

TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS

BOARD MEETING

11:55 a.m.  
Thursday,  
April 7, 2005

Room 437  
Waller Creek Office Building  
507 Sabine  
Austin, Texas 78701

PRESENT:

TDHCA BOARD:

Beth Anderson, Chairman  
Kent Conine, Vice Chairman  
Shadrick Bogany  
Norberto Salinas  
Patrick Gordon

TDHCA STAFF:

Edwina Carrington, Executive Director  
Tom Gouris  
Anne Reynolds  
Brooke Boston  
Wendy Quackenbush  
David Danenfelzer

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P R O C E E D I N G S

MS. ANDERSON: Good morning. I'll call to order the April 7 meeting of the Texas Department of Housing and Community Affairs. We appreciate you all being with us this morning. Mr. Conine will return shortly. But because of some board member constraints on the back end, we're going to go ahead and start.

We're going to try to move quickly through this agenda in order to make sure that we can do the things that the board needs to take action on today that will be of considerable interest to many of you all in the room.

So as is our custom, we take public comment at the beginning of the meeting, or at the witness's option, at the time that the item is presented. I have a number of witness affirmation forms in front of me. And only one person of those to speak during the public comment period.

So we will begin with that. Ms. Ann Denton.

MS. DENTON: Good morning. I guess it is still morning. My name is Ann Denton, and I am a volunteer -- a member of your Disability Advisory Committee. We are a small group of representatives who advise the board on matters related to disability.

I also am a voting member of the State of Texas Promoting Independence Advisory Committee, also known as

the Olmstead Committee.

And I'm here today to talk to you about the integrated housing rule. I want to emphasize that I am not here as a member of the disability -- I am here as a member of the Disability Advisory Committee, but I am not here to speak for or against any particular projects. We do not do that.

But I do want to speak to you and remind you about the reasons that you first enacted the Integrated Housing Rule. The department's integrated housing rule was adopted in response to a number of civil actions, primarily the Americans With Disabilities Act. And I'm going to read this so I get it right.

"The Americans With Disabilities Act passed in 1990, require public entities to provide services in the most integrated setting appropriate to these people with disabilities, and make reasonable modifications in policies, practices or procedures."

In 1999, the United States Supreme Court reviewed Olmstead versus L.C. and delivered a ruling that said the unnecessary institutionalization of persons with disabilities is a violation of the ADA.

One of the provisions was called the integration regulation. It requires a public entity to

administer services, programs and activities in the most integrated setting appropriate to meet the qualified individuals with disabilities.

In December 2003, this board adopted the Integrated Housing Rule. And I just wanted to thank you for adopting that, and remind you that you did that not at the whim of a group of advocates, but that because it was a legal basis for doing so. That's all.

MS. ANDERSON: Thank you very much.

MS. DENTON: Thank you.

MS. ANDERSON: Questions of Ms. Denton? As I often do, I've already got things out of order. So I'm going to back up now and call the roll. Vice Chairman Conine.

MR. CONINE: Here.

MS. ANDERSON: Mr. Bogany.

MR. BOGANY: Here.

MS. ANDERSON: Mr. Gonzalez is absent. Mr. Gordon?

MR. GORDON: Here.

MS. ANDERSON: Mayor Salinas?

MR. SALINAS: Here.

MS. ANDERSON: We do have five members present. We do have a quorum. Next item is the Presentation,

Discussion and Possible Approval of the Minutes of Board Meeting of March 10.

MR. CONINE: So moved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion? Hearing none, assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MR. ANDERSON: The motion carries. In the interest of making sure that we vote on things that we need to vote on while we have a quorum, I'm going to ask the board's indulgence to move directly to Item 3, which is, Presentation, Discussion and Possible Approval of Housing Tax Credit Items. Ms. Carrington?

MS. CARRINGTON: Thank you, Madam Chair. We have for the board's consideration five requests for amendments on tax credit allocations. The first one is Oak Timbers in White Settlement. This was a 2001 tax credit allocation.

And what they are requesting is to change the bedroom mix and the unit mix, and amending the requirement for the applicable faction to be no greater than 60

percent has already been approved. Basically what has happened is at cost certification time it was determined that the unit mix was not as had been originally planned.

That there had been some adjustments made based on market demand. However, we do still have the same number of units, and we do have more low-income units and fewer market rate units in this transaction.

The modification would not have negatively impacted the development. It would have received an allocation. And staff is recommending that this amendment be approved.

MR. CONINE: So moved.

MR. BOGANY: Second.

MS. ANDERSON: I do have public comment on this item. Mr. Littlejohn, do you want to speak to the board?

MR. LITTLEJOHN: I'm available for questions as needed.

MS. ANDERSON: Thank you. Any discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries.

MS. CARRINGTON: The second one for your consideration is Portside Villas located in Ingleside. And this was a reduction -- a decrease in the number of two-bedroom units by two units, and increasing the number of one-bedroom units by two units. And slightly increasing the square footage in this development.

It did receive an allocation of \$563,846 in 2002. If this amendment is approved, staff is recommending that their credit allocation be reduced by \$13,112 down to 550,734. It would not have materially impacted the development. It would have received an allocation. And staff is recommending approval.

MR. BOGANY: So moved.

MR. SALINAS: Second.

MS. ANDERSON: Any discussion? Hearing none, I assume we're -- I don't think I have public comment on this. No. Hearing none, I --

MR. CONINE: I have a quick question. So what we've got here is an applicant who couldn't count. Is that right?

MS. CARRINGTON: Mr. Conine, I would never say that.

MR. CONINE: Oh. The thing that bothers me in this particular thing, it's almost unrelated, but I have

to ask the question. In the -- in our discussion, it says -- or in our addendum, the credit underwriting analysis filled out, it talks about the owner electing to initiate the credit period for 2003.

And in this particular case, he's giving up, based on cost certification, \$13,000 worth of credits, that due to IRS regs, we can't -- we have to reuse them or reallocate them within 180 days based on the writeup. And it says the date for reallocation or reuse was June 30, 2004.

And my question from a process standpoint is how often does that occur, this losing credits out into thin air where we can't pick up and recognize earlier and put them to use for low-income Texans somewhere else? Hello, Mr. Gouris.

MR. GOURIS: Hello. Tom Gouris, Director of Real Estate Analysis. That is an issue that we are concerned about. Last year we kept a record of those that we thought we had cost certifications for that we might have some recapture issue, try to get those signed by that deadline, in case they had placed in service at the end of last year.

This -- that didn't seem to be sufficient, because we still had a project like this come up. So this

year what we're doing is -- I had sent a letter out to all the applicants who have not submitted their cost certifications in yet. And we'll also endeavor to make sure that those get in here.

If there is any expectation that there is a -- going to be a loss in the credit or a recapture in the credit, that we get those in and go ahead and issue 8609s on those so we can go ahead recapture those credits.

MR. CONINE: Yes. I'm all for you know, spending less money than we thought. But we've got to figure out a way to send a two-minute warning or something before the 180 days runs out, so that we can get some idea of what might be out there so we can possibly do something, maybe a 60-day letter or something.

But you all think through that and, you know, we can talk about it later. But I just noticed that in this writeup, and, you know, can't do anything about this specific one. But it we can sure fix future issues.

MR. GOURIS: Yes, sir.

MS. ANDERSON: Mr. MacDonald, would you like to testify? And please fill out a witness affirmation for me.

MR. MACDONALD: Yes, ma'am. Thank you. First of all, the applicant doesn't agree to the reduction in

the credits. We have \$622,000 in cost overruns on the project. This was the way it was submitted by staff, and we would obviously not -- would like to see those credits not reduced.

MR. CONINE: Okay. There's a whole separate process for that, which you can go through if you care to.

But I --

MR. MACDONALD: Actually, this is the first we heard that the reduction was going to be made.

MR. CONINE: Okay. Well, you need to take that up with Mr. Gouris later on.

MR. MACDONALD: Okay.

MR. CONINE: I just would like to see this -- when we get to the point of the time elapsing on our pool of 9 percent credits, that we can figure out some early-warning system if we're going to get some back. Okay. Thank you. I'm sorry. I didn't mean to tie you up on a really, an unrelated issue. I think we've got a --

MS. ANDERSON: We have a motion and a second. Other questions? Discussion? Hearing none --

MR. BOGANY: I have one quick -- very quick. I'm just concerned that Tom is -- Mr. Gouris is recommending a reduce in credits, and the applicant didn't even know that he was getting his credits reduced. That

just seemed like there should have been some conversation there.

MR. GOURIS: I'll report if that's what he asked for. I need to go back and look at the file to see what his documentation says. But that's news -- that was news to me. I'd like to figure that out.

MR. BOGANY: So does it have an effect that we vote to reduce credits, and that really, he didn't really ask for a reduction in credits?

MR. CONINE: Well, we could --

MR. GOURIS: And maybe what --

MS. CARRINGTON: Deferring it until Mr. Gouris can check the file and see if that is indeed what was requested.

MR. CONINE: Move to table.

MR. BOGANY: Second.

MR. GORDON: Second.

MS. ANDERSON: All in favor.

(A chorus of ayes.)

MS. ANDERSON: Opposed?

(No response.)

MS. ANDERSON: This particular item is tabled.

MS. CARRINGTON: Thank you. This one will take a little bit more explanation. This is South Union Place

Apartments. The property is to be located in Houston. And this is a 2004 allocation of tax credits.

At the pre-application time, the applicant did not include transitional housing in their application. But after reviewing the other applications in the pre-app, they decided to forego the seven points in their pre-application, and substantially changed their application that came in for the full cycle.

And what they did in their application that came in for the full cycle was to have 25 percent of the units be transitional housing. And that transitional housing was worth eight points. So they forego the seven in the pre-app, and then the transitional housing was worth eight points.

