

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

12:35 p.m.  
Wednesday,  
December 14, 2005

Capitol Extension Room E1.036  
1100 Congress Avenue  
Austin, Texas

BOARD MEMBERS:

BETH ANDERSON, Chair  
KENT CONINE, Vice Chair  
VIDAL GONZALEZ  
PATRICK GORDON  
NORBERTO SALINAS

STAFF PRESENT:

EDWINA CARRINGTON, Executive Director  
KEVIN HAMBY, Legal Services  
TIM IRVINE, Executive Director, Manufactured  
Housing Division  
TRISH RANDOW, Facilities Coordinator  
BROOKE BOSTON  
TOM GOURIS, Director of Real Estate Analysis  
ELENA PEINADO

ALSO PRESENT:

MICHAEL GERBER, Governor's Office  
SCOTT SIMS  
CYNTHIA BAST, Locke Liddell & Sapp

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P R O C E E D I N G S

MS. ANDERSON: Welcome, all. I call to order the board meeting of the Texas Department of Housing and Community Affairs for Wednesday, December 14, 2005. First order of business is to call the roll.

Mr. Conine.

MR. CONINE: I'm here.

MS. ANDERSON: Mr. Bogany.

(No response.)

MS. ANDERSON: Mr. Gonzalez.

MR. GONZALEZ: Here.

MS. ANDERSON: Mr. Gordon.

MR. GORDON: Here.

MS. ANDERSON: Mayor Salinas.

MR. SALINAS: Here.

MS. ANDERSON: We have five members present, and we do have a quorum. Before we go into the public comment period at the beginning of the meeting, as is our custom, I'm going to ask the public's indulgence to do a couple of things first.

I would like to have the report on the Agency move, if we could, Ms. Carrington, first.

MS. CARRINGTON: Thank you, Ms. Anderson, Board members.

The Agency did accomplish a move over the first weekend in December. It was an effort that involved about nine to 12 months of planning, very close coordination with Texas Department of Building and Procurement and also the Department of Information Resources.

I would like to ask Trish Randow, who is our facilities coordinator, to come and give the Department the report on the Agency move and to also acknowledge some of the key personnel who were involved in this successful move of an Agency of about 248 people.

Trish?

MS. RANDOW: We did it. No terrible catastrophes. We moved successfully with the help of the IR to BPC, moved 248 people from 68,000 square feet to 38,000 square feet. It was quite an experience. We are now in compliance with the state's 135 Rule.

So our Agency is doing good. We are saving the state \$1.7 million a year in rents by occupying a state building. We are a little tighter than we were, but it's not as bad as people thought it was going to be, I think.

I think it's turned out really nice.

Things went very well. Our computer room went down at five o'clock on December 1 -- 5:01 -- and was up and fully operational by Friday at 6:00 p.m., December 5.

We were very pleased. Everything was running perfectly, no problems whatsoever.

So I want to at this point acknowledge Michael Taylor. Chad Hartman is not here. He fell and tore his hamstring this morning. So Michael and Chad were my team members. I could not have done this without them. They were at every construction meeting with me. They did a great job.

So I thank Michael and his director, Curtis Howe. Thanks, Curtis, for letting them help me. They did a wonderful job. Our employees, the staff did an unbelievable job. They packed and archived and pitched in. It was amazing.

Michon Carter is our retention specialist. She works for me. We archived or disposed of over 1,500 boxes for retention files in the last couple of months, so she has been a very busy person. She has another 600 boxes that she's going to be getting rid of in the next two or three weeks.

The people are at the building right now, and they are emptying the building, so we will be out of that building by December 31. So she's part of that. The rest of my staff, I have Bob McRae with me. Bob and Michon -- there's three others on my staff: Jorge Vega, Becky

Garcia and Michael Jovicevic.

We worked all weekend. Everything came out really well. Thanks, Bob. He was at the other building while I was at the new one. So our staff packed within like two or three hours. Of course they did a lot of prep, so there was hardly any work time lost on the day of the move.

They unpacked their goods on Monday. And I saw some computers running and people working by ten o'clock.

Everybody was operational by 12:00, so that was pretty good. So kudos to everyone at TDHCA, because none of us could have done it without everybody working together.

So we thank everybody for that. We've already held some meetings in our conference rooms at the new building. And we even have a Christmas tree in the customer service area. So if you get a chance, run by and walk through the offices. I think you'll be surprised.

We still have a few areas that we're waiting for pictures to be hung and a few things like that. But I think you'll be very surprised at how well things are running over there. The movers did a tremendous job. We finished ahead of schedule. We finished Saturday night.

So the IS staff worked all day on Sunday getting the individual computers up and running for the

staff. We didn't have any accidents. We had a few bookcases. It wasn't the movers that broke them. It was when they got picked up, they just fell to pieces. So we didn't think that was too bad.

We still have a few items remaining. We concentrated on the construction of the server room and left a few things outstanding in the Insurance Annex. We have a shelf that still needs to be installed under our cabinetry in the break room.

We need a few work surfaces built in the IS workroom. And we still need to hang our pictures, but we have to go through TBPC for that. We have a carpet border going in our customer service area, and that will be done on Friday.

We still have a few other ongoing issues. We're a little limited in space for temporaries and contractors and auditors. But we're working on those issues. We've suspended the use of our automated attendant that we had brought up a couple of weeks before the move, so we can redesign that system to better serve our public.

There may be some more movement of some staff. You know, when you get in, you kind of see, this doesn't fit quite as well as we thought it would. So we're going

to be adjusting those things to make it a little bit more conducive for our staff.

Then we need to be more cognizant of confidential discussions in our open environment. But I think our staff has settled in really well, and we're really proud that we did this and we did it on schedule. And we thank you very much for your support. Thank you.

MS. CARRINGTON: The one thing that I might add is that we also put a board book up on the Thursday that the movers were coming at five o'clock. Now, I will tell you my general counsel came in about ten o'clock that morning and said, Who scheduled the move on a board book day?

And we decided that was something we didn't necessarily have control over. But Joe Burkhart in our IS section worked very, very closely with Susan and with Nettie Hiram in getting that board book up, which was actually earlier than what we have to get it up by statute, but felt like it was better to just go ahead and meet that deadline, rather than if we had had computer problems in our new space trying to get the board book up.

So it, as Trish said, was absolutely indeed a group effort that required everyone's cooperation. I am seeing more people in the stairway now, because the

elevators are very slow, and it's only three flights and a mezzanine.

All kinds of people are walking the steps. So we're going to be a healthier agency for it. Thank you.

MS. ANDERSON: Well, to Trish and to her team and to everyone in the Department, all the employees of the Department, on behalf of the Board, I want to extend our thanks to you. It is a very significant move that brought significant savings to the taxpayers, which is always very important.

Once again state employees step up to do their part for the citizens of Texas. I know it was chaotic. I think it's good that we got some housecleaning done of stale files and that kind of thing. But the teamwork that we witnessed, the project planning excellence that this project represents are all things that I think all of us should be very proud of.

So I would like our leader of the move effort to please come up here for a minute.

Trish, you are an awesome leader. You took a very complex project and did a great job with it. We are all so grateful to you. So this is a little token of our appreciation from the Board for you. Thank you so much for everything.

MR. CONINE: Wonder if we could get the \$1.7 million for the Housing Trust Fund.

MS. ANDERSON: We have one more very important preliminary piece of business today for this Board and for all of you here in the audience with us today, and that is to honor Mr. John Garvin, the Executor Director of the Texas Association Affordable Housing Providers, who is going to be leaving us in Texas soon.

He has been wonderful, both as an employee of the Department and as the leader of TAAHP. He's a very valuable force for affordable housing, an excellent representative of this industry. We're sure going to miss him.

Mr. Conine, would you like to say something, maybe more caustic than that?

MR. CONINE: I could probably torture pretty good. But I'll save that for tonight.

We do appreciate, John, your service both here and for the industry. Know that you're heading up into the maze of Washington D.C. and the world of HUD, which is not necessarily all that pleasant. But if there's anything that building needs, it's a good dose of common sense.

I think you'll deliver it not only for the

citizens of Texas, but on behalf of the whole affordable housing industry. We appreciate your dedication and your willing to serve. Best of luck to you.

MS. ANDERSON: I'd now like to call on Mr. Michael Gerber from the Governor's Office.

MR. GERBER: I just want it known that the Governor fully supports his taking his very capable Texas talent up to Washington D.C. This is a letter from the Governor that reads:

"John Garvin, Congratulations on your appointment to serve as a senior policy advisor at the U.S. Department of Housing and Urban Development.

"As you know, HUD's mission is to increase home ownerships, support community development and increase access to affordable housing free from discrimination. You've played an important role in expanding housing opportunities for all Texans during your years of service at the Texas Department of Housing and Community Affairs and at the Texas Affiliation of Affordable Housing Providers.

"These experiences have prepared you well for your new and challenging assignment at HUD. Public service is an honor, which foundation is in the public trust. Daily government employees earn this trust,

demonstrating dependability, initiative and wise stewardship of public resources.

"I commend you for your commitment to our nation and to your willingness to serve at HUD. Anita joins me in sending best wishes. Sincerely, Rick Perry."

MR. GARVIN: Thank you, guys, very much. I appreciate it. It's an honor to be recognized like this. Am I safe in assuming that those old records have to do with anything when I was at TDHCA. I've enjoyed working with you all, minus the signage incident.

But it's been an honor. I really did enjoy my time at TDHCA. I'm glad I had a big office and didn't have to move to that building. But I've enjoyed my time. Thank you very much. I'm sure we'll meet again.

MS. ANDERSON: If you'd just stay right where you are for a minute, Mr. Garvin.

And Mr. Sims, if you would approach.

MR. SIMS: Beth called, and we were delighted to do this. This is a flag to remind you where you come from, since you're going to be gone. Beth and I were talking about it earlier that Americans travel abroad, they say, I'm from America or whatever. When Texans travel abroad, the first thing they say is, I'm from Texas.

MR. GARVIN: I'm sure they'll figure that out.

MR. SIMS: Presented to John Garvin in recognition of ten years of dedicated service providing affordable housing options for Texas' most vulnerable populations by Speaker Craddick December 1, 2005.

MR. GARVIN: Thank you very much.

MS. ANDERSON: Okay. I also want to note two special guests that are with us today. The first is Annette Grace from the Senate Finance Committee.

Annette, where are you?

We appreciate very much the use of this room for our Board meeting today, and we welcome you to our meeting.

And I also appreciate Senator Ogden and the rest of the Committee's visit to Beaumont to discuss the hurricane needs in the aftermath of Rita. I think that was a very good session, and the Department's pleased to be involved in subsequent planning on that.

And I also want to recognize -- we have a very dear friend with us today, Ms. Delores Groneck.

So glad to see you, Delores.

MS. GRONECK: Thank you.

MS. ANDERSON: Okay. As is our custom now, we'll proceed to the agenda. The first thing we do is

take public comment at the beginning of the meeting, or if the witness prefers, at the point where the agenda item is considered by the Board.

There's several people that want to make public comment at this portion of the meeting. And the first witness is D.C. Dunham.

MS. DUNHAM: Good afternoon again. I'm D.C. Dunham, the Executive Director for Bay City Community Development Corporation. And I also represent the City of Bay City. I was here this morning and heard quite a few comments from many other cities about some of the changes in the HOME Program.

I would like to ask that the Board consider hearing some more of those comments, as well as many of the cities said that they would be sending written comment. So I've asked that you delay on those rule changes until at least 30 days to publish them in the public register, as well as to allow for public comment at perhaps a second Programs Committee meeting.

