

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD OF DIRECTORS MEETING

Capitol Extension Auditorium
1500 North Congress Avenue
Austin, Texas

October 4, 2011
8:39 a.m.

MEMBERS:

J. PAUL OXER, Chair
TOM GANN, Vice-Chair
LESLIE BINGHAM-ESCARENO, Member
C. KENT CONINE, Member
LOWELL KEIG, Member
JUAN MUNOZ, Member

TIMOTHY K. IRVINE, Executive Director

ON THE RECORD REPORTING
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PROCEEDINGS

MR. OXER: Good morning, everyone. Welcome to the October 4 meeting of the Texas Department of Housing and Community Affairs Governing Board. We'll start with roll call.

Ms. Bingham, not present.

Mr. Conine?

MR. CONINE: Here.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. Keig, not present.

Dr. Munoz?

DR. MUNOZ: Present.

MR. OXER: I'm J. Paul Oxer here.

Four of us here constitute a quorum. Counselor, just revise into the record that decisions today require a majority of the quorum, not a majority of the Board. Is that correct?

MR. PENDER: That's correct. Jeff Pender, deputy general counsel.

MR. OXER: Great. Thanks.

We'll stand and pledge to the flag, please.

MR. IRVINE: Words to the Texas pledge are printed on the first page of the agenda.

(The pledges were recited.)

MR. OXER: Thank you.

MR. IRVINE: Mr. Chairman, before we jump into the formal agenda, might I just ask for a brief moment for Elizabeth Yevich to come and share a little bit of positive news about some state agencies collaborating and succeeding?

MR. OXER: We can always use good news, so Elizabeth.

MS. YEVICH: Certainly, and this is good news.

Good morning, Chair Oxer, Board, Mr. Irvine, staff and guests. I am Elizabeth Yevich, the director of the Housing Resource Center here at TDHCA, and I have the good fortune to start off with what I am sure will be a most productive day with very exciting news. This is that TDHCA, in a collaborative effort with the Department of Aging and Disability, known as DADS, together we have helped secure more money for the State of Texas to the tune of \$330,000 in grant money. We just found out about this exciting news late last week and could not be more excited.

This grant is from the U.S. Department of Health and Human Services, and it comes through their Centers of Medicaid and Medicare, it's called CMS, and what it will do is increase housing for persons with disabilities providing linkages to supportive services. Specifically what we plan to do with the grant is create an online information clearing house to tie existing and future affordable housing units with available services for persons with disabilities, as well as we intend to fund a statewide partnership academy to educate developers of affordable housing and help service and housing providers link their programs.

So the implementation of the grant will also include involvement

of: DSHS, Department of State Health Service, DARS, the Department of Assistive and Rehabilitate Services, as well as extensive community outreach, also our Housing and Health Services Coordination Council, the Promoting Independence Advisory Committee, and TDHCA's own Disability Advisory Work Group will provide guidance and feedback on the implementation of the grant activities. This is true teamwork.

So Texas was one of only six states sharing this \$1.3 million in funding, and could not be more pleased to say that the majority of this application was conceived and written by the capable staff in my division, the Housing Resource Center. And I want to share with you when I got this email late last week that our contact at CMS specifically congratulated Texas with the following quote: A dynamic proposal.

So please join me in recognizing two dynamic grant writers, Kate Moore and Ashley Schweickert.

(Applause.)

MR. OXER: We're always happy to see you bring home the bacon to Texas, so congratulations from the chair.

As most of you know, this is a specially called meeting because we weren't able to get to everyone that had an interest and comment last meeting on September 15. We have actually a relatively short agenda but I'm expecting a long meeting, so we'll do everything we can to make sure that everybody here has their opportunity to speak if you've requested. I would remind everybody that we are being broadcast live televised live here on the legislative channel, so whatever you say, make sure that you want to have

everybody hear it and not just us.

With that, we'll start the first item. Since this is a specially called meeting, we're going to have opportunity for public comment on each of the agenda items. This is essentially continuation of the former meeting. We'll have the same rules for public comment that we've had: three minutes per person, five minutes if there's ceded time. Owing to the fact that there's quite a number that did not have an opportunity to speak last time, we're going to start more or less where we left off and finish those out, and then give everybody else another opportunity to speak.

I would suggest to everyone that it would behoove your argument to be courteous of the time that we have to share for everybody, so if you've been here and you've said it before, I think you should recognize that there's a certain intelligence that we have up here so we'll be able to recognize you if you've been here before, in addition to the fact that we have a transcript so we know what you said last time.

We're reserving the very front row, these five down here, for those who are coming up when we get to this point in the agenda, and I'll remind you of that when we get started. The front row here will be the on deck circle, because we're going to have to be as efficient with the opportunity for everyone to speak as we can, so when you're called to the podium, it shouldn't take two minutes for you to get up here. That's burning your time to speak. In fact, that would be a good idea, as you get called, we'll start the clock when you're called, so if they walk up here, they can spend their time walking. What a thought. Anyway, on deck circle is right here.

Nidia and Michelle have a list in the agenda. We're doing it essentially in the project order which is sort of a different approach to this. We're going to start more or less in the middle. We'll get to that in a bit. We've got two major agenda items: the QAP and then the requests for forward commitments. So let's start with the QAP.

Tom, good morning.

MR. GOURIS: Tom Gouris, deputy executive director for Housing Programs. Good morning.

MR. OXER: So far.

MR. GOURIS: So far.

As you might recall, last meeting we had a draft QAP that had a considerable amount of comment and a request from one board member, Mr. Conine, to come back, re-look at some things and then bring that back to this meeting. We, in fact, did have a fairly lengthy conversation throughout that process with Mr. Conine and had an industry roundtable last Tuesday to discuss some of the changes and some of the ideas and continued to work those changes up through last Thursday and published a draft QAP at that time.

Some of the changes from the last meeting, and I'll be quick and highlight them would be that we've added some constraints to identify more policy initiatives, policy directions, and taken some things away that maybe weren't as necessary and maybe obfuscated the policy issues that were trying to be drawn.

One of the policy issues that was added was the proposal that

rehabilitations that are more than 40 years old must be submitted as reconstruction to be considered eligible. Another was to target central business districts and allow them more flexibility in their unit mix than the regular transaction, flexibility that is akin to the senior transactions. We also adjusted the high opportunity areas and the provisions for folks who would be eligible for the 30 percent boost by excluding green building transactions and historic transactions to qualify for that reason only. We revised slightly the tie-breakers, adding a second tie-breaker to deal with the amount of credit per unit. There was a lot of discussion about the \$2 million cap, and I'm sure you'll hear about that. We did bring that back to \$2 million. The legislature provided the board with the ability to raise that cap to \$3 million but not the requirement to do so, and so we brought it back to \$2 million for this draft.

I believe we increased the rehabilitation cost on rehab units up to \$25,000 and a comparable increase on the USDA transactions as well. We adjusted the experience requirements so that the Texas-only experience was eliminated. We adjusted the pre-application requirements so that the site control document that had been required as a document for pre-application is not required. Site control is going to be assumed based on the application but not verified at that point, we'll verify it at application, and we're not going to verify that they had it at pre-app, we're going to verify that they have it as effective at application.

We went back to the 2010 language for financial feasibility. We had included some additional considerations for term sheets and

what-have-you and what level of due diligence the lender might have done. We've moved back to where we were last year, not this past year but the year prior, to make that a simpler process. We've allowed some limited technical assistance for neighborhood organizations from the developer to help place them on record and create them if necessary, but not to be in control or be a voting member of them.

We also spent some time on the rent levels and income targeting. We made an adjustment there so that it would be less difficult for a development in a rural or non major metro market to meet that low income targeting. We still have the income targets that we had last year for the four largest cities but we've backed on, and in fact, we've halved the requirements for everywhere else so that those deals would be more financially viable and more likely to occur.

We've also made some changes to the leveraging of state and local resources, LPS, which we sort of call UGLG now for Unit of General Local Government funding, to make those contributions more meaningful and direct from the local area. We allow them to be from the county or a neighboring county to participate in the local portion of that scoring item.

We made some revisions to the cost per square foot to address the differences between costs that are differentiated amongst developments and costs that are subject to the site and other aspects of the development. In other words, we've set a limit in there for the sticks and bricks from foundation to construction, the hard, hard costs because those are more similar than some of the other land development costs that are associated with

the cost per square foot item.

We added last time and revised slightly what we called last time readiness to proceed, now we're calling it the additional evidence of preparation to proceed, to include transactions that have been previously been through a cycle and weren't deemed ineligible in the prior cycle but didn't get an award in the prior cycle, under the belief that those developments are a little bit further along because they've been in one year already or two years already and they can get up to two points for two years, one for each year, for that scoring item.

I mentioned the leveraging of private, state and federal to include permanent financing. In fact, this is a more major component of that item with an expectation that that type of funding is actually providing a material benefit to the transaction and is more long-term in nature.

We've removed the green building amenities as a scoring item but we did leave it in as a threshold consideration so that folks can meet the threshold requirement using the green items.

A couple more points. We've reduced the points for economic development initiatives and community revitalization, and we reinstated the prior language for forward commitments so that there is not more discussion in the QAP but in fact more ability to use the board's discretion as to how forward commitments need to be addressed. Forward commitments, as we'll understand this afternoon, are very discretionary oriented, there needs to be good cause by the board, but other than that, how that cause is sort of shaped and formatted is really a board issue, not something that staff will be doing.

And then finally, and maybe on the bit of easy clarity good side of things, we recommend reducing the fee for the commitments from 5 percent to 4 percent, and we did this after re-looking at our budgets and determining where we are right now and where we will be in the coming couple of years. We'd increased the fee from 4 to 5 a couple of years ago and because of some good fortune with the fact that we got additional credits out of the hurricane disaster credit allocation, we had built up some funding there, so we feel like we can afford to move back to 4 percent for the coming year and then look next year to see where we are for future years.

Those are probably the most notable changes. There are tweaks and turns throughout the document. I think given the time we spent, given the short amount of time, we spent a lot of it trying to hone in on the bigger issues. I believe that we have made significant progress in making the QAP easier and simpler. I think there's still some way to go, and I know that we've talked about and I expect that as soon as this QAP gets approved we'll start laying some foundation for maybe another revamping, but a more starting from scratch revamping, just as soon as we finish this one.

MR. OXER: Essentially a zero-based budget.

MR. GOURIS: Essentially. I think that's where we're going to start.

MR. OXER: Okay. Had an industry roundtable Tuesday.

MR. GOURIS: We did.

MR. OXER: Had how many show up? I'd like to get that in the record.

MR. GOURIS: I'm not sure, probably 70-75, something in that range. It was a pretty full meeting room here at the Capitol. Had lots of good conversation and lots of good comment. To be fair, this process is a little different than typical. Typical, we spend a lot of time, and we always spend a lot time, we did this year as well spend a lot of time, kind of working ideas up. Unfortunately, some of these ideas are ideas that have been around for a while but their implementation kind of came late in the game. We weren't prepared with a laundry list of them all for the public to consume and digest, so a lot of the conversation was here verbally is what we're saying we're doing in kind of initiative-oriented policy and the response then had to be digested and understood, and so a lot of the comments we got were comments of understanding, I think.

I think, by and large, the comments since then have been -- well, we'll see in a few minutes -- but at least the written comments we've received since then have been relatively understandable, consistent with what we've heard before, and folks have been able to digest this QAP pretty well, I think.

MR. OXER: So it was an important component of the communication, what we were trying to do to have these things.

MR. GOURIS: It sure is. And today's comments I'm sure will be taken into consideration and melded into what we have.

MR. OXER: I sure hope they do.

Any comments from the Board?

MR. CONINE: Mr. Chairman, I'd like to thank staff for

spending the whole day with me and going through this thing. We made a valiant attempt to make it a little more user-friendly, a little more economically friendly, and ultimately target the population I think the program was intended for. So thank you for that time.

MR. OXER: Back to basics is always a good thing when we're in a tough time like this. Everybody has to remember that our fundamental purpose is to make housing available for folks that need it.

MR. IRVINE: And also, we did make some changes that go beyond the QAP, and the application effectively has lost lines 2 and 4.

MR. OXER: That's a good thing. Thank you, Tom.

We have, as you might well guess, several requests for comment. I'm going to call three or four at a time here and try to keep everybody ahead of the game.