Then as a result of the Attorney General opinion and the rescoring, the eight points went down to six points, I believe. Is that correct, Ms. Boston? See if I've got this right. And that was as a result to the AG opinion. We did reduce the points on that particular transaction.

What the developer is asking for -- this development is all in one building. And there is a determination that transitional housing and non-transitional housing can't be mixed together that it would

need to be in a separate building.

They are only building one building. And so what they are coming back to the department and asking for is an amendment that would allow them to not include 25 percent of the units as transitional housing units.

If you would go over to the staff recommendation, what you'll see is that in staff's opinion -- we had to go down all the way to the third tie-breaker on this. Actually, let's look at the bottom of the page, where it says staff recommendation.

First of all, we are recommending that this amendment request be denied. And we're recommending that because the loss of the five points would decrease the applicant's score from 142 to 137, in Region 6 then this would have created a tie. And it would have created a tie with two other developments. So it would have been a three-way tie, Las Villas de Magnolia and Essex Gardens.

And so then what we did was look at the tie-breakers. And the first tie-breaker awarded points for amenities. And I believe that they would have all gotten those points. The second tie-breaker was six points for all three developments. So we had to go all the way down to the third tie-breaker.

And that tie-breaker was the amount of credits

per square foot. And had we applied that tie-breaker, then the South Union Place development would not have been the winning application. There would have been another development that would have been the winning application.

And so that is why staff is recommending that this amendment not be approved.

MS. ANDERSON: And I have public comment on this. We can do that before or after a board motion. Go ahead.

MR. CONINE: I would rather hear some comments first.

MS. ANDERSON: Mr. Barineau -- John Barineau.

MR. BARINEAU: Mr. Willie Alexander is doing our representation if that's all right.

MR. ALEXANDER: Good afternoon. Good morning.

MS. ANDERSON: I'm sorry to interrupt you. We're going to -- and I see you've got six people want to testify. And we're going to give you three minutes apiece, and you can split that up any way you want to.

MR. ALEXANDER: Madam Chairperson, due to the complexity of this, I'm going to use the minutes of Julie Jackson and Mark Barineau. Madam Chairperson, members of the board, Ms. Carrington, thank you for allowing me to address you this morning.

My name is Willie Alexander, and I'm the vice president of Scott Street Group, Managing general partner for South Union Place Limited Partnership.

We are here this morning to appeal to the board to override the staff recommendation to deny our request to amend our application. As a result of the staff denial of our amendment, it puts us in a tie-breaker with Essex Gardens, and as a result, we are trying to -- show you -- get you additional information this morning. Hopefully you'll change this -- make a different decision.

I'd first like to talk to you about the application history. We first made application under the name Foster Place in 2003. This is a 160-elderly-units mid-rise project. Of course, that project was denied.

We came back again in 2004 with a second application, and we changed the name to South Union Place.

And the reason we changed the name to South Union Place is because the people in that area of town said, Look, Foster Place Manor is about a half mile down the road. You all live in South Union Place, so as a result, please change the name, and we did.

This was -- South Union Place was a 125 elderly-unit mid-rise. And we thought that this -- this was a better market fit. It was a smaller project, and

then there were also fewer tax credits.

As I mentioned, the community -- we paid close attention to what the community has said. And as a result, we went out to the community to get their support.

If you would turn to page 6 of the -- I'm sorry, not page 6, but Exhibit 6, which I've brought to you for your review.

We have letters that I want you to pay close attention to, two letters in particular, for community support. One -- the first one that you would turn to is Old Spanish Trail Community Apartments.

Please note that in their support -- this is an organization that has -- that is comprised of 52 civic clubs, and 67 businesses. And they are in the zip code 77021, where South Union Place is located. And this is the organization that's been approved by the State of Texas.

And the other letter is from South Union Civic Club, an organization that's within a stone's throw of our project. And the president, Dorothy Hughes, wrote a letter on behalf of that organization.

Now, this organization is comprised of 45 active members who would be living in and around South Union Place. And the boundaries include the South Union

Place Apartments.

Now, we received -- there's others. We received no credit for -- no points for this community support. But what we have here is a community that really wants this project built. As a matter of fact, when we went back to them to talk, to ask them about the 25 percent transitional units, and we've all heard about NIMBY.

But in this particular case, they said, We want this project built. And as a result, we are willing to live with the 25 percent of the units being set aside for transitional units -- I'm sorry, transitional housing units.

Now, as far as the application point scoring history, again, in January -- as Ms. Carrington said, in January 2005, our preapplication score was 139. And as a result -- this included the several points for preapplication. But that application was dead on arrival.

When we looked at all the other applications, we were out the money. There was no way we were going to be awarded credits. So that's when we went back to the community. And they said, Go ahead. Whatever it takes to get this application done, we want to get it done.

And that was in March 2004. And we -- so we

have our support letters, as I talked to you earlier. And with these support letters, no points were awarded. But the organization -- the development Essex Gardens, who is our competitor now, since we're in this tie, it's my understanding that in Sealy, Texas, they do not have community support groups. And they -- however, they were awarded two points just based on the state average.

And it just appears to me that that's -- there's something -- you know, we've got a -- we've got community support letters. We've got a community that's really wanting to have this done. But then -- and it's -- if there are no points awarded, it's like their voices are not being heard.

And again, as I've mentioned to you earlier, the staff denial of our amendment puts us into a tie with the Essex Gardens. And we're asking for you to overrule the staff recommendation. I now turn it over to my partner, John Barineau.

MR. BARINEAU: Good morning. Thank you. It is obvious it's a complex situation. We're in a real pickle. We, together, this board and myself. The -- I'm going to take it -- we've got some other people here today, Christine Ramirez -- I'm going to take her time, and also our attorney John Cochran.

Further to what Willie said there, and Ms. Carrington did a good job of explaining the point to us, the confluence of having given up seven sure points to pick up 15, giving us a little net-eight gain. We gave up seven points and picked up five because of the Attorney General ruling. We made a decision predicated on what turned out to be points that didn't materialize.

It's much like the teenager coming home at 9:30, and his parents say, You're late. You say, Well, Mom and Dad, I was supposed to be home at 9:30. Well, while you were gone, we decided you had to be home at 9:00.

It's sort of the same thing with the 15 versus five points. And I understand that was a difficult situation and nobody here had anything to do with it. It just came down. However, those two points that we would have had, had we retrospectively -- and that's what this tie-breaker thing is, it's a retrospective comparison that would have also maybe not had us in a tie position had we been able to look at that in addition to what Mr. Alexander said, had we gotten just one stinking point from the support letters.

But I can go on and say the way this came about is, this was several weeks ago we were -- we learned that

the Compliance Department of TDHCA -- I'm going to say learned that this project was going to have 25 percent of each unit set aside for transitional. And those people were going to be commingled with the regular tax credit folks. And that's clearly in our plan all along. It's been clear in our plan along that we had a single building.

And if you will turn to -- in our response and application, if you'll turn to Exhibit Number 1 in our book, the provision of the QAP that we went under to get those 15 points at the time said simply, "Evidence if there was going to be transitional housing for the homeless on a non-transient basis. And that the homeless people would be defined according to the HUD definition of homeless."

Those were the only two definitional characteristics that were defined in the QAP. And then we took option number two under that, to set aside 25 percent to receive the 15 points. And went on through filing our application.

And then we just learned, almost by the grapevine, and in a few conversations with staff, that there is concern on their part, and the intent, apparently on their part, was that any time you have homeless in

TDHCA's QAPs terms, they need to be in a separate building. And they -- apparently, staff believes that that is a requirement of the Section 42.

Now, we don't concur with that Section 42 reasoning, by the way, because we have a legal opinion that states that as long as we have tenants on a six-month lease or longer, they're not considered transitional or transient.

So that's why our application is resubmitted. We believe we're in compliance with Section 42, fully legal and otherwise. But we understand that it may not be really what the department intended. And by virtue of prior QAPs, it was 100 percent transitional, I believe, starting back as far as 2000.

2004 is sort of a experimental trial balloon here, as we said, because we did have a 25 percent. Now, I understand in 2005 we've gone back to all or nothing, 100 percent. But be as it may, we're stuck with the 2004 plan.

We would ask that you might consider that seven points versus the 15, and if the staff has a problem with it, we sure don't want to be going into a deal where we're starting from the get-go in conflict with what the staff may think that that interpretation of the rules are.

But having gone beyond that, I think we can say the tie-breaker, in some respects, on a -- having to do with tax credits per square foot, which is really the way the tie-breaker that we would lose on -- they're kind of comparing apples and oranges.

We're a elderly, mid-rise elevator building in inner-city Houston, in a qualified census tract; whereas, the Sealy Project, Essex Gardens, is a family project garden-style apartment, not in a qualified census tract, and that has some implications in the amount of tax credits that it justifies.

But if we could just squeeze out another point, considering the department's authority, or the board's authority under 50.10 of the QAP, which says that the board "has the authority to consider, other than points, and that the applicant or developer's efforts to engage the neighborhood," are one of the items on the laundry list that you all can use some judgment on, might give us one more point, or even half a point would be fine, to resolve the tie.

Furthermore, if you'll turn to the exhibit on Exhibit Number 5, the HUD Results of the Attorney General ruling. We got hammered about ten points. More so than any other category. And it's sort of unique that that

particular category got hit so hard. The others were more across-the-board kind of adjustments.

Finally, I'd like to point out that since we got the award in August, we moved forward in good faith, we've got complete plans and specifications, completely designed, fully engineered, fully architect, stamped and approved by the City of Houston.

We have in Exhibit 8, if you'll look in the back of your book, we have evidence that these plans have been approved for permitting. And there is a copy of the stamped and approved City of Houston permit for construction.