I think if the Board adopts this by their March meeting will still give time to allow for the funds to be allocated by August. As comment was made this morning, haste does make waste. So I'd like to say that this is a huge undertaking, lots of things to consider, and that you

give us an opportunity to get those comments to you and perhaps again, comment to you in person. Thank you.

MS. ANDERSON: Thank you.

Mr. Barry Kahn.

MR. KAHN: Good morning. My name is Barry Kahn. Happy holidays to all. I've been attending a lot of the mayors' meetings in Houston on Katrina and would like to bring the Board up to date on some of the issues that have been going on, and some of the changes that are going to be occurring by FEMA in the next couple of months -- at least what's being discussed, in talking to some FEMA representatives as well.

Some of the stuff is very scary for this industry. Currently the way state of FEMA's organization is going to work is starting March 1, the assistance that was provided through the cities, where the cities paid the landlord is going to cease, thus means Katrina aid is going to cease.

Instead for the following 12 months -- Katrina aid is basically an 18-month process to get people back on their feet. There's supposedly a package of around \$26,000 for a family of four, which is suggested. Up until now it's been handled with monthly rent to the cities or a \$2,000 voucher given to people to buy personal

items.

There's been lots of discussions about how prudently people have spent the money they were given. Now what FEMA's going to be doing is giving people quarterly checks -- not monthly, but quarterly. Then it's going to be up to each of the residents to pay their own rent.

Currently -- this is just for Houston; the FEMA people didn't have the state information -- there's 45,461 families registered with FEMA, representing 115,903 family members, an average of 2.55 per household. Out of those 45,000, 27,955 are on FEMA vouchers.

2672 people have HUD transferred vouchers. And the other around 15,000 people apparently have gotten their \$26,000 checks have some other arrangements with FEMA. 71.6 percent of those people are from the New Orleans parishes. Twenty-three percent are from Jefferson Parish, 4.6 from other parishes.

Seventy-one percent of the people who came indicated they were not going to go back to New Orleans. Sixty-two percent of the people came without jobs. Supposedly only 10 percent of those have found jobs. What does all this mean?

Well, people will be getting checks over the

next 12 months. That's the extent of FEMA's authority. And there's going to be two problems. One, while they're getting checks on a quarterly basis, how is that money going to get to landlords, because if they get a check, by the time the third month comes, clearly a lot of these people aren't going to have any money left, and probably by the time the second month comes.

Something we're going to do and my suggestion to any landlord or social service provider is to start meeting with all their residents and having resident meetings to explain the process. The suggested advice of course would be that they pay for three months rent when they get the check, because otherwise all the cities are going to be facing a variety of housing problems.

Assuming one gets past that level, then what happens 12 months down the road when all FEMA aid gets off. As I said, there's 45,000 people in Houston on some sort of FEMA aid -- I mean, families. I guess the number's at least double that throughout the state.

This is going to present a terrible housing crisis throughout the State of Texas if there's no other assistance available to a lot of these people. With a large portion of them being unemployed currently, haven't been able to find jobs, not intending to go back --

besides there's not much for them to go back to -- what are we really facing here?

This really is going to be a challenging task facing what's coming up in the next 12 months. At the National Association of Home Builders, we've already written a letter to FEMA asking that they stay with the assistance to the cities and not terminate the city assistance, so that there is methodology of payment to the landlords.

Whether or not that goes anywhere, that's unknown. I have heard that some housing groups are going to file a lawsuit to try to get FEMA to continue with the as-is policy, rather than change the policy. But particularly what's scary for 12 months from now -- and everybody's been dealing with the current problems, which obviously are very severe.

But right now there's over 10,000 kids which have entered HISD and three other school districts who were at the meeting the other day. All those schools need reimbursement for the expenses they're incurring. The Senate bill that's been proposed includes money to reimburse the schools.

There's a cost of about \$6,500 to \$7,000 per student per school year. The House bill has zero for

school reimbursement. So it's kind of an indication of where our Congress is on addressing even housing down the road.

Some other proposals we've been talking about at NAHB conference calls is to -- and it's timely with John going to HUD -- is for HUD to try to get more involved and perhaps start working with FEMA on the transition of these vouchers, because it is a long-term problem and not just a short-term problem.

This state is going to be severely impacted if something isn't done with having people without any housing assistance in the course of the next 12 months, and may be particularly impacted in the meantime if the money that's doled out to these families does not get to the payment of rent.

And I'm happy to answer any questions anybody has, any suggestions for any of the panels I'm working with. But it's clearly a problem, and it clearly needs to be addressed. Thank you.

MS. ANDERSON: Thank you for your comments.

Ms. Joy Horak-Brown.

MS. HORAK-BROWN: Good afternoon. I'm Joy Horak-Brown. I'm the Executive Director of New Hope Housing, Inc. and NHH Canal Street Apartments, Inc. We

have just opened, in large part thanks to the Department, our third single-room occupancy property in the City of Houston.

On November 17 the mayor of the City of Houston welcomed Mr. Bogany and Ms. Carrington and David Danenfelzer and about two other Houstonians. Ms. Carrington spoke in a way that made me feel proud, that was meaningful to me in representing the Department.

Then the next week I was on Mr. Bogany's radio show. If you've never been on Mr. Bogany's show, it is a wonderful experience and such fun. During that show he said something important, I thought. He said two things that really struck me.

One was -- at one juncture he said, All you NIMBYs out there, you drive by 2821 Canal, and you will see a property that is worthy of being in River Oaks in Houston. He also said that New Hope Housing was the real thing, that we were a real nonprofit, and that we did what we said we would do.

Boy, that made me feel good. He asked me to tell you this, because he knew he was not going to be here, and suggested that this would be a really great month for me to come and thank you. As you know, our business model is to carry no debt, because that's the

only way we can offer high-quality, well-located SRO housing for \$340 a month, and that includes utilities.

Because I'd like to share the sense of pride and hope that you will join me in feeling it, I have brought each of you a copy of Houston House and Home, which specializes in multi-million dollar, single-room occupancy -- excuse me, single -- whoa.

You all know what I'm trying to say. It doesn't specialize in us. And I would love to pass these to you if I might. The blue tab has the article, which not only has beautiful photographs, it also has a wonderful article that I hope you'll have time to read on the plane on the way back.

The title of the article is "High Design, Low Rent New Hope Affordable Housing Has Arrived in Style." We hope to continue to work with the Department. We're seeking land for another property at the moment. We'll continue to offer housing to the poorest among us with your help.

Just as a sideline, I'm on my way now to Texas Architect to interview with them. They're going to write us up and mention the Department in the January/February issue. They'll be doing a feature article on this property later in the year.

Thank you very, very much for your confidence. And I hope that you'll have time to get to Houston, each of you, so that I can show you myself. Thank you.

MS. ANDERSON: Thank you.

That is the conclusion of public comment for this portion of the meeting. We'll proceed to agenda items. Agenda item number 1 is presentation, discussion and possible approval of the minutes of the board meeting of November 10.

MR. CONINE: So move.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 number 2 is presentation, discussion and possible approval of housing tax credit items.

Ms. Carrington.

MS. CARRINGTON: Thank you, Madam Chair. The

first items for the Board's consideration is nine requests that involve material changes to tax credit allocations. The requests in front of you today range from allocations of 2000 to 2005.

On the older ones in particular, it is cost certification time for these transactions. So that is one of the reasons that there are several of these in front of you all today. The first one for your consideration is the Coronado Apartments. It's a 2000 allocation.

It was actually a forward commitment out in 1999. The Department did execute the carryover allocation on August 22, 2000. When we executed that carryover allocation, there were significant changes that had been made in the development, as opposed to what was actually in the application.

We have outlined those changes for you on page 2. One significant change is the count in the number of units from 164 down to 140 units. There was an approximate doubling of the land size. There was a change of the building types to all duplexes, which under the 2000 QAP was an ineligible building type.

All of the changes that the applicant presented in their carryover package was as a result of settling litigation about zoning with the City of League City.

Going to page 2, we have outlined for you changes in the development proposal.

On page 3 you have the staff's recommendation. This particular transaction is in League City, which is in Galveston County. We have noted that the changes that were very dramatic from the original application to what had been approved.

But the fact that in 2000 the Department did go ahead and execute the carryover with these changes, that we feel and the owners felt that there was agreement. And the changes being made as a result of that, we are recommending that the Board does grant these requests for material changes in this application.

MR. CONINE: Move for the approval.

MS. ANDERSON: We have a motion.

MR. GONZALEZ: Second.

MR. CONINE: Could I ask a couple of questions here? Will the credits ultimately reduce because of the number of units that were reduced? Did we re-underwrite this thing?

MS. CARRINGTON: Mr. Gouris or Ms. Boston, who would be the appropriate one to answer that question? Were the credits reduced as a result of the change in the number of units on this transaction from 164 to 140.

MS. BOSTON: We're checking.

MR. CONINE: Could someone explain what we mean by the settlement of litigation with the zoning of League City? I mean, this one just baffles me. I don't know if it baffles anybody else, but it baffles me.

MS. BAST: I'll see if I can help on this one, Mr. Conine. Cynthia Bast from Locke Liddell & Sapp. Our firm actually represented the property owner with regard to that litigation. I was not personally involved with it, but hopefully what I can tell you will be helpful.

That property had some zoning dispute with the City of League City with regard to their actions to rezone the property. As a result, the property owner sued. The litigation settled, and as part of the settlement the owner was required to reconfigure the entire site plan in, I believe, a duplex structure.

So part of that settlement was the original plan had to be changed. Hope that helps.

MR. SALINAS: Is that to do with water issue? Flood zone?

MS. BAST: No. Not to my knowledge.

MR. SALINAS: No flood zone.

MR. CONINE: And the status of the property as it sits today is what?

MS. CARRINGTON: The status of the property is that it is constructed. It is occupied. And they have submitted to the Department their cost certification. It was during the process of reviewing the cost certification, then it was determined how material -- what was built, how materially different it was from what was actually approved in 2000.

MS. ANDERSON: But it sounds like at the time of carryover we knew about all or most, many of these changes.

MS. CARRINGTON: Yes, we did.

MS. ANDERSON: And staff agreed to them at that time.

MS. BOSTON: And indeed, we agreed to the same allocation amount. So their carryover amount was what they're now asking for at cost cert, which is the \$590,000, which is their allocation.

MR. CONINE: Could you say that again?

MS. BOSTON: Sure. When they were awarded, they were awarded roughly \$590,000.

MR. CONINE: Back during the original process.

MS. BOSTON: In 2000. Right. When we executed the carryover later that same year, even based on this new scenario, we still went into the carryover allocation

agreement with the figure of \$590,000, plus or minus. And that's still what they're requesting now in their cost certification.

So in answer to your question, the credit amount did not get adjusted based on their changes. I imagine at the time of carryover in 2000 the costs were substantiated based on the changes. But I'm speculating.

MR. CONINE: You're assuming we looked at them.

MS. BOSTON: You're right. I'm making that positive assumption.

MS. CARRINGTON: We will note this is August 2000.

MR. CONINE: I understand when it happened. Okay.

MS. CARRINGTON: Tom, you might stay close to the front.

MR. CONINE: Mr. Gouris, did we re-underwrite it back in 2000?

MR. GOURIS: Tom Gouris, Director of Real Estate Analysis. I do not believe that we did re-underwrite it at carryover. But we have re-underwritten it at cost cert. We have recognized that they have had significantly higher costs than what they originally proposed, even with the reduction in units.