Granger, you're up. It will be Granger MacDonald, Dennis Hoover, Bill Fisher and Michael Hartman. So be making your way down to the on deck circle, and then try to keep two on and two coming, if we can do that.

Good morning, Mr. MacDonald.

MR. G. MacDONALD: Good morning, Mr. Chairman, good morning, Board.

Four or five things I'd like to point out in this year's QAP. First of all is the 120 percent of available credits. It's very penalty-ridden to the rurals, and the chart that was presented, or will be presented later that you will have in your presentation package for forward commitments, it's very

descriptive and it shows very clearly that in the aggregate the rural areas are not over-funded compared to the urban deals, and I think that the effect of this will mean that you'll have many of the \$500,000 capped rural sub-regions will only have 50-unit projects in them. This will make them very financially infeasible due to fixed insurance costs and fixed operating costs, and this will be specifically damaging to oil field communities and areas for migrant farm workers. I would suggest that this be moved to 150 percent which I think would be much more fair.

The \$2 million cap, several issues on it. The proration between experienced and inexperienced developers is being eliminated in a time when banks and syndicators are looking to experience more and more. I think that should be looked at. The only topic that the Texas legislators could agree upon in the last session was raising this cap, and I'm not sure this is a smart thing for the agency to do in light of the upcoming Sunset review. Thirdly, it's been many years since this cap was raised, and if you use an inflation factor on construction costs, the cap would need to be \$4.2 million since it was raised the last time.

And finally, there are many people that are being discriminated against by this smaller cap. For example, my son and Steve Ford's son, whom both have their own experience and stronger financial statements than many of this year's awardees, are being prevented from starting their own businesses and being independent due to the related parties being treated under the same cap numbers. We all discussed how to fix this problem. Mr. Irvine and I talked about it at length but couldn't come up with a solution that

prevented an unscrupulous developer from gaming the system. This increase in cap was a remedy to that in that they would be able to go and do their own thing. If nothing else, I would like for something to be said about related parties being able to utilize a \$3 million cap.

And on experience, I'd like to see us go back to the original draft and the prior QAP that was developed by staff. I feel like you're discriminating against Texas developers by subjecting them to the higher Texas compliance standards, while allowing out-of-staters who have never experienced those standards an exemption from previous compliance history. The only people that complained about this were out-of-state developers and people who work for them, their consultants, so I think this is something that was really on the right track and shouldn't be dismissed. It's also favored by many of the legislators.

And tie-breakers, I would like for us also to think about using the cost per unit as the number one tie-breaker. We need to get units on the ground, we don't need to have any preferences.

MR. CONINE: Mr. MacDonald, on the related party issue, I also spoke to Mr. Irvine but it was a brief conversation because I said, Did we get it fixed? And he said, Yes.

MR. IRVINE: I thought we had removed related party from the definition of persons subject to the cap.

MR. GOURIS: As long as they don't have overlapping control, so if both of them control the transaction, then there would be a problem, but if Granger and Justin want to do two separate transactions, that wouldn't impact

the cap, they wouldn't be impacted by the cap.

MR. CONINE: Does that fix the problem for you, Mr. MacDonald?

MR. G. MacDONALD: It would definitely fix the problem, but I'd like to have a copy of that in the transcript.

MR. CONINE: I think we just did.

(General laughter.)

MR. IRVINE: I will state on the record that the statute says that the cap applies to an applicant, and applicant is defined as applicant and affiliate, and we have not added to that in the rule related parties.

MR. CONINE: I was just going to suggest if that doesn't fix the problem, then we should probably develop a process where they could come in and get some sort of waiver or some pre-approval process.

MR. IRVINE: Predetermination.

MR. CONINE: Yes, predetermination so we could get that issue resolved.

Thank you.

MR. OXER: Any more questions?

(No response.)

MR. OXER: Mr. Hoover.

MR. HOOVER: Good morning. My name is Dennis Hoover. I represent myself and my company, Hamilton Valley Management and the QAP committee of the Rural Rental Housing Association of Texas which is a group of USDA 515 multifamily borrowers, builders, owners and managers.

I only have one comment I want to make and it's in relation to Section 50.9, selection criteria, the rent levels of the units where applicants commit to 50 percent units to get points. In the case of USDA 515s, we have a federal regulation that we already prioritize 50 percent income applicants over everybody above that, and so whenever a USDA 515 makes a commitment to that, I think it would be a great thing if there's nobody on our waiting list at 50 percent or below that we would be able to rent to 60 percent.

Now, we file and follow an affirmative fair housing marketing plan with both agencies, not just TDHCA but USDA also. Both agencies look over it year by year to make sure that we're following that plan, we do follow the plan. Most of our folks in USDA are 50 percent or below, anyway, even outside the tax credit program. But it would give us a little bit of flexibility in a case, the market shifts sometimes in those rural areas and the band of income, people inside of income is very narrow the further you go into rural Texas. It would give us a little bit of flexibility in the case where we've done our marketing, there's nobody on the waiting list that's 50 percent or under, we can rent to a 60 percent person.

I think we got some support from staff on that. The compliance department is probably like my compliance department, they don't want another rule to follow. Every time we layer another one of these compliance rules, somebody comes down the hall with a stick and beats me with it.

MR. OXER: That's Patricia's job.

(General laughter.)

MR. HOOVER: Patricia would too.

But I think this has been done case-by-case in the past, and not for RD deals. It would make sense for everybody really, probably be another compliance rule to follow, but in the case of RD 515s where we're already compelled by another federal regulation to bypass a 60 percent on the waiting list and rent to a 50 percent, it would make a lot of sense for us and give us a little flexibility in those rural markets.

MR. OXER: Any comments?

(No response.)

MR. OXER: Thank you, Mr. Hoover.

We have Bill Fisher coming up next but in the box is going to be David Koogler and Donna Rickenbacker, so stage them up.

Mr. Fisher.

MR. FISHER: Good morning, Board members. Bill Fisher, Odyssey Residential Holdings. Thank you for all your service to our state. I want to applaud you for revamping the QAP and the scoring criteria. These changes are clearly necessary in order for us to preserve our housing programs.

I want to speak on just two quick topics. Discretionary forwards of housing tax credits. Your discretionary forward authority plays an important role in the mission to create safe, decent and affordable rental housing in Texas. No one could argue with a straight face that one QAP in this business in such an enormous and diverse state can sift through all the applications and ensure only the best projects, the projects we need are

approved for funding. Discretionary forwards are important to the governance of the Board and its relationship with staff; forwards allow the Board to identify worthy developments that are necessary to the success of our program and our agency regardless of score.

Whether a forward is needed to fund emergency housing situations like Galveston or Bastrop, or to address fair housing in Dallas or Austin, or even if it's just to keep a quality development company in Dallas working, there are many good reasons why the Board must have clear and unfettered power to award forwards to a worthy and necessary project. Please instruct the staff to ensure this authority, along with your authority to waive rules not covered by the statute or in this QAP in clear and unambiguous language. This will ensure that the Board has flexibility to keep development applications active that they see that are important to the state for whatever good cause that they deem appropriate.

Number two, Texas has balanced their budget this year, unlike many states, but to do so we used money from our Rainy Day Fund and we entered into a broad range of funding cuts that led to thousands of lost jobs, not just any jobs, but jobs for over 12,000 of our teachers. It is projected that many thousands more teachers will be laid off in the next budget cycle if revenue does not increase sufficiently to pay for them.

I ask the Board to recognize our impact our housing developments have on communities. We must pay for our impact with property taxes and sales taxes. I propose a plus five point category to distinguish those developments which pay for their impact in our community

and those that do not pay for their impact in the community. If the development pays full property taxes, then the application is awarded five points; if the proposed development will be partially financed by leveraging cash flow with no property taxes and/or no sales taxes, be awarded a minus five points. We cannot fund developments that do not pay their fair share. This is a plus or minus five points for fair share.

An entity who would otherwise be tax-exempt can always get the positive points by entering into a pilot agreement with all taxing jurisdictions. I suggest a penalty of perjury certification at cost cert should be provided attesting to the payment of sales taxes on purchased materials and appliances; staff may ask for proof of payment of sales taxes during construction at their discretion.

Thank you.

MR. OXER: Comments?

(No response.)

MR. OXER: Thank you for your comments.

Mr. Hartman.

MR. HARTMAN: Good morning, Mr. Chairman, members of the Board. My name is Michael Hartman, I'm with Roundstone Development.

First I'd to say thank you to the staff. The written comments that we put into the record were proposed prior to the meeting last Tuesday. A number of those comments were incorporated, and we appreciate staff's efforts in working with the QAP.

A couple of quick comments. Two questions on ineligible

applications, I guess. Last Tuesday it was stated that the \$13,000 of credits per unit limit was going to be removed from the QAP but I still see it in there, so I had a question as to why that was still in there.

Echoing what Granger said earlier, looking at the maximum credit request for a sub-region, when you look at these deals there are certain development costs that are not going to change: the attorney costs are the same whether you do 40 units or 80 units, the accountant is the same, the appraiser, the market study, the phase one. If you can't spread those out over more units, deals become economically infeasible. Also, there are certain operating expenses that are not going to change: the cost of your audit is still the same whether it's 40 units or 200 units; you have to have at least two staff people, more likely three at a property. So if you've got only 40 units, that makes it almost economically infeasible. Based upon the current rule, I would say that it would be very likely that we would not have any applications in Rural Regions 2, 7, 8, 9, 12 and 13.

Looking at Granger's 150 percent, I hadn't really looked at those numbers. I had proposed what TAAHP was recommending which was a maximum of \$1 million for any sub-region that has less than \$1 million of credits.

Tie-breakers, I appreciate putting back in the tie-breaker for tax credits, but for some reason it was changed to tax credits per unit as opposed to tax credits per square foot. The only problem with that is that discriminates against single family housing. When we do single family housing, a unit houses five or six people versus a senior property which houses one to two

people per unit, so if you use a per unit tie-breaker, the smaller units are always going to win and in a lot of areas, especially in South Texas, we need larger units, we need units that can hold five and six people, and they can't win if you're going credits per unit as opposed to credits per square foot which was the previous standard that we had.

Finally, my only other comment would be on QCP. It says that it wants to make it neutral if there is no neighborhood organization, but if you had no neighborhood organization, you start two points behind.

Those are my comments.

MR. OXER: Thank you for your comments. Any questions?

(No response.)

MR. OXER: The next four, David Koogler.

MR. KOOGLER: (Speaking from audience.) I'm ceding my time.

MR. OXER: Okay. Thanks, David.

Donna Rickenbacker, and then following would be Sara Hutchinson and Barry Kahn on deck.

MS. RICKENBACKER: Good morning, Chairman, Board members, Tim. I'm going to limit my QAP comments today to responding to what is currently being proposed to qualify for the 30 percent increase in eligible basis and some adjustments to the current definition of high opportunity areas that I would like the Board and staff to consider when evaluating proposed developments in Regions 11 and 3 which are Texas-Mexico border regions.

There are currently very few ways to qualify for the 30 percent boost. The two primary ways applicable to the border regions include developments located in QCTs and developments in high opportunity areas. In order for the area to be considered high opportunity, the location of the proposed development must meet two tests: it must be located in a census tract that has a median income that is above the median for the county and has a 15 percent or less poverty rate. Unfortunately, very few census tracts along the border would qualify as high opportunity.

If you look at Hidalgo and Cameron counties in Region 11 which includes approximately 72 miles between Brownsville and Sullivan City, and you look at El Paso County in Region 13 and you calculate the percentage of the total tracts within these counties that would qualify for high opportunity area boost at a 15 percent poverty rate as currently proposed, 7 percent of the tracts would qualify in Cameron, 9 percent in Hidalgo and 28 percent of the census tracts in El Paso County. By contrast, the percentage of tracts that qualify as high opportunity in several counties in Regions 3, 6, 7 and 9, I mainly looked at the larger counties in those regions, it ranges from 40 to 45 percent of the total census tracts.

Since you can't develop affordable housing anywhere in the Valley, and I'm assuming the same applies to El Paso County, without the 30 percent. This analysis means that the most affordable development activity in the urban categories of these counties would be located in qualified census tracts. This is contrary to what I believe the intent of the Board and staff was to include points and incentives to move developments into high opportunity

areas.