We have spent, also I will point out Exhibit Number 7, is our cost tally of what we've got in this project to date on the strength of the approved application back last summer. We've got 567 -- \$576,000 in the ground. We've bought the land. We've paid the architect. We've paid the lawyers. We're off to the races.

And doggone it, right here at the last moment, acting in good faith, we find out there is another wrinkle in our plan, that is, what we proposed, staff is concerned, may be in violation of Section 42, and is not what they intended. We would submit that that's not our

fault. And we would want to work with the staff.

In fact, we were somewhat encouraged by the staff when they discovered this question of a separate building, versus having them all commingled, to actually make them consider an amendment to clear up that issue.

We don't want an issue any more than you all do, going forward. It's put a taint on us, for our syndicator. Put a taint on us for our lender. And until this is resolved, we've got \$576,000 sitting out there that is spent, and puts us in a real pickle.

So we would ask your consideration in overruling the tie-breaker theory, to approve our request for the amendment. Thank you very much.

MS. ANDERSON: We still have some time.

MR. CONINE: Are there any other witnesses?

MS. ANDERSON: Yes, we do. We still have time?

VOICE: Forty-six seconds.

MR. BARINEAU: Are there any questions that anyone wants to ask of me?

MR. CONINE: I have some. You're the last witness.

MR. BARINEAU: Well, I can be --

MR. CONINE: Upset the routine.

MR. BARINEAU: Well, that's all right. No.

I'm the last one that was planned.

MR. CONINE: It appears to me we're focusing on the wrong issue. I think the definition of a separate building is one that needs to be explored. And I'm interested in you being able to do what you said you were going to do in your application.

And I can -- especially with the building configuration I'm looking at, and with -- what I would term minimal expense compared to the alternative, you can -- it seems to me like you could create a separate building within the floor plans of what I'm looking at here, you know, this -- by a simple breezeway through the building, I think you can qualify and not be, you know --

We have different interpretations, probably, of what a separate building is. If you go to the fire code, and you create a two-hour fire wall, you've got a separate building.

So I would be interested in exploring the separation alternatives for this building, and creating a quote, separate building, for the 25 percent transitional homeless folks, so that you could do what you said you were going to do, which would then absolve us of any Section 42 issues. And you go back to the original application, which you won the points, and you're in the

money.

Have you explored that to its fullest extent? Because I don't see anything in my stuff without doing that.

MR. BARINEAU: Well --

MR. CONINE: I can appreciate the plans were already drawn. But again, to create a three-foot breezeway and create a quote, separate building between 25 percent of the units and the other 75 percent of the units is fairly easy to do.

MR. BARINEAU: A significant architectural and redesign of structures there.

MR. CONINE: It's fairly easy to do, relative to the opposite -- the total consideration, which is --

MR. BARINEAU: Well, Mr. Conine, with all due respect, those plans would have to be scrapped.

MR. CONINE: No, sir. I don't believe so.

MR. BARINEAU: We would have to get our structural engineer involved to redesign the building. We would have to create a site -- it's a pretty tight site as it is. We would need another elevator, because if you had a separate building carved out, you wouldn't -- you've got two elevators in this building.

You would have to carve out a -- you'd have to

create another elevator if you're going to actually have a complete installation of the separation of these people from the others.

And sir, I would request that you consider it not be for us to go spend another \$150,000 or \$100,000 for architect and design, and have to go back to the City of Houston and lose six months or eight months to get a repermit on a new plan, would be the way to attack it.

The way to attack it would be to consider the option of the staff looking at our legal opinion, which is prepared by Holland and Knight, one of the top tax credit attorneys in the country. And that's in your -- should be in your briefing packet. It's in the handout we made.

If you'll look at Exhibit Number 3, there is a letter from Holland and Knight signed by Mr. Bill Machen, saying that if you have a six-month lease, and your tenants are housed on a six-month lease, under the tax credit rules as amended in 1993, the Omnibus Reconciliation Act, that a six-month lease trumps any other issue of being considered transient.

MS. ANDERSON: But then you wouldn't have gotten the points for transitional housing.

MR. GORDON: No, it means they're not transient. It's not transient then. That's what he's

saying.

MR. BARINEAU: No. Well, if you have them on six-month leases, they're not transient.

MR. GORDON: That's right.

MS. ANDERSON: So they wouldn't --

MR. BARINEAU: And if you're not transient --

MS. ANDERSON: Then you wouldn't have qualified for the points for transitional housing --

MR. BARINEAU: You have no --

MS. ANDERSON: -- to put you in the bank.

MR. CONINE: In the losing category.

MR. BARINEAU: Well, but the QAP, ma'am, says, "Populations with special needs, transitional housing for homeless persons on a non-transient basis." Non-transient basis interpreted by us means six-month leases or longer.

MR. CONINE: Transient and non-transient.

MR. BARINEAU: Well, that's where the peculiarity of it. Now, if it was the intent of the department, which I understand apparently it is in talking to the staff, that these people be separated into a separate building, and we were trying to fit this particular QAP and point requirement into the box of the Section 42 paragraphs that were referenced, that could have been more clearly written to that degree.

This doesn't read that you're supposed to have transitional housing, vis-a-vis Section 42. It reads, "Transitional housing on a non-transient basis," vis-a-vis the definition of transient people having to do with the HUD definition of who homeless people are. And the legal opinion that our attorneys have rendered for your consideration, and that's how we thought about it all along -- that exception rule in Section 42, which is what it is, a homeless organization that might want to go for tax credits could not ordinarily go to tax credits, because they don't rent for six months at a time.

They're usually 30 days, 60 days, whatever. They could never apply for tax credits. This was put in to accommodate those non-profit agencies who are homeless housing agencies. And I understand now what the problem has been. And it's legitimate, and I appreciate the internal kind of mind set as to what people thought and intended, versus what we as people acting in good faith and the public responding to the QAP thought you had in mind.

So Mr. Conine, the economic penalty of scrapping these plans, starting over with a design, and I'll submit, sir, with your housing background and all, it --

MR. CONINE: Well, I don't deny it would cost you some --

MR. BARINEAU: It's going to cost a lot of money. It's going to cost a lot of money.

MR. CONINE: I just think we need to explore what a separate building really is from a physical characteristic. Well, let's -- we really need to back up --

MS. ANDERSON: Yes. Can --

MR. CONINE: -- and ask what our people -- what our lawyers think about their lawyer's letter. That would be my thinking.

MS. ANDERSON: If I can ask you to be seated, because we may have some questions that we want to ask of staff now. Thank you, sir.

MR. BARINEAU: Sure.

MS. CARRINGTON: I'd like to ask Anne Reynolds, who is our acting General Counsel.

MS. REYNOLDS: Well, I guess we're looking at this a little more simply. We don't -- they got points for being transitional housing under Section 42, to be transitional housing, not give credits unless the building should be exclusively for transitional housing.

We're intrigued by your idea of looking at the

building split up. But it's transitional housing. Transient is not the issue.

MS. ANDERSON: I have a question for Ms. Boston. If we understood last summer that the IRS -- you know, that the view of transitional housing is that it's for exclusively for transitional housing, and if as the applicant tells us this morning, the application and the site plan and everything came in with one building, then I don't understand how we got here. Because it seems like that would have been discovered at that stage.

MS. BOSTON: Well, to be candid, we presume that the applicants have read 42 and know 42, and do not request points for things that they're not eligible for. We don't check to be sure that every feature of the building design at application is consistent with 42. And obviously going forward, if we keep transitional points into a -- we will add that as a check item.

But for this tax year and the years prior to that, that has not been something we've been checking.

MR. CONINE: What is -- in our definition or our statement in the QAP, transitional housing for homeless persons on a non-transient basis. Explain that.

MS. BOSTON: Right. Section 42 does not allow tax credits in any way to ever be used on a transient

basis. But it does allow them to be used for transitional housing. And hence -- I mean, the wording is very consistent with 42 in making sure that in trying to help serve that population, that we don't want to violate 42 by saying they're transient.

MR. CONINE: What is -- define transient for me, just so I make sure I know what it is.

MS. BOSTON: I'd probably be more comfortable if somebody from our compliance division, or if Anne did that, just because we usually deal with all the transitional issues as a post-award compliance-based issue. Not my area of expertise.

MR. CONINE: Someone?

MR. GORDON: But under Section F, you only award points if all of the units are for transitional housing. And if that means six-month lease, they're not.

So that's pretty clear. Or if 25 percent of the units are designed for transitional housing for -- I guess for homeless. So that's a different section than this non-transient at the first.

MS. BOSTON: I'm not sure I understand what you mean.

MS. CARRINGTON: I'd like to ask Nancy Dean. Nancy, would it be you or Lucy Trevino to address the

issue from a compliance standpoint? It would be Wendy?  
Wendy Quackenbush.

MR. CONINE: Transitional and transient.

MR. GORDON: Okay. The way the opinion letter is basically saying is that if you -- if it's a six-month lease or greater, you're not -- you're a non-transient. So if they have all their leases more than six months, then how is this a transient facility? I guess that's --

MS. QUACKENBUSH: Please repeat that?

MR. GORDON: Well, maybe I'm misunderstanding the letter, but I'm looking at the letter from Holland and Knight. And they're saying that if you have leases of more than six months, that you're non -- that that falls outside the -- you're not a -- on a non-transient -- you're basically a non-transient at that point. So if they have all six months, then they're not a transient facility.

MS. QUACKENBUSH: That is correct. But transitional housing in Section 42 is for -- sustained within the code, transitional is to serve people that are previously homeless or homeless, and to provide services.

Okay. What it means, non-transient, it means that a minimum six-month lease needs to be provided.

Okay. Transient housing is for less than a six-month

lease, or for somebody that is living in a unit such as a battered-women shelter, or shelter for 30 days or 60 days.

