thank you very much.

7 MR. JONES: Thank you, sir, Mr. Collins. I
8 have a witness affirmation for somebody that I called
9 earlier, apparently, had resubmitted another one. LaTonya
10 Collier? Yes.

11 MS. COLLIER: I'm donating my time.

12 MR. JONES: I'm sorry. I can't allow that.
13 Mr. Thibodeaux has already spoken, and so I'm sorry, it's
14 too late. Would you like to speak yourself? Okay.
15 Thanks.

16 With that, that's all the public comment that
17 we have on Item 2(a)(2). I will turn things over to Ms.
18 Carrington for staff's recommendations.

19 MS. CARRINGTON: Thank you, Mr. Chairman.

20 MR. JONES: You have two minutes.

21 MS. CARRINGTON: That's fair. In your book,
22 behind the tab that says Tax Credit Awards, there is a
23 memo to the Board of Directors. There has been one
24 change, one slight change in the list that the board

1 approved on June 25.

2 There was an appeal that was made to the
3 Executive Director that created a change in the
4 recommendation in the amount of tax credits. And that was
5 for the Villas of Leon Valley, which is in Region 9.

6 We increased their tax credit allocation
7 recommended amount by \$4,372. With that said, there were
8 no additional changes to the list. On the second page of
9 this memorandum, at the time the board book went up on the
10 website and was distributed to the board members, at this
11 point we had received opposition letters on two
12 developments after the June board meeting, not before,
13 which is a typo there.

14 One opposition letter from Pinnacle Pointe
15 Apartments, and also one on Little York Villas. Obviously
16 from the time of that June 25 board meeting, and
17 specifically, as of today, you all have seen a multitude
18 of letters, both in opposition and support to a variety of
19 the different developments. And most of those have been
20 spoken to or read into the record.

21 Staff did, as board directed, underwrite
22 additional six developments. Those are listed for you on
23 page 2 of your memorandum. We did underwrite them. That
24 has not changed staff's recommendation.

1 What you have before you today is a recommended
2 allocation amount of \$38,098,599, which would leave a
3 balance of \$39,325 in the allocation amount for Low Income
4 Housing Tax Credits for this year.

5 After this memorandum, after page 6 of this
6 memorandum, there is a chart which looks like the chart
7 that you all saw on your June 25 meeting. And it's the
8 list of those developments with the score, with the
9 region, with the set-aside, that staff is recommending.

10 MR. JONES: I'd like to ask the General Counsel
11 a question, if I could. And it's pretty specific, I hope.

12 In particular, I won't address to any
13 particular development, but if I were to come to the
14 conclusion that due to the controversy surrounding a
15 particular development, both legally, politically,
16 community-support-wise, and everything, that it looks like
17 to me I had severe doubts whether or not this development
18 is ever going to be done finally at the end of the day,
19 and obviously these tax credits are precious because we're
20 turning down people at the same time we grant them, would
21 that be a valid reason for me to vote against a particular
22 recommendation of staff under the QAP and under our
23 legislation?

24 MR. WITTMAYER: The board has limited

1 discretion in deciding to make the tax credit allocation
2 decisions. And I believe that this would be within the
3 discretionary factors that the board can weigh in making
4 its decision. Yes, sir.

5 MR. JONES: The next question I have is pretty
6 specific, too. And it would be if I disagree with the
7 staff's conclusions with regard to concentration, and come
8 to a different conclusion based upon the evidence I've
9 heard, based upon the public comment I've heard, and would
10 then decide to make a change of staff recommendation, for
11 that reason, would that too be within my discretion as a
12 board member?

13 MR. WITTMAYER: I believe also that the board
14 members do not check their brains when they come on the
15 board, and that --

16 MR. JONES: That's subject to debate.

17 MR. WITTMAYER: -- and that they can find good
18 cause and discretion to consider that factor. Yes, sir.

19 MR. JONES: Right. Thank you, Chris. I
20 appreciate it. You've answered my question. Further
21 questions, comments, proposals?

22 MR. CONINE: Is she going to read all that
23 stuff into the record, and --

24 MR. JONES: Are we going to read all that stuff

1 into the record?

2 MR. SALINAS: I think we read it the last time
3 we had --

4 MS. CARRINGTON: We did.

5 MR. SALINAS: -- a meeting, right?

6 MR. JONES: Do we have to do that again? I
7 mean, we have it in writing. Can't we make it part of the
8 record from the writing?

9 MS. CARRINGTON: Only if you all tell me we
10 have to.

11 MR. JONES: Do we have to read it --

12 MS. CARRINGTON: Or do it.

13 MR. JONES: Okay. No. I would prefer that we
14 make it part of the record with regard to the
15 instrumental, put it as part of the record in writing. I
16 don't see any reason to reading it.

17 PROJECTS LOCATED IN REGION 1 CREDIT RECOMMENDATION

18

19 03140 Park Meadows Villas \$737,372

20 03016 Amarillo Garden Apartments \$265,490

21 PROJECTS LOCATED IN REGION 2 CREDIT RECOMMENDATION

22

23 03066 Anson Park \$561,000

24 03158 Red River Senior Village \$402,507

1	03258	Mira Vista Apartments	\$70,346
2	PROJECTS LOCATED IN REGION 3		CREDIT RECOMMENDATION
3			
4	03184	The Pegasus	\$1,153,613
5	03081	The Senior Apartments at	\$756,742
6		Curtis Wright Field	
7	03039	Oak Timbers-Grand Prairie	\$425,506
8	03159	Summit Senior Village	\$476,268
9	03163	Cedar View Apartments	\$560,000
10	03212	Village of Kaufman	\$193,806
11	03250	Pine Run Apartments	\$62,784
12	03004	Arbor Woods	\$1,078,956
13	PROJECTS LOCATED IN REGION 4		CREDIT RECOMMENDATION
14			
15	03100	Churchill at Longview	\$1,150,000
16	03028	Green Street Apartments	\$592,722
17	03053	Millpoint Townhomes	\$515,338
18	PROJECTS LOCATED IN REGION 5		CREDIT RECOMMENDATION
19	03196	Arcadia Village	\$227,836
20	03069	Cole Creek Apartments	\$437,327
21	03263	Cedar Ridge Apartments	\$387,461
22	03261	Pebble Creek Apartments	\$387,920
23	03261	Crystal Creek Park	\$377,548
24		Apartments	

1	03213	Fox Run Apartments	\$213,473
2	PROJECTS LOCATED IN REGION 6		CREDIT RECOMMENDATION
3	03011	Jefferson Davis Artist	\$280,733
4		Lofts	
5	03178	Jacinto Manor	\$782,354
6	03182	The Manor at Jersey	\$782,354
7		Village	
8	03236	Little York Villas	\$816,242
9	03245	Meadows Place Senior Villages	\$675,605
10	03070	Bay Ranch Apartments	\$451,094
11	03153	Northline Point Apartments	\$347,203
12	03231	Montgomery Meadows	\$382,286
13	03252	Pine Meadows Apartments	\$94,120
14	03254	Bayou Bend Apartments	\$119,812
15	03256	Willowchase Apartments	\$121,654
16	03255	Cedar Cove Apartments	\$120,931
17	03006	Villas at Park Grove	\$627,566
18	PROJECTS LOCATED IN REGION 7		CREDIT RECOMMENDATION
19	03001	Eagle's Point	\$1,200,000
20	03005	Grove Place Apartments	\$789,509
21	PROJECTS LOCATED IN REGION 8		CREDIT RECOMMENDATION
22	03068	Stone Ranch Apartments	\$583,608
23		Homes	
24	03065	Red Oak	\$559,937

1	03009	Forest Park Apartments	\$746,176
2	03161	Dripping Springs Senior	\$572,047
3		Village	
4	03259	Pecan Creek Apartments	\$145,850
5	PROJECTS LOCATED IN REGION 9		CREDIT RECOMMENDATION
6	03176	Binz Ranch (San Miguel	\$1,200,000
7		Apartments)	
8	03136	Tigoni Village	\$851,994
9	03155	Villas of Leon Valley	\$491,973
10	03191	Bentley Place Apartments	\$1,006,759
11	03067	Tuscany Court	\$465,802
12	03190	Westview Ranch (prev.	\$591,010
13		Comal Ranch)	
14	03007	Bexar Creek	\$614,528
15	PROJECTS LOCATED IN REGION 10		CREDIT RECOMMENDATION
16	03265	Riversquare Apartments	\$1,092,376
17	03257	Caney Run Estates	\$704,038
18	03162	Pinnacle Pointe Apartments	\$871,732
19	03249	The Palmas Apartments	\$41,006
20	PROJECTS LOCATED IN REGION 11		CREDIT RECOMMENDATION
21	03013	Casa Aguila Apartments	\$1,171,547
22	03036	The Galilean Apartments	\$1,200,000
23	03035	Rio De Vida Apartments	\$1,004,228
24	03029	La Villita Apartments	\$851,428

1	03248	La Casita del Valle	\$66,499
2	03247	Las Brisas Apartments	\$45,890
3	03002	Padre de Vida	\$1,025,408
4	PROJECTS LOCATED IN REGION 12		CREDIT RECOMMENDATION
5	03145	Sterling Springs Villas	\$845,579
6	PROJECTS LOCATED IN REGION 13		CREDIT RECOMMENDATION
7	03223	Suncrest Townhomes, Ltd.	\$1,147,376
8	03220	Desert Breeze, Ltd.	\$359,018
9	03222	Whispering Sands Townhomes,	\$286,440
10		Ltd.	
11	03134	Lilac Garden Apartments	\$685,609
12	03003	Mission del Valle	\$160,782

13 MR. SALINAS: I'll go ahead and move for the
14 recommendation of the staff.

15 MR. JONES: Okay. We have a motion that staff
16 recommendation be approved. It has been seconded?

17 MS. ANDERSON: Second.

18 MR. JONES: Been seconded. I think Mr. Bogany
19 was first.

20 MS. ANDERSON: Sorry.

21 MR. JONES: No problem.

22 MS. ANDERSON: Sorry.

23 MR. JONES: Don't worry about it. Further
24 questions, comments, discussion? Are we ready to vote?

1 Excuse me?

2 MR. CONINE: No.

3 MR. JONES: No, we're not. Okay. We're not
4 ready to vote.

5 MR. CONINE: I don't think so.

6 MR. JONES: Okay.

7 MR. CONINE: Not yet.

8 MR. BOGANY: I have a question.

9 MR. JONES: Yes?

10 MR. BOGANY: Let's just say that we vote on a
11 staff recommendation, and later on the neighborhood group
12 or whatever, files a lawsuit to stop that project, and
13 eventually the developer says, Hey, I'm not going to do
14 that. What happens to those tax credits at that point?
15 Do we lose those for that year?

16 MS. CARRINGTON: May I respond?

17 MR. JONES: Yes, you sure may. Yes, please do,
18 Ms. Carrington.

19 MS. CARRINGTON: Mr. Bogany, if the credits are
20 returned before the end of the year, then those credits
21 would go to the next development on the waiting list in
22 that region.

23 If the credits, for some reason, are not
24 returned in the year in which they are allocated, as long

1 as they are returned back to the department within a two-
2 year period of time, then the credits, beginning January 1
3 of next year, would go into the pool of larger credits
4 that we have to allocate.

5 MR. BOGANY: Okay.

6 MR. JONES: We're going to take a five-minute
7 break. We have a couple of board members that want to
8 study some things before they ask for objections.

9 MR. SALINAS: The chairman, motion is seconded
10 on that. I would ask for the question and the vote.

11 MR. JONES: Okay. We have somebody asking for
12 the question. Mayor, the only thing I'd point out, Mr.
13 Conine has asked for a few minutes to study something
14 before he discusses it.

15 MR. SALINAS: Well --

16 MR. JONES: Okay.

17 MR. SALINAS: I will think it would be very
18 unpopular for us to have a motion and a second and then go
19 on and talk about it and then come back to vote.

20 MR. JONES: No, no one's --

21 MR. SALINAS: I will not stand from this
22 position until we vote. Up or down, and I think this is
23 something that we have to do today.

24 MR. JONES: Well, we certainly will do it

1 today. And we certainly aren't going to go out and talk
2 about it.

3 MR. SALINAS: I mean, I don't want to have a
4 motion and a second, and then just go out and recess and
5 talk about it and come back and vote. I think that's very
6 improper. Then the AG's office are going to probably look
7 at us.

8 MR. JONES: The suggestion was not that we go
9 out and talk about it at all, Mayor. Mr. Conine just
10 wanted to study something. But Mr. Conine, we will wait
11 for him to make comments.

12 MR. BOGANY: Mr. Chairman, [indiscernible].

13 MR. JONES: Yes.

14 MR. CONINE: That will give me some time.

15 MR. BOGANY: Mr. Chairman?

16 MR. JONES: Yes?

17 MR. BOGANY: Are we voting on the whole set as
18 a proposal?

19 MR. JONES: We're voting on the whole set as --

20 MR. BOGANY: We're not going from region to
21 region? We're just voting on the whole set?

22 MR. JONES: We're going on the whole
23 recommendation, as I understand the motion, unless I
24 misunderstood the motion.