So their eligible credit amount is even higher than what they were awarded and what they're being --

MR. CONINE: So from now on, if we get cost increases because of Katrina or Rita, we'll just chop off a couple of buildings and leave them with the same credit amount. Is that what we're saying here?

MR. GOURIS: If we bring it back to the Board, and the Board approves such a change, that's a possibility.

MR. CONINE: I think we've got fail-safes in the system.

MR. SALINAS: We won't have precedence if we do approve this.

MR. CONINE: Is there anything else about this project that we need to know? Is this the last time we'll see this project for a while?

MR. GOURIS: We would hope so. We'd like to issue the 8609s and get it on the compliance track, so that they can deal with it.

MR. CONINE: I have no further questions.

MS. CARRINGTON: I think, Mr. Conine, your comment is a very important one though, in that we do have systems in place now to prevent this kind of thing from happening in our tax credit program. This development

would have never moved along to this degree, having these kind of substantial changes.

MR. CONINE: I understand.

MS. ANDERSON: We have a motion and second.  
Other discussion?

(No response.)

MS. ANDERSON: 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 next for the Board's consideration is Fulton Village Apartments. This transaction is located in Houston. It's a 2001 allocation. It was a forward commitment out of 2000.

What the applicant is requesting is an approval for a change in the rental structure. Our Real Estate Analysis Division has worked to provide a structure that will eliminate the discrepancies between the original proposal and the HUD rent restrictions.

I might say this is part of the Hope VI development. So what we've done is make the rents

consistent through REA with the HUD rent restrictions. Staff is recommending that this change be approved. It would not have materially altered the development in a negative manner, and it would receive an allocation of credits.

MR. CONINE: So moved.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 for the Board's consideration is Sunrise Village Apartments. This property is located in Dallas. This was a 2002 allocation of credits. The applicant is requesting a change in the income targeting of the units.

The low-income units would actually increase from eight units, which was originally proposed, to ten units, and the market units would be reduced from three

units to one unit. The rationale that they have provided is to allow utilization of all of the credits that have been awarded for this particular transaction.

It would have lost two points in the unit mix by making this change in the unit mix. However, it would have still been competitive and would still have received an award.

MR. CONINE: Move approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 one, Potter's House at Primrose. This one is located in Dallas. The applicant is requesting a change in the building count from seven to six and for an associated change in the site plan. Basically there's also an increase in the common area and the net rental area from 5,444 square feet to 8,286 square

feet.

It's an elderly transaction. This change would not have affected the allocation of this development for an allocation of tax credits. Staff is recommending approval.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one for the Board's consideration is Heritage Pointe Apartments. This property is located in Austin. It was a 2003 allocation.

It was a forward commitment from 2002. There are several requests associated with this development.

We have provided a chart for you on page 6 that shows the features that were originally proposed in the development and then the features that were proposed as

substitutes in the development. There would have been some changes back and forth in the scoring on this development.

Although I might note that it was a forward allocation. So the Board does have discretion in issuing forward allocations and not necessarily going by scoring.

However, please note the staff recommendation on this. Staff is not recommending that these changes be approved.

In the year of this allocation cement board did not count as masonry in the of the application. They had committed to us to do 75 percent masonry. They only did 60 percent masonry. We are asking that the Board take a look at what they have done, what you all would like to see them do, and have them generate a new request to us that would include amenities that would be more consistent with what they had originally coveted to do in their application.

So we are recommending that the Board deny this request.

MR. CONINE: Move staff recommendation to deny.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one for the Board's consideration is Montgomery Meadow Apartments in Huntsville, a transaction that was a 2003 transaction, which is another two-bedroom/two-bath discussion, Mr. Conine.

However, this one is somewhat different than the one you all looked at for several months. This particular application had two bedrooms/two baths in the application, although their building plans did have two-bedroom/one-bath.

And we basically used their rent schedule. Evidently there was some confusion, because the second area had a dressing room and a sink. So there was some thought that there was also going to be a bathroom in there.

But its a two-bedroom,/one-bath. Basically what they are requesting to us is that we acknowledge that, and that the modifications they've made would not

have materially impacted the allocation of credits on this transaction.

They are proposing covered patios and making some other adjustments on this particular allocation.

MR. CONINE: Now, how is it different from the other one? Explain that one to me one more time.

MS. CARRINGTON: The other one was supposed to be built as two-bedroom/two-bath. That was what the application said. That was what was supposed to be built. The architect on that one came up with the wrong set of plans and built basically the wrong set of plans.

In this particular application, even though the application said two-bedroom/two-bath, their rent schedule was reflective of two-bedrooms, one-bath.

MS. BOSTON: And I think probably one of the biggest differences in this case is that it was shown differently in different parts of the application. Then our word summary to you all in 2003 and the underwriting report to you in 2003 showed two-bedroom/two-bath.

So the reason it's being presented as a correction is because they're just asking that we acknowledge that our Board presentation here at the time was basically incorrect by having said two/two. We should have shown two/one at the beginning.

MR. GOURIS: Or two/one-and-a-half is how we actually underwrote it, with the extra fixtures they were proposing. So the floor plans that they built, that they provided to us at application were exactly what they built. There was no change.

MR. CONINE: So there was inconsistency in the application.

MS. CARRINGTON: Yes, sir.

MR. GOURIS: That inconsistency carried over into our reports and into recommendations as two bath, when it really should have said one and a half or one plus a powder area or extra sink.

MS. ANDERSON: The developer is here and available.

MR. CONINE: Is it up and built and all that kind of good stuff?

MR. GOURIS: Yes.

MR. CONINE: Okay. Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Fenner Square Apartments which was a 2004 allocation of credits located in Goliad. The applicant is requesting approval for a change in the site plan and the building plans. The buildings have been repositioned due to a public street that was going to go through there.

The public street has been eliminated. The office club house has increased in size from approximately 1,290 square feet to 1,367 square feet. The development will have the same number of units, the same unit mix and unit size as is originally proposed.

It would have received an allocation of credits. Staff is recommending that this change in the site plan and the building plans be approved.

MR. CONINE: This is a 2002 allocation?

MS. CARRINGTON: 2004. Fenner Square. Yes, sir.

MR. CONINE: Even though it says 2002 in my little write-up here.

MS. CARRINGTON: Well, up at the top you'll see

housing tax credit number 04082. So that's the one I went by, Mr. Conine.

MR. CONINE: So in effect he has until the end of '06 to get the project built on time?

MS. CARRINGTON: Yes, sir, he does. And you will notice there have been some extensions on construction loan closing. We are going to have a request for an extension on startup of substantial construction in the next section on this particular development.

It is 32 units. They have assured us that they can build those 32 units in this period of time.

MR. CONINE: Okay. Probably the last rodeo for this one though. It's been around far too many times already. Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Mesa Vista Apartments. This is a 2005 allocation. It's located in Donna. The applicant is requesting approval to increase the size of the site from four to six acres. Basically it would lower the density of the development.

They had an opportunity to buy the site at a lower cost, and so did add the acreage -- or requesting approval to add the acreage. It would have received an allocation. Staff is recommending that the Board approve this request.

MR. CONINE: Move approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Meadow Village Apartments. This is a 2005 allocation. This is an acquisition rehab development. It's locate in Temple.

What the applicant is requesting is an elimination of a condition that was put on the determination notice when it was issued by the Department.

What this condition requires is that the applicant receive a change in zoning from general zoning to multifamily. At the time of the application, the applicant had indicated to us that they believed that they could achieve this change in zoning.

However, the zoning change was denied by the City of Temple. So it is still zoned as retail, not zoned as multifamily. We put the condition in the determination notice that it be rezoned. So they are requesting to staff and to the Board that this condition be eliminated from the determination notice.

Staff is recommending the approval of this request.

MR. SALINAS: How can they build something in commercial?

MS. CARRINGTON: This is an acquisition rehab, so the property already exists.

MR. SALINAS: But if the city does not allow them to do that.

MS. CARRINGTON: Well, therein lies the problem, Mayor. Because if there was damage, if there was

more than 60 percent -- I saw Doug Gerkin in the audience.

Is he still here?

Debbie, you're here.

If there was more than 60 percent damage on the property, then they would not be able to rebuild the property.

Ms. Welchel, do you want to come on up?

They would not be able to rebuild the property on that site because it was zoned retail as opposed to being zoned multifamily.

MR. SALINAS: They cannot change the zoning.

MS. CARRINGTON: Well, the zoning request was denied by the City of Temple.

MS. WELCHEL: When it was originally built.

MS. CARRINGTON: Do you want to introduce yourself?

MS. WELCHEL: Sure. My name is Deborah Welchel, and I represent Eduardo Affordable Housing. When the property was built it was zoned appropriately. In 1991 the zoning was changed. So it's considered legal non-conforming.

MR. SALINAS: So we can approve it here, but if they aren't going to give them a permit, they're not going to get --

MS. WELCHEL: We have permits. We have building permits. The bonds will expire December 16.

MR. SALINAS: But if you have a building permit, then --

MS. WELCHEL: And I have a letter also that I'd like to make available to all of you from the city attorney's office, saying that we can do whatever we needed to do for the construction.

MR. CONINE: Is it fair to say that City of Temple is a cumulative zoning city, in that if you have retail, you can do anything up to that point? Or did the property actually go through a rezoning back in the old days?

MS. WELCHEL: They did that comprehensive plan. And they just said, all of 31st is going to be retail. And that brought this particular property that's been there since '71.

MR. CONINE: So if you've got all the permits ready to rehab, fix it up and so forth, and it burns down in a couple of years, insurance is going to pay off, and then the city's going to have a shot at it basically.

MS. WELCHEL: Well, we have 23 buildings. And the city has told us that they are looking at 60 percent of the total buildings. So basically we need a tornado.

MR. CONINE: Chance of total loss is swim  
and --

MS. WELCHEL: One building burning to the  
ground we can rebuild. And it's all brick.

MR. CONINE: Move for approval.

MR. SALINAS: Second.

MS. CARRINGTON: Would you fill out a witness  
affirmation form for us.

MS. WELCHEL: I already did, just in case this  
happened.

MS. ANDERSON: We have a motion. Did I hear a  
second?

MR. SALINAS: Yes.

MS. ANDERSON: Thank you. Discussion?

(No response.)

MS. ANDERSON: 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 next group of requests in  
front of the Board are for extensions of deadlines to

close the construction loan and/or commencement of substantial construction. There are 13 of these requests in front of the Board today;

The first one is the Village at Meadowbend. This is for construction loan closing. This property will be located in Temple in Bell County. The applicant has already closed this construction loan; however, they have not submitted the required documentation that they were supposed to by October 28.

So they basically after the fact have asked for an October 28 deadline to submit the documentation to us.

So we are requesting that the Board approve the extension.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Casa Saldana in Mercedes. This is a 2004 allocation. It's the same situation. It's the same developer as the prior application. They have closed the loan in time to comply with the previously extension.

However, they haven't submitted the required documentation. So this would be an extension allowing them time to submit the documentation. We are requesting approval.

MR. SALINAS: I move for the approval.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Villa del Sol. It's requesting an extension of the construction loan closing and commencement of substantial construction. This is a mixed financed proposal with HUD. There have

been some delays with HUD on structuring and reviewing documents for ownership -- the partnership documents, the financing, the construction, the operation of the property.

It is located in Brownsville. They are requesting a deadline of December 15 for construction loan closing and March 1, 2006 for commencement of substantial construction. And we are requesting approval of these extensions with a proposed penalty.