The purpose of the transitional housing under Section 42 is to provide housing for people that are -- that have been previously homeless, or is -- have a history of homelessness. And under the Section 42, it is to provide housing on a minimum six-month basis, with a six-month lease, but no longer than 24 months.

And the purpose of the program under transitional housing is to have people that were previously homeless, et cetera, and to get them into permanent housing.

MR. GORDON: So if all the units are six-month's lease, it would fall into transitional housing?

MS. QUACKENBUSH: Absolutely.

MR. GORDON: Okay. That's -- okay.

MS. QUACKENBUSH: Any more questions?

MR. CONINE: Yes. But we still have the issue of being in one building. Right?

MS. CARRINGTON: In one building.

MR. GORDON: Well, if all the --

MR. CONINE: The fact that -- them providing 25 percent of the units for transitional housing, six-month leases or longer, everybody is okay except for they're not

in the same -- in one independent building?

MS. QUACKENBUSH: That is correct.

MR. CONINE: Okay. So now we have to figure out a good definition for a separate building, the way I see it, because I -- again, I want to provide the transitional housing for the homeless, which is what they have the points for and so forth. And I'm not inclined to let them out of that obligation, because they said they were going to do it. And there are too many other ramifications for doing so.

So now how do I get a definition for the phrase separate building?

MS. QUACKENBUSH: I don't know if I have phrase for a separate building.

MR. CONINE: Is Tony Freedman -- questions?

MS. QUACKENBUSH: I do know that we have consulted with the IRS on this particular case, but also in the past regarding transitional housing.

It is pretty clear. It means in a separate building. And for transitional housing, not only do we need a separate building, but because of services that need to be provided for this population. And the goal is to have these people that were previously homeless or a history of homelessness, to transfer them from this

transitional housing into permanent housing.

MR. CONINE: Well, you know, we can't have a philosophical discussion of whether we agree that a separate building is a good thing or not, because I don't necessarily agree, and I don't know where it came from. I'm just trying, again, to make -- figure a way to meet the technical statute of the regs, and -- but still have a big building -- one big building.

And I'm not so sure, you know, two layers of 5/8 sheetrock isn't enough to do it all the way from floor to ceiling. I just want -- we need some more advice here, from this board member's perspective, on what a separate building is. Is there any -- again, any harm here on exploring that over the next 30 days, and bringing this back up at the next board meeting from the department's standpoint?

MS. QUACKENBUSH: Not from our division. Absolutely not.

MR. CONINE: Applicant, are you willing to go through that scenario to see if we can figure out something in the next 30 days, come back next month?

MR. BARINEAU: Would the department be amenable to change our credit allocations to accommodate for the added cost of that?

MR. CONINE: I can't say. But I'm sure all factors would be considered, although I don't -- but that's a separate issue.

MR. BARINEAU: Well, for us the issues are all economical, because of where we are in the process. It's not as if we've just got something on the drawing board here. The costs and expenses that we've incurred to date create an economic penalty. It's not of our own making. And we understand --

MR. CONINE: Well, I don't know that I agree with that statement. Section 42 says transitional housing is supposed to be in a separate -- it doesn't matter whether it's six months.

MR. BARINEAU: No, sir, it doesn't.

MR. CONINE: Not enough to let --

MR. BARINEAU: Well, and I respectfully disagree with you, sir. It does not say that.

MR. CONINE: Well, why are we taking it up then? Someone is picking it up from somewhere.

MR. BARINEAU: Has any -- have you -- if you'd like to read, we can read aloud. It's about half a page. The legal opinion that says, "The Section 42 --

MS. ANDERSON: I move to table this agenda item.

MR. CONINE: That's where I was headed. I'll second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: All in favor, say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. This item is tabled, and --

MR. CONINE: The next meeting?

MS. ANDERSON: -- to the next meeting. And I suggest that we urge staff and the applicant and whatever other resources you need, whether it's Tony Freedman, or whoever, let's try to work out some alternatives.

I think you've heard. I certainly share the vice chairman's sentiment about wanting this applicant to provide the kinds of housing that they committed to provide at the time that they took the points in the QAP.

That's not -- we shouldn't limit the alternatives to that. But that's certainly the sentiment I would share with the vice chairman on this topic.

We're tabling this. We're going to try to move through what we have some things that we absolutely have

to do today. And so that's why I ask that we table this.

And I appreciate the board's indulgence. Ms. Carrington, it's your suggestion that we go to three -- that we -- do we need to do the amendments for the these other items?

MS. CARRINGTON: No. They can be deferred.

MS. ANDERSON: Okay. But we do need to do at least a portion of 3(b), related to Tower Ridge.

MS. CARRINGTON: Relating to Tower Ridge. And actually, it's the same request on both of them. The Tower Ridge, you're looking at this much -- at this month, and Langwick you're looking at next month.

And what we are requesting is a waiver of the 60-day rule, that 60-day rule that requires all the information be in 60 days prior to when the board is going to consider an application on private activity bonds and tax credits on both of these transactions.

We have some revised market studies that came in shorter than the 60-day period, and staff is recommending to the board that you do waive the 60-day rule for both Tower Ridge and Langwick Seniors, which you will see next month.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion? Hearing none, I

assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. Item 4(b).

MS. CARRINGTON: 4(b) is the request for approval of the issuance of private activity bonds and the allocation of tax credits for the Tower Ridge Apartments, which is located in Corinth, Texas.

This is a Priority 1<sup>0</sup> transaction, and that is a transaction that is located in a higher-census tract than the median income around. There was -- the bond issuance in that is proposed to be \$15 million. The allocation of tax credits -- the recommended amount is \$665,729.

Behind Tab 5 -- actually, behind Tab 3, you see a summary of the transaction, and the public comment. There were many people at the public hearing. One spoke in support. There were 27 who spoke in opposition. We basically did not get letters of support or opposition from local elected officials in the area.

On the underwriting report, there were some issues the developer needed to be -- needed to work out

with the city related to the number of parking spaces. And behind Tab 9, we have provided you a summary of the public hearing on this particular development.

Staff is recommending the approval of the tax exempt bonds in the amount of \$15 million, and tax credits in the amount of \$665,729.

MR. CONINE: Move for approval. I'm looking for the resolute bonds that was --

MS. CARRINGTON: That resolution number is 05-023.

MR. CONINE: Okay. Thank you.

MR. BOGANY: Second. We're waiting on a second?

MS. CARRINGTON: Yes.

MR. CONINE: That's what we were waiting on.

MS. ANDERSON: Yes. Thank you. We have a motion on the floor. It's been seconded. Are there questions or discussion?

I have one question for Mr. Gouris. I'll probably just ask it from here. Has the market analyst that submitted the original market study on this been removed from our approved list?

MR. GOURIS: No, they have not.

MS. ANDERSON: Can you explain why, please?

MR. GOURIS: Our hope is that we can get him to recognize the issues that he lists, and get him back in good stead with HUD. Our objective with the list is to make sure that they're able to do a good market study going forward.

If we do remove him, and we could remove him, you -- his --

MS. ANDERSON: That might focus the person's mind a little better, to bring his work quality up to what we expect.

MR. GOURIS: Yes, ma'am. We --

MS. ANDERSON: I'd give that some real serious thought.

MR. GOURIS: Yes, ma'am.

MS. ANDERSON: Okay. Any other questions, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. Six?

MS. CARRINGTON: Next item for the board's consideration is Item 6(a). And this is the awarding of our 2005 Bootstrap Application Awards. We issued a NOFA

indicating that we had three million available to make loans in our Bootstrap program that would not exceed \$30,000 a loan.

These are zero percent interest loans for 30 years, and the family does have to put in at least 60 percent of the sweat equity in those developments in the housing.

All combined funds don't exceed or can't exceed 60,000 per unit. By a statute, the department is required to put two-thirds of the bootstrap loan funds for properties that are located in counties that are eligible to receive assistance under the Water Development Board. It's the EDAPT counties. And then one-third can be put anywhere in the state.

We are recommending to the board, because we do have some funds that have come in -- from some -- from our single-family program, from the refunding on bond proceeds, we're actually recommending the board 3,432,000.

We actually had 18 applications totaling over 5.5 million. So for the department, this is a really good sign for us, because we're very pleased that this program is beginning to be oversubscribed.

It indicates to us that there is beginning to be some capacity with the non-profits and the

administrators. And so we're very pleased to see that. We do have the recommended list for you broken down by those that are in the economically-distressed areas, and then the others that are the one-third statewide.

And we also included for you those that we were not recommending. So in EDAPT counties including the admin fee, we're recommending 2,277,600. And that will be 83 units that they have committed to construct under this program. And the one-third statewide, including the admin fee, is 1,154,400. Thirty-seven units for a total of 120 units with this round of Bootstrap awards.

And staff is recommending that the board approve these awards.

MR. CONINE: So moved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion? Questions? I have one quick question, Ms. Carrington.

MS. CARRINGTON: Uh-huh.

MS. ANDERSON: One of the proposed awardees is the El Paso Community Action Program, Project Bravo, which this department has had experience with, and correspondence from, you know, and so forth.

Are you comfortable that this organization is stable and equipped to execute on this award at this

stage?

MS. CARRINGTON: We have had that discussion internally. And what we will be doing is monitoring -- we will be considering that more of a high-risk contract. And we will be monitoring them based on that.

As we looked at our NOFA that we put out, we will be making some amendments to that NOFA. We do not feel like that we had any ability under that NOFA to disqualify them, but we'll be reviewing them more intently.

MS. ANDERSON: Okay. Counting on it. Thank you. Any other questions? I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. Yes.

MR. CONINE: Now where are we going?

MS. ANDERSON: 6(d).

MS. CARRINGTON: We're going to go to 6(d).

MR. CONINE: Okay. Follow the bouncing ball.