1 MR. BOGANY: Okay.

2 MS. CARRINGTON: That's the motion.

3 MR. SALINAS: That's the motion.

4 MR. JONES: That's the motion that's on the
5 floor.

6 MR. SALINAS: Anything happens later on that we
7 have some tax credits left over, then we can come back to
8 the staff and we can allocate the next in line.

9 MS. BOSTON: May I ask a question?

10 MR. JONES: Yes, Brooke?

11 MS. BOSTON: Is the -- are you voting on just
12 the list and then you're going to take the waiting list
13 separately?

14 MR. JONES: Yes.

15 MS. ANDERSON: Yes. After that. The motion
16 does not include the waiting list.

17 MS. BOSTON: Okay. I just wanted to make sure.

18 MR. BOGANY: Mr. Chairman?

19 MR. JONES: Yes?

20 MR. BOGANY: I have a question.

21 MR. JONES: Certainly, Mr. Bogany.

22 MR. BOGANY: On the El Paso deal to Brooke.

23 MR. JONES: Hey, Brooke?

24 MS. BOSTON: Yes, sir?

1 MR. BOGANY: The -- Mr. Cobos gave us a map
2 here. And I'm assuming this map is of the west side of El
3 Paso, and that we talked about the east side of the El
4 Paso. That's not on this map. This is just the west
5 side. Am I correct?

6 MS. BOSTON: I haven't seen the handout.

7 MR. BOGANY: Okay. I'm sorry.

8 MR. BOGANY: The other question in regards to
9 that, I also noticed that it was zoned for apartments. I
10 don't know if you can answer this question. But I'm just
11 talking now.

12 And it was zoned for apartments. So there's
13 going to be apartments there. So opposition of the school
14 is going to be the same thing. The apartments are going
15 to be there. You know, it just seems as though the
16 opposition here seems to be more because it's a Low Income
17 Housing Tax Credit Program, because it's zoned for
18 apartments already.

19 MS. BOSTON: It is zoned.

20 MR. BOGANY: So we're not -- I mean, the City
21 of El Paso said they want apartments there. They want
22 that concentration or cluster, whatever they want to call
23 it, because they've already said they want apartments
24 there.

1 And I don't really see any difference between
2 market rate apartments and the tax credit programs that
3 we're doing. I'm just talking to Brooke now.

4 MS. BOSTON: Yes, I mean, it is zoned for
5 multifamily, so --

6 MR. BOGANY: All right. And is that a west
7 side, the map which --

8 MR. SALINAS: Mr. Chairman?

9 MR. JONES: Yes?

10 MR. SALINAS: It's a local issue. If the City
11 of El Paso wants to change the zoning, they can do so. By
12 doing that, I don't think it's very proper for us to deny
13 any kind of buildings or credits simply because we have
14 problems in El Paso.

15 I think the zoning is there for us to approve.

16 You know, the QAP says that. And we're always taking
17 that point, that as long as the cities have zoning for
18 these kind of projects, we would support those projects.

19 Now the cities have the authority to do changes
20 within their own planning and zoning. But until they do
21 those changes, I think we we're liable by our QAP to do
22 that, to award this project.

23 Now, it's different in Houston, because Houston
24 don't have any zoning at all.

1 MR. JONES: Thank you.

2 MS. BOSTON: It does deal with the west side on
3 the map. And I just gave Mr. Bogany a map of the city.

4 MR. BOGANY: Okay.

5 MS. BOSTON: And for comparative purposes.

6 MR. BOGANY: And so the 9 percent -- actually
7 only 9 percent of the public housing here on the west
8 side -- so the remaining of the units -- even though we've
9 got a -- some units -- six units here, the remaining is on
10 one side of town, the east side of town, the majority of
11 it?

12 MS. BOSTON: That's my understanding.

13 MR. BOGANY: Okay.

14 MR. JONES: Mr. Conine.

15 MR. CONINE: I'm ready to vote.

16 MR. JONES: Okay. Ready to vote? Okay. Any
17 further questions, comments, discussions on this issue?
18 Is everyone ready to vote? Hearing nothing, I assume we
19 are. All in favor of the motion, please say aye.

20 (A chorus of ayes.)

21 MR. JONES: All opposed to the motion, please
22 say nay.

23 (No response.)

24 MR. JONES: The motion carries. Ms.

1 Carrington?

2 MS. CARRINGTON: Mr. Chairman, the next item
3 for the board's consideration will be the approval of the
4 waiting list. If you will go back to the memorandum of
5 the board that immediately is after the tab that says Tax
6 Credit Awards. On page 3 -- actually on page 4 of this
7 memorandum, there is a region-by-region analysis or
8 recommendation for developments for the waiting list.

9 This waiting list, you'll remember, is for any
10 credits that would be returned to the department between
11 now and the end of December. And I can go down through
12 these region by region, and list the project numbers and
13 names, which I would suggest we do --

14 MR. JONES: Go right ahead, please.

15 MS. CARRINGTON: -- since we have not read them
16 into the record.

17 MR. JONES: Please come to order. Thank you.

18 MS. CARRINGTON: In Region 1, there is no
19 waiting list recommendation for Region 1, since all
20 eligible and feasible applications are recommended for an
21 award.

22 In Region 2, there is no waiting list
23 recommendation, since all eligible and feasible
24 applications received an award.

1 In Region 3, there are two recommendations for
2 waiting list. The first one is The Reserve II at Las
3 Brisas, which is Project Number 03-094, and a credit
4 amount of \$822,062. The second one on the waiting list
5 recommendation is Frazier Fellowship, 03-097, \$452,374
6 credit recommended amount.

7 In Region 4, two applications for the waiting
8 list, Waterford Place, 03-195, credit amount \$369,494.
9 Victoria Place, Phase 2, credit -- Project Number 03-235,
10 credit amount \$362,988.

11 Region 5, Timber Village, Project Number 03-
12 117, credit amount \$578,303.

13 Region 6, Alta Reed Apartments, Project Number
14 03-108, credit amount \$1,200,000. Sunset Plaza, 03-130,
15 \$575,723. Samaritan Village Apartments, 03-129, \$422,499.

16 Region 7, no waiting list recommendation, since
17 all received -- now, Region 7 was Austin. Last year we
18 received forward commitments. There was no credit dollars
19 available for this year, for '03.

20 Region 8, Nolan Creek Trails, 03-019, \$634,816.
21 Bluffview Villas, 03-164, \$488,246.

22 Region 9, Palacio del Sol, Project Number 03-
23 207, credit amount \$1,173,902. The Villas at Costa Verde,
24 03-031, \$1,122,531. Ryan Crossing Villas, 03-138, credit

1 \$907,828.

2 There were no -- there are no waiting list
3 recommendations for Regions 10, Region 11, Region 12.

4 Region 13, waiting list recommendations, Diana
5 Palms, 03-024, credit amount \$211,474. Tropicana Palms,
6 03-022, \$660,083. Capistrano Palms, 03-023, \$660,083.

7 Mr. Chairman, that ends the recommendations for
8 the waiting list.

9 MR. JONES: Yes, ma'am?

10 MS. ANDERSON: I move to table any construction
11 of a waiting list until this board -- and in order to
12 explain why I'm proposing this motion.

13 You know, I think the board may well want to
14 consider forwards on some of these, you know, very
15 deserving projects. And yet, not every project that we
16 might want to consider for a forward commitment, including
17 some where we had very eloquent testimony this morning,
18 have been underwritten for financial feasibility. So we
19 can't sort of look at the whole portfolio of forwards
20 today.

21 In addition to that, as has been mentioned
22 several times, House Bill 264 changes a number of the
23 guidelines and rules. And so if we're going to have a
24 forward list that's in sync with those rules, the staff

1 needs, I believe, a little more time to look at what's
2 left that might go on a -- you know, a forward list that
3 would be subject to those rules.

4 And I've had conversations that, you know,
5 maybe we could do that as soon as the September board
6 meeting. So therefore, I would -- that's why I have moved
7 that we table any construction of a waiting list until we
8 can have a forward commitment discussion, which I'm
9 assuming would happen in September.

10 MR. GONZALEZ: Second the motion.

11 MR. JONES: We have a motion to table any
12 action on a waiting list that's been made by Ms. Anderson
13 and seconded by Mr. Gonzalez.

14 Further questions, comments, discussion?

15 MS. CARRINGTON: I had a motion --

16 MR. JONES: Yes, I think that both Ms.
17 Carrington and Brooke would like to comment.

18 MS. CARRINGTON: Ms. Carrington wants to
19 comment --

20 MR. JONES: Unless the board members object.

21 MS. CARRINGTON: -- because Ms. Boston has her
22 hand up.

23 MR. JONES: Okay.

24 MS. BOSTON: Thank you. Section 2306.6711

1 actually requires that we approve the waiting list at the
2 same time as the credits. And I know last year we did it
3 a month late, and that was an error. And I apologize.

4 MS. ANDERSON: I want to amend my -- may I
5 attempt to amend my motion?

6 MR. JONES: You sure may.

7 MS. ANDERSON: Then I will accept this
8 recommendation from the staff as the waiting list, but I
9 do not accept their request that they will not have to
10 come back to the board each time before they make -- that
11 we had this discussion last year, that I will, for legal
12 reasons, accept the waiting list today. But that if
13 you -- if a credits are returned, that the staff brings
14 those -- brings back to the board to our attention the
15 next deal on the waiting list for endorsement or for
16 approval.

17 MS. BOSTON: And if I could clarify it also.
18 There was one component of the waiting list that was for
19 the Rural Set-aside that didn't get read in. And I do
20 just want to mention that if credits are returned in the
21 rural area that would have made it go under, we'd like
22 that to be considered as part of the preliminary waiting
23 list as well.

24 MS. ANDERSON: So that we would be compliant

1 with the set-aside?

2 MS. BOSTON: Correct.

3 MS. ANDERSON: Okay.

4 MR. JONES: Can you add that, Ms. Carrington?

5 MS. CARRINGTON: Yes, I can. And let me read
6 those for the record, since there are two of those rural
7 set-aside. It's on page 3 of your memorandum.

8 Victoria Place, Phase 2, Project Number 03-235,
9 credit amount \$362,988. And Bluffview Villas, which meets
10 rural. It's also been named as another -- in another
11 region also, 03-164, \$448,245.

12 MR. JONES: Let's make sure we all understand
13 where we stand procedurally with that having been read
14 into the record. As I understand it, Ms. Anderson is
15 withdrawing her motion to table.

16 Ms. Anderson has made a new motion that the
17 waiting list be approved as presented by staff, subject to
18 the requirement that if any credits are actually awarded
19 from the waiting list, that can only be done with approval
20 by the board. Is that your motion?

21 MS. ANDERSON: Yes, sir.

22 MR. GONZALEZ: And I'll second it.

23 MR. JONES: Motion's been made and seconded.

24 It was seconded by Mr. Gonzalez. Further discussions,

1 questions, comments? Hearing none, I assume we're ready
2 to vote. All in favor of the motion, please say aye.

3 (A chorus of ayes.)

4 MR. JONES: All opposed, nay?

5 (No response.)

6 MR. JONES: Motion carries. We then turn to
7 Item -- I think it's 2(3)? Is that right? 2(3)?
8 2(a)(3). 2(a)(3), which is a Request for Additional
9 Extension of Deadline to Close Construction Loan for
10 Meadows of Oakhaven Apartments.

11 We have two people that would like to speak to
12 that, Ms. Bast and Mr. Gilbert. Could I suggest this?
13 Let's hear staff's recommendation, and then to see then if
14 you all need to speak. If you all need to speak, I
15 promise I will allow it. Staff's recommendation on it?

16 MS. CARRINGTON: Thank you, Mr. Chairman.
17 Behind the tab that says Tax Credit Extension, Tax Credit
18 transaction from last year -- they are requesting an
19 extension of the close of their construction loan, which
20 was -- their deadline was July 13, 2003.

21 The QAP for the year that governs this said
22 that there will be one 30-day extension for the close of
23 the construction loan. That one 30-day extension has
24 previously been granted, and the developer has asked for

1 another extension on closing the construction loan. And
2 staff is recommending that the -- based on the QAP that
3 the appeal be denied -- that the request be denied.

4 MR. JONES: Okay. With that in mind, Ms. Bast?

5 MS. BAST: Thank you. My notes here say Good
6 morning, but I guess that was optimistic.

7 MR. JONES: Yes, that was.

8 MS. BAST: Good afternoon. I am Cynthia Bast
9 of Locke, Liddell and Sapp. I have been asked to speak on
10 behalf of Pleasanton Apartment Ventures, L.P., which was
11 the recipient of tax credits for the Meadows at Oakhaven
12 Project in Pleasanton in the 2002 tax credit application
13 round.

14 As indicated by Ms. Carrington, the partnership
15 did request and receive a 30-day extension on the
16 construction loan closing deadline. The original request
17 for extension was based on certain delays imposed by
18 requests for additional third-party reports from the
19 lender and investor, as well as delays by certain third-
20 part professionals in the performance of their tasks.

21 These delays were not directly within the
22 control of the partnership. The original 30-day extension
23 was insufficient for the completion of these items.