You all may remember that when you saw this first, I guess, either last month or month before last, it basically says, Yes, the Board is granting these extensions. However, if there are unused credits, that they need to come back so that the Department can reallocate credits.

And if not, there is a penalty that will be imposed upon the developer.

MR. CONINE: So the lawyer was the holdup on this one. Is that what I heard?

MS. CARRINGTON: I think HUD is taking the blame on this one, Mr. Conine. I think it's a combination.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Palacio del Sol. It's a 2004 allocation. It was a forward commitment from 2003. They're requesting an extension for the commencement of substantial construction. This applicant is working on a 221(d)(4) loan with HUD.

And there were some issues or some discussion about whether the HEP [phonetic] contracts could be continued on the development that involved demolition and basically new construction on the same site. It's located in San Antonio.

They are requesting a March 31, 2006, deadline, and we are recommending March 31, 2006, deadline.

MR. GONZALEZ: Move for approval.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Las Canteras. It's a 2004 allocation in Pharr. They're requesting an extension of the deadline of commencement of substantial construction. They have closed the construction loan.

They have obtained their building permits. However, they had HUD delays in getting all the required approvals on the construction deadline. So they are requesting a deadline of February 1, 2006. We are recommending a deadline of February 1, 2006.

And this was one, you might note, that we did administratively grant an extension related to Rita and Katrina on these two because of HUD's emphasis other places, other than closing loans.

MR. CONINE: Move for approval.

MR. SALINAS: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next one is Baybrook Park Retirement Center. This was a 2004 allocation. This one is located in Webster in Harris County. This is an extension for commencement of substantial construction. In this particular instance the City of Webster was delayed in completing inspections on the sewer and also on utility, because of hurricane-related activities in the area.

They are requesting January 30, 2006. Staff is recommending January 30, 2006.

MR. CONINE: Move for approval in spite of the developer.

MR. GONZALEZ: Second.

MS. ANDERSON: And I note also that you're also requesting that staff weighed the extension fee because of the hurricane.

MS. CARRINGTON: Yes. Although my note says at the very beginning of all of this that each applicant was accompanied by a mandatory \$2,500 extension fee.

MR. CONINE: Did we, or didn't we?

MS. CARRINGTON: Did we, or didn't we?

MS. BOSTON: To the extent that applicants who are making extensions over the past several months since the hurricanes, if they ask for a waiver of the fee, then we granted that at the time administratively. To the extent that they didn't ask, and they just sent the check in, we accepted the check.

MR. CONINE: Good policy.

MS. CARRINGTON: Then we might think about changing our language where it says, "each" was accompanied by a \$2,500 fee.

MS. ANDERSON: Right. While I'm sensitive to the fact that we had an extraordinary set of circumstances, I wouldn't want the development community to think that we are any less interested than we have always been in collecting fees for extensions, because we'd rather not see all these extension requests.

Speaking for myself, I'd rather not month after month see all these extension requests. So we have a motion and a second. Hearing no further discussion, 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: Motion carries.

MS. CARRINGTON: The next one for the Board's consideration is Fenner Square which is located in Goliad, extension of the commencement of substantial construction.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: I might note for the record since this was in the write-up and was posted on the website, new deadline requested, it says January 15, 2005. That should be January 15, 2006, new deadline recommended

2006.

Alvin Manor Estates which is a 2004 allocation, extension for the commencement of substantial construction. The applicant anticipated purchasing rights to use a county detention facility for the development. But they had to actually build the detention facility on site.

Now we had an interesting discussion in the Agency as to what kind of detention facility we were talking about. What was finally determined is that it was a water detention, because there was some thought that it was another kind of detention facility.

I had that question. But I have been assured by my staff that it is a water detention facility that they are building on site, so this has created a delay. They are requesting February 1, 2006, and we are recommending February 1, 2006.

I might note all of these do have that 10 percent penalty if credits are not returned. I'm not pointing that out every time, but they are in all of these.

MR. CONINE: So you thought all 36 units were the detention facility.

MS. CARRINGTON: I kind of thought there was an

agreement with the county that there was this separate facility that had to go on. Who knew?

MR. CONINE: Would that be an amenity? Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Since that one was so good, it actually showed up in the book twice.

MS. BOSTON: Those are different deals.

MS. CARRINGTON: Is that a different deal? Okay. We'll put numbers.

MS. BOSTON: [inaudible] their copy.

MS. CARRINGTON: Okay. Thank you very much, because I had it marked as a dupe.

MS. ANDERSON: Ms. Bast, is it the same set of facts and issues?

MS. BAST: Yes, it is. The properties are adjoining each other. One's family, and one's elderly.

MS. CARRINGTON: Thank you.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Primrose at Highland, a 2004 allocation located in Dallas, extension of commencement of substantial construction. The situation in this was related to the construction lender's underwriting and final loan commitment and delays in this case, Mr. Conine, by the law firm that was handling the closing, because this particular law firm is located in Houston.

The construction loan has actually already closed on this particular transaction. They are asking for an extension to March 31, 2006. And staff is

recommending March 31, 2006.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Landsborough Apartments, 2004 allocation, commencement of substantial construction request. They've had delays associated with permitting process with the City of Houston. They've also indicated that the permits for the site work have been issued, and that the site work has begun.

But the remainder of the permits have not been issued on this particular development. They are requesting a new deadline of February 28, and we are recommending February 28, 2006.

MR. CONINE: This one's getting a little tight, too, because --

MS. CARRINGTON: 141 units.

MR. CONINE: Plus 35 -- 176 to do in ten months is not an easy task. I'll go ahead and move for approval. But I would hope they get it going.

MR. SALINAS: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Golden Manor, an extension on the commencement of substantial construction. This is a 2004 allocation. They had delays in closing the construction loan with USDA. This property is located in Bay City. It is an acquisition rehab.

And they are requesting a deadline of January 1, 2006. And we are recommending a deadline of January 1, 2006.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: And the last one on the extension requests is Ole Town, 2004 allocation. It's located in Jefferson. They're requesting an extension on substantial construction. Again, delays in closing the loans with USDA has caused the delay in starting construction.

They are requesting January 1, 2006. And the new deadline we are recommending is January 1, 2006.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next item for the Board's consideration is we're requesting approval to award 2006 housing tax credit in accordance with our 2005 Rural Rescue policy. And then one of these two applications also has a home-rental development award that is attached to it.

There's two transactions for the Board to consider today. And I will remind you that with the Rural Rescue policy, that these allocations actually come out of the 2006 allocation. In March 2005 the Board approval the Rural Rescue policy.

It basically allows properties that are experiencing foreclosure or loan acceleration with USDA to be submitted to the Board for a recommendation of forward commitments. It's basically on a first-come, first-serve basis.

So we have two of these in front of you today. The first was is Floresville Square Apartments. This is location in Floresville. It's in Region 9. It's a total of 70 units. It was a development that was actually built

in two different phases.

The first phase was built in 1983, and there were 30 units in 1983. The second phase was built in 1987, and there were 40 units built in 1987. It also has an allocation of tax credits from the 1987 allocation. This property is at 99 percent occupancy.

There is an underwriting report that is included for your information behind the write-up, about the fourth page over. There are conditions on this particular development. We're looking for -- we want to review and accept the USDA approval.

We want their approval of the same rates and terms on the loan. Should the terms of the debt change, we want to know about that, because we underwrite. Also this particular development, as well as the second development, is proposing some substantial rent increases.

So we are going to be looking for USDA to approve those rent increases also. This particular Rural Rescue request is requesting credits in the amount, and we are recommending \$139,958. They also applied for a HOME loan. That amount would be \$364,562.

We are recommending approval of the 2006 forward commitment and also a HOME loan in the amount of \$364,562.

MR. CONINE: Move for approval.

MR. SALINAS: Second. This is for the Floresville?

MS. CARRINGTON: Yes. Floresville Square Apartments which is in Region 6.

MR. CONINE: Remind the executive director that we're still waiting on the representative of the rural housing folks to come visit us about their program.

MS. CARRINGTON: Yes, sir. I will tell you that my staff is meeting with them on about an every two-month basis. We go to Temple. They come down here. We've been working out a variety of issues with them. We're working on revising and updating our memorandum of understanding.

So while we have not delivered them to the Board, we certainly have stepped up, intensified our communications with USDA in Temple.

MS. ANDERSON: I have shared with Ms. Carrington, and I'll share for the record that as we see all these extension requests, a healthy number of them are related to these USDA RD deals, where for one reason or another we have delays that, taken to the extreme, put the utilization of the credits at risk.

So it's my understanding from Ms. Carrington

that that's part of the topics of discussion with RD in terms of how we can work with them to move their end of the paperwork faster, so that we get this construction or rehab done, so we get people into this improved housing. I urge the staff to stay with that.

MR. CONINE: Does that mean they're not going to come before the Board?

MS. CARRINGTON: No, sir. It does not mean that. We will make sure the invitation goes out before the week is over.

MR. CONINE: Okay. Great.

MS. ANDERSON: I think we have a motion and a second.

Thank you, Mr. Counsel.

So hearing no further discussion, 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: Motion carries.

MS. CARRINGTON: The second Rural Rescue application for the Board's consideration is the Fieldstone Apartments. This is located in El Campo, which

is in Region 6. We are recommending an allocation of credits of \$81,039 for this particular transaction.

It is 60 units, and it was built in 1976. This one doesn't have any tax credits on it. It has some RD rental assistance attached to it. This one has only actually a 50 percent occupancy. There's been flood damage to the particular property.

The credits are needed to be able to repair the flood damage on this property. There are conditions on your underwriting report. If you'll go in several pages on the underwriting report, we are looking for documentation from USDA verifying the proposed increase in the rents.

We are also looking for them to approve the loan and the transfer on the same terms and conditions that we have underwritten it on. Again if the terms of the debt change or the syndication change, then we want to know that, because we're going to re-underwrite the transaction.

These are the only two Rural Rescue applications we have in house right now. We don't have anything else pending.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next item for the Board's consideration is item 2(d). It's an approval of an intergenerational housing policy that would be applicable for our multifamily housing development.

Intergenerational housing is a term that we've probably been using for maybe about a year, a year and a half now.

It's a concept that means that one development has units that are leased to both families and to elderly.

It is a property that is designed to foster and provide housing for both of those populations. Also it provides separate services for elderly, provides separate services for family with separate entrances, separate buildings.

This has specifically come up, because there have been some developers most notably in our 4 percent program, in the private activity bond program, that have

proposed intergenerational housing that is intergenerational that serves both housing types.

The staff has done quite a bit of research. About 30 publications and articles have been looked at. Intergenerational housing is something that has been developed in many other parts of the country, but has not been very widely used in Texas.

Or at least if it has, it hasn't been used in programs that are subsidized. So because of some developers that are using this concept, then we determined, along with the Bond Review Board, that there was a need for a policy to be developed.

When the developer came to us and said, We're proposing to serve both types, both elderly and family, that we want it to be real clear what those expectations and what those requirements are. You have a document that's basically two pages that outlines what the requirements are, what the definition is.

The property's got to have an intergenerational coordinator. Then what we're also looking at for various kinds of social and interactive programs. So the purpose of this is for us to be able to provide it to the development community, so if they are going to do intergenerational housing, this is what it's got to look

like.

MR. CONINE: Have we conducted some sort of public feedback, round-table with the development community to get their input on this document at this point in time?

MS. CARRINGTON: No.