MS. CARRINGTON: This is the award of 1.5 million of HOME/CHDO Funds and Rental Development. And this is actually for Phase Two of the development in

Parker County. They applied under the Open Rental Home NOFA with the department.

And actually I think this is Phase Three. Phases One and Two were funded by TDHCA with Housing Trust Funds and HOME Funds. And staff is recommending the awarding of 1.5 million in HOME/CHDO rental funds, and 50,000 in operating to the Affordable Housing Institute of Parker County.

This is an organization that we have been doing business with and continue to do business with. And we have had a little bit left over in that NOFA. I think we had about 1.5 million left over in that open NOFA. We awarded -- it started out being a \$9 million NOFA. We awarded four-and-a-half million. And with this award, then I think we have about 1.5 million that's being programmed into '05 in our HOME Funds.

MR. BOGANY: So moved.

MR. CONINE: I'll second.

MS. ANDERSON: Questions? Discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. Item 8(a).

MS. CARRINGTON: The report from the Finance Committee. This would have been on the co-senior managers.

MR. CONINE: All right. I'll attempt and endeavor to do that. The Finance Committee met this morning. And you'll see under Tab 8(a) a selection criteria that is similar, I guess, to what the board saw in the senior manager selection process that we went through several months back.

We heard testimony from our Bond Finance Department, as well as our Financial Advisor, as well as some of the investment bankers that will be competing for this, and recommended to the full board that we go ahead and adopt Option 1, which is again, the selection of applying the qualification summary to the pool of interested co-senior managers, and ultimately asking the Bond Finance Department to come back next month with a recommendation based on this criteria of who would be in the -- who would be the co-senior managers of our future Single Family Mortgage Revenue Bond Program.

And Madam Chairman, I so move.

MR. BOGANY: Second.

MS. ANDERSON: Discussion? Hearing none, I

assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. 8(b)?

MR. CONINE: Do you want to do this?

MS. CARRINGTON: Yes, sir. 8(b) is a restructuring of an existing Single Family program. It's Program 61. We had funds in the -- we have many dollars that are uncommitted, about \$80 million in this particular program that are uncommitted.

And so what we are proposing to do is take the points that we would be using to pay down payment assistance, and take those points and provide zero-interest mortgage loans, and make the interest rate on this program be at four -- I'm doing it again, aren't I? The interest rate on the program would it be five-point --

MR. CONINE: Five and a half.

MS. CARRINGTON: -- 5.50, and what we're doing is just transferring the down payment assistance to making these loans zero point loans. So it's just a transfer of how we'd be using the money. But the interest rate would stay the same. And staff is recommending we do it.

MR. CONINE: Well, I'll so move, and include Resolution Number 05-024.

MR. BOGANY: Second.

MS. ANDERSON: Discussion? Questions? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries.

MS. CARRINGTON: Next item for the board's consideration is our new Single Family Program for 2005, taking proceeds through the convertible option bonds, which was 88 million, and refunding the commercial paper for 12 million, to have a bond issuance of 100 million.

And we are proposing -- we are targeting interest rates on this program from 4.99 to 5.40. Very important to note that this is the first program that the department has done that is 100 percent variable rate bonds.

The other two that we have done has only had a portion of the transaction with variable rate bonds. As we discussed earlier in our committee meeting, none of these loans will provide down payment assistance.

However, there will be a low rate and the borrowers will only be required to pay two points on these loans.

We do have the team listed for you. Bear Stearns is the senior manager in this transaction. They're also going to be a SWAP provider. We have the other professionals listed for you. George K. Baum is serving as co-senior. And then the others are listed.

Our schedule for this is that we do have Bond Review Board approval already. We received that in March.

With the board's approval today, then we will be moving forward with pricing and having a pre-close and a closing.

And staff is recommending that the board does approve this transaction.

MR. BOGANY: So moved.

MR. CONINE: I'll second with the caveat of Resolution Number 05-021 to go along with it.

MS. ANDERSON: Questions? Discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries. Do you want to go back to some of the other --

MS. CARRINGTON: Ms. Anderson, I might suggest that we do go back to 4(a).

MS. ANDERSON: Yes.

MR. CONINE: Oh, wait a minute. That was the one we were going to fix, wasn't it? Was that the -- which resolution do we need to add a new page to that wasn't in our book?

MR. JOHNSON: Item 8(c).

MR. CONINE: That was the one we just did. We need to reconsider, Madam Chairman, and insert a new addendum that you have. Is that correct?

MR. JOHNSON: It's the same resolution, the same resolution number. It just has a modification to Exhibit 8.

MR. CONINE: All right.

MR. BOGANY: What's the modification?

MR. JOHNSON: The addition of George K. Baum, co-senior.

MR. CONINE: I mean, if everybody is okay with that, I'm okay with it.

MS. ANDERSON: Is the way we've dealt with this okay, Ms. Reynolds?

MS. REYNOLDS: We're fine.

MS. ANDERSON: Okay. She said we were fine.

Okay. Thank you, Ms. Reynolds. Okay.

MR. CONINE: You're done. Too easy.

MS. CARRINGTON: We will go back to Item 4(a). Since Ms. Myer is not here to protect her interests on this, I think we probably better go ahead and do this and do this one because I've got people in town.

All right. We'll do that then. Do you want me to do 4(a) now, and go back? Okay. 4(a) is inducement for actually two, not three, applications for the waiting list for '05. One of them has dropped out again. And that is Marquee Ranch.

And the department is going to be accepting applications for the '05 waiting list through September '05. And just to remind you all that you are not approving the transaction at all today, because what we have is really very preliminary information on these proposed transactions.

But what you are doing is approving an inducement resolution so that they can wait in line, or we can wait in line at the Bond Review Board to actually receive a reservation. And at that point, then you all will be looking at these for approval.

So Marquee Ranch, which is to be located in Pflugerville has withdrawn from this board meeting. The

other two are Providence at Marine Creek, which is located in Fort Worth, and the Plaza at Chase Oaks, which is located in Plano.

And both of those are proposing bond amounts in the total amount of 15 million. So that would be a total of 30 million, and staff is recommending that the board do induce these two, or does induce these two in resolutions number 05-022.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion? Questions? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries.

MS. CARRINGTON: Going back to Item 3, and this would be Item 3(a). And the next one that was to be considered is Stone Hollow Ridge in Lubbock. These are the amendments to the tax credit developments.

This one was an '04 allocation of credits. And what they are requesting an amendment to do is to change the number of buildings and the site plan. It originally

started out with 35 residential buildings and row house, and they now have a former contractor. And this new contractor is recommending that it be ten residential buildings, and can be --

MR. CONINE: I've got to hear that story.

MS. CARRINGTON: -- built in conformity with the original estimate. The number of units would remain the same in the amount of net rentable square foot. Footage would not decrease. So this modification would not have impacted or affected the applicant's ability to receive an award. And so staff is recommending that the board approve this amendment.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: I have public comment on this item. Mr. Hance?

MR. HANCE: But only questions.

MS. ANDERSON: Ms. Bast.

MS. BAST: Ditto.

MS. ANDERSON: And I have a witness affirmation form from Bond Mitchell, and I can't tell which development.

VOICE: He was only here for questions as well. And you approved his deal.

MS. ANDERSON: Okay. Thank you. Made somebody happy. So any questions or discussion about this? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries.

MS. CARRINGTON: The last one for the board's consideration is Towne Park, Fredericksburg. This is, again, an '04 tax credit application. And they are changing the bedroom mix and unit mix from 21 bedroom into two-bedroom units, to build all 44 as one-bedroom units.

This is a Phase Two of the development, and Phase One had only two-bedroom units. And what they have is a waiting list for one-bedroom units. So they're looking to balance out phases one and two with all one-bedroom units in Phase One.

And because this is an elderly development, no ineligible building type rules would be violated by this.

And it would not have impacted or would not have negatively impacted this development's ability to receive an allocation.

MR. BOGANY: So moved.

MR. CONINE: Second, but I have a question.

MS. ANDERSON: Okay. Mr. Conine?

MR. CONINE: Mr. Gouris, I see under the underwriting addendum that we asked the market study analyst to go back and take a look because the developer told us that they needed a bunch of one-bedrooms instead of two-bedrooms. Is that right? Is that what we're doing?

MR. GOURIS: Hang on a second.

MR. CONINE: And the market analyst failed to change his mind regarding the demand characteristics of Fredericksburg based on the statement that it's "Still valid, thus no amendment is necessary at this time."

Again, my interest, even though there is a waiting list for one bedrooms, there is probably still some two-bedroom folks that can't get a unit as well there, too. So I'm having difficulty understanding why we need to go back and ask the market analyst to look at it.

And if you look at the summary of, say, Risks and Issues, saying that the operating expenses and net income are more than 5 percent outside of our underwriter's verifiable ranges, the costs are higher, estimating no more than 5 percent. The development needs to capture a majority of the projected market area demand,

which seems to put it at risk, in my opinion.

Why are we -- why is staff recommending that we make this change, rather than keeping with the status quo?

MR. GOURIS: Tom Gouris, Director of Real Estate Analysis. I believe those summary of seeming risks are the same seeming risks that were -- the same seeming risks that were in the original report.

Those risks are pretty -- not standard, but pretty common. They happen. And we just identify them so we know where our outs -- where we are out of sync with the applicant's information.

With regards to market study, I think what the market analysts understood us to be asking is with the capture rate, would our ultimate determination -- underlying determination change? And because of the way the demand is calculated in the capture rate, it looks like households and the fact that there are still one or two-bedroom units wouldn't change the number of eligible potential households there.

It might -- if we look specifically -- if we had a measurement that looked specifically at -- let's look at the capture rate for one-bedroom units. Let's look at the capture rate for two-bedroom units, and let's make some determinations based on that.

There may be some effect on that. But our capture rate, which is our main component for determining if the project meets the market feasibility or not, is based on a total demand for the project.