24 So that you know where the partnership is now,

1 they have received the professional reports they needed.
2 They are within days of finalizing the construction
3 contract, and are prepared to move forward. That will
4 help them get to having a construction loan closing if the
5 July 13 closing deadline can be extended.

6 With an extension, the partnership believes it
7 can close the construction loan as required, meet the
8 November deadline for substantial construction
9 commencement, and then meet the final deadline for
10 placement in service.

11 One thing I want to note to you all that I do
12 think is important. This project came off the waiting
13 list in 2002. It came off the waiting list in October.

14 So that essentially cut about two-and-a-half
15 months out of -- off of the development timeline vis-a-vis
16 where this project is compared to the other people who
17 were in the 2002 tax credit application round.

18 So if the extension requested today is granted,
19 the project would essentially have the same development
20 timeline that the other people in the 2002 round had.

21 MR. JONES: Your time is up.

22 MS. BAST: Oh, thank you. We do recognize that
23 there is a 30-day extension in the QAP, but we hope that
24 Section 49.13 of the QAP, which gives the board the power

1 to approve extension requests, will give you some
2 discretion in this effort, and we thank you for your time.

3 MR. JONES: Thank you. Mr. Gilbert?

4 MR. GILBERT: Mike Gilbert. I'm an officer of
5 the general partner of the partnership of Pleasanton
6 Apartment Venture, L.P. Mr. Chairman, directors, I'd like
7 only to add to what Ms. Bast says. That we have had --
8 since 1995, we've had three allocations. This would be
9 the fourth.

10 On those previous allocations, we have had
11 extensions. In 2000 we had an extension until September
12 13 to close our construction loan. We met that deadline.

13 In 2001 we had an extension to October 28, and we met the
14 deadline, and have performed so far on all those
15 allocations.

16 We're presently under construction. We have a
17 property in Pasadena which was extended to October 28 in
18 the year of the allocation, and we are performing on that
19 construction right now on a timely basis.

20 And I appreciate your consideration.

21 MR. JONES: Thank you, sir. And that's all the
22 public comment we have on this agenda item. We've had
23 staff recommendation. We have public comment. What's the
24 board's pleasure?

1 MR. CONINE: May I ask a question?

2 MR. JONES: You certainly may.

3 MR. CONINE: Ms. Carrington, do I understand
4 the ramifications of this would be that this project will
5 not go forward from this point forward?

6 MS. CARRINGTON: It is my understanding that
7 they have not yet closed the construction loan. Is that
8 correct?

9 MR. GILBERT: That is correct.

10 MS. CARRINGTON: And so the construction loan
11 has not closed. The deadline was July 13. So if the
12 board does uphold staff's recommendation to deny the
13 appeal based on the 30-day extension allowable in the QAP,
14 and only one 30-day extension, then these credits would be
15 returned to the agency, and would be put in the pool for
16 this year for any developments that would come off the
17 waiting list, basically.

18 MR. CONINE: It seems rather harsh, having this
19 project come off the waiting list, although I'm -- you
20 know, I have a history of advocating deals getting going,
21 getting going quick so we can get units in service. But
22 this one here seems to me if it did come on line in
23 October to be -- and in fact, if they've got hundreds of
24 thousands of dollars expended at this point --

1 And what I'm hearing is we've got pretty much
2 everything ready to go now that -- from an engineering and
3 planning standpoint. I'm going to move to grant the 60-
4 day extension.

5 MR. SALINAS: Second.

6 MR. JONES: We have a motion made and seconded.
7 Mr. Bogany had a comment. No, he does not. Excuse me.
8 Motion's been made and seconded. Any further discussion?
9 Hearing no discussion, I assume we're ready to vote. All
10 in favor of the motion, please say aye.

11 (A chorus of ayes.)

12 MR. JONES: All opposed, nay?

13 (No response.)

14 MR. JONES: Motion carries. Then we'll turn to
15 Item 3 of our agenda, I believe. Mr. Bogany, but before
16 we do, do you want to go ahead and take public comment on
17 Item 3?

18 MR. CONINE: How many do we got?

19 MR. JONES: We've got two.

20 MR. CONINE: Yes.

21 MR. JONES: Joy Horak-Brown.

22 MS. HORAK-BROWN: And also Mac Fowler is.

23 MR. JONES: Is he -- he's the next one. So Mr.
24 Fowler, if you come on down here next.

1 MS. HORAK-BROWN: Good afternoon. I'm Joy
2 Horak-Brown, and I'm the Executive Director of New Hope
3 Housing, Inc., and its subsidiary, NHH Canal Street
4 Apartments, Inc. And I'm here today together with my
5 board chair, Mac Fowler, to speak on behalf of the Canal
6 Street Apartments.

7 NHH Canal is a community-based nonprofit CHDO.
8 And thank you very much, Mr. Gonzalez. I see that you
9 found our package. I think that each of you have one that
10 looks like this in your board book.

11 We have an eight-year solid track record of
12 developing and operating housing for adults who live
13 singly on an extremely low income. We develop and operate
14 supportive housing.

15 We established a model, in fact, in the State
16 of Texas for this type of housing stock. And Mac Fowler
17 is going to speak with you today about a fine opportunity
18 that I'm going to want to visit with you about perhaps
19 over several months for TDHCA to leverage a product that
20 stabilizes lives of the poorest among us, and of many
21 challenged citizens. And we're located, as you may see in
22 your book, in the City of Houston. Mac Fowler.

23 MR. JONES: Mr. Fowler?

24 MR. FOWLER: Good afternoon. I'm a civilian.

1 I've been here all day watching this. And it's always --

2 MR. JONES: So am I.

3 MR. FOWLER: Well, you've got a little
4 different title, Mr. Commissioner. It's always
5 interesting to come to Austin and watch this -- these
6 various processes. This is New Hope's first time to apply
7 for a -- let's call it state money for this sort of
8 housing.

9 As Joy said, we have been in operation for
10 about eight years. We've got 186 units. Think college
11 dorm room with a private bathroom. We've got a new
12 project that would be about 133 units over on Houston's
13 east side. If you've been to the original Ninfa's
14 Restaurant, it's one block down from that, and then
15 between Canal and Navigation.

16 We target a very low-income resident, an adult
17 who is choosing to live singly. Ninety percent of the
18 residents in this Canal Street development would be 30
19 percent or less of median income.

20 I guess the issue that I'd like to raise would
21 follow on the conversation I heard this morning, or the
22 testimony I heard this morning about the Wichita Falls
23 project, and this issue of trending.

24 Our rent is right at \$300 a month, all bills

1 paid, to an individual who is living in this sort of
2 housing. Our margin is about 10 percent, more or less.
3 \$270 a month, or about what our expenses are to run this
4 sort of facility.

5 It doesn't take a graduate economist to pretty
6 quickly see that if you trend our expenses -- if you trend
7 a 10 percent margin, 4 percent costs, 3 percent revenue,
8 in about ten years, your costs will break even.

9 Now, the way we deal with that is our
10 mission -- we have little or no debt. Our mission is to
11 supply this kind of housing at minimum cost, not to make a
12 profit. We are --

13 MR. JONES: Your time, sir -- if you could
14 conclude.

15 MR. FOWLER: To conclude, we're a board of
16 civilians, and we're not in this business to make a
17 profit. And the way we fix this problem is we raise the
18 rent. So at the end of ten years, we would raise the rent
19 enough to cover our costs.

20 So we would ask that the board direct the staff
21 the way that the Federal Home Loan Bank of Atlanta
22 directed their staff, which has awarded us a half a
23 million dollars for this project, to figure out how we
24 could deal with this trending issue so that some of this

1 money could go to this sort of project. Thank you.

2 MR. JONES: Thank you.

3 MS. CARRINGTON: Thank you.

4 MR. JONES: Mr. Bogany, I'll turn Item 3 over
5 to you. We're through with public comment.

6 MR. BOGANY: Okay. The Presentation,
7 Discussion and Possible Approval of Programmatic Items.
8 I'm going to now turn it over -- this is the HOME Program.
9 And also recommendation for the list of applications,
10 Housing Trust Fund. And I'm going to turn this over to
11 Ms. Carrington.

12 MS. CARRINGTON: Thank you, Mr. Bogany. To
13 shift gears, we're going to talk about the HOME Program
14 and the Housing Trust Fund Program. And that is behind
15 the tab in your book on HOME Awards.

16 The staff is recommending six HOME Rental
17 Preservation Awards. You will remember that what we are
18 awarding today is a double cycle of HOME funds. We did
19 not allocate HOME funds last year. So as you are looking
20 at the numbers this year, this is a double cycle of HOME
21 funds.

22 The board, a couple of years ago, directed us
23 to look at identifying funds in the HOME Program that
24 would be eligible for -- to for-profits. We looked --

1 took a look at our legislation.

2 We have programmed that money into
3 preservation, which is one of the purposes in our statute.

4 And the amount that we have available on this double
5 cycle is \$4 million that is in the HOME Rental
6 Preservation Award category.

7 There are six we are recommending today. These
8 six total the amount of \$1,615,000, leaving us still
9 approximately 2.4 million to be allocated or to be
10 utilized out of this set-aside.

11 All of the six developments that we are
12 recommending these HOME awards are older RD deals, Rural
13 Development Transactions. All of them are also receiving
14 an award of Low Income Housing Tax Credits. And so what
15 we are doing is combining the tax credits and the HOME
16 funds to be able to make these transactions in the rural
17 areas feasible.

18 Behind your memo to the board, there is a list
19 of the six developments that we are recommending for
20 approval today.

21 MR. BOGANY: I'd like to move that we accept
22 staff's recommendation.

23 MR. JONES: We have a motion to accept staff's
24 recommendation.

1 MS. ANDERSON: Second.

2 MR. JONES: Seconded by Ms. Anderson. Further
3 questions, comments, discussion?

4 MS. ANDERSON: I have just a quick question for
5 Ms. Carrington, which is --

6 MR. JONES: Sure. Yes.

7 MS. ANDERSON: -- do we do another round yet
8 this fiscal year? Do we put it in the bucket with next
9 year's money? How do we -- since we have a balance
10 remaining?

11 MS. CARRINGTON: Staff is taking a look at that
12 along with our legal department. As mentioned by Don
13 Currie earlier this morning when he was discussing the
14 CHDO set-aside and not having sufficient applications for
15 that CHDO set-aside, it's also a concern for us in this
16 preservation and this Multifamily preservation.

17 The board will remember that you adopted a
18 rescue policy -- a rural rescue policy for these RD
19 transactions. And so if we can do this through the HOME
20 regulations and the consolidated plan, then we potentially
21 are going to be looking at having some kind of an open
22 cycle that would allow us to allocate on a first-come-
23 first-serve basis.

24 We still don't have the answers to exactly

1 mechanically how we go through that, but --

2 MR. JONES: We have a motion on the floor
3 that's been made and seconded. Further questions,
4 comments, discussion? Hearing none, I assume we're ready
5 to vote. All in favor of the motion, please say aye.

6 (A chorus of ayes.)

7 MR. JONES: All opposed, Nay?

8 (No response.)

9 MR. JONES: Motion carries.

10 MS. CARRINGTON: The next item on the agenda,
11 3(b), is the staff recommendation for the Housing Trust
12 Fund Awards. Again, behind the tab in your book that says
13 Housing Trust Fund.

14 We received 30 applications for the Housing
15 Trust Fund money this year. The application submission
16 date for those was February 28, '03.

17 You also may remember that that was the
18 deadline for the applications for the Low Income Housing
19 Tax Credit Program also, in our attempt to be able to
20 combine funding or facilitate it for developers who needed
21 allocations of Trust Fund to make a tax credit transaction
22 feasible.

23 Staff is recommending 13 of the developments.
24 Eleven of the 13 are also developments that have been

1 awarded Low Income Housing Tax Credits. And the total
2 amount that we are recommending today is \$3,724,741.

3 MR. BOGANY: I have a question.

4 MR. JONES: Yes, Mr. Bogany?

5 MR. BOGANY: Ms. Carrington, I noticed on the
6 list of ones that we're approving or attempting to
7 approve, Kingsland Trail Apartments, Village of
8 Morningstar. Are these funds that will -- I noticed on
9 the other end we were -- they were not getting Low Income
10 Housing Tax Credits.

11 So how do these -- are these funds going toward
12 them still? Are these funds will not be used unless they
13 get Low Income Housing Income Tax Credits?

14 MS. CARRINGTON: Mr. Bogany, I'll ask Brooke
15 Boston to answer that question.

16 MS. BOSTON: You'll notice that they are not
17 recommended for Housing Trust Fund. And the reason why
18 they're not recommended for Housing Trust Fund is because
19 they're infeasible without the credits.

20 So if, for some reason -- earlier in the
21 meeting for credits, if you all had put one of those other
22 ones on the list, then we would have recommended that they
23 be added to this list. But they kind of have to go hand-
24 in-glove.

1 MR. BOGANY: Okay. So I guess I'm confused
2 now. But to give an example, of Kingsland Trail
3 Apartments. We're -- they're requesting 336. So this
4 is -- what I'm looking at is the staff recommendations on
5 page 4 and five of the small book.