MR. CONINE: Maybe we should. I'm all for the concept, by the way.

MS. BOSTON: I agree with you. The 2006 QAP which you all just approved, this policy is referred to in that document. It says the pre-app deadline is January 9. For people out there who want to propose this, they need to know one way or the other what the policy is for '06.

Our hope is that we would take it out next year at the same time and would garner any comment. I can say, since the board book went up, I haven't had anyone call to ask any questions or to indicate that they were planning on coming to make comments.

MS. ANDERSON: Did we talk to Senator West about this -- or his office?

MS. CARRINGTON: Yes. We have communicated with both the senator and his aide.

Though, Mr. Conine, there hasn't been a public meeting that's been held by TDHCA, it is a concept that

has been discussed several times at Bond Review Board meetings. So there has been, I think, some public input related to it. But, no, not really.

MR. CONINE: Would it be possible to hold some round-table discussions with the development community before the next board meeting? Obviously we've got holidays and everything else going on.

MS. CARRINGTON: It's not until January 18. So certainly --

MS. ANDERSON: Pre-apps are around the 9th.

MS. CARRINGTON: Yes. They opened on the 9th.

MS. BOSTON: Maybe the other option is if you adopted it today, we could also still have them. And if we were to receive any significant comment, there would be an opportunity that we could then look at our pre-app logs, see if anyone fits in this category and bring it back for revision, but keeping in mind that if anyone applied under it, we could just see if the thing that we were proposing to change based on comment, would have impacted them anyway.

MR. CONINE: Where I was headed with my thought process was to move for approval and adoption today, subject to us doing the round-tables and getting that feedback and kind of a representation or ratification, if

you will -- whatever term you want to put on it -- at the January board meeting, but also if substantial changes occurred because of that process to allow for projects who might deviate from whatever the final document might be.

Maybe they'd adhere to this. But then in January we make changes to allow for a waiver provision for those projects. It isn't going to be just one or two or three. But at least we have a set of rules that are out there now that they would have to submit under.

And if we changed whatever's written on this piece of paper, I don't want to penalize those folks who would adhere to these particular rules and regs. So I would make that long-winded statement as a motion.

MR. GONZALEZ: Second.

MS. CARRINGTON: I don't have a problem with that right now.

MR. CONINE: He needs help.

MR. HAMBY: Well, actually we would probably need clarification on your motion, in the sense that you want to --

MR. CONINE: I want to adopt --

MR. HAMBY: Basically you're asking for what we call a race to the courthouse. If people want to file under this adoption, they can file before the next board

meeting, and the rules can change for anybody who files after the next board meeting.

MR. CONINE: All right.

MR. HAMBY: Is that going to be an administrative?

MS. BOSTON: No. I don't anticipate that we'll receive very many intergenerational 9 percent pre-applications. I think the population that we're talking about is fairly small.

MR. CONINE: Right. I do, too. But I just wanted to --

MS. BOSTON: I don't think it will create a burden.

MR. CONINE: I'm just trying to get the flexibility --

MR. HAMBY: The clarification is that anyone who applies prior to January board meeting will be under the rules adopted today.

MR. CONINE: Correct.

MR. HAMBY: And anything after January 18 will be subject to whatever changes may occur, if any.

MR. CONINE: At that board meeting.

MR. HAMBY: At that board meeting.

MR. CONINE: Correct.

MR. HAMBY: I'm sure there's a reason you shouldn't do that. I just can't think of it at the moment.

MR. CONINE: Sit down. Had enough lawyers for one day. Motion's on the floor. I didn't hear a second.

MR. GONZALEZ: Motion is seconded.

MS. ANDERSON: Thank you, Mr. Gonzalez. Any additional discussion?

(No response.)

MS. ANDERSON: We all understand what we're voting on.

MR. SALINAS: Yes.

MS. ANDERSON: Great. All in favor of the motion, please say, aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. At this time the Board is going to go into Executive Session. We expect this Executive Session to last approximately 30 minutes. At this point I will read the required notification.

"On this date, December 14, 2005, at a regular meeting of the governing board of Texas Department of

Housing and Community Affairs held in Austin, Texas, the Board adjourned into a closed Executive session, as evidenced by the following. The Board will begin its executive session today December 14, 2005, at 2:02 p.m.

"Subject matter of this executive session deliberation is as follows: the Board may go into executive session, close its meeting to the public on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

"The Board may go into executive session pursuant to Texas Government Code 551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee of TDHCA.

"Consultation with attorney pursuant to Section 551.071 of Texas Government Code: 1. With respect to pending litigation styled Hyperion, et al., v. TDHCA, filed in State Court; 2. With respect to pending litigation styled TP SENIORS II, LTD. V. TDHCA Filed in State Court; "3. With respect to pending litigation styled Rick R. Sims v. TDHCA et al, filed pro se in Federal Court; 4. With respect to pending litigation

styled Ballard v. TDHCA and the State of Texas, filed pro se in Federal Court; 5. With respect to any other pending litigation filed since the last board meeting;

"6. Discussions of charges of discrimination filed with the US Equal Employment Opportunity Commission; 7. Legal developments related to the ongoing FBI investigations in Dallas"

So we stand in recess for approximately 30 minutes. Thank you.

(Whereupon, the board met in executive session.)

MS. ANDERSON: The Board has completed its executive session of the Texas Department of Housing and Community Affairs on December 14, 2005 at 2:55 p.m. I hereby certify this agenda of an executive session of the governing Board of Texas Department of Housing and Community Affairs was properly authorized pursuant to Section 551.103 of the Texas Government Code.

The agenda was posted at the Secretary's Office seven days prior to the meeting, pursuant to 551.044 of the Texas Government Code that all members of the Board were present with the exception of Shad Bogany, and this is a true and correct record of the proceedings, pursuant to the Texas Open Meetings Act.

As we continue with our agenda, we want to return to agenda item 2(d) for just a moment. I recognize Mr. Conine.

MR. CONINE: Madam Chairman, in light of the fact that we do have the holidays and so forth on this intergenerational multifamily housing policy, instead of bringing it back for the January board meeting, I think we're probably well-served to bring it back to the February board meeting to give enough time for staff to have some of these round-tables and so forth.

So I guess I'd like to amend my motion earlier to state that we can push that back to the February meeting, if I might.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Amended motion carries. Now we're ready to proceed with item 2(e).

MS. CARRINGTON: Item 2(e), the way it was posted was to approve or reject an appeal of the rescision of the 2005 housing tax credits. What this actually is a report to the Board on the action that has been taken by the applicant on this particular allocation of credits.

It's the Villas of Hubbard Apartments. It's a 2005 allocation of tax credits. At the end of August, on August 30, the applicant was sent a notice of rescision of their commitment of tax credits, because they had been unable to provide information that the Department was requiring.

And that was information related to project-based assistance to vouchers from the Hill County Section 8 office. The Department determined that the information they had sent us were not eligible for points and that the loss of those points would have made that application non-competitive in the region.

At the September 16 board meeting the applicant did appeal the decision of staff. And the Board issues its determination that the credit should not be rescinded if the staff found that the vouchers would be in place for five years.

The Board allowed the applicant to submit evidence to staff after the board meeting that these

vouchers are committed for a five-year period. The Board also stipulated that evidence did not need to include approval from HUD, but did need to garner the approval of the Department's counsel.

The Villas of Hubbards has submitted this documentation to the Department. This documentation is satisfactory. So this allocation of credits will move forward for the Villas of Hubbard.

MS. ANDERSON: Thank you. Item 2(f).

MS. CARRINGTON: As a result of the Villas of Hubbards submitting appropriate and acceptable to us, item 2(f) was an agenda item that would have allowed the Department to allocate any unused 2005 housing tax credits.

We only have at this point a balance of \$104,891. If there are credits that are returned in the last three months of the year, those credits can actually be rolled into the next year, and the Department is still eligible for the national pool.

So what we are recommending and just informing the Board of is that we have some credits that we will be rolling into next year. We do not anticipate any credits being returned between now and December 31.

MS. ANDERSON: Thank you. Item 2(g).

MR. CONINE: Wait. The item before we said that they submitted documentation.

MS. CARRINGTON: Yes, sir. That was acceptable to staff and our general counsel.

MR. CONINE: But the credits are already been issued to -- or allocated to then for '05.

MS. CARRINGTON: Yes, sir. But there was a possible rescission of those credits if the documentation submitted to the Department had not been acceptable.

MR. CONINE: Waco's okay.

MS. CARRINGTON: Waco's okay. So since Waco's okay, we only have \$104,000.

MR. CONINE: \$104,000 that's rolling into next year. Got it. Thank you.

MS. CARRINGTON: Okay. The next item -- we're down to three of them -- items for the Board's consideration. And this is item 2(g); this is issuance of determination notice on tax-exempt bond transactions with other issuers.

The first one that was listed for you is Potranco Plaza Apartments. That item has been pulled from the agenda. So the first one for your consideration is New Braunfels Gardens. This is actually located in San Antonio.

The San Antonio Housing Facility Corporation is the issuer on this transaction. It is a transaction for elderly. It is \$252,000. The recommended credit allocation amount would be \$955,418. I might note for you when you do look at the board action request, the board summary request, our write-up said it was the general population.

It is an elderly transaction. The underwriting report and inclusive capture rate were based on it being an elderly transaction. It's 252 units. It's one- and two-bedrooms. There was one letter of support.

There were no letters of opposition. This is a priority 2 transaction to be located in San Antonio. We will be happy to answer any questions you might have.

MR. CONINE: Move for approval.

MR. GORDON: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Northline Estate was on your agenda. However, there were no materials in your book for it, because it had been pulled by the time the book went out. The next one for your consideration is Cobblestone Manor Senior, which is located in Fort Worth.

This is new construction. It's elderly. The Tarrant County Housing Finance Corporation is the issuer on this transaction. It is a total of 220 with 180 of those units being low-income units. This is a priority 3 transaction.

It consists of one- and two-bedroom units. The Department received no letters of support and no letters of opposition on this transaction. And the conditions that we have listed on the underwriting report are basically the standard conditions, although we are looking for a flood hazard mitigation plan to include documentation that the site will be developed so that all finished ground floor elevations are at least one foot above the flood plain, and also parking and drive areas are no lower than six inches below the flood plain.

So that would be a condition to closing on this development. We are recommending a credit allocation of \$444,656.

MR. CONINE: Move for approval.

MR. GORDON: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 in this group of bond transactions is Mill City Parc Apartments. It's to be located in Dallas. It's new construction, general population. The issuer on this is Housing Options, Inc., which is an entity that was created by the Dallas Housing Authority to be an issuer.

It's 166 units. All 166 units are at low-income, are affordable. This list is a priority 3 transaction. It's one-, two- and three-bedrooms. This is part of Dallas' Hope VI redevelopment. There have been no letters of support and no letters of opposition the Department has received related to the transaction.

And the conditions on the development are our

fairly standard conditions. We are recommending approval of credits in the amount of \$447,617.

MS. ANDERSON: And I have public comment on this item.

Mr. Palmer?

MR. PALMER: My name is Barry Palmer with the law firm of Coats Rose, and we represent the Dallas Housing Authority in this transaction. I wanted to talk to you about the credit amount. First of all, I'd like to point out that although the credit amount listed on the agenda that was read into the record was \$447,000, if you look at the underwriting report, the amount actually recommended by underwriting is \$463,328.