I recommend that the Board adjust the poverty rate used in the calculation for these two regions so that the percentage of census tracts that qualify as high opportunity are more in line with the other regions. At 40 percent, which I recognize is a significant adjust from the 15 percent poverty, but for Regions 11 and 13 this is the result. In El Paso County you now have 51 tracts that would qualify for 40 percent, Hidalgo County 32 tracts or 40 percent would qualify, and in Cameron County 37 tracts or 43 percent would qualify. So I hope that staff and the Board will take a look at these adjustments.

MR. OXER: Good.

MR. CONINE: Ms. Rickenbacker, would it make sense to adjust the poverty rate in those counties or census tracts, I can't think of which one, that would run along the border down there, or create some geographical definition that would help create an opportunity down there?

MS. RICKENBACKER: Yes, sir. That's what I'm recommending, that it be with respect to these two regions which are the two regions along the border. The 40 percent or less poverty as opposed to what's currently proposed at 15 percent or less. And that adjustment will put the border region census tracts in line with the 15 percent that's currently proposed and applicable to the other regions.

MR. CONINE: Thank you for your testimony.

Staff, we ought to take a look at figuring out how to wordsmith that language.

MR. OXER: It's essentially the counties that line the border.

MR. CONINE: Right.

MR. OXER: Have you got that, Tom?

DR. MUNOZ: But also make sure that wouldn't apply anywhere else in the state. I appreciate the poverty that exists around the state.

MR. OXER: The border of Oklahoma doesn't count.

(General laughter.)

MR. GOURIS: So let me make sure I understand that correct because I think I heard two comments. One had to do with just the border generally, counties along the border to all receive it, or just those that have the higher poverty rate to receive it?

MR. CONINE: Take a look at it and come back with a recommendation.

MR. GOURIS: Very good.

MR. OXER: Ms. Hutchinson.

MS. HUTCHINSON: Good morning, Chairman Oxer, Board. My name is Sara Hutchinson. I am with Amegy Mortgage out of The Woodlands, Texas, and we are an active housing tax credit lender involved in the Federal Home Loan Bank CIP program.

My comment today is regarding item F on page 64 of the QAP, which is the leveraging of private, state and federal resources. That item states that the applicant must provide a funding commitment with the executed housing tax credit commitment notice. The time it takes for a private lender to

issue a loan commitment after the credits are awarded may not fit the required timing schedule required by TDHCA as stated in their tax credit commitment notice. I would suggest that at least a 60 to 90 day time frame be given to allow the lender time to provide that commitment notice.

Thank you.

MR. OXER: Thank you.

MR. CONINE: Thank you for your comment.

MR. OXER: So that would play better into a two-year QAP.

Tom, have you got a comment?

MR. GOURIS: It may or may not play better into a two-year QAP. What it would do is it would delay our ability, if someone wasn't able to get that commitment, to go to the next person on the list. It's something we could have a caveat on for a waiver or an automatic extension if they can't get it, or something like that, or we could just move it to carryover. The problem would be then if things fall out at carryover which is in November, we'd have a very short window to go to the next deal on the list. So it's a timing issue. As long as we know what we're doing, we can figure it, but it would shorten the amount of time the next deal has to get their stuff together.

MR. OXER: So there's a fixed amount of time before you've got to pull the trigger, and if you use one up not getting it and you turn it over to the next one, they've got a really short window.

MR. GOURIS: I think where we directionally should go is someplace where we look at and talk to that lender and see what the likelihood is that they're going to get the commitment before they actually get

the commitment, and if they're working vigorously to get to it, we know that's something we should give an extension for.

MR. OXER: Does the applicant contact them and communicate with you about that, or do you communicate with the lender about their schedule?

MR. GOURIS: When they ask for an extension, we will sometimes contact the lender. Any kind of extension for this kind of thing, we'd contact them, but otherwise it would be the lender and the developer working to try to get it worked through.

MR. OXER: Okay. Thank you, Ms. Hutchinson.

Mr. Kahn.

MR. KAHN: Good morning. My name is Barry Kahn.
Chairman Oxer, Board members.

I'd like to address the issue of providing housing for families. The 2306 and the Low Income Housing Plan state is to provide assistance to individuals and families of low and moderate income people. The high opportunity language in the QAP suggests that many areas, particularly like Harris County, may not be able to fit families into high opportunity areas. Reports are coming out with frequency about families suffering from increased poverty, declining incomes, unemployment, loss of homes. Less than 6 percent of the multifamily stock has three or more bedrooms in the house in Harris County, while one and two bedroom units comprise 91 percent of the total housing stock, and yes, there is vacancy in the one and two bedroom units.

The Harris County consolidated plan states overcrowding is an issue and only about 5 percent of the need is being met. The percentage of those in the 25 to 35 age bracket living with parents has increased 25 percent since 2007, adding to overcrowding. Poverty is now 18 percent and growing, per a recent article in the Houston Chronicle. And low income projects are generally opposed in higher income metropolitan areas -- been through a few of those fights.

The way the 130 percent boost and the development location factors work, virtually everyone doing new construction in Harris County would do senior developments to score in high opportunity areas and make transactions financially feasible. Yes, the senior population is growing, I'm one of those members, however, people 65 and over used to be the highest poverty level in the country 50 years ago and now they're amongst the lowest at only 9 percent, pursuant to an article in the Houston Chronicle.

The QAP states that the Board should consider in awarding credits the appropriateness of a development's size and configuration in relation to the housing needs of the community in which the development is located. So it almost appears that the rules are against families in incomes that don't meet the top 50 percent census tracts. And this includes many policemen, firemen, school teachers, et cetera; we need housing for them.

A couple of suggestions: one is to go back to last year's on the 130 percent boos, and two, in development locations put a section in having to do with meeting specific types of product that's needed due to the area consolidated plans. Now, this can be tied to housing department letters,

city council affirmations that a certain need is needed to be addressed, but we need to address the need of families, and otherwise, many of us or most of us in these types of communities would just do senior deals.

And the other quick comment is the issue on the \$13,000 per unit limit which we thought was going to be deleted.

Be happy to answer any questions.

MR. CONINE: Some suggested language would be helpful.

MR. KAHN: Okay. Thank you.

MR. OXER: Thanks, Barry.

Next four: Sarah Anderson, John Henneberger, Deena Perkins, and Bill Schlesinger. And you have a couple of minutes ceded by Mr. Koogler.

MS. ANDERSON: My name is Sarah Anderson. Good morning. I am here representing the Texas Affiliation of Affordable Housing Providers; the majority of this audience makes up our membership. I'm here to talk about the three biggies. We've already submitted our comments which were about four pages. A lot of them are just technical issues, staff has them, but there's still three large issues that we'd like to bring to your attention, several of which you have heard today.

The first has to do with the developer cap. The industry worked for years to get the cap increased, and I understand the concept of wanting to spread out amongst developers, but believe that the cap is something that the legislature seems to want and is tied back to the ability to be able to do more than one deal per developer. Limiting it at \$2 million is

going to be very difficult, so we would suggest that we be able to use the full cap.

In the event that you're not interested in doing that, we do have a fallback position. The joint venture language has been removed also in this draft, and what we would suggest is that the additional million dollars that is available technically for the cap, that that be made available for joint venture deals and that the joint venture deals be limited at a million, that control go to the inexperienced developer but that there be an experienced developer that would work with them. We believe that would bring about true capacity building. And as luck would have it, we have already suggested the perfect language so it would be very easy for staff to include it and have it ready for publishing immediately.

The second item has to do with the sub-region award amounts. 120 percent you've heard is going to be difficult. We again would like to suggest that you go with the language that we've put forward which says if a sub-region has less than a million dollars available that the cap be limited at a million dollars, if there's more than a million dollars in that sub-region, that the cap be limited at the amount that is available in the sub-region. And we think that that will allow for at least an 80-unit deal to be done in the rural areas and not have the issues that we're talking about at 50 units might make these infeasible.

The third has to do with tenant services. There's been an increase in the number of tenant services that we're being asked to provide on the back-end. We've been talking on the front-end about how increased

costs are problematic on the cost of development, but the other side of the equation has been the increase of operating expenses. Every year operating keeps going up and the rents keep going down, and again, if we are asked to do additional services, it just makes this formula even harder.

We have suggested language. We would prefer to go back to last year's language. If you don't want to do that, we have suggested having some sort of sliding scale based on the size of the development. The larger developments can absorb this change but the smaller ones just can't.

The last item was just a reiteration of at the meeting that we had last week the discussion of the \$13,000 of tax credits per unit, staff had indicated that it was going to be removed, it is still in there, and we would like to request that that language be removed, or go back to what we had originally requested that it be solely for rehab deals.

And to end, we would like to thank staff. This has been an unprecedented year for us to have access, the ability to discuss. I've had my phone ring more in five weeks than I did in five years. You know, be careful what you ask for, right, on both sides. But it has been appreciated, it makes the things that we don't get much more palatable, and so we appreciate that.

MR. OXER: I might add that my phone has rung a lot more in the last five weeks.

MS. ANDERSON: I bet it has. Do you have any questions?

MR. OXER: Any questions from the Board?

(No response.)

MR. OXER: Thanks, Sarah. Appreciate your input.

Mr. Henneberger.

MR. HENNEBERGER: My name is John Henneberger. I'm the co-director of the Texas Low Income Housing Information Service. I'm here to speak on behalf of the tenants of low income housing credits and their needs.

Tenants generally, and especially tenants who have families with children generally look for two things when they look for a place to live: location and affordability. Those are the central problems that all families face. And in essence, because if you're poor in the State of Texas, you're severely constrained as to how you can exercise those choices, and in essence, the program you're making the rules for today is one of the few resources that allows parents to find decent, affordable rental housing. So this is an issue of fundamental importance, affordability and location, to these tenants.

We are not getting, under the current system, tax credit units into high opportunity areas, areas where you would want your kids to go to school, where you would feel like they were safe to play on the streets. It is not occurring at a sufficient level, and it hasn't been occurring at a sufficient level for a long time. We provided this Board several months ago a report by the University of Texas at Austin showing the location of where units under the previous QAPs have been sited. Some are in high opportunity areas, many are not.

Discussion last week about the burden on developers about siting units in high opportunity areas caused us enormous distress because

we recognize what those parents are facing when they have to make that decision, and if you constrain their choices and you consign their kids to poor schools in high crime areas, you're doing damage to generations of people. And similarly, a decision to reduce the affordability to eliminate the very small number of units set aside for the poor -- that is people below 30 percent of MFI -- is similarly devastating. You can't exercise the opportunity to move to those apartments unless you can afford them.

The Board has long talked about a thoughtful review of the QAP where these questions would be considered, and I want to suggest to you that that has been put off far too long. It really is time to spend as much time thinking about the impact of this program on parents with children as it is on whether this process is fair to tax credit developers. In the next QAP I urge you to take the opportunity, get your good staff to do the research that we've done independently but verify it, look at where these developments are being located, and let's change this program for the sake of making sure that the families who need it the most are able to get in places where their kids can get out of poverty and this is not an intergenerational phenomenon.

That said, we oppose the suggestion to eliminate the income targeting of 30 percent units outside of all but the major metropolitan areas, and we believe that there should be a substantial increase both in financial incentives and in qualifying points to developments that locate in high opportunity areas.

Thank you very much.

MR. OXER: Thank you, Mr. Henneberger. Any questions?

(No response.)

MR. OXER: Ms. Perkins.

MS. PERKINS: Good morning. My name is Deena Perkins and I guess I'm the designated hitter for the Texas Association of Community Development Corporations. I like sports metaphors. So thank you for letting me talk to you and for having the roundtable last week and letting us put our comments in.

We just have a couple of concerns, and one of them is the omission of the limit on the number of units per project. Currently the 200-plus-50 we feel is a very manageable number and we're concerned that if we have no limit on that, that it will become unmanageable, and also the public perception of low income housing right now is they feel like there's a concentration, and if we increase the size on those projects, we feel like that's going to feed into that public perception and right now we just feel like that's not a good thing.

Our second concern is the definition under the qualification for the nonprofit set-aside. We feel like it's too vague and it opens up the possibility of someone that is not actually a nonprofit to be qualified under that application. It's too lengthy right now to go into actually revising that, but we want to offer our help with TDHCA to come up with a workable definition, a little bit tighter, to ensure that nonprofits with capacity are able to be under the nonprofit set-aside.