6 MS. BOSTON: Sir, I don't have a small book.

7 MR. BOGANY: Okay. Well, I guess my confusion
8 is is that if there are -- if we -- if they don't get any
9 tax credits, why are we recommending them to have those
10 Housing Trust Funds? Or we are just doing this in the
11 point that if they get the Low Income Housing Tax Credits,
12 they'll have this part here already?

13 MS. BOSTON: We aren't recommending them for
14 Housing Trust Funds. The list --

15 MR. JONES: They're on the list.

16 MS. BOSTON: Okay.

17 MR. BOGANY: I don't understand the list
18 either.

19 MS. CARRINGTON: There are -- and staff
20 apologize for the confusion. What we have done on all of
21 our applications today -- we provided for the board on the
22 list of tax credits that's on your agenda -- we provided a
23 list of every tax credit application that came into the
24 agency.

1 So this is every application that came into the
2 agency. We did the same thing with the list of
3 Multifamily. We did the same thing with the list of Trust
4 Fund.

5 MR. BOGANY: Okay.

6 MS. CARRINGTON: And the reason we do that is
7 because if we only post the agenda with the ones that
8 we're recommending, if you all wanted to recommend
9 something other than what staff recommended, it wouldn't
10 be on the list.

11 MR. BOGANY: Okay.

12 MS. CARRINGTON: So if you go to the other book
13 that has the tab that says HTF Awards, there is the staff
14 memo, which is the one page that says we're requesting --
15 we're recommending 13 developments.

16 MR. BOGANY: We're --

17 MS. CARRINGTON: And then the --

18 MR. SALINAS: In the big book? Can you read
19 them out for the record?

20 MS. CARRINGTON: Yes, sir. I will. It's the
21 Multifamily Programs Board Book.

22 MR. JONES: Okay. The big book. Not the
23 little book.

24 MS. CARRINGTON: The big board book. The big

1 book. And it says HTF Awards. It's a tab about halfway
2 back. There is the memo from staff saying how many
3 requests we received, and what we're recommending, noting
4 that we didn't receive any applications for Regions 1, 10
5 and 12.

6 MR. JONES: Are the recommendations?

7 MS. CARRINGTON: Yes, sir.

8 MR. JONES: Okay. Does everybody have that?

9 MS. CARRINGTON: I don't think everybody --
10 okay. So while the list that was on the agenda listed
11 everyone --

12 MR. SALINAS: Everyone.

13 MS. CARRINGTON: -- it's not the recommended
14 list. The recommended list is in the board book behind
15 the tab that says HTF Awards. And Mr. Bogany, if you --
16 would you like me to read them in the --

17 MR. CONINE: I haven't found the chart yet.
18 I'm still looking for the chart. It's sort of by region,
19 you mean? Because these are the only ones that -- these
20 are the ones that were not done in that region.

21 MS. BOSTON: The first page in there is just
22 nonprofits. And then the second report is --

23 MR. JONES: Ms. Carrington, if you would read
24 the recommendation into the record, please.

1 MR. SALINAS: Yes, that would clarify it for
2 me.

3 MS. CARRINGTON: Okay. I'm going to make sure
4 that I'm reading from the right list.

5 MR. JONES: Hey, there's an admission of --

6 MS. CARRINGTON: I know. I understand that.
7 The first one on the recommended list -- the first two are
8 Trust Fund only. I mentioned that eleven out of the 13
9 were tax credits also.

10 We have two that are allocations only of
11 Housing Trust Fund. And one of those is Project Number
12 03-818. It's in Region 3. It's the Estates of
13 Bridgeport. And the amount of Trust Fund recommendation
14 is \$477,998. The next one is Project Number 03-820. It's
15 in Region 7. Villa Elaina. And that recommended Trust
16 Fund amount is \$116,743.

17 Then in Region 9, Bentley Place, 03-828. That
18 recommended amount is \$525,000. All three of those were
19 needed to meet the nonprofit set-aside.

20 Then the next group of recommendations, 03-805,
21 Region 3, Willow Bend Creek Apartments. The credit
22 amount -- Trust Fund amount is \$218,171.

23 MS. BOSTON: Edwina?

24 MS. CARRINGTON: What?

1 MS. BOSTON: I think you might be looking at a
2 different --

3 MS. CARRINGTON: Okay. Then I'm confused, too.

4 MS. BOSTON: The first report has -- is sorted
5 by the ones that were awarded, and those that weren't.
6 And if -- so above the line is the awarded, and below is
7 the not.

8 MS. CARRINGTON: Then Ms. Boston, would you
9 please read them so that I don't make another mistake?

10 MS. BOSTON: Yes, ma'am.

11 MS. CARRINGTON: Thank you.

12 MS. BOSTON: Sure. I'm just going to go
13 straight through in region order. 03-822 is called Anson
14 Park. It's in Region 2. And it's getting \$375,000. 03-
15 830 in Region 3, Cedar View Apartments, \$140,000.

16 03-818, Estates of Bridgeport in Region 3,
17 \$477,998. 03-804 in Region 4, Churchill at Longview,
18 \$350,000. 03-809, Cole Creek Apartments in Region 5,
19 \$50,000. 03-825 in Region 6, Reading Road Apartments,
20 \$350,000.

21 03-824, Region 6, Villas at Park Grove,
22 \$175,000. 03-824, The Peninsula Apartments, Region 6,
23 \$525,000. 03-820, Villa Elaina in Region 7, \$116,743.

24 03-810, Stone Ranch Apartments in Region 8,

1 \$136,000. 03-821, Tuscany Court in Region 9, \$329,000.
2 03-828, Bentley Place Apartments in Region 9, \$525,000.
3 And 03-813, La Villita Apartments in Region 11, \$175,000.

4 I apologize for the confusion of the report.

5 MR. JONES: Just so that the record is clear,
6 the staff's recommendations are those projects that have
7 just been read by Brooke Boston. Right? Everybody's in
8 agreement on that? And any other attempts that have been
9 made on the record so far to give a list --

10 MR. SALINAS: I would suggest the next time you
11 just put the ones that are recommended, not any -- not all
12 the list that you all are considering, but only the ones
13 that you are going to fund.

14 MS. BOSTON: Okay.

15 MR. SALINAS: I mean, even you guys are
16 confused. You know, just give us a list of the ones that
17 you are recommending for funding so we won't have to go
18 through this any more. If you look at this --

19 MR. JONES: And just for the record, any other
20 discussion that's been had about proposed lists was not
21 the staff's recommendations. It's only what Ms. Boston
22 said. What's the pleasure of the board?

23 MR. CONINE: Move for approval.

24 MR. BOGANY: Second.

1 MR. JONES: We have a motion that the list be
2 approved as presented, and it has been seconded. Further
3 discussion, questions, comments? Hearing none, I assume
4 we're ready to vote. All in favor of the motion, please
5 say aye.

6 (A chorus of ayes.)

7 MR. JONES: All opposed, Nay?

8 (No response.)

9 MR. JONES: Motion carries. Ms. Carrington?
10 Mr. Bogany?

11 MR. BOGANY: We have 3(c)(1), Cedar Cove
12 Preservation Recommendation, Sealy, Texas. And I'll let
13 staff give us an overview.

14 MS. CARRINGTON: Thank you, Mr. Bogany. This
15 is the last tab in the Multifamily book. And the tab is
16 titled Cedar Cove. You will remember that we have a
17 Junior Lien Program, where we have programmed \$4 million
18 of those funds for a preservation incentives program.

19 We have a development, Cedar Cove, in Sealy,
20 Texas, that has requested funds from our Junior Lien
21 Preservation Program. And the amount that it's -- on the
22 second page there is a description of this development.
23 It's a 54-unit development. It's an older USDA Rural
24 Housing Services transaction.

1 And the award amount that the staff is
2 recommending is \$200,000. If the board does decide to
3 make this award today, the funds available out of this
4 preservation incentive program for the Junior Lien Funding
5 will be \$122,700.

6 For the board's information, in the background
7 memo to the board we have included the list of awards that
8 have previously been made out of this amount of funds.

9 MR. JONES: Do we have staff's recommendation?
10 Approving?

11 MS. CARRINGTON: Yes, sir. I'm sorry. Staff
12 is recommending approval of the \$200,000 to Cedar Cove.

13 MR. CONINE: Move to approve.

14 MR. BOGANY: Second.

15 MR. JONES: Motion's been made for approval.
16 Seconded by Mr. Bogany. Further questions, comments,
17 discussion? Hearing none, I assume we're ready to vote.
18 All in favor of the motion, please say aye.

19 (A chorus of ayes.)

20 MR. JONES: All opposed, Nay?

21 (No response.)

22 MR. JONES: Motion carries.

23 MR. BOGANY: 3(d)(1) is Single Family, Year
24 2002 through 2003 Single Family HOME Programs for

1 Homebuyer Assistance, Owner Occupied and Tenant-based
2 Rental Assistance. And I'll turn it over to Ms.
3 Carrington to give us the ones that are -- we're looking
4 for approval on.

5 MS. CARRINGTON: Thank you, Mr. Bogany. You
6 all may put aside your big book now, the one that says the
7 Multifamily Programs. We're now into the Single Family.
8 And this is Item 2(d) on your -- is that right? No.

9 MR. BOGANY: 3(d)(1).

10 MS. CARRINGTON: 3(d). Thank you. I think I
11 lost my agenda. Please wait just a moment, Mr. Chair.

12 MR. JONES: Here you go. Let me give you mine.

13 MS. CARRINGTON: Okay. Thank you very much.

14 MR. JONES: No problem.

15 MS. CARRINGTON: Then what are you going to do?

16 MR. JONES: Then I'll be sharing.

17 MS. CARRINGTON: Okay. Have you found it?

18 MR. JONES: This one?

19 MS. CARRINGTON: Yes, that's it. Three --
20 number 3 -- oh, here they are. Here I am.

21 MR. JONES: Okay.

22 MS. CARRINGTON: Okay. Thank you very much.
23 3(d)(1). Executive Director is the last one to get there.

24 A double round of funding in the HOME program,

1 as I previously mentioned. We had approximately \$80
2 million that was available in this combined 2002/2003
3 cycle. What staff is recommending today is a total of
4 \$51,783,395.

5 We received 377 applications for the eligible
6 activities in the Single Family Program funded through
7 HOME. Those eligible activities are Homebuyer Assistance,
8 which you call HBA, Owner Occupied, Tenant-based Rental
9 Assistance and Special Needs Set-asides.

10 What staff is recommending today is an
11 allocation to 344 -- no, I'm sorry, to 176 of those total
12 344 applications. We have broken down for the board the
13 amounts in each of those categories in Homebuyer
14 Assistance and Owner-Occupied and Tenant-based Rental
15 Assistance, and also in Special Needs.

16 On the second page of the memo to the board, we
17 have included the grand total recommendations, which
18 include the Rental Housing Development, which you have --
19 the Rental Housing Development Awards. And we've also
20 included a regional map for the board.

21 And with that, I think I'll ask Eric Pike to
22 come up. If you all have any specific questions about
23 these particular awards for the HOME Program and our
24 Single Family activities.

1 MR. JONES: Before that, do we hear the
2 recommendation on the table? Everybody understand it?

3 MS. CARRINGTON: I'm sorry. The recommendation
4 of the staff is that the 176 applications that are listed
5 in your book for the variety of activities be approved by
6 staff -- be approved by the board. Sorry.

7 MR. JONES: That's the recommendation of staff.
8 Do we have any questions -- specific questions regarding
9 the recommendation?

10 MR. CONINE: Yes.

11 MR. JONES: Mr. Conine?

12 MR. CONINE: Did you say we had 80 million
13 available, but we're -- staff's only recommending 51
14 million?

15 MR. PIKE: That is correct, sir.

16 MR. CONINE: Did I misunderstand that?

17 MR. PIKE: No. According to our funding plan,
18 to be exact, we have 77.6 million available. We are
19 recommending 51.7. The large difference between those two
20 figures represents a lot of the CHDO dollars that have not
21 been awarded yet. Those are going to be awarded by
22 Brooke's shop in September, I believe.

23 That figure totals about 12 million. We also
24 have an Olmstead Population Set-aside, which is \$2 million

1 that we have not awarded yet. We will be doing that soon,
2 this fall sometime. We also have some funds remaining on
3 our Contract for Deed Conversion Set-aside. There is
4 dollars that were left over from the Preservation set-
5 aside that you all approved today.

6 So when you take all of those into
7 consideration, they total the difference there between
8 what we're recommending today and the total amount that's
9 available.

10 MR. CONINE: So we'll see the rest of it before
11 the end of the year?

12 MR. PIKE: Correct. Uh-huh.

13 MR. JONES: Thank you.

14 MR. BOGANY: Next question?

15 MR. JONES: Yes, Mr. Bogany?

16 MR. BOGANY: Mr. Pike, in regards to -- we had
17 a couple of public comments in regards to CHDO reserve
18 funds and unused funds. And that basically one of the
19 comments were that if a CHDO received funds and never got
20 their project off the ground, that those funds basically
21 are -- goes back into the till, and never gets back to
22 those who are actually using the funds.

23 Is it possible for us to change that so the
24 funds are being used, and if you've got organizations that

1 are being successful at using the funds and they run out
2 of money, and then having it sit at another organization
3 who is not using them, is it any -- like, we do on the
4 Single Funds mortgage bond revenues, where they move money
5 around depending on the limit.