We had requested an allocation of \$508,000 on this transaction. Underwriting cut it back based on our construction costs of being high. As Ms. Carrington pointed out, this is a transaction by the Dallas Housing Authority where a Hope VI transaction, the second phase of three phases of Frazier Homes where we are demolishing and rebuilding Frazier Homes, in a mixed-income community.

This portion is being done as a bond financing. Yet a substantial number of the units are public housing units of 30 percent incomes. Because we are a public entity, we are required to go out for public bid on the

construction.

We went out for bids, and we received our binds in November. So the numbers that we have in our application are based on actual, hard construction bids. The costs came in at about \$76 a foot. Underwriting estimated that based on their experience historically, the costs should be in the range of \$63 a foot.

So we were 20 percent higher than underwriting's estimates. But I'd like to point out that these hard bids were received after Katrina and Rita and that our experience in the marketplace right now is that construction costs have spiked up between 15 and 20 percent, based on the hurricanes.

We'd like the Board to take that into consideration, that these are based on hard construction bids, not estimates. I am finding in my practice that a lot of the developers we represent in the 9-percent round that were recently allocated, are finding that their costs are 15 to 20 percent higher than what they put in their application last March.

The only way that they're able to deal with that is the fact that credit pricing has gone up so much in that time, that that's picking up that additional cost. Here if we are allocated the lower amount of credits that

are recommended by underwriting, it's going to cause a gap of \$450,000 that the Housing Authority is going to have to take out of other funds that would be available to either do other construction projects that they're trying to do or the social services budget for this project.

So I'd like to ask you to consider the higher amount of credits that are based on our actual bids. A couple of mitigating factors here: the Housing Authority is acting as its own developer on this transaction.

So the developer fees on this transaction, as well as the previous eight or nine tax credit transactions the Dallas Housing Authority has done -- all those fees are being recycled into their program and being reinvested in other affordable housing.

None of it is used for overhead or taken out of their projects. So in the underwriting recap, the Underwriting Department made the comment that if you believe that the construction bids are adequate evidence of the actual cost, that that would be a basis to award the \$580,000 in credits.

And we would ask you to accept the actual bids that we have as substantial evidence that costs in fact have gone up, and award credits at the higher amount. Thank you.

MR. SALINAS: Can we do that, being that we have left 1053.

MS. ANDERSON: Mr. Gouris.

MR. PALMER: These are 4 percent credits. So there is no issue of the credits being needed for other projects. You're free to allocate a higher amount of credits if they can be substantiated.

MS. ANDERSON: Thank you.

Mr. Gouris, would you care to comment on the testimony we've just heard.

MR. GOURIS: Tom Gouris, Director of Real Estate Analysis. We don't disagree with the statements that were made. I think the Board has in the past increased a recommendation for a 4-percent transaction in similar circumstances.

Other than the bid packages that they provided to us, we don't have any other documentation to tell us or suggest to us that prices, costs have gone up to the extent that are being indicating by this bid.

I'll note that there is no community building associated with this transaction. So the costs -- that \$63 or \$76 that they had, doesn't include any carrying of that common area that would normally be in a transaction.

So even at \$63 we thought that would be high

with common area. Without common area, it seems very high. Nonetheless, they do have these bids. The one thing I'll say about the bids is that the bids were for two transactions: the one they did this summer and this one.

They're doing the construction together, because they're adjacent or nearby, and they're part of the redevelopment of the whole area. So they're trying achieve some efficiencies with doing a contractor's bid for both transactions at once.

They may have gotten some efficiencies out there. It doesn't appear to it, based on our costing methodology.

MR. CONINE: Are these just normal two-story wood frame construction, standard apartments? Or is there something unique about the design that's --

MR. GOURIS: There's nothing particularly unique, other than the fact that they are public housing and probably being built to a standard that may have a little bit more tweaks to it to make it stand longer.

I'm not sure that I can see why the costs are higher. But I will tell you that traditionally or typically, public housing authority transactions cost more. I don't know if it's the bid process or what makes

that happen, but they ultimately come in at a higher cost.

MR. CONINE: The cost certification process will alleviate this problem ultimately. It's just a question of whether we alleviate it now or later.

MR. GOURIS: Right. We could give them a determination notice for the higher amount now. And then whatever they don't use, we take back. There's no loss to the state as to what there is. Or at that time when the final costs come in, they can ask for additional credits, and we can present that to the Board and ask for the additional credits at that time.

MR. CONINE: And the basis for you underwriting it a lower amount is basically staff doesn't have the authority to push it above \$65, or whatever it is.

MR. GOURIS: We couldn't get to that. The only one justification for that were those bids. Those bids just appeared to be extremely high to us, based on all the other data that we have.

MR. SALINAS: They're extremely high all over the state. I think the cost has gone up by 20 percent since Katrina, even in South Texas, where you can find cheap labor. I think he's right about the 20 percent. You have actual bids.

MR. GOURIS: I think it's a little early to

tell. I mean, I think there seriously have been some increases in costs. What those ultimately will be I think are going to depend on the deal, and how early the thing was bid, and what it was in the time frame of construction, compared to where the spikes in costs have been and will be.

Ultimately I don't know that a 20 percent increase will be what we see out of Katrina. It may be less; it may be more. But I don't think we have any real good, firm information on that yet.

MR. CONINE: Would it be appropriate to ask who the three bids were from?

MR. GOURIS: I think I have that information if you want it.

MR. CONINE: It would be helpful to me, I think.

MR. PALMER: Could I address one question that you had, which was are there any things in here that make the costs higher. My experience -- we represent a lot of public housing authorities. One reason that their costs tend to be higher is because they build to different specifications in some ways, because they're in it for a longer term than just 15 years.

Their experience has been holding properties

for 50 years, like for example, building all-wooden cabinets in a lot of their properties and other specifications that cause their costs to be higher building a sturdier product, expecting more wear and tear because of the heavy family concentration, heavy turnover, low-income population.

So that's part of the reason that costs are higher.

MR. GOURIS: The three bidders were Meridian Commercial, L.P. Shreve Land Construction and Core Construction. That's all the information I have on who they were.

MR. CONINE: And what was the amount that they applied for? They applied for some number that --

MS. CARRINGTON: They applied for \$508,080.

MR. CONINE: \$508,080.

MS. CARRINGTON: Yes, sir.

MR. CONINE: You recommended something lower than what's on my sheet.

MS. CARRINGTON: \$463,328.

MR. CONINE: Somebody read into the record \$487,000.

MS. CARRINGTON: But that was incorrect. We are recommending \$463, 328.

MR. CONINE: Okay. I'll go ahead and move to improve at the \$508- number, whatever that was.

MR. GOURIS: \$508,080.

MR. CONINE: We'll get them back no matter -- if they don't use them, we'll get them back.

MR. SALINAS: I'll second that motion.

MR. CONINE: I know at least one of those bidders. They're a good outfit.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 3 is presentation, discussion and possible approval of rules for adoption to be published in the Texas Register.

Ms. Carrington.

MS. CARRINGTON: For the Migrant Labor Housing Program, House Bill 1099 with the 79th session of the Legislature, transferred from the Department of State Health Services to TDHCA administering the licensing and

supervision of migrant labor housing facilities.

At the October board meeting the Board did approve a set of draft rules that went out for public comment, published in the Texas Register. We received comments from three organizations. Those three organizations were the Texas Low-income Housing Information Services, Texas Rio Grande Legal Aid and the United Farmworkers of America.

On the bottom of your write-up on the board summary and going to the top of the next page, we have provided you the comments that we received from these three groups. These comments have been incorporated into the rules.

We are recommending adoption of these rules for the administrative of that program.

MR. SALINAS: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Item 4(a) on the agenda, which was the appeal for the termination of Rolling Creek Apartments, has been withdrawn from the agenda. Item 4(b), which would have been the consideration of the Rolling Creek Apartments, has been withdrawn from the agenda.

Item 4(c) is a request to the Board for inducement on six tax credit private activity bond applications that would go to the Bond Review Board for the 2006 waiting list. Your write-up indicates the name and the location of each of these properties.

The total amount requested on these properties is approximately \$14 million. All of these are older properties. This is acquisition rehab, and they're all being purchased by Volunteers of America. And what VOA is doing is planning on pooling these six transactions into one transaction that will go to the Bond Review Board.

The properties were all built between -- looks like the oldest one was perhaps built in 1963, and the newest properties was built in 1982. As I said, these are all acquisition rehabs on the Review Board waiting list for 2006.

We do have a resolution. It's Resolution 05-096. And there is detail on your write-up on where they're located, how much the rehab will be, what the bond amount will be on each one of them. They're all priority 2 bond applications.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Item 4(d) in your board book. This item has been withdrawn from the agenda. Item 4(e) is requesting approval from the Board to apply for traditional carryforward in the private activity bond program in an amount not to exceed \$50 million.

And that \$50 million would be used in the state's disaster relief areas, which are those 28 counties in the Gulf region that were directly impacted by

Hurricane Rita. This is part of our overall disaster relief efforts, which you will be hearing about a little bit later in the agenda.

This application is actually due to the Bond Review Board by tomorrow, by December 15. So should the Board approve this resolution today, which is Resolution 05-098, then this application will be submitted to the Governor's Office.

We would anticipate and hope signed by the Governor and then submitted to the Bond Review Board by December 15. I might note that there is a requirement in the Bond Review Board's legislation, that when TDHCA applies for the traditional carryforward, that it is required to be site-specific; in other words, the developments must be identified.

We would be making this application with it being non-site specific, but targeted to specific counties. So there would need to be a waiver granted of Section 1372.070 of the Bond Review Board's legislation to actually allow this to move forward in the non-site specific.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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. CONINE: Let us know if it works.

MS. CARRINGTON: Well, we'll know very quickly, Mr. Conine. There won't be a lot of anticipation.

Item 5(a) is the consideration of one award from the Housing Trust Fund predevelopment loan program. This award would be in the amount of \$100,000. The Board has previously awarded \$208,200 to four applicants. This is the remainder of the dollars that had been allocated initially to Texas Community Capital, \$500,000 to administer our predevelopment loan program.

The Board asked during the administration of that program that you all look at and approve each of these awards. So this is another in that request that you all have made. We also have two other submissions that are going to be the final submissions that will be presented to the Board in 2006.

This Trust Fund award would go to Operation Relief Community Corporation in Dallas. They are requesting the funds to assist with predevelopment activities for Frazier Court. They are doing single family.

It's 40 single-family, detached three- or four-bedroom homes. These homes will be for home ownership. The eligible activities for these dollars are engineering studies, environmental fees, consulting, legal. It will be a loan. It will have a term of two years at zero percent interest.

The Department does anticipate being paid back through the sale of the loans or from the proceeds from either bid construction or permanent financing.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 next item on the agenda, Mr. Conine, will be a report from the Programs Committee related to the discussion on the HOME funding rules for single family.

MR. CONINE: Okay. Thank you, Ms. Carrington.

The Programs Committee met this morning and heard a staff presentation on multiple potential changes relating to the single-family portion of the HOME program.

We also heard quite a bit of testimony from the public and had several, what I think, were fairly good suggestions.

The Programs Committee also realized that there are some timing constraints relative to us potentially revising the HOME rules related to single family. We want to make sure that we give some of the concepts that we heard this morning the proper thought and due diligence on our side, but at the same time recognizing we need to make sure we get done in time to facilitate the application process and the award program by the August 2006.

After discussion with staff and so forth, I believe that the Programs Committee would recommend that we go ahead and approve for circulation and publishing in the Texas Register these proposed single-family rule

changes.

(Sound of phone ringing.)