That's all I have if you have any questions.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Mr. Schlesinger.

MR. SCHLESINGER: Hi. I'm Bill Schlesinger. I'm co-director of Project Vida in El Paso, Texas, and here to ask you to reinstate the 2011 rule on the 36-unit additional points.

Project Vida is a nonprofit, church-based. We support primary healthcare, we're also a federally qualified health center, we do micro-enterprise development, we do not only housing but homeless prevention and recovery. We had a 9 percent tax credit unit for a 36-unit project in 2005, Linda Vista; it came in on time, under budget, it's got healthy cash flow. What we target is trying to do in-fill in El Paso, and that's a priority for the city as well. To do in-fill you've got to have land; land is hard to come by in large tracts. We're managing to do four 36-unit tracts, but the cost of the overhead, the cost of running the project means that without that additional points, we can't be competitive with a large project that's placed on the outskirts.

The advantage to doing in-fill is you've got people much closer their jobs, you've got them much closer to all of the support services that we're able to provide in the communities where we're located and we do those services. We're a CHDO, we handle HOME projects on a regular basis, tax credits are large for us at 36 units but they're doable. So we're asking you to consider reinstating that. It's been in the rules for ten years and we don't see a real good reason to take it out.

In addition, we don't pay taxes any time we can avoid it. We

take those dollars and we treat directly the homeless, the poor, the undereducated, and we appreciate that capacity.

Thank you.

MR. OXER: Any questions?

(No response.)

MR. OXER: All right. Next four: Mike Duffy, Diana McIver, Bobby Bowling and Walter Moreau. So Mr. Duffy.

MR. DUFFY: Hello. I've got a voice. I've had a cold the last couple of days so I'm happy I actually can speak. Mike Duffy with McCormack Baron Salazar, and I just have two quick comments. We are relatively new to the state. We did developments in Texas in Fort Worth about 10 or 15 years ago, and now we're back working with the Galveston Housing Authority.

Two real quick comments. In Section 50.27 definitions, central business district, it seems to be said that the central business district definition will be either a city of 50,000 or more and its central business district or a downtown area in a city that has a building ten stories or more. I think we're just looking for some clarity that in fact is an either/or and not a both/and.

And then on 50.9(a), leveraging of private, state and federal resources, there's a list of sources that may qualify under this designation, HOPE VI, Home Investment Partnership Program, other things. One very obvious item that's missing are Community Development Block Grant funds from that list. I don't know if that's intentional or not, but I just wanted to note that over the last several years, through either the stimulus bills or the disaster

recovery bills for various hurricanes like Katrina and Ike, Congress has used both the HOME Program and the CDBG Program as a method of getting dollars into areas, and not having CDBG included in that list seems to eliminate one of the main ways that disaster recovery funds have been getting into communities, so we'd just like to see that added to the list.

That's it.

MR. OXER: Thanks, Mike. Any questions or comments?

(No response.)

MR. OXER: Good morning, Diana.

MS. McIVER: Good morning. Diana McIver, DMA Development. Chair, Board, staff, pleased to be here to provide a few additional comments on the 2012 draft.

The first deals with I really would like to ask the Board to consider the concept of using the \$3 million cap, the extra million to do joint ventures, capacity-building joint ventures between experienced and inexperienced developers. And I know that you have and staff has talked about wanting new folks into the program, but let's use that to get them in a positive way. Staff has told us that inexperienced developers can get their experience through partnering with a contractor, but with all due respect to my contractor friends, that is not capacity-building experience. You're making sure the deal gets done.

But if you were to allow joint ventures between an experienced and an inexperienced developer with that extra one million -- so the one million goes against the cap, full, not prorated, against the experience cap, it goes

full, not prorated, against the inexperience cap -- then we could actually get some capacity-building going. So I would strongly urge you to consider that. And as Sarah Anderson mentioned, I think staff already has the language that TAAHP is proposing.

The second one gets to my concern about high opportunity areas, and I think there is one missing piece, and that is growth. Texas had 22 percent growth in the last decade and so I really think that we've got to add a feature to high opportunity areas that promotes census tracts with high growth. And what my language is -- and remember there are already four other categories, there's public transportation, low poverty rate, high median income, and good schools -- I would propose as the fifth category: located in a census tract that has experienced a growth in population of at least 50 percent since 2000, according to the most recent census data.

I got that number by working with my friend, Bob Coe, who did research on the high scoring applications from the 2011 round and found that of those applications not located in qualified census tracts, the average growth census tracts they were in had 57 percent growth. So I think that's a very, very positive thing for this Board to add to the high opportunity definition.

And then my third is just to echo the tenant services on a sliding scale, that was a TAAHP comment. And remember that this year you're asking people to certify that they have the space to provide those services, those ten services, and the smaller developments just don't have that. Services follow quantities of people, so I think a sliding scale like you have on the amenities side is the way to treat that.

I appreciate your time. Thank you.

MR. CONINE: Ms. McIver.

MS. McIVER: Yes, sir.

MR. CONINE: On your concept of measuring growth in a particular census tract, if five people move to Muleshoe, that might be considered your 50 percent growth. Have you thought about some minimum or maximum? And again, you've got to keep in mind the rural areas of Texas, but I don't want to take that to extremes in a QAP definition.

MS. McIVER: You still, in the case of Muleshoe for an example, you still have to get a market study that justifies that you've got enough people to build housing there, so I think that in the very small areas it ought to take care of itself. But it's very definitely something we could get a market analyst involved in if we see a quirk where it wouldn't work. So maybe the population had to grow at least a thousand people.

MR. CONINE: Would you mind taking a look at that and getting a report back to staff?

MS. McIVER: I will do that. Thank you.

MR. CONINE: Thank you.

MR. OXER: Not the last meeting in September but the last meeting in July we sat right there and there were probably 12-15 of you that came up and every one of you had a quirk, if you'll recall. We found a lot of quirks in these things. We're trying to avoid quirks.

MS. McIVER: We'll try to make that provision quirkless.

MR. OXER: I want some edges on these things as much as

possible.

MS. McIVER: Okay. Thank you.

MR. OXER: Any more questions or comments?

(No response.)

MR. OXER: Thanks again. Mr. Bowling.

MR. BOWLING: Good morning, gentlemen.

MR. OXER: For the record, let me offer that you have five minute since you have time ceded for Mr. Jimenez

MR. BOWLING: Yes, sir, Mr. Chair. Hopefully I won't need those.

The two items I want to speak on, first I wanted to echo what Sarah Anderson spoke about on the per application cap on what we can apply for. Again, I want to reiterate that we support the TAAHP position on that, but if staff didn't like that language where in a sub-region if you've got less than a million dollars set aside under the regional allocation formula, you're capped at a million dollars, but if staff didn't like that language, I agree with what Mr. MacDonald presented as an alternative of 150 percent of what a sub-region has set aside. I think the 120 percent, especially in the rural areas, as Mr. MacDonald spoke, is going to limit some size of developments and maybe not make them too feasible in operating over the long term.

The second item I wanted to speak about was with regard to the high opportunity area definition. This is on page 4 of the proposed QAP. Ms. Rickenbacker did an excellent job of presenting the situation along the border in Region 11 and Region 13. I think there's a lot of statutory law in

Texas that pertains only to counties that border the international border with Mexico, so exactly what Mr. Conine was suggesting was going to be my proposed solution. I didn't consider what Dr. Munoz had to say, though, and maybe staff needs to look at some of the other areas in the state. I'm not really familiar. Living my whole life along the border, I'm familiar with how poor we are but maybe not some other areas of the state.

The specific definition, I agree with what Ms. Rickenbacker was talking about was the 15 percent poverty level. As I spoke to you all three weeks ago, that's a federal standard, and the other standard in there, AMFI, is a local standard which I think makes it more fair in a county that starts out with a high percentage of its population below the poverty level.

And in closing, I just wanted to give you one more set of facts for you to consider in this matter. Ms. Rickenbacker shared with me the research that she did, and I'm sure she's going to submit it in public comment, it's excellent. She looked at Travis, Bexar, Harris, Dallas and Tarrant counties, and she provided that statistic with you, about 40 percent of those census tracts are eligible for these points and this boost under the proposed language, and we're looking to bring the border communities just on a level playing field with those other counties.

The percentage poverty levels, just to give you some perspective, I pulled up Harris County, 17 percent of the people that live in Harris County live below the poverty level, I think it's 15 percent in Travis County. In El Paso it is 27 percent of the population lives below the federal poverty level, in Cameron County it's 36 percent of people live below federal

poverty level, and in Hidalgo County it's also 36 percent of the people that live below the federal poverty level. So if you limit us to just 15 percent, census tracts with 15 percent of the people, you're really limiting the sites that we can look at in those counties.

And it goes without saying, just to repeat, in those poor counties with those low incomes and those low rents, we can't make a 9 percent tax credit deal work without some boost. Maybe we don't need the whole 30 percent boost in every instance, but we always need some boost. We can't make them work, we're non CRA areas, we get lower prices per credit, and so we're proposing that you take that poverty level up to 40 percent, as Ms. Rickenbacker had proposed, at least for the border and maybe some other counties in poor areas of the state.

That's all I have to say unless there's any questions.

MR. OXER: Questions, Ken?

MR. CONINE: No.

MR. OXER: Thanks, Bobby.

Mr. Moreau.

MR. MOREAU: Walter Moreau, the director of Foundation Communities.

A few months ago the EPA concluded a major multi-year, comprehensive research on green building and looked at all the green building practices and ranked them on the impact on the environment or your carbon footprint, insulation and the LEED items, and so forth, and I was surprised by what was number one. Far and away the most important green practice is

whether or not you have to drive a long distance in your car to get to work. If you live close enough to work that you can use public transit or walk or bike or carpool, that has a bigger impact on the environment than anything else.

While I'm a fan of the LEED and Enterprise Green Building and those standard rating systems, I think the most important thing in this QAP are the location-driven points, and particularly those that are connected to transit and to employment. The conventional apartment world lives off of the employment and jobs data, so when jobs are up that translates into apartment demand. When I look at the high opportunity area definition, and maybe to echo what Diana said, maybe there's an element of growth or employment within one mile that would capture that dynamic. I think you've got it in the emphasis on CBD locations and employment and CBDs, so I think there's some good things in the QAP and maybe you can look at some additional that are employment-driven.

Another comment that I'd love some clarification on is there's seven points, a lot of points, for third party money to do 30 percent units, and for our projects often we fund raise \$3- to \$5 million for a project and we have a lot of 30 percent units. They may or may not be first lien so we may or may not get these points, whereas, somebody who could do \$100,000 contribution from a third party and get it in their first lien could get the points. So I'd ask the staff to really look at that section because I'm confused; I think it's a good section, just confusing.

The service points were bumped up, the menu was expanded, and I think part of that helps compliance, so I'm not sure that those changes

are necessarily all bad.

We have other comments we'll provide in writing, but those are ones that I wanted to emphasize. Thanks.

MR. OXER: Thanks. Any questions?

Tom, did you have a clarification on that, or could you?

MR. GOURIS: Sure. The points for the third party financing were intended to -- they were focused less on the 30 percent rent issue and more on this is real financing that's really going to have a long-term benefit to the project and provide some contribution, and so we moved to they needed to be a primary funding source or primary loan source. I don't think we actually took into consideration the offset that it would have on secondary financing sources that could help in providing additional 30 percent units or not.

To be fair, there are some transactions and the transactions that really do focus the most on 30 percent units are oftentimes going to be those supportive housing transactions that we would expect to be primarily debt-free anyway. I don't know if that's solace or not, but that's a little bit of thoughts on it.

MR. CONINE: Just take a look at that and see if we need to modify some of the language.

MR. OXER: Just tighten the language up.

We have four more: Sarah Andre, Cherno Njie, Jose Luis Lopez and then Alfredo Castaneda.

Good morning, Ms. Andre.

MS. ANDRE: Good morning. My name is Sarah Andre, and I

just have one comment today.