6 MR. PIKE: Right.

7 MR. BOGANY: Can we do the same thing with the
8 CHDO funds?

9 MR. PIKE: Well, typically what happens is any
10 contract that's not moving their money -- our Portfolio
11 Management and Compliance Division would move to
12 deobligate those funds, just like they would on any of our
13 HOME contracts.

14 And then once that action has occurred, those
15 monies are reprogrammed, and we would be required to spend
16 it on another CHDO-eligible activity. So those funds do
17 come back in and do get put back out, if you will.

18 MR. BOGANY: Well, you were here when public
19 comments, so what were they talking about?

20 MR. PIKE: I stepped out. And I didn't hear
21 all of Mr. Currie's comments. I know he had some comments
22 regarding -- I think it was sort of like having an open
23 cycle, perhaps. Ms. Carrington, you maybe can elaborate.

24 MS. CARRINGTON: That is correct. Since the

1 department historically has had a difficult time in having
2 enough applications from the Community Housing and
3 Development Organizations that would score high enough for
4 us to award funds to them, then he is recommending since
5 it basically is not competitive that it be on an open
6 cycle.

7 And we are certainly taking a look, as I
8 mentioned a little while ago, we're taking a look at how
9 we award funds, what our cycles look like, because our
10 goal obviously is to allocate the funds. Allocate the
11 funds to organizations that we believe can develop the
12 housing.

13 And so if we can do that better, rather than
14 through the existing rules and mechanisms we have, then
15 we're going to work to do that better.

16 MR. BOGANY: Okay.

17 MR. SALINAS: So we are going to be awarding
18 some more CHDOs in September? Or --

19 MS. CARRINGTON: Yes, sir. You will see some
20 more HOME award recommendations at the September board
21 meeting.

22 MR. SALINAS: Yes, but they -- some of them
23 have not met the threshold, or -- like Mr. Currie's.

24 MS. CARRINGTON: Now, Mr. Currie's application,

1 along with the application for the City of San Benito,
2 which I know that many of you all have received letters
3 on -- the issue on both of those particular
4 applications -- our rules say that the applicant must have
5 expended 50 percent -- at least 50 percent of the fund in
6 the last award that we have made to that development.

7 And we even go so far as to say if we have a
8 draw request in house, and that draw request is properly
9 supported, that we will include that as part of their 50
10 percent expenditure.

11 MR. SALINAS: Well, according to somebody here,
12 they did.

13 MS. CARRINGTON: And we understand that. And
14 what we're going to do is go back and take yet another
15 look at how we have calculated and make sure that indeed
16 that we have calculated that correctly.

17 MR. SALINAS: Okay.

18 MS. CARRINGTON: But on both of those, Mayor --
19 now, those were applications for this round, not in the
20 CHDO. But they were applications for this round of
21 funding, and are not being recommended based on not
22 meeting that 50 percent expenditure. But we are going to
23 have additional funds.

24 MR. SALINAS: In September.

1 MS. CARRINGTON: And we will take a look at the
2 San Benito situation.

3 MR. PIKE: Correct. And I would just like to
4 clarify that that 50 percent expenditure requirement must
5 be met by the application deadline due date, which in this
6 particular cycle was April 2.

7 MS. CARRINGTON: Second.

8 MR. SALINAS: Yes. And I understand that. But
9 sometimes we need to use a little bit of common sense.
10 You know --

11 MR. PIKE: I agree.

12 MR. SALINAS: If they have proved that they
13 have expended or sent vouchers to expend more than 50
14 percent, I mean, why can't we just go ahead and help them
15 out?

16 MR. PIKE: Ms. Carrington and I are in the
17 process of reviewing that, Mayor Salinas.

18 MR. SALINAS: You know, we really wanted to get
19 that.

20 MR. PIKE: And we just -- this week has just
21 been a very hectic week for both of us, and we haven't had
22 time to get together and discuss it. But we will be doing
23 that and making a decision.

24 MR. JONES: Beth?

1 MS. ANDERSON: Yes, sir. And I want to say, I
2 appreciate your diligence on it, and I understand why you
3 wouldn't want to put more money out in a -- to a recipient
4 who you are -- you know, who -- I mean, the reason for the
5 rule is so that we know that they're spending the money
6 down, so you don't end up having to deobligate it later.
7 So --

8 MR. PIKE: Correct. I would like to point out
9 one thing, just a slight typographical error, I guess you
10 could say. On the list of recommendations that we're
11 making, under Owner-Occupied Assistance, just for the
12 record, I would like to state that application 2003-177 is
13 listed as the City of Merkel. That should be the City of
14 Celeste.

15 It does appear in our spreadsheets as the City
16 of Celeste, and also on the score list that was put on our
17 website. So it's accurate in two places, and inaccurate
18 in one. So I want to clarify that for the record.

19 Also, I wanted to speak to the fact that we are
20 recommending in addition to these awards, 4 percent
21 administrative funds. And on the CHDO recommendations
22 that we're making, we are requesting approval of a 5
23 percent for operating expenses.

24 And that 5 percent is contingent upon the

1 applicant submitting an approved budget and with
2 supporting documentation. So I did want to add that on
3 before you guys take any action.

4 MS. CARRINGTON: Thank you, Eric.

5 MR. JONES: So we do have staff's full
6 recommendation?

7 MR. PIKE: I believe so.

8 MR. JONES: That would be a yes?

9 MR. PIKE: I've learned to say never.

10 MR. JONES: Never say never. Yes and no. That
11 would be yes. Thank you. We have staff's recommendation.
12 Further questions?

13 MS. ANDERSON: I have a question.

14 MR. JONES: Yes, Ms. Anderson?

15 MS. ANDERSON: The 4 percent and 5 percent
16 administrative -- are those the same percentages that were
17 in place in the last round, which was approximately two
18 years ago?

19 MS. CARRINGTON: Two years ago.

20 MR. PIKE: Yes, ma'am.

21 MS. ANDERSON: Okay. Thank you.

22 MR. JONES: Further questions? All right. We
23 have staff's recommendation. We've had time for question.
24 What's the board's pleasure?

1 MR. CONINE: Move for approval.

2 MR. BOGANY: Second.

3 MR. JONES: Okay. We have a motion under Mr.
4 Conine that the recommendation of staff be approved. We
5 have a second by Mr. Bogany. Further questions, comments,
6 discussion on the motion? Hearing none, I assume we're
7 ready to vote. All in favor of the motion, please say
8 aye.

9 (A chorus of ayes.)

10 MR. JONES: All opposed to the motion, please
11 say nay?

12 (No response.)

13 MR. JONES: Motion carries.

14 MS. CARRINGTON: Mr. Jones?

15 MR. JONES: Yes.

16 MS. CARRINGTON: One comment I would like to
17 make -- one followup. On the awards on Tenant-Based
18 Rental Assistance Awards that you all have just made, we
19 will be having a series of implementation workshops in
20 August related to these awards.

21 So our goal is to get our subcontractors off on
22 the right foot as they begin the utilization of these
23 funds.

24 MR. JONES: Very good. 3(d)(2), I believe.

1 Mr. Bogany?

2 MR. BOGANY: Award of Disaster Relief Funds for
3 the City of Mathis. And a good explanation from Ms.
4 Carrington.

5 MS. CARRINGTON: Thank you, Mr. Bogany. In
6 January '02, the board adopted a deobligation policy --
7 deobligation for the use of HOME funds. There was a
8 disaster that occurred last year, June 28 to July 7 for 35
9 counties in South Texas, excessive rain and flooding.

10 In May of this year, TDHCA received an
11 application for disaster relief from the City of Mathis,
12 which is one of the areas in this 35-county region. The
13 City of Mathis is requesting \$514,800 of funds that would
14 be used to reconstruct or rehabilitate nine units that
15 were affected as a result of this disaster, and staff is
16 recommending approval of these funds.

17 MR. BOGANY: So moved.

18 MR. GONZALEZ: Second.

19 MR. JONES: We have a motion that staff's
20 recommendation be approved, and a second, I think, by Mr.
21 Gonzalez. Further question, comments, discussion?
22 Hearing none, I assume we're ready to vote. All in favor
23 of the motion, please say aye.

24 (A chorus of ayes.)

1 MR. JONES: All opposed, say nay?

2 (No response.)

3 MR. JONES: Motion carries.

4 MR. PIKE: Ms. Carrington, I have one point of
5 clarification.

6 MS. CARRINGTON: Yes, sir.

7 MR. PIKE: On the HOME awards -- in regards
8 to -- just to clarify and get it in the record. On the 5
9 percent operating expenses for the CHDOs, that can be 5
10 percent, or \$50,000, whichever is greater.

11 I'm sorry, 5 percent operating expenses. Okay.
12 50 percent or \$50,000. I just want to clarify that.

13 MR. JONES: Is this going back to --

14 MR. PIKE: This is going back to the --

15 MR. JONES: 2(d)(1)?

16 MR. PIKE: Correct.

17 MR. JONES: Okay. I think we need to vote on
18 that recommendation, then, since it wasn't included in the
19 original recommendation of staff.

20 MR. PIKE: Okay. I apologize for that and I
21 want to clarify it.

22 MR. JONES: Is there a motion on that.

23 MR. GONZALEZ: So moved.

24 MR. JONES: Okay. Mr. Gonzalez has moved. Is

1 there a second?

2 MR. BOGANY: Second.

3 MR. JONES: Seconded by Mr. Bogany. Further
4 discussion of that motion to approve that recommendation
5 from staff? Hearing no further comments, I assume we're
6 ready to vote. All in favor of the motion, please say
7 aye.

8 (A chorus of ayes.)

9 MR. JONES: All opposed, nay?

10 (No response.)

11 MR. JONES: The motion carries. Thank you.

12 MR. PIKE: Thank you.

13 MR. BOGANY: The Office of Colonia Initiatives.
14 And I'll let Ms. Carrington go through the awards.

15 MS. CARRINGTON: Thank you, Mr. Bogany. By
16 legislation, the department is required to fund three
17 million per year in what's called our Owner/Builder Loan
18 Program.

19 That money comes -- this year, 1.2 million is
20 coming from the Housing Trust Fund. 1.8 million is coming
21 from the Junior Lien Single Family Mortgage Revenue Bond
22 Program. The Owner/Builder Program requires that the
23 maximum amount that TDHCA can award is \$30,000 per unit.
24 The total amount, or the total cost of any one unit in the

1 Owner/Builder Program is \$60,000.

2 The department is required to set aside two-
3 thirds of this money, \$2 million of available funds for
4 owner/builders whose property is located in economically
5 distressed areas, EDA counties, and the other one-third,
6 one million, is available to nonprofit certified
7 owner/builder programs statewide.

8 If you will turn the page from the memo to the
9 board, there is a staff recommendation to request approval
10 of three million from the Trust Fund and the Junior Lien
11 Program that would go to fund the Fiscal Year 2003 Texas
12 Bootstrap Loan Program, or the Owner/Builder Program, two-
13 thirds of which would go to EDA applicants, and one-third
14 would go to statewide applicants.

15 And there are a total of six of them in the
16 board's materials. And I can read them if the board would
17 so desire, or --

18 It is the Community Development Corporation of
19 Brownsville, and the recommended award is \$998,400. The
20 Community Action Council of South Texas, \$441,600.
21 Housing Authority of the City of Donna, \$624,000, and the
22 statewide applications, Paris Living/Paris Habitat for
23 Humanity, \$156,000, Fort Worth/Garland/Waco/Denton
24 Habitat for Humanity, \$468,000, Dallas Area Habitat for

1 Humanity, \$312,000, totalling \$3 million.

2 MR. JONES: Thank you.

3 MR. BOGANY: So move.

4 MR. SALINAS: Community Action Council of South
5 Texas -- where is that from? What's their address?

6 MS. CARRINGTON: Susana, the mayor has asked
7 where the Community Action Council of South Texas is
8 located?

9 MS. GARZA: Good afternoon. They're located in
10 Starr County.

11 MR. SALINAS: Thank you.

12 MS. GARZA: If you'd look at the second page,
13 and we have a breakdown of where a lot of the applicants
14 are located.

15 MR. SALINAS: Okay.

16 MR. BOGANY: I'd like to move that we accept
17 staff's request.

18 MR. GONZALEZ: Second.

19 MR. JONES: Okay. We have a motion we approve
20 staff's recommendation by Mr. Bogany. And it was seconded
21 by Mr. Gonzalez. Further questions, comments, discussion
22 on the motion? Hearing none, I assume we're ready to
23 vote. All in favor of the motion, please say aye.

24 (A chorus of ayes.)

1 MR. JONES: All opposed, nay?

2 (No response.)

3 MR. JONES: Motion carries. We will then turn
4 to Item 3(f). Mr. Bogany, we have one person who would
5 like to speak to us about that. Mr. Albert Magill. Brave
6 man.

7 MR. MAGILL: Maybe, or not too bright. I don't
8 know which. Just one comment. The rules have just been
9 established on the Bond Program. And I know it's an
10 emergency action. But there wasn't a whole lot of notice
11 or public comment regarding these.