MR. CONINE: Who's going to give us \$100 to the Housing Trust Fund?

MS. CARRINGTON: I think it's Mr. Palmer.

MS. ANDERSON: I think it is, too.

MR. CONINE: Would you please leave your check with anyone before you leave? Appreciate the donation.

I think I would like to propose that we go ahead and publish these the Texas Register, along with a couple of other comments that I think we heard in public testimony this morning. One of the concepts that we heard was the potential discussion of, instead of a one-year cycle on HOME funds, going to a two-year cycle.

I know that's not in the staff recommendation, but I at least want to put that on the table as being a potential. I see staff grinning. They may enjoy the reduction in workload that might correspond with that.

MS. CARRINGTON: Or anticipated.

MR. CONINE: But I'd like to give a chance for the public to actually respond to that idea as it was floated. The other thing that I remember discussing a little bit was a potential skewing on the scoring, or whatever the case may be, for cities that have not these

single-family HOME awards in the past.

I know that was discussed some. I liked the concept of that. Again, I don't know how we'd pull it off. But if we could incorporate that into the document that goes into the Texas Register, I'd like to see that.

What else did I miss, general counsel?

MR. HAMBY: Because we'd already published the 27 -- the \$500,000 as an absolute cap, we would need to do the amendment for the \$275,000 as a cap. It could still remain at \$500,000 if you chose not to do it. But the problem is we put on notice that you're thinking about lowering it.

MR. CONINE: Thinking about lowering it. Okay. I got you.

MR. HAMBY: There's a clarification. You have three rules before you, three different sets of rules. And I believe the discussion that I heard was that you were looking at doing what would be in a shorthand term called the lottery group, which would provide you the option of keeping the competitive system that's currently in place or going to a lottery system, whichever one public testimony would be more favorable towards, or whichever one the Board ultimately decided to do.

MR. CONINE: I guess my thoughts on that were,

even if we have the third one, which was the prorated distribution of everywhere -- and I don't know that we've got total consensus that that's not the way to go -- we can still eliminate that one at a future meeting, can we not, as opposed to doing it now?

MR. HAMBY: Because the public needs to have some general knowledge of which one you're seeking, in my opinion it's better to put out one.

MS. CARRINGTON: One and not two.

MR. HAMBY: One and not two. And you have the competitive one already in place, because that's what the current existing rule has.

MR. CONINE: Okay.

MR. HAMBY: And if you put the lottery one in, then you still leave yourself the option of adopting the lottery-type format or not. And both of those rules -- if you choose one over the other or one of the three -- all those rules have the two new rules that the staff has recommended that you put in place.

So all of those could be put in place. Then your delivery system is really the major difference you're talking about.

MR. CONINE: So we would be eliminating then the broader award methodology.

MR. HAMBY: A broader distribution.

MR. CONINE: A broader distribution methodology in here. We could eliminate that.

MR. HAMBY: You would eliminate that by adopting the lottery system. If you chose to do a lottery system at the end of the day in February, you'd need the provisions of the lottery rules. If you chose not to do the lottery system, you're already in the competitive award cycle of the current rule.

MR. CONINE: If it pleases the Board, then I'd be okay with making that a motion to eliminate the broader methodology distribution, and just sticking with either the competitive or lottery. It's a long-winded motion once again.

MR. HAMBY: I think clarification is you're posting for public comment of the lottery.

MR. CONINE: Yes. And we got the other already.

MS. CARRINGTON: And one other thing you might want to put in your motion is the thing about the 100 percent of the expended or obligated versus 100 percent of the original contract amount.

MR. CONINE: I'm not sure I understood that when there was testimony.

MR. HAMBY: We didn't do away with the \$500,000. But if you're going to talk about potentially lowering the \$500,000 there, you need to put the public on notice. You could still retain the \$500,000 at the end of the day, because you don't have to adopt rules that are put out.

MR. SALINAS: You don't want to do away with the \$500,000, do you, Mr. Conine?

MR. HAMBY: You want to give the public the opportunity to comment on it, I believe is the question.

MR. CONINE: Yes. That's all we want is --

MR. HAMBY: It was brought up in the meeting this morning. That would give the public the opportunity to be put on notice. So whichever of those two options that you -- or any option in between -- that you eventually chose, the public would be put on notice that they could be lowered, and give them the fair opportunity to comment on whether or not that's a good or bad idea.

The other question that you asked -- and I'll probably need Eric to help me on this one. The issue that comes up is because we're doing the new rule that would require 100 percent expenditure by the end of the 18 or 24 months. I believe it's 24 months in the rule.

They could already be put on notice. But it's

a definitional question, I believe.

MS. ANDERSON: This is where we heard testimony this morning, that if you don't change the definition to obligated and committed, instead of what we use today is the original contractor amount, you're essentially penalizing people who, in their prudence can't get to zero balance expenditure of all the HOME funds.

They build all the houses they're supposed to, and they have a little money left over. We want that money back. And I don't want them penalized because their actual -- to build the units they committed -- came in less than the original contract amount.

MR. PIKE: I'm Eric Pike, Director of Single Family. Absolutely we understood. What I would suggest that we do is say, 100 percent expended or programmatically closed. So if they can't get to 100 percent, then obviously there would be a clause in there to allow for someone who had met their performance requirement.

It's just a minor change we can make. That's no big deal.

MR. CONINE: Let me ask an expanded question on that now. We're suggesting that they do that within an 18-month period, as opposed to 24 months.

MR. PIKE: We will be looking at our selection criteria for 2006. And we will be utilizing the past 24-month period, because that's what the contracts were for 2003, '04 and '05. What we were suggesting was that future contracts be reduced from 24 months to 18 months.

If the Board decided to do that, then we would need to update that table in the future to reflect 18-month contract period instead of 24.

MR. CONINE: If the city is doing nine homes, they've got to basically be done with them in 18 months versus 24 in order not to get penalized for the next go-round. Is that what you're saying?

MR. PIKE: No. For this upcoming go-round, they would have had to have completed nine homes within 24 months.

MR. CONINE: No. I'm talking about 2008, when they apply, and you look backwards, they would have had to build nine houses within an 18-month period in '06 for their '06 award.

MR. PIKE: Absolutely. That's correct.

MR. CONINE: As opposed to 24 months. My question to you is -- in small towns things don't quite move as fast as bigger cities. I guess I'm all for spending the money quickly. On the other hand, I'm all

for spending it in a prudent manner.

We heard testimony this morning from the smaller cities that they felt that the 18 months might be punitive. Again my question would be, can we ensure that the nine homes either have been completed or in the process of being completed within that 18-month time frame?

Is that a better measurement than requiring them all the money to be gone?

MR. PIKE: I would have to consult with our portfolio management compliance folks. But I would suggest that we have the ability to look into our tracking system and see if a project has been set up and if work is being performed on it -- in other words, if a home has been set up in the system.

And if that was the case -- let's say all nine were under construction, then we could look at that. It wouldn't necessarily have to be complete.

MR. CONINE: Well, this is the kind of discussion I would expect to get into whenever the things comes back to us for ultimate approval. I just wanted to -- again if we're going to publish in the Texas Register for comment, I want to make sure that that would also be another option that we could consider.

I think there are extenuating circumstances in Elmer, Texas where you may not be finished with a house in 18 months. But you might almost be finished in -- not quite -- to penalize them for another round of that would be a little hard for me.

MR. PIKE: There has been a scoring criteria for past performance in the past. And obviously the challenge is -- there's always extenuating circumstances and unusual events.

MR. CONINE: But I think there's a demarcation of -- if our previous criteria was 24, effectively in theory you could start a house in month 20 and finish it by month 24. I don't think we should -- I think that's not something we want to promote.

I want to get the house started before month 18, or maybe even sooner if testimony would indicate that they could. But then the ultimate finish -- once you start something, you're generally going to finish it. I think all of us want to make sure that the homes get started as quickly as possible.

Again, that's a long motion, Madam Chairman. Hopefully general counsel got the gist of the conversation.

MR. HAMBY: Well, there is one clarification.

And I think it's something Mr. Pike can address as well. When you say you'd like to see the people who have not been the in the money before, there is an issue built into the new rules to have the highest number of points that people who have not participated in the process before.

MR. PIKE: You mean in addition to that. Is that what you're seeking?

MR. CONINE: Participated in the process or won an award?

MR. HAMBY: Won an award.

MS. CARRINGTON: Or have received an award prior to 2002. So it's actually two-pronged. The applicant has never received a HOME award or has received an award prior to 2002 and is 100 percent committed and expended from their contract start date.

MR. CONINE: That's like saying a first-time homebuyer is somebody that hasn't owned a home in the last three years.

MR. HAMBY: You'd like to explain that better.

MR. CONINE: Yes. To me if we have 1,100 eligible cities in Texas, and one of them got one prior to 2002, they got one.

MR. SALINAS: But somebody was saying this morning that a lot of the cities are not getting it --

only 110. What he was saying that why don't you give the other cities a chance to get some.

MR. CONINE: I'm in favor of that.

MR. SALINAS: I think he was right, wherever he was. I was here at the meeting when he said that.

MR. HAMBY: Well, we'll make that clarification on the chart before it goes out.

MR. SALINAS: Because you can have a city applying and never getting one. I think that was the concern that the man had this morning.

MR. HAMBY: And this would give a few additional points to cities that have never had one.

MR. SALINAS: Exactly.

MR. CONINE: Twenty out of total of how many potential?

MR. PIKE: 100.

MS. ANDERSON: So may I attempt to clarify the motion that I think is on the floor? Is the adoption of the HOME rules as published in the board book with the lottery distribution option, on a two-year funding cycle, with language on a potential capping of the maximum award at something other than the \$500,000, with a change that on the past performance stuff, that those metrics are based on the expended amount, not the original contract

amount, that we measure this past performance at the 18-month level, based on starting a house, not completing a house, and that instead of the "or" thing about before 2002, that we just say, No other HOME award -- has not received a HOME OCC award or any kind of award.

MS. CARRINGTON: The way we have it written is HOME.

MS. ANDERSON: So even if a city got homebuyer assistance for TBRA, that knocks them out for OCC. Is that your intent?

MR. CONINE: NO.

MR. SALINAS: No.

MS. ANDERSON: Just a previous HOME OCC award.

MR. CONINE: Correct.

MS. ANDERSON: And I think that's the end of the changes. Is that clear?

MR. CONINE: That's why you're chairperson. You bring clarity.

MS. ANDERSON: And I have my sticky notes. Any other discussion?

(No response.)

MS. ANDERSON: 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: I might suggest, Ms. Anderson and Mr. Conine, that we go down to item 5(e) on the Section 504 policy. And then that would finish the Programs Committee report. Then we'll go back to (d) and (e).

MR. CONINE: 5(e). Again the Programs Committee heard testimony this morning relative to a particular certification as it relates to acquisition and rehab applicants on Housing Trust Fund and low-income housing tax credit projects.

I think it's the intent of staff to hold some workshops, round-tables and bring this particular issue back to the Board in future months -- February, March time frame, whenever they have time to make sure we get adequate public comment on this particular change.

No action item, just a report to the Board.  
Concludes my Programs Committee report.

MS. CARRINGTON: Item 5(c) for the Board's consideration is the approval of the 2006 State of Texas Low-income Housing Plan and the annual report, or what's

known as the SLIHP, which is our one-year action plan. This item actually has two components.

It's our annual report for 2005. So it tells what we did last year in our programs and with our dollars. And then it also for 2006 details a plan for each program area and how the dollars will be spent in those areas.