I'm surprised nobody else has spoken on this issue, actually, although there have been some comments but not directly to this. It's Section 50.9, selection criteria, and it's items A-3 and A-7. These are the two that deal with income levels of the tenants and then the rent levels of the units, and so it's your income targeting. And the way the QAP is currently written, metro areas are being asked to do deeper income targeting in the 50 percent AMFI level than they did last year in order to score maximum points. I don't know if that was intentional or unintentional, but there definitely needs to be some clarification there.

My understanding at the last board meeting was that we really wanted to examine our costs and our deep income targeting and maybe not make that such a priority, the 30 percent units. The 30 percent units in the metro areas has stayed the same, it's dropped for non-metro areas, but the way it's currently written, in order for a metro area to score the most points -- and I'll probably lose you with this -- is 10 percent of your units at 30 percent of AMFI, 40 percent at 50 percent, and then 50 percent at 60 percent, and last year we were at 35 at 50 percent. So I would just ask that we revert for those metro areas to the same as last year, or get some clarification. Maybe I'm reading it wrong.

MR. OXER: Where did the 5 percent switch to?

MS. ANDRE: Pardon?

MR. OXER: Where did the 5 percent switch to?

MS. ANDRE: It switched from 60 percent units, it went to the

50 percent level. So 10 at 30 and that's the same, and then last year it was 35 at 50, now it's 40 at 50.

MR. OXER: And then it's 50 at 60 which last year was 55.

MS. ANDRE: Yes, sir. So that just may need a clarification.

And then the other thing, I think we need a little bit of direction on MSA versus non-MSA areas in terms of what dictates an MSA, whether that's a census definition or if it's the income levels you're using, because I think we have some areas that will be counted as rural yet they're in an MSA. I think Bastrop is one of those, although I have not done that analysis. And so it's a little confusing where they fall, so just some clarification so that we do the correct work on those.

And that's it.

MR. OXER: Good. Thank you. Questions?

(No response.)

MR. OXER: Chernob. And forgive me, I'm going to ask please pronounce your last name so I'll understand it.

MR. NJIE: Njie.

MR. OXER: Okay. Thank you.

MR. NJIE: I used to have Cameron's job, so it looks different on this side of the table.

MR. OXER: Does on this side too, by the way.

MR. NJIE: I want to compliment again staff for a great job in putting together this QAP. My comment specifically pertains to contribution from local government.

I want to propose a new scoring criteria that will allow projects that can demonstrate that they do not need local funds to get substantially the same amount of points as those that do currently under the QAP. For example, we can say that a project that does not need the funds and can demonstrate that no more than 20 percent of the developer fee is deferred gets a point less than the maximum currently allowable. We can also allow for 11 points instead of 12 points as currently stipulated in the QAP.

I contend that this provision is entirely consistent with the statute because the state is still prioritizing, all things being equal, projects that can demonstrate local contribution over those that do not. I mean, we have a similar provision right now in QCP as the department allows points for other than QCP support. So a similar provision should be done with respect to local contribution.

If you want to maximize the impact of high opportunity, I think we've got to be able to give developers the flexibility to bring the best real estate rather than being coupled with funds. And it will also allow local governments strapped for cash to concentrate on projects that really need the funds. So I would propose that we make this change.

Secondly, the other thing is with respect to readiness to proceed. Some of the new criteria that staff has added is going to, in my own estimation, conservatively add at least \$15- to \$20,000 in terms of the development process and submitting an application. On the one hand, the department wants to encourage historically underutilized businesses to participate; on the other hand, it is raising the cost of entry. This is

inconsistent. So I think the department currently does a very good job in underwriting projects and meets its requirement under Section 42. I don't see the new requirement materially adding to the ability of the department to do what it's currently doing. Some of those requirements really is delegated to lenders and investors to do.

Thank you.

MR. OXER: Thank you. Any comments, questions?

MR. CONINE: Can you get us some proposed language on both of your issues?

MR. NJIE: Yes.

MR. CONINE: Thank you.

MR. OXER: Mr. Lopez, if you'll hold just for a second. We have one last comment, a late entry in the game here, from Lisa Stephens. It's a QAP comment and I understand that you have a slightly different issue, so I'd like to clear this first.

MS. STEPHENS: Good morning.

MR. OXER: State your name, please.

MS. STEPHENS: Lisa Stephens.

In the new draft you've added a section for conversion of market rate housing that was constructed between 1980 and 1990 into affordability in order to encourage affordable housing in what would otherwise be a market rate market, perhaps, and there were three points for that, and that seems to be a good policy directive.

But there's a second scoring item related to affordability and

the extended affordability period and how long a project stays affordable. That scoring item is worth four points and it's limited to new construction and reconstruction. So if you rehab a development that was a market rate development and you convert it to affordable, you only get three points and then you're not eligible for the extended affordability, so those developments are always penalized by one point. I'm not sure if that was the intent but there does seem to be a disconnect there.

MR. OXER: Good. Thank you. Any thoughts?

MR. CONINE: Take a look at that.

MR. OXER: Okay, Mr. Lopez.

And for the benefit of the transcript, that concludes the request for comments regarding the QAP. Mr. Lopez and Mr. Castaneda have comments regarding housing in another location. So Mr. Lopez.

MR. LOPEZ: Thank you. My name is Joe Lopez, Crystal City Housing Authority executive director. Thank you, Honorable Chair and Board and staff.

Just want to bring to the attention of the Honorable Board there's a crisis situation in southwest Texas due to the Eagle Ford Shale Plate.

We represent several housing authorities in our area: Carrizo Springs, Cotulla, Uvalde, those areas. We also have with us the board chair from the Crystal City Housing Authority, Mr. Trevino.

And we want to again let the Board know that there is a severe housing shortage due to the oilfield workers coming into our area. There's stiff competition for housing and our landlords are renting to the oilfield

workers because they are paying two or three times higher rents than we can afford as far as the FMRS, fair market rents. Our Section 8 clients which are the low and very low income are being displaced, and in some cases they're also being left homeless. Again, we want to bring this to your attention that there is a serious consideration and to take it into consideration for future tax credit projects again in 2012 and following.

We're working with the HUD field office in San Antonio. We want to make sure to emphasize that the situation is a good situation to have in Southwest Texas because the economy is growing, but as with anything else, when you have 5,000-6,000 people and projected between 50,000 to 60,000 people coming into our area in the next five to six years, then that definitely will cause other problems/issues with infrastructure, with businesses, or lack of housing. So again, what we're trying to do is to let th Board know we have a situation. We're going to the HUD office in San Antonio, we've also enlisted the help of Senator Cornyn's staff, we're meeting with them on Thursday in Carrizo Springs, out local COG, council of governments, are aware of the situation. But we want to make sure that you know what's going on and when our areas come in before you with the tax credits that you can take that into consideration, maybe give us additional points.

This is a situation that's unlike any other because in the Eagle Ford Shale Plate, according to the newspaper articles, this is one of the biggest economic generator boosts in the history of the State of Texas. It's bigger than the Alaska Oil Pipeline venture. Again, all that is good but we also have to let the Honorable Board know, the state, the federal government,

we have to look after our clients, the clients we serve, section 8 public housing, and we wanted to just make sure you know that.

Any questions?

MR. OXER: Thanks very much for that. One of the good things is there's jobs down there.

MR. LOPEZ: Very much so.

MR. OXER: A problem I see is that the demand for labor down there is so high and it's escalating the pay scales, it's going to drive some of them out of the income levels that would qualify for this. Is that not correct?

MR. LOPEZ: Exactly. And it's a good thing, but then again, what's happening with us as far as Section 8 is that it's going to affect our Section CMAQ scores, indicators that we follow, just like all of you do here, as far as the regulations and things. So we could be very well troubled, but not due to our own situation but to this very unique situation which to us it's in a crisis level, but we're working the best we can. We're not going to give up, we're going to work towards making it better, create more housing, but also affordable housing, not just regular housing for market rents but for people that need our services.

MR. OXER: If I could pick problems to have to solve, I would take yours. There are plenty others that I have to deal with that does not exactly have the outcome that you're going to have. So we understand your point.

MR. LOPEZ: Thank you so much.

MR. OXER: Any comments, thoughts?

(No response.)

MR. OXER: Mr. Castaneda.

MR. CASTANEDA: Good morning, Mr. Chairman, members of the Board. My name is Alfredo Castaneda. I'm the director of the housing authority of the City of Carrizo Springs.

And as Mr. Lopez has mentioned, we're really having a crisis, and one of the problems I do want to bring up is that even though the economy has received a big boost, we also have to understand that a lot of the low income families do not know and understand the jobs that are being right now in Dimmitt County. Those people don't or cannot work in the oilfields. You have to understand we have a lot of single mothers that live in our projects that live in low income that are using a voucher, and these people cannot work in the oilfields so they remain low income, they're still hurting, even though our economy has enhanced and is boosting and we're happy for that.

The point is that the housing authorities are unable to compete with the oil companies. We were paying anywhere from \$350 to \$600, \$650 on a two or three bedroom house which now landlords are collecting anywhere from \$1,200 to \$1,500 a month, even more, and in some cases they're renting by the bedroom size, \$400 a bedroom, some of them are renting \$125 per person, so the greed is coming in. And I can understand everybody wants to make a buck and everybody wants to make money, but my job is to see that these low income families are being housed.

For instance, in Austin if these families are being moved out or being told that they're going to sell the home, they can go look for another home. In Dimmitt County and Carrizo, there is no homes, so we have a crisis. As Mr. Lopez said, we talked to HUD, we're speaking to HUD, we're speaking to HUD in Washington because of what they hold us to in our voucher system. Our vouchers are going down and we have the means to house people but there is no housing.

And my request is that you consider giving us the extra points for these counties that are suffering, and this is Dimmitt County, Zavala County, LaSalle County, Frio County, Karnes City, all those areas. This is a big oil boom that came up that is, like he said, bigger than Alaska, and according to Anadarko, Chesapeake, Angus, and we met with them and we asked them what is the longevity of this, because we have seen booms come in and go in Dimmitt County, but they're saying anywhere from 20 to 25 years.

CBS News announced that there's enough gas in this area to fuel the United States for the next five years. So this is big.

But the problem is even greater because a lot of these families that we serve cannot afford or don't have the education to get the jobs that these companies are paying. They still remain low income because a lot of them are single families, a lot of them are just a mother and the kids. So the education a lot of times is not there for them to get the big paying jobs. People are moving in, single me, families are moving in. So we have a problem, and I wish that you would consider this when we apply, and I have received tax credits in Dimmitt County, I applied for it in '99 and it has been

100 percent occupied since. At that time I was conservative and I just asked for 60; I didn't know that this was coming or I would have asked for 200 and I would have been good, but apparently I didn't.

So we need assistance. Even if TDHCA has means of helping us through other programs, I'd be more than glad to come over and visit with the people at TDHCA. Because my job is to see to the needs of the very low and low income people, that is my job, that's what I work with, those are the people that I serve, and until I can do that, then I can rest assured. Because I'm telling you I'm even having nightmares and dreams about all this that's happening with these people because it's hard to see a family come to us crying with we're giving out vouchers, they're coming back and we have to recover them because there is no housing.

There is housing being built right now for market rates, they don't even want to talk to us because they already have them pre-leased with the oil companies with these companies that are here. So TDHCA is the only way that we can go.

MR. OXER: I think we understand your point, Mr. Castaneda.

MR. CASTANEDA: I thank you for this opportunity, I know this was not a public comment, but for giving us this opportunity to bring this concern to you all. Thank you, sir.

MR. OXER: You're quite welcome.

Any other comments from the Board?

(No response.)

MR. OXER: Okay. That finishes up the questions this

morning.

Tom, do you want to just add to the record what the schedule is? We'll go through a round of revisions to the QAP, taking into account things we've heard, and it will be posted for comment.

MR. GOURIS: Right. We will attempt to incorporate the things that you all direct us to so that we can submit that to the Texas Register early next week, Monday next week. It won't get posted into the register for a week and a half, the following Friday, the end of Friday two weeks after that.

MR. OXER: Okay. So we'll give our comments to you, it will be organized and revised, edited.

MR. GOURIS: We will go ahead and post that QAP now to the web as soon as we get the draft finalized, and folks can start making comment to us, though, officially through the Texas Register process that has a little shorter window. We'll continue to take that public comment and then do a reasoned response to every comment that we receive or summary.

MR. OXER: And then the response to it will be formally posted.