12 And after reviewing them, I had some concern
13 with the signage and whether they'd meet zoning issues in
14 various cities, and the selection criteria and the point
15 scores, and wondered whether or not there was going to be
16 any additional public hearing on these, whether they
17 affect just the upcoming round in 2004, and you know, just
18 would respectfully request that there be more public input
19 on this before it was ratified. Thank you.

20 MR. JONES: Thank you, sir.

21 MR. CONINE: Could we get a comment on that
22 from staff?

23 MR. JONES: You certainly may. Ms. Carrington?

24 MS. CARRINGTON: Yes, sir. What the board is

1 being asked to consider today is the publication of
2 emergency -- one emergency rule that would address the
3 department's procedures for the receipt of applications
4 for inducement for developments that would then go to the
5 Bond Review Board for the lottery for '04.

6 What you have in front of you is actually three
7 rules that will be repealed with one emergency rule that
8 we are proposing. The reason it is an emergency rule, and
9 the reason it is such short notice is that developers will
10 be applying to the agency on the 2nd of September to be
11 able to be eligible to participate in the '04 lottery,
12 which the lottery will actually be in October, with the
13 reservations being allocated the 1st of January.

14 It's July. It's the end of July. So the
15 department was -- has a need -- must get rules in place
16 that would comply with the new legislation that takes
17 effect on September 1. So with that, I am going to ask
18 Chris Wittmayer to come up. And we are prepared -- Chris
19 is prepared to point out --

20 MR. JONES: I hate to do this. There is one
21 more person that has to make public comment. And this is
22 it. Mr. Fisher?

23 MR. FISHER: Yes.

24 MR. JONES: Would you like to make public

1 comment?

2 MR. FISHER: Is this the agenda item now?

3 MR. JONES: It is the Bond Rules. It is the
4 agenda item. Yes.

5 MR. FISHER: Okay.

6 MR. JONES: Yes, you are barely on time, sir.

7 MR. FISHER: Okay.

8 MR. JONES: Well, nobody else has filled out a
9 witness affirmation form. And the Chair will close public
10 comment at this time, which I've already closed it several
11 times today, so --

12 MR. FISHER: I thought it was for the agenda
13 item where I signed up earlier. Just real quick, just
14 some comments on the proposed Bond Rules I'd like you to
15 consider.

16 First of all, there is a reference in the list
17 that requires the zoning to be in place at the time of
18 your preapplication. And with the limits that have been
19 imposed by the State Legislature for local involvement in
20 these developments, many of them I think are zoning cases
21 that are actually beneficial to the process, where
22 everyone in the community is weighing in on everything
23 from building design, et cetera, and affirmatively passing
24 it.

1 So I'd ask that as long as there is a valid
2 zoning application in place that really allows for more
3 public participation, that the project shouldn't be
4 penalized simply because somebody had zoning ahead of it.

5 Just a technical correction, too. It says on
6 the Selection Criteria of the Proper Zoning for MF, the
7 design criteria now allows for townhomes and single-family
8 design. So as long as we have the appropriate zoning in
9 place for the particular development --

10 The proximity to community services and
11 amenities is a one-mile ring. And I'm not sure about your
12 house, but I would certainly consider my grocery store and
13 bank to be convenient if it's within a few miles. So I'd
14 ask you to consider expanding that amenity ring to
15 something more consistent, I think, with a neighborhood
16 ring, which is about three miles.

17 There are negative points for certain factors,
18 being near a junkyard, an active railroad track. And I
19 would ask the board to consider substantially raising
20 those. You know, we're not getting a -- we're getting one
21 letter of opposition from one of your elected officials is
22 minus-one and a half, and you know, being next to a
23 junkyard is minus one.

24 I'd ask you all to consider, you know,

1 dramatically increasing those to penalize the developments
2 as they're you know, sorting themselves out. I would
3 think something more along the line of five points as
4 opposed to one might be more appropriate.

5 As far as the local funding commitment, I'm
6 assuming that it is consistent with your previous rules,
7 which is as long as there is a valid application pending
8 for the funding.

9 If the rule is that the funding already has to
10 be in place, then I'd ask that those points come out,
11 because I think at this point passing the rules and having
12 to have a funding commitment in place for a development
13 that you're getting ready to propose is virtually
14 impossible.

15 So those would be my comments on your Bond
16 list.

17 MR. JONES: Thank you, sir.

18 MR. FISHER: Thank you.

19 MR. CONINE: Can I ask a question?

20 MR. JONES: You certainly may, Mr. Conine.

21 MR. CONINE: Mr. Fisher, would it inhibit your
22 ability as a developer to put a project or two or three or
23 for however many you want to do into this year's -- this
24 next year's Bond Allocation Program if we were to postpone

1 this decision to the August 14 board meeting?

2 MR. FISHER: I think the development community
3 would rather you take more time with the rules if the time
4 frame is very tight as it is.

5 MR. CONINE: Yes. This is a lot to swallow,
6 and I'll have to admit, not reading this section word for
7 word before I got here with all this stuff that we read --
8 and I think it's really important that we look at a
9 version of this that would be, you know, underlined or
10 comparing the existing rules to the new rules so we can
11 see what's changed in the document.

12 I'm used to getting those sorts of documents to
13 review. Is there -- would there be a problem, Counselor,
14 in getting that done?

15 MR. WITTMAYER: I believe there isn't. It's
16 basically a whole new rule. We're repealing three rules
17 and replacing it with one rule.

18 MS. ANDERSON: So are we going to have public
19 hearings on these rules? Or is it just going into the
20 Texas Register? How do we address Mr. Conine's concerns,
21 which I share, that we need more than a discussion about
22 this on a brand new rule starting at 3:00 in the afternoon
23 after the kind of days we've had? But I understand that
24 you also have legal requirements to publish.

1 MR. WITTMAYER: What we're most concerned about
2 is the timeline that we have to meet in order to meet the
3 deadlines of the Bond Review Board. As Ms. Carrington
4 said, we are anticipating -- we are planning a September 2
5 preapplication deadline.

6 And we feel that we very quickly need to put
7 the rules in place that will apply to that preapplication.
8 That is the purpose for the emergency rule.

9 Now, at the same time, we are also proposing
10 the adoption of an identical rule as we are proposing that
11 for public comment. It is conceivable that if we get
12 public comment, let's say in the next two weeks before the
13 next board meeting, that we could repeal the emergency
14 rule that we adopt today, and adopt a new rule at the next
15 board meeting in two weeks.

16 MS. ANDERSON: It seems to me there is another
17 moving part here, and that would be the September 2
18 deadline on the preapp. That we might collapse some of
19 the staff review time, because we are on an emergency
20 basis, where we ought to take that out of everybody's
21 hide.

22 MR. WITTMAYER: Are you suggesting that we
23 delay the September 2 deadline?

24 MS. ANDERSON: I'm all -- I'm saying it is

1 another one -- it is another variable that we might have
2 the potential to move.

3 MR. WITTMAYER: We'd previously set the
4 deadline in August, and we pushed it back to September 2
5 thinking that was about as far as we could go. But I'll
6 ask Brooke to address the concerns of scoring the
7 applications in an even shorter time.

8 MS. BOSTON: And it's not just having it scored
9 in time for the lottery, but we actually take it back to
10 you all at our October meeting, which is the second
11 Thursday.

12 So by doing it the second -- and that's having
13 time to get it on the web -- adding scoring for the first
14 time ever, you're giving us less than 30 days as it is.

15 MS. ANDERSON: Right. The end of September.

16 MS. BOSTON: Yes. I think it would be a true
17 hardship on staff to do it any shorter time than what
18 we're proposing.

19 MS. CARRINGTON: Well, I think it would be
20 almost impossible for us to do it. We have no idea how
21 many applications we'll receive. We may receive ten. We
22 may receive 100. And we have to score them. And we're
23 going to be underwriting. So for -- amount -- financial
24 feasibility. So --

1 MR. WITTMAYER: We certainly appreciate the
2 shortness of the time available to review this and
3 implement it. But because of the new legislation and the
4 Bond Review Board's deadlines, we felt that this was the
5 best we could do under the circumstances.

6 MR. JONES: Okay. And I think that Ms.
7 Anderson and Mr. Conine have valid points there. The only
8 other option -- Lord knows I'm the one that hates them the
9 most, would be to have another board meeting. And you all
10 are having the person say that's an option to you that
11 hates it more than the rest of you.

12 MS. ANDERSON: I mean this is really important.
13 It's a major change in how to run the 4 percent program.

14 MR. WITTMAYER: Yes, I --

15 MS. ANDERSON: And --

16 MR. WITTMAYER: Should I go forward with the
17 presentation, and then you can make a decision at the
18 conclusion of the presentation?

19 MR. CONINE: No, I'm of the firm belief that we
20 need to have a public comment period ahead of time, rather
21 than do this overlapping, maybe repealing emergency. If
22 the rules change 30 days from now, the guys who submit and
23 go out and acquire land and lay out a project -- you can
24 just throw it out in the trash.

1 So it's just as much a disservice to them as it
2 is to those who may be affected by the new rules that
3 would change 30 days from now. So I -- let's just do it
4 right, you know. I don't see an emergency status here.

5 The development community has testified that
6 they can probably take care of it within their time frame.
7 Staff's going to be stressed. I understand that.

8 But because of the legislation that was passed,
9 and because of the time that's needed, and because I think
10 the input from the development community is needed on a
11 variety of these issues, and it will give me more time to
12 read and study it, I think that's probably what I'd like
13 to see happen.

14 So I'll move that we table this until our next
15 board meeting.

16 MR. JONES: We have a motion. Do we have a
17 second?

18 MS. ANDERSON: Second.

19 MR. BOGANY: Second.

20 MR. JONES: Motions --

21 MR. CONINE: Can I add a caveat to that? And
22 we will have a public comment -- or a public -- what do
23 you call them? Meeting?

24 MR. WITTMAYER: Public hearing.

1 MR. CONINE: Public hearing. Excuse me. Thank
2 you. That shows you how tired I am.

3 MR. JONES: Yes.

4 MR. CONINE: Between now and our next board
5 meeting on this subject.

6 MS. CARRINGTON: Okay.

7 MR. CONINE: Are we going to discuss that?

8 MR. WITTMAYER: It will not be -- it takes 50
9 days to do a nonemergency rule, with 30 days of public
10 comment. We could schedule something independent of that
11 process under the Administrative Procedure Act, and just
12 invite public comment on this rule through an open mike,
13 or an open meeting type of situation. But we cannot avoid
14 this situation of having a nonemergency rule, because it
15 takes fully 50 days to implement that, which we don't
16 have.

17 MR. JONES: Mr. Bogany?

18 MR. BOGANY: I mean, would we be violating
19 anything if we went back to the developers that this rule
20 is going to apply to and just invite three or four of them
21 in to sit-down and just talk about it?

22 MR. WITTMAYER: Well, it's been posted on the
23 website for this meeting. It had seven days prior to this
24 meeting to review it. If we considered it again in two

1 more weeks, we'll certainly encourage them to provide
2 their input, and also we can schedule the separate meeting
3 to solicit their input and bring it back to the board in
4 two weeks.

5 MS. CARRINGTON: I think what we will schedule
6 is an open forum, as we have done to solicit public
7 participation, as we do in our Low Income Housing Tax
8 Credit Program. It cannot be a public hearing, but we
9 certainly can have an open forum.

10 And we will invite everybody, and anybody that
11 wants to come. It will be an open meeting to solicit
12 comment on the proposed -- can I say the proposed -- will
13 we say the proposed rule? We'll figure that out.

14 MR. WITTMAYER: Yes.

15 MR. CONINE: Proposed emergency rule.

16 MR. WITTMAYER: Proposed emergency rule. Yes.

17 MS. CARRINGTON: We'll figure that out.

18 MR. CONINE: Next month it will be an
19 emergency.

20 MS. CARRINGTON: Yes, it would.

21 MR. WITTMAYER: It will be a real emergency
22 next month.

23 MR. JONES: Okay. We have a motion on the
24 floor. It's been made and seconded. Further discussion,

1 questions, comments? Hearing none, I assume we're ready
2 to vote. All in favor of the motion that we take no
3 action on this matter and deal with it at the next board
4 meeting, say aye.

5 (A chorus of ayes.)

6 MR. JONES: All opposed, say nay.

7 (No response.)

8 MR. JONES: Motion carries. Mr. Bogany, I
9 think you're through. Is that right?

10 MR. BOGANY: Yes, sir.

11 MR. JONES: Okay. We will turn to Item 4 on
12 our agenda. Ms. Carrington.

13 MS. CARRINGTON: Thank you, Mr. Chairman.
14 We're asking your approval of a memorandum of
15 understanding between the Texas Department of Housing and
16 Community Affairs and the Texas Commission on Human
17 Rights. This is behind Tab 4.

18 Section 2306.257 of the Government Code
19 requires the department to notify the Texas Commission on
20 Human Rights if we determine that a program participant
21 may have failed to comply with state or federal fair
22 housing laws.

23 Our division of Portfolio Management and
24 Compliance, as they are doing reviews -- as they are doing

1 on-site reviews of our Multifamily developments and our
2 single-family developments, they look for compliance and
3 with accessibility requirements of the Fair Housing Act.