The Board did approve the draft of the SLIHP in September at the September board meeting. And it was included as part of the 13 consolidated public hearings around the state. We did provide for you updates on the comments that we had received.

Beginning on page 2 of 9 is a summary of the changes from the draft 2006 plan to what's being proposed to you today as a result of the public comment. We will be happy to go through any of this document with you. But I will leave it to you all to ask questions about it.

MR. GONZALEZ: I so move for approval.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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: Motion carries.

MS. CARRINGTON: The next item for the Board's consideration is item 5(d), which is our 2006 State of Texas Consolidated Plan, one-year action plan, otherwise known as the CON Plan. This actually covers four programs that are HUD-funded programs of dollars that come to the state.

Two of them are administered by TDHCA. One is administered by ORCA, and the other one is administered --

MR. CONINE: Ms. Carrington, could you provide us documentation from Mr. Dowley that that deposit has been made to the Housing Trust Fund?

MS. CARRINGTON: Yes, sir. I will check on that. Okay. Our CON Plan -- four programs, all HUD-funded, Community Development Block Grant Program administered by ORCA, the HOME administered by TDHCA, emergency shelter grant by TDHCA and HFPA, which is Housing for Persons with Aids.

That is administered by the state health services. And it's TDHCA's responsibility to aggregate the information from these agencies and put it together

and submit this plan. The total dollars in HUD funding is \$129.7 million for all four programs.

TDHCA's portion of this is \$49.7 million. What this document does is tell HUD how we will spend our dollars and also requesting HUD's approval on how we will spend our dollars. So we are requesting the Board's approval on the 2006 Consolidated Plan and One-year Action Plan.

MR. SALINAS: So moved.

MS. CARRINGTON: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: 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 agenda is item 6, which is a discussion of the proposed disaster relief strategies. We have two staff today that's in Beaumont, and that is Bill Dally and Homer Cabello.

At the invitation of HUD and FEMA and the Beaumont Housing Authority, they are providing input in a forum that once the people in those communities know what the Department has available in the way of funding resources and some of the options for those funding resources.

The Board may remember that back in September you gave the Executor Director broad authority to allocate funds to disaster-related activities. At that point we identified \$1.8 million in Housing Trust Fund dollars. We also identified \$8 million in CHDO dollars.

We do have a couple of NOFA's that are out right now. We have one NOFA for rental housing development in the amount of \$5 million. Then we have a CHDO NOFA that's out for \$10 million. We are gathering input from the communities today.

It would anticipate tomorrow when Homer and Bill are back in the office, that we will have some very good suggestions from the local communities and those affected 28 counties, on how they would like to see the dollars available resources spent for the assistance of the hurricane-affected people of the Gulf Coast region.

With that, Ms. Anderson, you've worked very closely with Elena Peinado with our Agency and working

with the Lieutenant Governor's Office in looking at what all of our options are. I might ask you or Elena to --

MS. ANDERSON: Right. Elena, if you'd come up and we could have a little colloquy about this.

You know the staff has done a very good job looking at various buckets of money from different years and different programs and different sources, and what could we do with those monies, and so forth. So I really want to commend both the Policy and Public Affairs staff, Multifamily, Single Family -- all of you all that have had a role in analyzing our options.

We're all keenly aware that the folks in this 28-county region are eager to have some assurance of funding sources and uses and to get started. It's my understanding that one thing we could do initially is the \$8 million in HOME funds and the \$1.8 million in Housing Trust Fund.

I think this is part of Bill Dally's message in Beaumont today -- that those could be very quickly by staff, NOFAs generated for owner-occupied for the \$8 million block of HOME funds, and self-help, single family work for self-help entities with the \$1.8 million in Housing Trust Fund, since that's the most flexible source.

MS. PEINADO: Yes. That is correct. We are

looking at, with the \$8 million in HOME funds that we had identified that previously had the CHDO captivation. But we did get a HUD waiver for that. We are considering putting it out for a single-family rehab, possibly tenant-based rental assistance.

And I believe that our single-family projection area has prepared a NOFA, and has been working with Steve Schottman in Policy and Public Affairs on a methodology to send it out. Now it's pending getting feedback from Bill Dally and Homer Cabello on both the activities-funded and the methodology.

And with respect to the \$1.8 million in Trust Fund, the concept at this point is to do self-help housing that could be for home repair or reconstruction for home damages, because our understanding is that there's some Habitat for Humanity organizations in those areas that could potentially undertake this activity.

We're ready, and we want to try and get out NOFAs fairly quickly for both those pots of dollars, both the \$8 million and the \$1.8 million.

MS. ANDERSON: And as Ms. Carrington said, we granted her broad authority to go ahead and implement these things. And I just asked today for just sort of a -- not a formal action -- but just a sense of the Board

that the direction that we've just discussed that we're headed, is appropriate in your view, because I think the other thing we want to do is be able to communicate to the local communities in a sort of public way, through the news media, that we're poised to put some real money on the street for real, tangible solutions.

So I'm just sort of asking Kevin how might I do this appropriately -- just sort of saying --

MR. HAMBY: Well, I believe you've already -- in coming to general counsel, I believe you've already given your Executive Director the authority to do it. There is one clarification that we do need, however. Because of the single-family cycle, whenever we said that we would not put out a NOFA for single family, we need a clarification that, when we said we were going to do a NOFA for single family, it did not include the disaster relief.

It was for the regular single-family cycle. So we just want to put that on the record and make sure that the Board is aware that the authority you gave Ms. Carrington in September covers doing this NOFA and that the exception that we put on the table in November did not take that away.

And I guess if it did, it's probably just

something that we need to get on the record. But [indiscernible] it did not, because this money can be expended quickly. And that was the purpose if, from September to January is quickly. It's the purpose of getting the NOFA out.

I think unless somebody has an objection, you can just move forward, because Ms. Carrington already has the authority. So there would not be any additional authority needed.

MS. ANDERSON: Questions?

MS. PEINADO: We continue to look at our different programs for multifamily programs, seeing what other activities we can do. But that's what we're moving forward with right now.

MS. ANDERSON: Thank you.

MS. CARRINGTON: The next items are executive director report items. Item number 1 is our monthly outreach activities for the month of October, so that you can see where we've been and where we are going and doing trainings and participating in trade association meetings, seminars, workshops, and doing various compliance trainings also.

The next item is a report item on the implementation of Senate Bill 712, which is the Texas

Weatherization Assistance Program. This is a bill that was sponsored by Senator Carona during the 19th session of the Legislature.

It's an effort to assist low-income Texas with various kinds of energy assistance. It's \$5 million for each of two years. This is being administered out of our community affairs area. We're doing it in conjunction with the Department of Energy.

We have worked all fall with the Public Utility Commission. We finally reached agreement with them and have executed a memorandum of understanding. It's actually low-income Texans that are actually in five areas of the state, that are in areas where there is electric competition.

We've listed for you the types of energy-saving measures that these low-income Texans can receive if they qualify. This is applicable for both those Texans who own their home but who also rent. So these energy-saving devices can also be utilized in rental property, as well as properties that are owned by the eligible applicant.

The next item for your review is -- we set an upcoming visit from the GAO. However, the GAO arrived yesterday and worked with our community affairs area. What the GAO is specifically looking at is the

administration of the Community Services Block Grant Program. They're looking at that in five states.

We mentioned three here, but Eddie tells me that there are indeed five states that they are looking at this program in. They're focusing basically on what extent does the Department of Health and Human Services provide oversight to the states in the administration of the Community Services Block Grant Program.

They are out today at three of the community action agencies that we fund. The community action agency are INC of Hayes, Caldwell and Blanco counties and San Marcos, Community Services of Northeast Texas in Lindon, and the Dallas Urban League.

We have provided the GAO a lot of information that they have requested. They're also going to be monitoring three entities that they don't plan to visit, but we will be providing information on those entities. And they will be doing desk reviews on those. That's Concho Valley in San Angelo, Gulf Coast in Houston and Community Services in Corsicana.

The last item is a report item. More good news. I think the CSBG visit is good news for us, in that they're looking for case studies and best practices in states's administration of the CSBG Program. The last

item is the Housing Choice Voucher Program.

On an annual basis HUD reviews and evaluates the performance and administration of your Housing Choice Voucher Program for PHAS. And they rate the PHAS as high, standard, or troubled. Our CF rating, we did receive a high performer for fiscal year '05, with a score of 125 of 130 points.

And we list 15 indicators that HUD looks at when they do the SEMAP review for you. With that, I believe that is the end of the executive director's reports.

MS. ANDERSON: With that, that concludes the business --

MR. CONINE: Could I address my fellow Board members briefly?

MS. ANDERSON: Certainly.

MR. CONINE: I had the occasion last Friday to visit with Barbara Thompson, who's the executive director of the NCHSA up in Washington D.C., relative to the acts of NCHSB this year, the B board, in helping with the legislative agenda and the overall activities of NCHSA.

As most of you know, I'm current president of that group, and wanted to appeal to my fellow Board members that there a couple of events coming up this year

that I would appreciate your potential attendance at, relative to support of what NCHSA is doing.

March 5, 6 and 7 is the annual Legislative Conference in Washington D.C., where I believe and I think those at NCHSA believe that, because of the potential political influence that a lot of Board members have around the country -- this Board is no exception -- that we could go up to Washington, visit with some of our legislators and members of Congress and help continue to increase the awareness of whatever the legislative priorities might be at that particular time.

I think they're currently evolving that. But I would especially appreciate -- especially this year -- some Texans showing up and helping in that particular effort. Also the second event would be the summer workshop that I know most of you have probably been on at one time or another.

Those dates are August 13 through 16. I don't think they know exactly where yet. They're trying to finalize the last minute details of where that's going to be. But again I have found it's a great time for not only networking and listening to presentations and round-tables, where best practices in other states -- what they do and don't do relative to some of these programs -- is

tremendously helpful to me, and I hope ultimately filters back to Texas and how we run this Agency.

So if you guys could potentially carve out some time, I would appreciate your being there this year to help out in that effort.

MS. ANDERSON: I note for the record that March 7 is Texas primary election day. So to the extent that any of you all want to do that, you should take advantage of our very convenient and open two-week period of early voting throughout the State of Texas.

MR. CONINE: Which I do consistently.

MS. CARRINGTON: And If I might add one footnote. Mr. Conine, I found out a couple weeks ago at my NCHSA board meeting, that the NCHSB meeting, when you were elected president is the first one in several years that has made money.

The organization made several thousand dollars at that meeting. So maybe it's because of you and your presidency, Mr. Conine.

MS. ANDERSON: So does that mean that meeting in August will be Texas?

MS. CARRINGTON: I doubt that -- Texas in August.

MR. CONINE: I think they look for cooler

destinations that particular period of time.

MS. CARRINGTON: Actually Colorado was lobbying for NCHSB to come back, since they made so much money.

MR. CONINE: I can't tell you where it's going to be yet, because that decision hasn't been made. I will as soon as I know.

MS. ANDERSON: Any other business to come before the Board?

(No response.)

MS. ANDERSON: Hearing none, we stand adjourned. Merry Christmas.

(Whereupon, at 4:00 p.m., the meeting was adjourned.)

C E R T I F I C A T E

MEETING OF: TDHCA Board  
LOCATION: Austin, Texas  
DATE: December 14, 2005

I do hereby certify that the foregoing pages, numbers 1 through 122, 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 & Community Affairs.

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(Transcriber) 12/21/2005  
(Date)

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