MR. GOURIS: Prior to the next board meeting, that's correct.

MR. OXER: I'd like to point out that the staff has been extraordinarily accommodating to the public comment by making a staff draft available early. This is what, our fourth iteration that we're coming up on, as opposed to the one shot that you typically get at it. So everybody here, your comments are being heard, staff is taking it, the Board is taking those comments.

With that, we'll take a 15-minute break. Be back in the saddle at 10:30 and ready to go. Thank you.

(Whereupon, a brief recess was taken.)

MR. OXER: Okay. What do we have to do to finish up on items 1(a) and 1(b), Tom, anything?

MR. GOURIS: We have to adopt a draft QAP.

MR. OXER: There is that.

MR. GOURIS: The question really is are there issues in here that can be still addressed through the public comment period, or are there new issues that need to be added to the QAP that then can take the public comment, and I think we've covered them all in what we have in the draft already.

MR. IRVINE: I believe that staff would have a few recommendations based on the testimony we've heard. I really like Diana McIver's suggestion about including high growth areas as a different alternative way to establish that you're in a high opportunity area. It gets a little problematic in the details, though, because of all of the changes in the fast growing census tracts that have been breaking and reconfiguring. But I would like to see the Board direct the staff to include that as an item and to work out the details so that at least the concept is out there for some public comment.

I think staff would certainly be willing to remove that recommendation on the per unit cap of \$13,000, and also I like the nuanced difference of the per square foot issue on the number two tie-breaker.

MR. GOURIS: We also talked on the break about the \$1 million cap. The issue there if it's a million dollars, if the region has less than a million dollars they can go up to a million dollars, we haven't had that kind of cap before. I think it's something that really is needed. Whatever we do in that regard is going to be better than what we've done in the past as far as limiting the overages to those regions that maybe only had \$500,000 and got a \$2 million allocation year after year, so I think the \$1 million thing would work. Eventually, I suspect, we're going to have to go to something more stringent.

MR. CONINE: How's the math work out if you go to 150 percent as opposed to a hard \$1 million?

MR. GOURIS: The difference would be \$250,000, the maximum overage. So if a rural region only had \$500,000 in the region to do a million dollar deal, you'd have a half a million dollar potential overage, whereas 150 percent.

MR. OXER: Two fifty over. The million dollar flat cap keeps a higher probability of getting a deal in that region?

MR. GOURIS: Well, that's what's been stated here on a number of occasions, although there are some folks that do smaller transactions that are 36 units that aren't using a million dollars in cap, and other states have smaller caps. So I think it's something we're going to have to grow to get comfortable with. I think we're going to have to get to the point where we have deals that are more sized according to the actual funding that's available in the region, and long term it's going to need to be less than a million dollars, but it's a step in the right direction if we use that cap now.

DR. MUNOZ: Tom, I have two questions. What's your reaction to one of the speakers talked possibly constructing a sliding scale for amenities depending on the size of developments?

MR. DORSEY: I think it may have been services.

DR. MUNOZ: Okay, services. I mean, it seems equitable, the difference between 35 units versus 200.

MR. GOURIS: We sort of have some of that built into the process already, but what we're trying to do is trying to make the process less complicated and less cumbersome as much as possible. What we have the ability to do is address a better variety of services, and since those services aren't going to be identified until later on, they just need to pledge to do a set number of services. I think what we're trying to do is make that simpler, not more complicated by having some complex algorithm on the sliding scale.

MR. OXER: Basically getting the cafeteria aspect to it.

MR. GOURIS: And really what they needed to pledge to is that they're going to aspire to do some set of those, not identifying what those are at this time.

MR. OXER: Basically they get to pick amongst a set. Are all of them ranked equally on the list?

MR. GOURIS: No. I believe there are different point sets.

MR. OXER: But if you're committing to do something in the future that you haven't identified, how does that rank?

MR. IRVINE: You have to pick at the end of the day for services that give you the specified committed number of points.

MR. OXER: Okay. I particularly like the change in the tie-breaker to the cost per square foot as opposed to the cost per unit. That's my own public comment.

MR. GOURIS: That's one that goes back and forth as far as there's an argument to be made on both sides of that, and I think the reason we've historically had per square foot costs identified is because of the reasons that were mentioned earlier. I think we shifted to per unit.

MR. CONINE: Well, the problem was the square footage changed, if you recall in that one circumstance it came through, and no two people measure square footage the same way.

MR. GOURIS: Thanks for reminding us.

MR. OXER: Back to the problem of what the definition of is is.

MR. GOURIS: I think I promised that I was going to fix that by going to per unit.

MR. CONINE: There are some states that do it per bedroom per unit, and that then skews the world to family units as opposed to the elderly or some of the downtown deals. I mean, you can make a case for all three.

MR. GOURIS: Any of those three.

MR. CONINE: Mr. Chairman, I'll make a motion we approve the circulation of the new QAP with the following changes: add the 50 percent growth, per Mr. Irvine's testimony, as a high opportunity choice; eliminate the \$13,000 per unit cap, tax credit per unit cap; switch the tie-breaker from a per unit to a per square foot. I'd say we put in as a fourth

the available credits to 150 percent rather than the million just to see what comment we get and see how that actually affects the numbers; I could be persuaded to go the other way eventually.

MR. OXER: But at least for this iteration we'll start with that.

MR. CONINE: Yes. That's my motion.

MR. GANN: Second.

MR. OXER: Motion by Mr. Conine, second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion passes.

All right. The next item.

MR. IRVINE: Item 2, Bond Finance was pulled. Item 3, Community Services, is Michael DeYoung here to present this item? There he is.

Oh, excuse me, I'm sorry. We skipped over the repeal of Chapter 1 and the publication of the new definitions, the general definitions.

MR. OXER: 1(b), yes.

MR. GOURIS: Mr. Chair and Board, this is just an add-on to the QAP, it just adds the definitions in the general section of the rule process so that we can have consistency.

MR. OXER: So it acts as a glossary.

MR. GOURIS: Yes.

MR. OXER: Okay. I'll entertain a motion.

MR. GANN: I move staff's recommendation.

MR. CONINE: Second.

MR. OXER: Motion by Mr. Gann, second by Mr. Conine. All
in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Carries.

MR. IRVINE: Now we have Community Services.

MR. DeYOUNG: Michael DeYoung, director of Community
Affairs.

Item 3 is a request for authorization to release a request for applications for a four-county area in West Texas. We recently had a community action agency that is in the process of dissolution of their corporate charter, and they are relinquishing the programs back to TDHCA. Our process requires us to go out for an RFA to find the new provider in the area. This would be for the CSBG program. It's part of the federal process, as well, that we have a fair and open competition. This would allow us to advertise, score, recommend and enter into contracts and we come back to the Board for ratification. The four-county area is Loving, Reeves, Ward and Winkler counties, it is far West Texas, sparsely populated, small area.

Any questions from the Board?

MR. OXER: Questions or comments?

(No response.)

MR. OXER: I'll entertain a motion.

MR. CONINE: Move approval.

MR. OXER: Second?

DR. MUNOZ: Second.

MR. OXER: Second by Dr. Munoz, motion by Mr. Conine. All
in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion carries.

MR. IRVINE: Elizabeth Yevich, director of the Housing
Resource Center, will now present regarding the Regional Allocation Formula.
And I would like to point out that we've actually had a lot of discussion on this,
some very good dialogue with Sarah Anderson, Diana McIver, Cynthia Bast
and other representatives of TAAHP, and what we've really been grappling
with is trying to reflect in the Regional Allocation Formula an appropriate way
to deal with over and under funding in regions and also to deal with the
ripple-through of forward commitments.

So Elizabeth.

MS. YEVICH: Good morning. I'm Elizabeth Yevich, Housing
Resource Center. And I'm actually going to turn this right over to Tom Gouris
and Cameron Dorsey.

MR. IRVINE: Chicken.

(General laughter.)

MR. OXER: Haven't we seen before this morning, Tom?

MR. GOURIS: Sorry?

MR. OXER: I said, Haven't we seen you before already this morning.

MR. GOURIS: Sorry.

We took to heart the comments that were made at the last board meeting and tried to find a way to make sure that we were fully accounting for prior year funding, and there were a couple of comments being made there, but really take more into account the prior year funding. And the methodology that existed before took into account prior year funding but it did so as a source of funds among many sources of funds, so if they got tax credits there was a calculation made and it diluted the amount of overage and underage that might have happened to a region.

What we're proposing to do now is adding a paragraph at the end of the methodology to account for that overage and underage more specifically, separate from the other sources of funds that are received so that it's not diluted. So a sub-region, one of the twenty-six, that gets over-funded in one year will have that counted against them in the allocation for the next year. It will count against them, and as time goes on if they continue to be over-funded, it will continue to count against them. They will always get a starting point of \$500,000 if it goes negative or goes to less than \$500,000.

Right now that requirement is only required for rural transactions, but because we've seen some urban areas that have had a

deficit of funding because they got a forward or they got over-allocated in prior years, we're proposing to add that as a criteria for urban as well. So every region under this proposal will get \$500,000 if they get nothing else. That might count against them in the following year but eventually, hopefully, they will catch up.

There was some comment earlier about the size, and this is one of the things that we'll see over time, that the size of these projects can't be done, they can't do a project that small. If it occurs that there's a region that doesn't get any projects funded in that region because they're either exceed the cap or because we couldn't find a deal that makes it work, then that amount of underage would go into their next year's pot so that would build up for the future years. So if a region went without funding for a year or two, it would get a big enough pot so that it would fund a million dollar deal.

That's sort of the concepts that are involved with the changes that we're proposing, and they're kind of illuminated in the last page of the methodology there. We also added the language that was proposed by the folks at the board meeting the last time, and so we're taking the whole thing out for public comment and we'll come back to you with the more articulated conclusions at the next board meeting.

MR. OXER: Okay. Comments or questions?

MR. CONINE: Move approval for circulation.

MR. OXER: Motion by Mr. Conine.

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: Motion carries.

MR. IRVINE: There are no appeals. Is that correct?

MR. GOURIS: No appeals.

MR. IRVINE: Mr. Chairman, if I might, before we jump into the forwards I'd just like to clarify one thing. We are really pushing to get away from handouts, and I appreciate very much everybody's reacting fairly cooperatively in this regard. Any time you want to do a handout, if you'll please just PDF it and email it to us four business days before the board meeting, that way we can have time to put it all into one single PDF and also make hard copies so that the members of the Governing Board actually get to read the materials. It's just not fair to ask people to read things on the fly on a handout basis, and I think this will greatly improve the way our meetings flow. So thank you.

MR. OXER: Any other generalized comments?

We're about to get into the requests for forward commitments. Those of you who were here last time, three weeks ago, recall that we had 109 individuals that wanted to speak. We're lucky, we only have 70 this time.

Yes, Tom.

MR. GOURIS: I'm sorry. There's one item before the Board.

MR. OXER: Oh, the presentation. Yes, you're right. I'm sorry.

MR. IRVINE: I apologize.

MR. OXER: Cameron, state your name.

MR. DORSEY: Cameron Dorsey, director of Housing Tax Credits.

Item 6(a) is an award for The Terrace at Midtowne. Staff is recommending a competitive tax credit award of \$1,017,933 from the 2011 cycle. We had a return of about \$216,000 to Urban Region 3 from a transaction that was going through cost certification and through the issuance of Forms 8609, and the return occurred before the July 28 meeting where awards from the competitive cycle were made, but this \$216,000 was not accounted for at that time. If it had been accounted for, we would have been able to go to this next transaction on the list in Urban Region 3 and recommend an award of this deal. So we're bringing that to you today as kind of a correction. So staff is recommending an award to The Terrace at Midtowne.

MR. OXER: Any questions?

MR. GANN: Move staff's recommendation.

MR. OXER: Motion by Mr. Gann.

DR. MUNOZ: Second.

MR. OXER: Hold that motion for a bit. We're going to compromise the parliamentary procedure here, but we have a request for comment by Diana McIver.

MS. McIVER: (Speaking from audience.) Only if there are questions. Thank you.

MR. OXER: Nice work.

All right. We have a motion by Mr. Gann, second by Dr. Munoz. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion carries.

Now to today's adventure. In keeping with our policy to allow members of the legislature comment first, Michael Lyttle has a couple of letters to read into the record.