4 And this memorandum will basically allow us to
5 report those events or those complaints to the Texas
6 Commission on Human Rights. And then the Texas Commission
7 on Human Rights would have the ability to actually
8 investigate the complaint.

9 A copy of the MOU, which is only a one-pager,
10 is in your book, and has been signed by the Texas
11 Commission on Human Rights. And we -- staff is
12 recommending that the board authorize TDHCA to sign this
13 memorandum of understanding also.

14 MR. BOGANY: So moved.

15 MR. GONZALEZ: Second.

16 MR. JONES: Motion's been made and seconded
17 approval of staff's recommendation. Do we need further
18 questions, discussions, comments? Hearing none, I assume
19 we're ready to vote. All in favor of the motion, please
20 say aye.

21 (A chorus of ayes.)

22 MR. JONES: All opposed, nay?

23 (No response.)

24 MR. JONES: Motion carries.

1 MS. CARRINGTON: Thank you.

2 MR. JONES: Item 5.

3 MR. CONINE: It comes to me, I guess, huh?

4 MS. CARRINGTON: I think so.

5 MR. JONES: It says your name here.

6 MR. CONINE: I get to do some Single-Family
7 Bond Finance business this afternoon, too. Ms.
8 Carrington?

9 MS. CARRINGTON: Thank you, Mr. Conine. The
10 next three items are related to our Single Family Mortgage
11 Revenue Bond Program. The first item is the application
12 to the Bond Review Board for the department's amount -- or
13 the department's set-aside for Private Activity Single
14 Family Bonds. The full amount that we are requesting from
15 the Bond Review Board is \$161,171,208.

16 We will be converting a portion of that, 60
17 million, into our Mortgage Credit Certificate Program.
18 The balance of that amount, \$101,171,208, will be for
19 conversion at a later date into below-rate market --
20 below-market interest rate mortgages for Single Family.

21 There is a resolution. It is Number 03-060,
22 and staff is recommending that the board authorize the
23 application to the Bond Review Board for Private Activity
24 Bond Authority for our Single Family Program.

1 MR. CONINE: Move staff recommendation.

2 MR. BOGANY: Second.

3 MR. JONES: Motion's been made and seconded for
4 the approval of this resolution. Further questions,
5 comments, discussion?

6 MR. BOGANY: I have one.

7 MR. JONES: Yes, please.

8 MR. BOGANY: One question, just a general
9 question. Please hear it. Ms. Carrington, once -- how do
10 we go about soliciting out-of-state mortgage companies and
11 brokers to use these funds?

12 How do you go about getting them to -- do we
13 have a list that we call people that have signed up
14 before? Do we -- how do we go about getting people to use
15 these funds?

16 MS. CARRINGTON: Mr. Bogany, as Byron Johnson
17 is coming to the microphone -- is coming to the
18 microphone, I will tell you that staff has already started
19 talking about how we market a mortgage credit certificate
20 program.

21 This department has not done MCCs in many
22 years, and so we have -- our Governmental Affairs area has
23 contacted the Texas Association of Realtors, and we are
24 gathering some information that has been provided

1 previously to realtors on what is a mortgage credit
2 certificate, and how is it utilized, and how does it
3 benefit the borrower.

4 So that's a new piece that we're already
5 looking at for this program. But Byron, you want to
6 address the solicitation and the participation of the
7 lenders who will then be doing that?

8 MR. JOHNSON: Yes. Byron Johnson, Director of
9 Bond Finance. To start out with, the -- we cannot direct
10 potential borrowers to a particular institution. The --
11 what we can provide is a list of institutions who are
12 interested in working with potential borrowers.

13 So what we will do -- Bond Finance Division and
14 the Single Family Lending Division have met with a
15 couple -- a consultant, and we've talked with investment
16 bankers about helping us recruit lenders to participate.

17 We're going to issue an RFQ, hire a consultant
18 to assist us with developing a program, and the Single
19 Family Lending Division, along with Bond Finance will go
20 out and recruit lenders. We will start with our list of
21 lenders from the Single Family Program, and go from there.

22 MR. CONINE: About how many mortgage companies
23 does that include right now? Just a rough guess?

24 MR. JOHNSON: Right now it's about 40 to 45

1 lenders, with approximately 400 -- 350 to 400 branch
2 offices in the state of Texas.

3 MR. BOGANY: My question is that some of the
4 small lenders or small mortgage bankers get an opportunity
5 to get some of these funds, too, versus having all the
6 builders get the funds, and then you can only use the
7 funds if you use their mortgage company, and only if
8 you're buying one of their homes?

9 So I guess what I'm trying to do is trying to
10 get it out to -- so it's put out that anybody who wants to
11 participate at least will have an opportunity to
12 participate.

13 MR. JOHNSON: We can post an invitation to
14 participate in all the various -- I guess, newspapers, the
15 Market -- Texas marketplace, and what-not. We will
16 develop a marketing program to advertise that we are doing
17 this. So anyone who is really interested in participating
18 can, you know, just submit the credentials and
19 participate.

20 MR. JONES: Think we can send a notice over to
21 the realtors, see if we can get them involved in this
22 program?

23 MS. CARRINGTON: That is a discussion that
24 we've already started having on that. And I think it's

1 important to note that for the first time in a long time,
2 this 60 million is not actually going to be funds that a
3 lender is going to access.

4 These are the mortgage credit certificates,
5 where the borrower receives a credit on the mortgage
6 interest that they pay on annual basis. So first time in
7 a long time we've done MCCs, and it's a mechanism we're
8 using since we've gotten caught in an interest rate
9 environment with dropping interest rates. It's kind of
10 our --

11 MR. BOGANY: Yes. I think it's a great
12 program. I applaud staff for coming up with it. And my
13 just -- my only concern is that -- I don't want to use one
14 lender's name, but I want to be able to choose from like,
15 a bond program 59 in Houston. I only know one lender who
16 is doing it, and I don't particularly want to use that
17 lender.

18 So my thought is to make sure that everybody
19 else -- at least let them know that we've got this new
20 program, the MCC in the state, and that if you want to be
21 a part, you can sign up. I just hate to see it all at two
22 or three of the top big lenders, and all these small guys
23 who are doing most of the loans are not able to
24 participate.

1 MR. JOHNSON: I understand. And we will
2 advertise and market it to statewide, to all of the
3 lenders.

4 MR. BOGANY: Okay. Thank you.

5 MR. JONES: We've got a motion on the floor
6 that's been made and seconded. Further questions,
7 comments, discussion? Hearing none, I assume we're ready
8 to vote. All in favor of the motion, please say aye.

9 (A chorus of ayes.)

10 MR. JONES: All oppose, nay?

11 (No response.)

12 MR. JONES: The motion carries. 5(a)2)?

13 MR. CONINE: The Resolution Authorizing the
14 Expansion of our Single Family Mortgage Revenue Bond
15 Funding -- Refunding. And Ms. Carrington?

16 MS. CARRINGTON: What the department is asking
17 for is the expansion of TDHCA's existing commercial note
18 paper program to include this 101 million that we just
19 mentioned for Volume Cap Authority Warehousing.

20 The resolution that you have states the
21 authority that has previously been given to the department
22 in the amount of commercial paper, which right now is at
23 \$75 million, to include this 101 million that we will be
24 warehousing out of our '03 Volume Cap Allocation.

1 What we are requesting is authority up to 200
2 million in commercial paper authority. Staff is
3 recommending that. With this, I'll ask Byron Johnson to
4 add anything that may need to be added.

5 MR. JOHNSON: Yes. And we are also asking to
6 expand the authority to issue the commercial paper for a
7 different purpose.

8 Previously the program was exclusively for the
9 purpose of recycling prepayments. Now we're looking to
10 warehouse volume cap. That -- to take the volume cap, the
11 161 million, break it up to 101 and 60. 101 million would
12 be stored until next year. And this is a mechanism for
13 storing it.

14 As we noted, it will save us about \$200,000.
15 Typically you go through investment bankers to issues
16 convertible option bonds. This eliminates that process.

17 MS. CARRINGTON: And we would also extend the
18 expiration date --

19 MR. JOHNSON: Yes.

20 MS. CARRINGTON: -- of our current
21 authorization.

22 MR. JOHNSON: Yes.

23 MS. CARRINGTON: Okay.

24 MR. CONINE: From what to what?

1 MR. JOHNSON: From December 31, '04 to December
2 31, '07.

3 MR. CONINE: Okay. Mr. Chairman, I move -- the
4 staff recommendation and it's tied to Resolution 03-061.

5 MR. GONZALEZ: Second.

6 MR. JONES: Motion's been made and approved for
7 recommendation by Mr. Conine, seconded by Mr. Gonzalez.
8 Further questions, comments, discussion? Hearing none, I
9 assume we're ready to vote. All in favor of the motion,
10 please say aye.

11 (A chorus of ayes.)

12 MR. JONES: All opposed, nay?

13 (No response.)

14 MR. JONES: Motion carries. Item 5(a)(3).

15 MR. CONINE: Firms Recommended to Provide
16 Co-Management Investment Banking Services for the
17 Department. Ms. Carrington?

18 MS. CARRINGTON: Mr. Johnson?

19 MR. CONINE: Mr. Byron?

20 MR. JOHNSON: Thank you. The department
21 currently -- well, in 2001 we issued an IFP for investment
22 bankers; we hired 12 firms. Since that time, our volume
23 cap has grown. We went out earlier this year with an RFQ.
24 We hired two more firms for our co-manager pool. We have

1 two pools, a senior manager pool, and a co-manager pool.

2 We would like to expand the co-manager pool so
3 that we can create three teams of six firms. We are --
4 hired two additional firms earlier this year, and we would
5 like to have four more to particularly help us in -- with
6 selling bonds to retail investors.

7 Most of the firms we have now in our pools are
8 more geared toward selling bonds to institutional
9 investors. By selling bonds to retail investors, we may
10 realize a lower cost of funding. So the firms that you
11 have in front of you, those recommended firms, all have
12 substantial retail operations.

13 MS. CARRINGTON: Mr. Johnson, would you read
14 those firms that we are recommending, please?

15 MR. JOHNSON: Yes. A.G. Edwards and Sons, Bank
16 of America Securities, Merrill Lynch and Company, and
17 Morgan Stanley.

18 MR. CONINE: You interviewed all these firms
19 and talked to them after they submitted their RFQs, and
20 they're ready to go to work?

21 MR. JOHNSON: I did not interview them in
22 person. I have spoken with some of their firms that we
23 relied on the criteria -- the response to the RFQ they
24 submitted.

1 MR. CONINE: You've got individual contact
2 names from each of these firms, that people are --

3 MR. JOHNSON: Yes.

4 MR. CONINE: -- assigned to cover the
5 department?

6 MR. JOHNSON: Yes.

7 MR. CONINE: Mr. Chairman, I move staff
8 recommendation for the addition of these four firms.

9 MR. BOGANY: Second.

10 MR. JONES: Motion's been made and seconded.
11 Further questions, comments, discussion? Hearing none, I
12 assume we're ready to vote. All in favor of the motion,
13 please say aye.

14 (A chorus of ayes.)

15 MR. JONES: All opposed, nay?

16 (No response.)

17 MR. JONES: Motion carries. Item 4(e) -- no,
18 excuse me. 5(b).

19 MR. CONINE: 5(b). Third Quarter Investment
20 Report --

21 MR. JOHNSON: Thank you.

22 MR. CONINE: Thank you, Mr. Johnson. I assume
23 Mr. Dally is going to do the investment?

24 MS. CARRINGTON: Mr. Dally is going to do this.

1 And if I may, as we begin the last part of our agenda
2 today, I would like to commend the Multifamily Finance
3 Production staff and also the staff of Single Family
4 Finance Production.

5 I don't know if the board has added up the
6 dollar amounts of the recommendations that you all have
7 made today, and that staff has made today. In the
8 Multifamily area, the tax credits were in their area,
9 Trust Fund was in their area, and the Multifamily
10 Preservation. That is all with a new
11 division that was created and opened their doors basically
12 on March 1 of this year. It's a huge job. And they're
13 working on a draft QAP. In the Single Family area, that
14 was a newly constituted division. And they have taken up
15 300 and some odd applications and processed Single Family
16 awards.

17 And I would, just from a personal standpoint, I
18 mean, this staff has just performed exemplarily.

19 MR. CONINE: I agree with you, Ms. Carrington.

20 I think a round of applause would be --

21 (Applause.)

22 MR. CONINE: Thanks to everyone here in the
23 room, who staff-wise had participated in that.

24 MR. DALLY: Good afternoon, Mr. Chairman, board

1 members, Ms. Carrington. Under Tab 5(b)(1) is the Third
2 Quarter Investment Report. This is for the period ending
3 May 31, 2003.

4 This is a representation of about \$1.3 billion
5 portfolio of investments that we have with the department.

6 The new activity over this last quarter, where we issued
7 about four new Multifamily Bond deals at about \$55
8 million. We also had purchases in our Single Family of
9 mortgage-backed securities of about \$15 million.

10 We're also seeing a significant activity in
11 maturities on those mortgage-backed securities. That's
12 the refinancings, where people are paying off their old
13 mortgages and those come in and then pay off our
14 securities.