Since there is still one and two-bedroom units, the total demand for the project isn't going to change.

MR. CONINE: So what you're saying, we just need to ask the market analyst to bifurcate his demand into one and two-bedrooms, at least to get some sort of educated verification that the applicant is telling us what really exists there. What would be wrong with that?

MR. GOURIS: There would be nothing wrong with asking for that information. In fact, that is generally information that we ask for. It's not information that we can -- that we have a clear plan of action like we do with the capture rate.

In other words, if it turned out that the unit mix is wrong, we can make great suggestions to change that and we can encourage them to do that, but we can't say we can't recommend the transaction.

MR. CONINE: Again, I understand this is an elderly project. And you know, we don't have the bedroom issues constraining us here that we do in the families. But I've got to believe that there is some two-bedroom

demand in that particular town, and it's almost the opposite of the argument I was making on the bedroom mix, you know. Show me a community that doesn't have a single person that needs a unit.

Here we've got people that -- two-bedroom natures that continue to need units, obviously, because the two-bedroom section next door is full. And there is a demand for one-bedrooms, but why are we disenfranchising, I guess, the two-bedroom folks?

MR. GOURIS: I think we can get additional -- we can ask for more clarification from the market analyst, for sure.

MR. CONINE: I would appreciate hearing some of that before I would recommend approval.

MR. GOURIS: Okay.

MR. CONINE: Is there a motion?

MR. BOGANY: Yes.

MS. ANDERSON: Yes. And I think before we take any action, I think that the representative of the applicant would like to fill out a witness affirmation form and address the board.

MR. CONINE: Okay.

MR. KILDAY: I'm Les Kilday of Kilday Corp. The -- I guess the Phase One is all two-bedroom right now.

It is not full. It's over 90 percent. It's not full yet. And it's taken 20 -- almost two years now, 22 to 24 months to lease up. And what our manager on site has is a list of folks with -- that have demanded one-bedrooms.

And you know, I guess I'm -- we're not denying that there is some demand, maybe, for two-bedrooms. But obviously we haven't been able -- we haven't filled up yet at almost two years. But there is a huge demand for one bedrooms. And she has a drawer full of folks that have not -- we've not been able to satisfy.

That's -- you know, one of the main reasons. Also there are a lot of folks that come in with one-bedroom vouchers, and they cannot qualify in a two-bedroom unit with a one-bedroom voucher. That would certainly be another reason we would switch -- want to change those two-bedrooms to one-bedroom units.

And there has been a resistance, too, at the rate of somewhere in the low \$500 range, there is a resistance to pay above that. And our two-bedroom units would -- I mean, we've had to reduce some of our rents in the Phase One two-bedroom units because of that. And we would -- and that would be another reason to do one-bedroom units, because we wouldn't hit that max.

So those were some of the reasons. It is on

the ground. And we have -- I understand the marketing analyst, Mr. Jack, would -- I'm sure would -- I'm sure there is some two-bedroom demand there, but the market is -- I mean, we're on the ground, and we've leased. And so we see -- our management sees people coming in and out every day. And that's what -- certainly what they recommend.

MR. CONINE: I can appreciate that. I was just wanting some third-party verification of that. And I still would like some sort of verification of that. And I guess if -- it sounds like you're kind of tying the two properties together, but not tying the two properties together. And I don't fully understand, based on what I'm reading here, how that's working.

MR. KILDAY: It's a common -- it is a -- what we will have -- it will be a true Phase Two, in that -- and they will be sharing a community room, sharing amenities. I mean, it will -- when it's built, it will look exactly like one development.

MR. CONINE: Did we understand that, Mr. Gouris, when the application came through? That we've got cross-usage and so forth in place?

MR. GOURIS: Let's look back at the original underwriting. But I would imagine that we did -- that

would be typical of what we got. It would be required.

MR. CONINE: I still would move to table to get the market analyst update, and more input. Just for my own verification.

MR. BOGANY: Withdraw my motion.

MS. ANDERSON: I'll second the motion to table. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed no?

MR. CONINE: Till next month's meeting.

MS. ANDERSON: Till next month's meeting.

MR. CONINE: Yes.

MS. ANDERSON: All right.

MS. CARRINGTON: Thank you.

MS. ANDERSON: I think the applicant and Mr. Gouris understand what we'd like to -- the additional piece of -- right.

MS. ANDERSON: Okay. Now, where are we?

MR. CONINE: I don't know.

MS. ANDERSON: Are we on 6(b) and (c)?

MS. CARRINGTON: We could go to --

MS. ANDERSON: Yes, because we have testimony on 6(c). Maybe we ought to do that one next.

MS. CARRINGTON: Okay. Moving to Item 6(c),

which is the request for a waiver of the Integrated Housing Rule for a Predevelopment Loan. This request has come in from the Denton Affordable Housing Corporation, through the predevelopment loan administrator, the community -- Texas Community Capital.

They are administering on behalf of the Department Housing Trust Fund's predevelopment loan pool. And what Denton Affordable Housing Corporation is proposing to do is ten rental units that are for persons with disabilities.

And it's rental unit -- those ten units are going to be in five duplexes. And the department does have an integrated housing rule, and there is an exception in that housing -- integrated housing rule for properties that are considered scattered-site developments.

However, the information that we have on this particular proposed development is that all five of the duplex units would be located on adjacent sites in one particular area of the development site.

Even though it's within a larger area of Single Family homes, staff did not feel like that that met the exception in the integrated housing rule of being a scattered-site development.

I do want to note to you all that whether you

do or do not grant this waiver, that it does not constitute an award to this particular applicant. It's -- this is just a hurdle. It's an issue -- it's a question, obviously, they need to resolve before they move forward.

And staff is recommending that you do not approve the waiver, because we don't feel that there is a waiver provision under our existing integrated housing rule. That it doesn't meet the waiver ability under scattered-site. So our interpretation of the rule.

MR. CONINE: Move to approve staff's recommendation.

MR. BOGANY: Second.

MS. ANDERSON: I have public comment on this. Mr. Ocañas.

MR. OCAÑAS: Good afternoon. My name is Reymundo Ocañas. I am executive director of Texas Community Capital, which is an affiliate of the Association of CDCs. Texas Community Capital is the administrator, as Ms. Carrington noted, for a portion of your predevelopment funds.

I do want to note a couple of things. And one is that we are not the administrative that is requesting then, of forgiveness of loans that you're going to be looking at. So this is a proposal for a loan that we feel

would be a very good one for the department to have on the books.

It does have 811 financing. I've got both the underwriter for Texas Community Capital and Ms. Provo, who is here from Denton Affordable Housing, who will explain why we're requesting the waiver, or why we felt Denton should have the process -- the ability to process the application through Texas Community Capital.

We -- there is a couple of reasons why we think you might want to consider granting a waiver. And we totally respect the department's position, and the staff's work on the program, and the process is completely fair and objective. So we do want to duly note that, that we don't feel like we've been mistreated, or feel like the process isn't being followed.

There is a rule, and you know from my advocacy side, we want you to follow the rules. However, we feel like we're caught in a tricky situation here, because of the proposal that we're bringing forward to you.

First of all, that this is predevelopment financing. It is not construction financing. This is not mortgage financing, permanent. And this is also not credit. This is predevelopment. So this is while we don't even have any units close to getting built. This is

all the site work and prep work, feasibility studies, environmental engineering before we get into an actual development getting built.

The overall development is 19 lots. This is financing for five of those lots. These happen to be duplex lots, but it's -- the predevelopment loan is on the five lots that are being worked on out of the whole project that Denton is doing for 19 lots.

So in our calculation, this five out of the 19 meets the small housing development exception. Which means -- it says that 25 percent -- no more than 25 percent of the units -- in this case, this is lots, because we're not financing units, we're financing the lots for the predevelopment loan --

So five lots are set aside for -- in the future, housing for people with disabilities. So that's why we feel, first instance, why you could grant the exception to the rule. And again, you do have the ability, in the rules, to grant an exemption -- an exception.

Second is that this is a predevelopment program. And so to -- for us to actually figure out why this is being considered in units, or housing development in light of the description in the program rules and the

program itself makes it a little complicated, because again, you're not providing mortgage financing.

You're not providing intern construction financing, credits, or any other form of subsidy. This is a zero-percent predevelopment loan on the land that is getting worked on for the future development. So it's -- you're -- we're trying to fit the rule on top of this very fuzzy program that really doesn't work.

So I'll defer now to our underwriter, who can tell you why this is such a strong loan, and then to Ms. Jane Provo from Denton Affordable Housing about the proposed development. Thank you for your time. And we, again, ask you to consider a waiver.

MS. REED: Good afternoon. My name is Debbie Reed. And I am the underwriter for Texas Community Capital. I just wanted to speak a little bit about the quality of the loan, and if the waiver is granted, what this allows is for this loan request for \$100,000 to go through the process of review by TDHCA.

At this point, it has been stopped. And we have highly recommended the granting of this loan to this organization. This is a very secure project, that 100 percent permanent financing already in place, with HUD 811 monies. So we know that the loan is going to be repaid.

This particular organization has very sound financial statements and they've got the top highest rating for loan grading that we give when we review loan applications. They have prior experience in this, and they have actually ten prior TDHCA loans and grants for exactly this type of housing development project. So this is a good organization. They know what they're doing.

And you're going to hear in a minute what happened, the circumstances around the zoning that forced these particular units into one -- into close proximity of each other. But it is a part of a larger project. And we think it's an excellent loan; it will be repaid.

From an underwriting perspective, this is a top-notch project, and we support it.

MS. ANDERSON: I have a question for you. Or does anybody else want to go first? Anybody else?

MR. CONINE: Go ahead.