You said this would be brief, right, Michael?

MR. LYTTLE: Yes, sir. Michael Lyttle, TDHCA staff.

The first letter is to the Board from State Representative Dwayne Bohac. It reads:

"Dear Chairman Oxer and TDHCA Board Members: I submitted a letter of support for TDHCA Application 11255, Justice Park Seniors, on April 1, 2011. This development has received the support of the local community, both Central Northwest Super Neighborhood Council and Forest Pines Neighborhood Council. The proposed development is located next to the new FBI building located at Justice Park Drive and Highway 290.

"The developer of this project is proposing the construction of 144 senior rental units. Based on the aging population in the surrounding areas, this property would fill a strong demand for alternative means of housing. This development would complement the neighborhood which is in

close proximity to grocery stores, shopping and healthcare. I believe the Justice Park Senior Villas will preserve and provide needed housing units for seniors in my district.

"This will be the first tax credit development to receive my support, and I ask that you consider granting Justice Park Seniors a forward commitment. Sincerely, Dwayne Bohac, Texas House of Representatives, District 138.

I have two other letters here. This next one is addressed to Chairman Oxer from Governor Dewhurst. It reads:

"As you know, Texas is currently facing an unprecedented wildfire season compounded by one of the worst droughts in our state's history. Although many counties are wrestling with the ongoing devastation from recent wildfires, none have seen the destruction of homes like the County of Bastrop. To date, the Bastrop County fire has destroyed 34,068 acres, and it's claimed nearly 1,600 homes. With the superior response from state and local emergency response personnel, the fire is now 95 percent contained and the recovery process is underway.

"As Texans, we pride ourselves in assisting our fellow citizens during a time of need, and right now Bastrop County is in dire need of new housing facilities to mitigate the effects of this destructive wildfire. It has been brought to my attention that the tax credit project, Riverwood Commons, Application 11041, was not awarded a tax allocation during the 2011 tax credit award process, and I urge you to reconsider this project for a forward commitment as new circumstances warrant a more in-depth consideration.

"Currently the City of Bastrop has one 9 percent tax credit affordable housing development and this development consistently remains full with a wait list. The proposed Riverwood Commons development will help address the demand for additional affordable housing targeting residents aged 55 and over. Furthermore, it is anticipated that the Riverwood Commons development will bring 60 jobs to the Bastrop community.

"I appreciate your consideration of this project and stand ready to assist Bastrop County, the Texas Department of Housing and Community Affairs, and all Texans who are working for a speedy recovery from this unprecedented wildfire. Thank you for your continued leadership and the hard work you do to ensure Texas's housing needs are met. Sincerely, David Dewhurst, Lieutenant Governor."

And then the final letter is addressed to the Board, it is from State Senator Judith Zaffirini. It reads as follows:

"This is to respectfully request that you issue a forward commitment to Colonia Guadalupe, TDHCA 11059. A forward commitment is warranted for numerous reasons.

"Out of 138 applications that were eligible for an award of tax credits, the Laredo Housing Authority's Colonia Guadalupe application scored the second highest in the state with a score of 214. Only two other applications scored higher with a score of 215. While two other applications in the Urban Region 11 also scored 214, Colonia Guadalupe outscores them based on the tie-breaker factors in the QAP with Laredo having a lower tax credit units per capita ratio.

"Region 11 is the only region in Texas that did not have any 2011 applications funded in either the urban or rural sub-regions. More money was pulled from Region 11 and funded to other areas of the state than from any other region. More than \$1,700,000, approximately 43 percent, was pulled from region 11 in the rural and statewide collapse and funded to other areas of the state.

"Colonia Guadalupe was the Laredo Housing Authority's first public housing development. It is 70 years old, functionally obsolete, and cannot be rehabilitated and modernized. Although Laredo is one of the nation's hottest communities, Colonia Guadalupe has no central air in its units. Its demolition and complete reconstruction would be possible with an award of tax credits and would greatly assist in remedying this situation.

"Laredo desperately needs newly constructed affordable housing. Although the state's intent is to fund regions according to or at least close to the Regional Allocation Formula, Region 11 was not funded at either level this year. Accordingly, I request your assistance in remedying this situation by issuing Colonia Guadalupe a forward commitment. May God bless you and inspire you to agree with my perspective. Very truly yours, Judith Zaffirini."

MR. OXER: Thank you, Michael.

MR. CONINE: Are you growing all that hair to try to stay warm this winter, or what?

MR. OXER: He's not standing close enough to his razor.

(General laughter.)

MR. OXER: All right. As I mentioned before, we have 69 requests to speak for forward commitments. At three minutes apiece, that's going to be 3-1/2 hours, that's if you started as soon as the next one ended. If you'll notice, those of you have a copy of the agenda, the project numbers are listed in reverse order. We started from the back this time, we basically started from the front last time, so we're going to start from the bottom which is the highest number and work down. I'll call the names as they come up, but as you work through these numbers, as your project number comes up, don't be slow getting up here to get in our on deck circle -- actually it's an on deck row. So when your number starts to get close, I would recommend that you get near.

I'd like to take a moment to recognize Dan Esparza from Senator Lucio's office. Dan, I understand you have a letter to read into the record.

MR. ESPARZA: Good morning, members. My name is Daniel Esparza. I'm Senator Lucio's committee director for his Senate Committee on International Relations and Trade, and I've been asked to read a letter on his behalf.

"Dear Chairman Oxer and Members of the Board: I write this letter to respectfully request that the Board Address the dire need for rental housing units in Region 11, specifically in the City of Harlingen, and that the Board grant a forward commitment to La Hacienda Casitas, application 11031, to be developed by the Community Development Corporation of Brownsville (CDCB). There is no doubt that if this high-ranking project is granted the

needed support to move forward with a 2012 application commitment, it will be a strong positive step towards meeting the affordable housing needs of Region 11.

"I am deeply concerned about the Texas Department of Housing and Community Affairs (TDHCA) staff board action request from your September 15, 2011 meeting. Although I respect the matters brought up by the TDHCA staff, what has happened to Region 11 during the 2011 awards cycle is unique and warrants special attention. Accordingly, Region 11 should not be penalized with the denial of a forward commitment since it has a worthy, financially viable and high-ranking project in La Hacienda Casitas.

"Not only did the CDCB project rank above most others, it received a competitive score of 214 points, making it the second highest project ranking in the state. Clearly, although application 11031 met the requirements set forth by the Tax Credit Program in the 2011 tax cycle, it, along with Region 11, were passed over for an award during this year's tax cycle. This is contrary to the objective issues raised by TDHCA staff in the September 15, 2011 board action request, this is contrary to the affordable housing needs of one of the poorest and fastest growing regions of the state, and this is contrary to good public policy.

"As you may be aware, the site of this project is not only noteworthy because it provides affordable housing opportunities in an economically distressed region, it also stands above others since it would be reconstructing housing that was made unlivable by the devastation brought forth by Hurricane Dolly. In the heart of my district, some 56 affordable

housing units were lost due to Dolly. La Hacienda Casitas would reconstruct and replace them with affordable housing opportunities for my constituents. I would wholeheartedly believe that the application, the scoring, and in fact, the surroundings of La Hacienda Casitas provide good cause to warrant a forward commitment based on any objective standard.

"The facts are clear. This project: one, competitively scored as the second highest project ranking in the state; two, will replace hurricane damaged, dilapidated housing with 56 affordable housing units; three, has met all the requirements set forth in the 2011 application cycle; and four, would address the dire affordable housing need in Region 11 which failed to receive an award from the 2011 application cycle.

"Respectfully, I ask that you consider the housing needs of the good people of my district, of those that have been impacted by Hurricane Dolly, and by those who believe that if everyone is held to the same standard that an objective competitive scoring process should mean that the highest ranking projects should be supported. For this reason, I mention in this and in prior correspondence, I reiterate my support for this noteworthy project which is important to Brownsville, which is important to our Harlingen communities.

"I trust that you will see the merit of this project and will carefully consider giving application 11031, La Hacienda Casitas, a forward commitment. Sincerely yours, Eddie Lucio, Jr., State Senator, District 27."

MR. OXER: Thanks, Dan. Any questions, any thoughts?

(No response.)

MR. OXER: Just as a thought here, Bobby Bowling, are you

here? Did you have a comment on the Regional Allocation Plan?

MR. BOWLING: (Speaking from audience.) If it's okay Mr. Chair, I'd like it if we can return to that item after the testimony.

MR. OXER: Well, maybe just about daylight tomorrow morning. Just wanted to make sure we didn't leave you out.

Okay. This is going to be in order and this is starting with project number 11262 and working down the numbers. So it will be Brandon Bolin, Granger MacDonald, Matt Fuqua, Spencer Matthews, Ike Monty, and Frances Ainsa. As your project number is coming up, be moving down here, please.

MR. BOLIN: Good morning, Mr. Chairman, Board member, Director. I hope that after you get through all 69 of these speakers today you will remember this project, the Millennium McKinney project, 11262.

The McKinney project is the only project in Region 3 that is being proposed that is in a high opportunity area for the general population. There is a long history of trying to get affordable housing in McKinney. The McKinney project is the result of an RFP that was issued this past year by the McKinney Housing Authority in partnership with the Inclusive Communities Project. I responded to the RFP, got land under contract, multifamily zoned land under contract in the census tract that was part of the settlement decree from the judge. It's very difficult to get multifamily zoned land in McKinney under contract that's in this particular census tract that was part of the settlement decree.

The McKinney project is supported by the McKinney Housing

Authority, the Inclusive Communities Project. Over the last couple of months you've heard from Commissioner Alonzo Tutson with the McKinney Housing Authority; you've heard from the executive director of the McKinney Housing Authority, Beth Bentley, who came down and testified that the City of McKinney and the McKinney Housing Authority has a wait list of over 900 people on the waiting list for the McKinney Housing Authority to get into affordable housing in the City of McKinney; you've heard from Martin Sanchez who was the former director of long-range planning for the City of McKinney who has testified to the need of affordable housing in the City of McKinney; and you've also heard from Sara Thomas who is a community stakeholder and a former member of the McKinney Housing Finance Corporation Board.

The Board has discretion to award good projects that may not score in the money during the competitive allocation cycle. Having that discretion is a very powerful position that you have. I would just like to close with this, that the McKinney project is the only project in Region 3 that is being proposed for the general population that's in a high opportunity area. I think that fact alone warrants the issuance of a forward commitment for this project.

I'll take any questions that you may have at this time, but thank you for your time.

MR. OXER: Yes, sir. Any questions?

(No response.)

MR. OXER: Thank you. Granger.

MR. G. MacDONALD: Good morning. I am sorry that the citizens of San Angelo that have made their seven trips down here previously

were not able to join us again for this board meeting. Last board meeting they were led by the executive of the City of San Angelo, the head of Galilee CDC, and their state representative, Drew Darby.

I'm here today to review the special circumstances of the North Angelo Housing Estates' application. This project was granted a forward commitment in 2009 but the credits had to be returned when, in this new lending environment, the banks refused to fund without a guarantor. My company is now willing to be the construction guarantor and the general contractor on this project. This project is owned by the Galilee CDC and we will not be receiving any developer fees.

The project has the full support of the City of San Angelo and is targeted in their plans to revitalize a very blighted area of the city. The City of San Angelo is so committed to this cause that they've even donated the lots where these homes will be constructed. And as Representative Darby told you at the last board meeting and in his letter, this, by all accounts, is truly a community supported project.

San Angelo, Texas, a town of nearly 100,000 Texans, has had only two new construction tax credit projects in 15 years. That is a total of 262 total new construction units in 15 years, and the only reason that it got both of those two projects was by forward commitment. There is no way for San Angelo to score high enough against Midland and Odessa, it does not have a well funded housing authority with a lot of HOME funds, nor does it have any well organized neighborhood groups, so it does no good to tell these people to try again next year. Even if you offer them the one extra point as

proposed in the new draft QAP, they'll never score high enough. It's either forward commitment or bust for this community. This is their only chance for this kind of affordable housing.

This project has a relatively small credit request compared to most other applications this year. Please listen to the needs of these West Texans and grant a forward commitment to this project, or at the very least, put them at the top of the waiting list. Thank you.

MR. OXER: Thanks, Granger. Any questions?

(No response.)