15 Overall, the market value of our portfolio
16 decreased about \$332,000. However, it is still \$37.6
17 million market value above par. And that's indicative of
18 the fact of the interest rates environment.

19 And this, I will point out, is before the new
20 backup of rates. So -- and May 31, the rates on the ten-
21 year Treasury note were still on the decline. So when we
22 come in next quarter, some of this market value will
23 shrink some more at August 31.

24 Are there any questions with regard to the

1 report?

2 MR. JONES: Thank you, sir.

3 MR. CONINE: That concludes my report, Mr.
4 Chairman.

5 MR. JONES: Thank you, Mr. Conine. Thank you,
6 Mr. Dally. All right. We're on Item 6. Mr. Gonzalez.

7 MR. GONZALEZ: What we've been waiting for.

8 MR. JONES: I think, too, is this it?

9 MS. CARRINGTON: Yes, sir. This is it.

10 MR. JONES: Item 6 is it. Bring us home.

11 MR. GONZALEZ: Okay. Mr. David Gaines.

12 MR. GAINES: Good afternoon, Chair.

13 MR. JONES: The board likes you.

14 MR. GAINES: Beg your pardon?

15 MR. JONES: Nothing.

16 MR. GAINES: Sort of liven things up a little
17 bit. As I was taking a break and coming back in a few
18 moments ago, I ran into a lady walking in. And she's
19 asking what was left. And I mentioned the Single Family
20 Bond Finance and then some from the Investment Officer.
21 And I mentioned the Audit Committee.

22 And she says, Oh, no. And I said, Watch it,
23 because I'm the director of Internal Audit. And while we
24 walked in, I'm not sure I understood her, but she -- I

1 think she said, Well, you watch it, I'm Meg Conine. And
2 so --

3 (Laughter.)

4 MR. GAINES: So -- and that concludes our
5 report. Unless you --

6 MR. JONES: I move that we --

7 MR. CONINE: I would suggest you heed her
8 advice.

9 MR. JONES: I wonder what she was here
10 auditing.

11 MR. GAINES: Yesterday we had a -- I think a
12 real productive Audit Committee meeting. The longest one
13 I've been in. It started at 12:30, and it concluded right
14 at 3:30. You anticipated three hours, and we were right
15 on.

16 Mr. Conine stepped in today -- I mean, for the
17 day, as a member of the committee, and we certainly
18 appreciate that. I spent a little bit of time today -- at
19 one point I was asked what's going on, and I said, I'm not
20 sure. I'm trying to reduce my three-hour meeting down to
21 15 minutes, and I'm not sure the board will have the
22 patience for that after today. But I'll certainly try to
23 keep this brief.

24 The first tab behind your materials, Tab 6, is

1 the Tab A, and it's the status update of the HOME Program
2 Monitoring Report that came out in November 2001. And
3 basically there was eight issues. Four of them have been
4 resolved.

5 Four the department continues to work on
6 relating to inspections to internal compliance with
7 construction standards and compliance with model energy
8 codes is the most significant aspects of that.

9 Most of my understanding with discussions
10 management's had with HUD, HUD is really encouraging
11 strongly that we solve these issues within the next six
12 months. I'll be glad to address any questions on that.

13 In that case, Tab B relates to a very favorable
14 report on the department's administration of a contract
15 with the Resolution Trust Corporation to administer --
16 excuse me, to ensure compliance of the Affordable Housing
17 Disposition Program.

18 Tab C relates to a review of the department's
19 administration of the State Energy Conservation Office
20 contract for the purpose of funding emergency efficiency
21 measures. The review is critical of the department's
22 administration of the contract, and its communications
23 with SECO.

24 Most of the problems noted, for the most part,

1 were under the previous organization, and the department
2 responded with a new reorganization, that it believed it
3 had effective communications in place, and that the issues
4 brought up in the report were being addressed, if not
5 already addressed.

6 Management, I believe, has an appointment with
7 the SECO office on August 4 for further discussion and
8 coordination. And we feel confident going forward that
9 that program will be administered appropriately.

10 Under Tab D, relates to a letter of
11 notification of a Section 8 review that's currently in
12 progress, expected to be completed this week, possibly
13 today with an extra conference tomorrow, and a report will
14 be released on that within 30 days of their exit, at which
15 time we'll bring that report back to you at the next
16 meeting.

17 Behind Tab E is a report recently released by
18 the State Auditor's Office. It's a report on the
19 department's community affairs programs. It was released
20 in June of this year. We had the auditor, Rachel Cohen,
21 come over and speak to that report.

22 The objectives of the audit were to determine
23 whether subgrantees were spending program funds for
24 eligible services to eligible individuals, determine

1 whether the department disbursed funds according to
2 program objectives, and if all available funds were spent
3 to maximize service delivery.

4 The audit noted several exceptions relating to
5 eligibility -- exceptions related to providing allowable
6 cost-effective services, exceptions relating to unmet need
7 for housing as it relates to the Section 8 Program, and
8 exception relating to an energy audit software that was
9 procured, and we [indiscernible] software. There was a
10 couple of other minor technical -- technology issues. An
11 exception relating to not having processes in place that
12 show target populations are served.

13 Management is in general agreement with the
14 report, and is generally receptive to the recommendations
15 and has implemented, and has indicated that they would
16 implement those recommendations.

17 And the balance of your materials, Tabs F
18 through L really relate to the department's response to
19 their report, and its intended actions in regard to that
20 report.

21 Basically, there is a memo immediately
22 following the agenda for Tab 6, and this memo touches upon
23 the -- while the department has implemented several of the
24 SAO recommendations and is in the process of implementing

1 the remainder, that these materials were compiled in an
2 attempt to fully disclose the status of the department's
3 monitoring processes and trials relating to these programs
4 subject to audit.

5 The materials, as well as the remainder of the
6 materials are also being presented and are compiled for
7 reference purposes to the board, and to provide this
8 [indiscernible] to the board and to others that the
9 department takes the SAO report and any advice from audit
10 oversight agencies' reports very seriously, and its
11 monitoring responsibilities very seriously as well.

12 The materials were compiled to provide a basis
13 for management to thoroughly assess the current state of
14 the program's monitoring functions, and to provide
15 assurances that the department is currently taking many
16 measures to minimize its risk as it relates to the
17 performance of subrecipients, and also identify
18 opportunities or vulnerabilities that the department has
19 relating to its processes.

20 They are quite extensive. However, this level
21 of detail is not overwhelming. It's necessary to have a
22 full understanding of what is and what is not happening
23 within the monitoring functions and within the program
24 areas of the department.

1 We visualize, in fact, other program areas are
2 already compiling similar information for the purposes of
3 recognizing what this report has to say, not only to the
4 Energy Assistance Programs, but to the other programs as
5 well.

6 With these materials, we in management will be
7 able to identify vulnerabilities in our processes,
8 weaknesses, be sure we've got the holes filled where
9 there's gaps. And I'll be glad to address any questions
10 in that regard. There is a lot of material here, and with
11 for the sake of brevity, I think I'll just open it up.

12 MR. GONZALEZ: Any questions? I do want to
13 thank David Gaines and the project leaders, Ruth Cedillo
14 and Bill Dally, and all of the staff for all the work that
15 they did.

16 We got a very good package. We've got a lot of
17 work ahead of us, but I do want to thank everybody for
18 their efforts. And Edwina, and Delores also. I wanted to
19 make that --

20 MR. CONINE: Edwina, do you want to comment on
21 management's approach to responding to these reports? I
22 think it's important for the board to hear some of what
23 you said yesterday.

24 MS. CARRINGTON: The department takes the

1 findings in the State Auditor's Office report very
2 seriously. While as David said, we generally agree with
3 them, we want to make very clear that we have processes
4 and procedures in place to monitor our subgrantees.

5 I think what this report showed to us was that
6 there were some areas where we have weaknesses, and we
7 have taken this opportunity to very thoroughly look at the
8 processes and procedures, not only in the Community
9 Affairs and the Weatherization area, but as David said,
10 one of the charts that he's developed, we are looking at
11 carrying that agency-wide.

12 We will continue to improve what we do with
13 this department. We look at these audits as an
14 opportunity to show us where we're weak, and give us
15 basically our road map -- our blueprint of where we need
16 to go and how we need to get there.

17 We did have tremendous amount of cooperation
18 from staff. I know, Vidal, You've already mentioned Ruth
19 and David and Bill Dally. Ruth really took this on along
20 with David Gaines, and because of the two of them and the
21 staff in Community Affairs, we were able to have a volume
22 of information that you all have today.

23 We recognize that the important thing is what
24 we do with this. What we do with this. And we consider

1 this a starting point for improving our processes,
2 improving our procedures, and making sure that when we
3 allocate funds to these subgrantees, that it is done in a
4 manner that they are accountable, and that they are
5 responsible, and that we can report that also to outside
6 auditors or internal.

7 MR. GAINES: Yes, ma'am.

8 MR. GONZALEZ: Thank you, Mr. Gaines.

9 MR. GAINES: Thank you.

10 MR. JONES: Thank you, sir. Executive
11 Director's Report?

12 MS. CARRINGTON: Notable, the Manufactured
13 Housing Division, which is the division within TDHCA, on
14 Monday of this week was required to -- or did RIF 18
15 employees out of their division. The other divisions of
16 TDHCA are not going to be required, due to financial
17 constraints. We are not looking at laying off anyone in
18 any other part of TDHCA.

19 But Manufactured Housing did take a substantial
20 hit as a result of the budget reductions. And so they had
21 87-and-a-half employees, and they have now reduced that by
22 18 employees.

23 MR. CONINE: Are they taking a hit due to the
24 market? I keep hearing that that part of the industry is

1 somewhat on its tail and under stress.

2 MS. CARRINGTON: No, sir. It had to do with
3 the amount of revenue that they were anticipating that
4 they would be collecting in the way of federal funds. And
5 that was -- we believe, and I think they believe that it
6 was an amount that is probably not realistic for them to
7 be able to collect.

8 And indeed, with that not coming back to them
9 in the way of inspection fees, it's going to -- it creates
10 a budget issue for them, I think, of about 1.2 million.
11 Is that right, Bill?

12 And Manufactured Housing does have not only --
13 they're on the tenth floor of our department. They have
14 staff in Austin. They also have staff around the state
15 that does inspections. And a good number of those
16 employees that were RIF'd on Monday are employees that are
17 around the state with a minimal effect on those that are
18 in the Austin area.

19 MR. JONES: Thank you, ma'am. I -- we don't
20 have a need for Executive Session, right?

21 MS. CARRINGTON: No.

22 MR. JONES: I don't believe we do. In that
23 case --

24 MR. GONZALEZ: Mr. Chairman?

1 MR. JONES: Did I miss something, Penny?

2 THE REPORTER: Just verifying.

3 MR. JONES: Okay.

4 MS. CARRINGTON: The General Counsel is on the
5 other side of Penny.

6 MR. CONINE: Wait a minute. He's got one.

7 MR. JONES: Sure.

8 MR. GONZALEZ: Do we need a motion to approve
9 the audit reports?

10 MR. WITTMAYER: Yes.

11 MR. JONES: We've got a motion -- so moved by
12 Mr. Gonzalez.

13 MR. BOGANY: Second.

14 MR. JONES: Mr. Bogany seconds it. We had a
15 motion on the table to approve the Audit Committee
16 Report -- the Audit Report. Excuse me. Further
17 discussion? Hearing none, I assume we're ready to vote.
18 All in favor of the motion, please say aye.

19 (A chorus of ayes.)

20 MR. JONES: All opposed, nay.

21 (No response.)

22 MR. JONES: The motion carries.

23 I think it's time to entertain a motion to
24 adjourn.

1 MR. CONINE: So moved.

2 MR. SALINAS: And the findings -- we will get
3 something --

4 MS. CARRINGTON: Exactly.

5 MR. SALINAS: -- in writing on things that we
6 have to correct in the findings on the Audit Report?

7 MS. CARRINGTON: Yes, sir.

8 MR. SALINAS: Can we get a copy of all those
9 things that we have to correct?

10 MS. CARRINGTON: A final document.

11 MR. SALINAS: We certainly don't have it
12 [inaudible].

13 MS. CARRINGTON: No, we put it in that book.

14 MR. CONINE: Here's one right here. No, you've
15 got to keep yours, Mr. Chairman.

16 Move for adjournment, Mr. Chairman.

17 MS. ANDERSON: Second.

18 MR. JONES: Motion's been made and seconded.

19 Any further discussions? Anything else we need to
20 address? I hear nothing so we'll vote. All in favor of
21 the motion, please say aye.

22 (A chorus of ayes.)

23 MR. JONES: All opposed, nay?

24 (No response.)

1 MR. JONES: We adjourn.

2 (Whereupon, at 3:40 p.m., the meeting was
3 concluded.)

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C E R T I F I C A T E

MEETING OF: TX Dept. of Housing and Community Affairs
Board

LOCATION: Austin, Texas

DATE: July 30, 2003

I do hereby certify that the foregoing pages,
numbers 1 through 291, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Penny Bynum before the
Texas Department of Housing and Community Affairs.

(Transcriber) 08/13/2003
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