MS. ANDERSON: On the HUD 811, are there two pieces to that? Is there HUD 811 permanent financing and a HUD 811 million-dollar grant? Or are they -- are those one and the same?

MS. REED: It's a grant.

MS. ANDERSON: Okay. And is that for the five lots, or the 19 lots?

MS. REED: It is for the five lots.

MS. ANDERSON: Okay. So that one million I can tie right to those lots?

MS. REED: Right.

MS. ANDERSON: Okay. Any other questions? Thank you. Ms. Provo?

MS. PROVO: Good afternoon. I am Jane Provo, Executive Director of the Denton Affordable Housing Corporation. And I'm here to again emphasize that as a community-based non-profit, one of our primary missions has been to increase the number of affordable units -- rental units for persons with disabilities.

We have an enormous need in the City of Denton, mainly because we are a college town. We have a lot of folks with disabilities that have approached us to try to increase the numbers.

We established a consumer advisory committee made up of persons with disabilities or individuals that represent that population. And they've worked with us throughout the development -- predevelopment phases of this project.

We did, in order to meet the siting criteria that HUD has established, we felt fortunate that we were able to locate a five-and-a-half acre site within the City

of Denton close to public transit and other services that the entire grouping-provided housing to this project would need.

We went to the city council, and attempted to get the entire five-and-a-half acres rezoned, which would have allowed us to scatter these five duplexes within that project.

Unfortunately, through the process -- public hearing process and so on, the compromise, basically, that was struck with some of the neighbors and our group was to allow for two -- in fact, a little less than two of the five-and-a-half acres to be zoned six units per acre, which would allow us to locate these duplexes.

The balance of the parcel will allow for the development of these single-family homes that we will sell through our first-time homebuyer program to 80 percent or below.

We desperately need these units. We are, although as Ms. Reed pointed out, I think we have a strong financial history in our ten years of operation. That \$100,000 of predevelopment funds would enormously help us to cover the many costs that come up in getting ready to access the permanent financing and construction financing that are coming directly from HUD.

We know that the disability population within our community supports this. We did have a chance to talk to Ann Denton that spoke -- who spoke to you earlier. She has a better feel for this particular project, and admitted that it was not familiar with the details of this when she spoke earlier.

MR. CONINE: First thing I'd like to do is withdraw my motion. And I guess --

MR. BOGANY: And I withdraw the motion second.

MR. CONINE: Could I get, Ms. Carrington, a little better definition of what our integrated housing rule says regarding the 25 percent exclusion? This is -- sh's absolutely right about -- if you're going in for 19 lots, five of which are going to be duplexes, there is no -- it's impossible to get a city council to zone a splotchy scattered site within whatever that acreage is to get that done.

And we need to take -- well, tell me what it says.

MR. DANENFELZER: Okay.

MS. CARRINGTON: David, introduce yourself, please.

MR. DANENFELZER: David Danenfelzer.

Multifamily Program administrator. In looking at this

situation, the pertinent -- looked at the applicant's request, which as we've described is five buildings within a larger community.

We look at the integrated housing standard and apply that to any development which may be financed by the department. And so since this is a predevelopment loan, and we consider that any activities related to this then fall upon this development, we have to apply the integrated housing standard to all of our predevelopment loans.

When we look at the code, then --

MR. CONINE: That sounds like a stretch to me, but go ahead.

MR. DANENFELZER: Well, the integrated housing standard does say that any property that meets -- or is required to meet the minimum property standards required by the department, and that is financed under the provisions of the chapter are housing developments as defined as housing developments.

And as such, since the predevelopment loan does help assist this program, does finance this housing development, we're covered under that -- the predevelopment program is covered by the integrated housing standard.

And as such, there are four exceptions to the rule. The first exception is for scattered-site developments and tenant-based rental assistance properties. When we looked at this property, obviously, although they have single-family dwellings or duplex dwellings, under the code on our rule, they are all in one area. So they are adjacent properties and they are no longer scattered.

It also applies to developments which are transitional in nature, or developments exclusively designed for the elderly and for developments designed for other special-need populations, which is typically defined as homeless populations, persons with substance abuse, and other categories defined by HUD. That may also include battered-women shelters and other projects such as that.

And again, this project does not meet any of those exceptions. So while we understand that it's difficult to do a scattered-site project, maybe because they've already platted this entire development, they've planned for these units ahead of time. We have seen other scattered-site 811 projects come in.

We're looking at a predevelopment loan right now for a scattered-site development, which includes sites scattered throughout an entire community. And it is

funded by the 811 program.

So we know that 811, although it may have some restrictions on how developments are formed and created, it does allow for the scattering of sites on non-adjacent properties under the 811 guidelines. So while the applicants use that 811 as a cause and their regulations to form it this way, we know that 811s can be done scattered-site without on adjacent properties.

And we just saw no reason to allow that for either under the exceptions we have -- or really, we don't have any cause to waive the rule. Only the board has that power to waive the rule.

MR. CONINE: I can appreciate the conservative viewpoint of the staff. It's -- but I -- an it's maybe form over substance, you know, Ray. I'm not sure that it's plausible to say that predevelopment money, when you're doing a whole five-and-a-half acre tract, and you've got five as a subset of 19.

I mean, when you're platting and you're doing water and sewer plans and so forth, to me, part of that goes over the whole property, not just the five. So maybe you submitted it in a difficult format.

But I'm inclined to let the process move forward after hearing what I've heard. We're not granting

them the loan yet. Right?

MS. CARRINGTON: Correct.

MR. CONINE: We're just letting --

MS. CARRINGTON: Just granting a waiver allowing it to move forward.

MR. CONINE: -- granting a waiver for this one specific project, to let the process move forward. And maybe it can be reformatted or reapplied for where it takes care of staff's concern about the five instead of 19.

MR. DANENFELZER: Could I clarify, though, that if -- the way I -- I would interpret your waiver of the rule today, would allow this development to go forward as proposed, so that if the five units were located in a single -- in adjacent sites, then we'd be -- we'd still fund that. And the application has been received now by the department, and has been at least recommended by TCC. So in that case, we're --

MR. CONINE: I'm not sure that I would agree, now that I know how the integrated housing policy is being interpreted, I certainly wouldn't agree to a duplex house, duplex house, duplex house, just in order to meet the rules. So I -- you know, as a second motion, I'm going to want to bring that thing back up and let's take another

look at it, because it obviously is -- has some holes in it that I'd like to look at.

But we can't do that today. But we can -- the only thing we can do is allow -- it seems to me, to allow the process to move forward on this particular project.

We can still turn the loan down later one. But hearing what I'm hearing, it's a logical assumption to have five duplexes in one part of the five-and-a-half acre tract, and you know, what is it, 14 other lots somewhere else.

MR. DANENFELZER: The -- one critical point that is -- that under our administration contract with Texas Community Capital, they actually approve the loans.

They underwrite and approve the loans. They send the documents to us, and we issue our commitment and loan docs, then, to the applicant, who they've awarded. So --

MS. ANDERSON: So you're not underwriting these? Or you're not doing independent review of these predevelopment loan applications?

MR. DANENFELZER: Under our contract, the independent review is done by the administrative -- we do assure that all the necessary paperwork is accepted under the application, and that we have that to create our loan docs. But we do not have a provision in our contract with

Texas Community Capital that the board then approves each predevelopment loan as it comes forward.

That was the original purpose of having an administrative, that it would streamline the process, allow the awards to be out on a regular basis, and we wouldn't have to go to the board every month with awards.

MS. ANDERSON: Given the history of how many of them have gone south on us, I'd like to see them.

MR. CONINE: We've got a couple in our book right now.

MS. ANDERSON: We sure do.

MR. OCAÑAS: May I make one more comment, about that?

MR. CONINE: Sure.

MR. OCAÑAS: Thank you very much, to the council for support. We've followed all the right process, and the staff has been very supportive in that. Mr. Conine, to further your idea of reconsidering how this is applied, we would submit that predevelopment in general is fuzzy enough that you're going to lock yourself into a box about these.

Because if in the predevelopment process that the feasibility studies and engineering and preparatory documents, it turns out that a different development is

going to be proposed, then what was originally conceptualized -- you may end up with ten single-family homes instead of five duplexes --

MR. CONINE: Right.

MR. OCAÑAS: -- because of feasibility, or whatever other reasons. So we would submit that for the integrated housing rule, predevelopment loans probably aren't the best program to submit to. And so in reconsideration of the overall application of the rule, that would be an additional submission on behalf of Texas Community Capital.

As for your concerns, Ms. Anderson, we share your concerns. And I want to reiterate that the way we -- we're a new administrator to the program. This is the first loan that -- we've got three loans that we've submitted for recommendation, two of which are the other 811 considerations that Mr. Danenfelzer was mentioning.

But this one would be the first one that gets through the full process, if you agree to the waiver. The waiver, underwriting these loans, is way more rigorous than the department is asking us to be. We're asking for collateral.

The department doesn't require us to ask for collateral for anything other than not -- other than the

basics, to say that they will be able to repay the loan in the future, and could possibly come before you to ask for forgiveness of the loan.

We're -- we've made it very clear to Forbisher [phonetic] actually, the submitter should be willing to mortgage her house to assure that this could be repaid.

I mean, we are intending on providing this program after department funds are depleted. So we want --

MS. ANDERSON: Which is why we want the loans repaid. Right? So we can recycle them, and --

MR. OCAÑAS: Right. But even without department money, we want to use the same model for all of our applicants, regardless of the department's ability to forgive them. We're not willing to forgive them. That's not our -- how we're going to operate our loan fund. But I would submit to you then that that's -- to keep that in consideration.

MR. CONINE: Right. We just lost a quorum.

MS. ANDERSON: I can -- if I can keep asking questions. Till he -- until he --

Your comment about, you know, what's predevelopment and so, you know, site plans can change between -- I mean, the way I read this letter from you is

that site plans can't change on this thing, because it says HUD grant restrictions do not allow for modifications to site plan --

MR. OCAÑAS: That's -- and that's -- this waiver --

MS. ANDERSON: That comment is not relative to this deal.

MR. OCAÑAS: This waiver would be about this application that we've already underwritten, we've already recommended for approval. But it was -- when we submitted it for compliance check and everything else the department does do to make sure this applicant isn't in default, and again, this applicant has a good history with you, all that is done by the department.

We do the underwriting, but they do double-check everything. So yes, in this case, the waiver would basically allow us to finish the process and make sure they double-check our numbers, double-check compliance.

But in the future, you know, we may not have the 811 on. Yes, we don't. We have a bunch of other applications we're reviewing. But they're not 811 at all. They're just general developments. So -- but that may be the case for other deals.

MR. CONINE: I move that we grant the waiver,

and take a look at the policy in respect to this particular case in some future programs committee meeting.

MR. BOGANY: Second.

MS. ANDERSON: Okay. Discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no?

(No response.)

MS. ANDERSON: The motion carries.

MR. OCAÑAS: Thank you.

MS. ANDERSON: I would also ask that we -- I can't remember when this contract was done, but before the contract -- how many years it's for, but before it --

MR. OCAÑAS: June.

MS. ANDERSON: Oh. Okay. That we -- if we're contemplating renewing or extending the contract, that we, you know, get that on an agenda, because I'm -- I think I just need to understand better. And I remember when we first approved the contract. But I think we -- I just need to understand better what their oversight role is versus ours in this kind of a construct.

You know how I feel about predevelopment loans that don't get paid. So I take particular interest

that -- thank you. So where are we now?

MS. CARRINGTON: Anything you want to do.

MS. ANDERSON: So --

MS. CARRINGTON: Anything the board would like to do.

MS. ANDERSON: Oh, I guess. Yes.

MS. CARRINGTON: If the board would like to hear a report --

MS. ANDERSON: I guess. Yes, because we -- should we -- well, actually, we're -- are we supposed to approve things coming out of the Audit Committee meeting today?

MS. CARRINGTON: There was not anything that required any action. No.

MR. GORDON: It was a report.

MS. ANDERSON: Okay. All right.

MS. CARRINGTON: The only thing left would be the Executive Director's report, if you want to hear my --

(Pause.)

MS. ANDERSON: Yes. So then we'll proceed with the Executive Director's Report.

(Mr. Bogany leaves meeting.)

MS. ANDERSON: Do you want to -- oh, we can't do that either.

(Pause.)

MS. ANDERSON: We could adjourn. Well, are there things in your report that --

MS. CARRINGTON: There might be two or three items in the Executive Director's report that we might want to --

MS. ANDERSON: Okay.

MS. CARRINGTON: -- point out to the remaining board members.

MS. ANDERSON: Okay.

MS. CARRINGTON: You all do have a copy of the department's outreach activities for the month of March. And as you can tell by just flipping through that, we remained very busy not only with legislative hearings, but many, many legislative briefings with various other professional meetings, speaking at different organizations.

We did have Christopher Tomey, who was our Office of Legislative Affairs fellow, in town last week. He and I made a couple of visits together, and then he went to Houston. And I think he probably had about ten or 12 visits by the time he went back to Washington. And who he met with is also listed on your sheet.

And we have had many staff over at the Capitol

doing testimony. It really takes many of us to be over there and spread ourselves among hearings, to be where we need to be to serve as resource witnesses. And so I want to thank staff that does go over there, and sometimes spends almost all day waiting to be asked a question.

Another item is an invitation from the Freddie Mac Affordable Housing Advisory Committee. And they have invited me to join their Affordable Housing Advisory Committee. This committee has been in place since 1992, and they have never had an executive director from the State Housing Finance Agency on their committee.

And after discussions with them, I think they have decided that it might be a good thing, especially if they want to generate some additional because with State Agencies.

Turning to the Quarterly Report to you all on changes in ownership in our multifamily transactions, and give you the reasons for those changes of ownership. So we have provided that report to you.

There is also a report at the request of Mr. Bogany at the last board meeting talking about how we're targeting our first-time homebuyer program, and what kind of efforts we were doing with TKO advertising.

And what we are doing, initially is targeting

some areas within Houston that have low home ownership rates, that have demographic information -- income information that would indicate that they perhaps would be eligible for home ownership. So we're sort of using this information in Houston to go into particular areas and do some targeted marketing.

At the bottom of the page, we tell you where we have been in March, and where we're going to be in April related to our first-time homebuyer program. We didn't --

MS. ANDERSON: Will you make sure that Mr. Bogany gets this with this highlighted, maybe with a short note, that -- I mean, he really did want this information. And I'm sorry that he's not here to hear this good news.

MS. CARRINGTON: We absolutely will do that. We have participated in the -- committed to participate in TCEQs. A committee that they have, Clean Air Challenge. We're participating in that. And we did provide -- we did a -- worked with staff over probably about three months in our program areas on the work that we are doing with community and faith-based organizations, because the governor does have this initiative.

And so what we did was provide a written report to the Governor's office related to how we are serving and working with community and faith-based organizations in

basically all of our programs across the spectrum of TDHCA.

And with that, Delores just passed me a note that reminded me that Robbye Myer has been named as the new manager of Multifamily Finance Production. Robbye is in Orange, Texas, today. You could say she drew the black bean; we passed that around to four or five of us before we found someone who was willing to go to Orange, Texas, and speak to this particular group down there. But we do welcome and congratulate Robbye.

MR. CONINE: An orange bean to me.

MS. CARRINGTON: Or the orange bean. That's absolutely -- and I didn't -- don't go back and tell the people in Orange, Texas, that I --

MS. ANDERSON: Well, I was going to say that --

MS. CARRINGTON: -- was, you know, derogatory about Orange, Texas. I do not mean that.

MS. ANDERSON: Well, some of us -- some of you all couldn't go because of your commitments here. And so she was able to.

MS. CARRINGTON: That's right. And that was like an invitation we received next month, and we were passing it around, and it occurred to me that it was the May board meeting date, and so I sent the inviter back and

said, None of us are going to be there.

We do have 11:67, which now has another committee substitute. And I know that the committee has been given basically an analysis that our Policy and Public Affairs has done along with our acting general counsel.

I passed that, quick and dirty, as you said, out to them. I think maybe they already have it by email.

So we can just tell you you all have this. And if you have any questions and would like to give us a call, please do so. And we are looking for, I guess, for this to be put on the committee schedule sometime soon. Mr. Lyttle?

MR. LYTTLE: Michael Lyttle, Director of Policy and Public Affairs. The bill was voted favorably out today, out of committee. And it is now going to the full house. The committee substitute has.

MS. ANDERSON: Okay. Thank you. And was someone from TDHCA over there?

MR. LYTTLE: No, ma'am. It was voted off Chairman Tolton's desk on the House floor. It was a formal meeting, and we weren't -- didn't go to that.

MS. ANDERSON: Okay. Just wanted to make sure we didn't miss anything.

MR. CONINE: We can do that one.

MS. ANDERSON: Oh.

MR. CONINE: I vaguely remember talking about either the Program Committee or the full board having a discussion from the Texas RB folks about their programs, and some of their nuances, and you know, was the old dishwasher going to be in there or something. And we need to get that scheduled for sometime soon.

MS. ANDERSON: And would you like that to be with the full board? The Programs Committee? The Executive Staff? I indeed have intentions of meeting with Bryan Daniel, but I have not done that yet. So how would you like us to proceed?

MR. CONINE: I would defer to the Chairman, whether she wants to make the full board indulge the conversation or not.

MS. ANDERSON: I don't have a strong feeling one way or the other. But I think we need to do it next month, because after next month, our meetings get intolerably long for a few months. So whatever would work.

MS. CARRINGTON: I will commit to meeting with Mr. Daniel between now and next board meeting, and perhaps give a brief report, and we can see where we want to go

from there.

MR. CONINE: Great. Thank you.

MS. ANDERSON: And I informally asked Mr. Dally this morning for a brief high-level overview of the status of the building move, just to have the board have the benefit of knowing how well-planned that project -- that major project's no doubt going to be.

So just ask him -- you may recall, but Mr. Conine was interested in the risk aspects of that. But I'm really asking that that be wrapped at a high level into overall -- and I asked Mr. Dally to see if he could endeavor to do that for us briefly next month as well.

MS. CARRINGTON: And we did at Audit Committee meeting this morning, those of you that were in here, saw the analysis we're going through, as we're doing our risk assessment related to RP-36. We did a facilitation, I guess, a week ago Monday, for four hours with selected staff on the risks associated with the move.

And the good news out of that brainstorming for four hours was that I don't believe there was any risk that was identified related to the move that we hadn't already identified. But it did begin to formalize that process for looking at the risks associated with the move.

MR. CONINE: Being a semi-real estate guy, I'd

be curious when the floor plan's done and take a look at it.

MS. ANDERSON: After his departure, I want to thank Mike Gerber from the Governor's office, who is here with us prior to meeting today. I also want to thank Assistant Attorney General Kevin Hamby, who is here with us here today, and is providing significant and important support to the department in support of our legal activities, working with Anne Reynolds, Edwina Carrington, and others. We appreciate you very much, Kevin.

MR. HAMBY: Thank you.

MR. CONINE: Move to adjourn, even though we can't take action.

MS. ANDERSON: Seeing that we can't take action, we'll dismiss.

(Whereupon, at 1:45 p.m., the meeting was concluded.)

C E R T I F I C A T E

MEETING OF: TDHCA Board Meeting

LOCATION: Austin, Texas

DATE: April 7, 2005

I do hereby certify that the foregoing pages, numbers 1 through 92, 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) 04/15/2005  
(Date)

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