MR. OXER: Spencer Matthews -- I'm sorry, my mistake -- Matt Fuqua, please.

MR. FUQUA: Good morning, Chairman Oxer, Executive Director Tim Irvine, and honorable Board members. My name is Matt Fuqua. I'm here on behalf of Chris Richardson, the local based sponsor and developer of the proposed Justice Park Senior Villas in Houston, Texas which is currently at the top of the presumed waiting list in Region 6 for tax credits. I wanted to ask that if the Board considers making forward commitments that you would consider the Justice Park, number 11255.

Our mission is to enhance the quality of life of senior residents and we have an active waiting list on several of our senior living properties. State Representative Dwayne Bohac in District 138 has submitted several letters for your consideration in support of our development. Justice Park will be the first proposed tax credit development to ever receive his support.

Please consider Justice Park so we can continue to provide

quality living for the seniors in Houston, Texas. Thank you.

MR. OXER: Thank you.

Mr. Matthews.

MR. MATTHEWS: Good morning. My name is Spencer Matthews. I live, work and I'm an EA in the Scottish Rite of Downtown Dallas.

I come to you in strong opposition to the E2 Flats housing proposition at 211 Ervay Street in downtown Dallas, and also the St. Paul supportive housing projects.

In downtown Dallas we already have the Lone Star Gas Apartments, the Acura Apartments, the Bridge Homeless Shelter, the Mercantile Apartments, and several other proposals within one mile of each other. My prime argument for these projects is the location. We already have several projects in development in the immediate area, let's see who those go first.

The second argument is crime. Just this month we've had an armed robbery in front of the Mercantile and a stabbing in front of the proposed St. Paul location. Rape is up 175 percent over last year in this area.

Cost of living, you can supplement housing but you cannot supplement the entire life. Everywhere you're going to go for a meal is over \$10, our grocery store is highly inflated and so families are not going to support their families by going to that grocery store. The education, families move to areas historically for the opportunities that their families will have through education. We simply just do not have that in downtown Dallas.

With the remainder of my time, I'd like to appeal to the Board on housing in general. I understand wanting to help people. I've worked in inner city Kansas City, inner city Pasadena, inner city New Orleans, inner city Chicago. I've also worked with truly homeless people in Ciudad Acuna giving eye exams and cataract surgeries for free with my father for six years. These are all private funded interests, no government at all.

We give monies to developers, a few things happen. Developers are never forced to reduce the costs associated with these developments, forcing inflation across all housing, including low income. The second thing that will happen is we are forced to create prerequisites for developers. We've seen this all day today with the QAP reforms. This will never stop. And every time that we put a prerequisite out, that is corporatism and it makes it more difficult for entrepreneurs to come in and compete, and entrepreneurs are the ones that are creating the jobs. We overlook needs of the people we are trying to help. A pool and a gazebo is nice, but apartments are better. Private enterprise and private people would see this need.

I would like to suggest a great book to the Board and the audience here today, it's called "Economics in One Lesson." It's individual chapters, very short, three or four pages that talk about each one of these issues and how they affect the economy as a whole.

So again, I'm opposed to the E2 Flats in downtown Dallas and other supportive housing in downtown Dallas at this time. And I'd like to leave you with one of my favorite quotes: "One of the great mistakes is to judge policies and programs by their intentions rather than their results." Sir Milton

Friedman. Thank you.

MR. OXER: Thank you, Mr. Matthews. Any questions?

(No response.)

MR. OXER: Ike Monty has ceded time to Francis Ainsa. Mr. Ainsa, and then it will be Bill Schlesinger, Cynthia Bast, Audrey Martin, and Cynthia again.

MR. AINSA: Mr. Chairman, members of the Board. My name is Frank Ainsa, and I'm representing Investment Builders. I'm speaking in favor a forward commitment for the Villas at West Mountain in El Paso, Region 13.

The last meeting we had speakers speak on behalf of the housing shortage in El Paso. There was Senator Rodriguez, Representative Gonzalez, and then Representative Margo presented a paper, and they established some basic benchmarks about the housing shortage in El Paso. Today I wanted to amplify on that and explain why a forward commitment at this time is so necessary.

The Villas at West Mountain is the highest scoring project in Region 13. I presented and filed a fact sheet four days ago for your consideration here, and I'd like to point out some important things with respect to it. As you've already head, El Paso is a community with a high poverty level with 25 percent at or below the poverty level, but more important, there are other forces that are at work in El Paso that are creating the housing shortage.

Number one, Fort Bliss. If you look at the fact sheet that I

turned in, you will see that the population at Fort Bliss of military personnel will double between 2008 and 2012 to a total of 33,000. We also have, because of the drug cartel violence on the border, a very large influx of Mexican Nationals who have moved over to El Paso. The estimate is anywhere from 30,000 to 50,000 Mexican Nationals have moved into El Paso, many of them have gone into market rate projects and forced people out who would otherwise qualify for affordable housing. The other hard data I want to present to you is that the waiting list on the IBI projects alone is almost a thousand people. IBI has 24 projects in El Paso, 16 have basically waiting lists.

The situation in El Paso with forward commitments is this: in 2010 a forward commitment was issued to another El Paso developer on the ground, I believe, that El Paso's allocation had been underfunded. As a result, here we are today, there's no money in 2011 for an allocation unless you award a forward commitment. There are arguments that are going to be made against forward commitments, but the problem is if you don't award a forward commitment to the Villas at West Mountain, there will be a substantial time delay in El Paso before another new unit can come into service. The situation will be in 2012 the next round will occur, somebody gets an award, it won't really come into service until 2013.

And that kind of delay is what I am really aiming at today to convince you that regardless of the merits or demerits of having forward commitments in general, you ought not to cut them off at this time for El Paso. This is a time when El Paso needs a forward commitment to keep the

affordable housing at a level dealing with the need.

Thank you very much. Any questions?

MR. OXER: Any questions?

(No response.)

MR. OXER: Mr. Schlesinger and Ms. Bast, I understand you're each commenting on the same project.

MR. SCHLESINGER: I'm not aware of that.

MR. OXER: 11234, Villas at West Mountain.

MR. SCHLESINGER: We have nothing to do with each other.

MR. OXER: Okay.

MR. SCHLESINGER: So was that my time?

MR. OXER: No, no. Go.

MR. SCHLESINGER: Well, I'm Bill Schlesinger with Project Vida, and one of the arguments that Frank mentioned against. We are a small developer and we don't come in every year, haven't come in for several years, partly because of the difficulty of finding the kind of land that we need and partly because the market for tax credits was really bad. It's coming back up and we've got some land that we can work with, it's surplus land from one of our churches, so we are intending to come in this year. Many of the documents in the QAP refer to increasing competition and we would like to be part of that competition.

Forward commitments were done in the past for unusual circumstances. Those circumstances are diminishing. The shortage that Frank mentioned is real and we're all part of trying to address that, but it's

endemic. We've had shortages for the last 20 years, we will have shortages for affordable housing for time to come, and this kicking the can down the road does not help us deal with it. We do not want to be forward committed, because we don't even have a project here; inflaming self-interest, we would like to be able to compete and to be part of this process and to be a potential solution.

We think that bringing forward a small project still is going to leave plenty of room for another large project, it would get more units into the area, not less. It would wait a little bit but we're not in a situation where we've had a major fire or a major crisis that requires a sudden response. Thank you.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Ms. Bast.

MS. BAST: Mr. Oxer, I am Cynthia Bast representing Investment Builders with regard to this request for the forward commitment for Villas at West Mount in El Paso.

One thing we hear about forward commitments is that developers receive them and then the schedules that they are required to keep are the same as next year's schedules, so they sort of sit on those credits for a while and take their time and use that schedule for next year's round to close their deals and don't get things on the ground promptly. So the one thing we wanted to tell you is that if Villas at West Mountain were to receive a forward commitment, it could close and commence construction

promptly, perhaps as early as the end of this year if the staff can complete the underwriting and issue the commitment notices promptly.

And I tell you this because in 2010 this same development team received a regular award for the Canyon Square project, for which we were counsel. That project started a kickoff call shortly after receiving its commitment and closed by the end of the year, and now those units will be online at the end of this month, so that it's really a whole year ahead of the placement in service deadline mandated in the code.

So you heard from Mr. Ainsa that with this growing need in El Paso it's very difficult for the City of El Paso to take a year off from tax credit awards, and we just want to assure you that if Villas at West Mountain were to receive a forward commitment, the development team would be happy to impose a more rigorous construction schedule than would be ordinarily required by the rules. They've done it before and they can do it again. Thank you.

MR. OXER: Please stay at the podium, Ms. Bast, because you're now up for the next project.

MS. BAST: And for the record, I do believe I have time yielded from Ms. Martin, she's not speaking.

MR. OXER: You do.

MS. BAST: Cynthia Bast of Locke Lord, representing the applicant for River Valley Apartments in Harlingen.

This application involves the proposed demolition and reconstruction of public housing that is over 50 years old in a joint venture

between the public housing authority and a developer, and I want to remind you that of the applications in Harlingen this year, this is the one that was specifically supported by the mayor in public comment at the last meeting.

So we've already heard things about Region 11 and we've already heard some interesting discussions in board meetings previously about what the Regional Allocation Formula does and how forward commitments impact awards in future years, and frankly, I think this deal should be the poster child for that discussion. There are only two applications in the whole state that scored higher than River Valley, but it didn't receive an award. It had the highest score in its region but it didn't receive an award because Region 11 is one of those areas where a forward commitment from 2010 took a big chunk out of the 2011 allocation.

But the thing that's different here is that our client acknowledged that going in. They looked at the amount of credits available and they scaled back their plans for the deal so that they would not ask for any more than was already available in the region. There were about \$1.3 million of credits left after the forward commitment was taken out and that's what they applied for. But River Valley found itself tied with the application in Laredo, and the Laredo application won the tie-breaker. But what happened here was because Laredo asked for more than was available in the region, instead of skipping over Laredo and going to River Valley which had the same score but did ask for just the amount that was available in the region, the credits got swept out of the region entirely.

So Region 11 winds up without an allocation this year, and

even more compelling than that, the City of Harlingen has not had a tax credit allocation since 2001, ten years. But the development that received the forward commitment in 2010 that took part of this year's allocation is in Brownsville, and Brownsville has received an allocation every single year since 2003. So continuing on a theme, Mr. Oxe, I think we have a quirk.

MR. OXER: I knew it.

MS. BAST: There's a quirk when an applicant tries to play within the rules by requesting no more than the amount of credits available and that scores the highest in the region but still can't receive an award. And if you remember, two quirks make a quark, then we have a quark when the City of Brownsville receives an award for eight straight years -- nine straight years, I suppose it was, if you count the forward -- and then the City of Harlingen cannot receive anything.

So over the years forward commitments have been the quirk-fixer. The QAP and the scoring system really do a great job of putting an objective procedure in place but there are times when the competitive process just doesn't make sense, and a forward commitment can address that situation.

Forward commitments also are used when there's economic urgency, and here, having reviewed the 2012 QAP in draft form, the team believes that it's unlikely that this project would be able to score competitively in 2012 or even, frankly, be financially feasible because it won't qualify for the 130 percent boost, and in an area with the kind of income of Harlingen, it would be difficult for them to present a financially feasible transaction.

So after ten years without an award to Harlingen, with public housing 50 years old in significant need of replacement and no other funds to support this kind of endeavor, and with an applicant that really did try to work within the amount that was available and within the rules, we ask that you issue a forward commitment for the River Valley Apartments in Harlingen.

MR. OXER: What was the tie-breaker?

MS. BAST: The tie-breaker was the first tie-breaker which is, I believe, the amount of credits per unit. Is that correct, Tom? Oh, I'm sorry, it was related to the place. Was that the second tie-breaker? That was the second tie-breaker.

MR. OXER: What was the first tie-breaker?

MS. BAST: They were tied at the first tie-breaker so then they went to the second tie-breaker.

MR. OXER: They're at overtime too.

MS. BAST: Thank you, sir.

MR. OXER: All right, thank you. Any questions?

(No response.)

MR. OXER: Okay. Patricia Leal, Rolando Garza, Michael Nguyen, and Janine Sisak, and Robert Armstrong. That's who's coming up. Ms. Leal.

MS. LEAL: Good morning. I am Priscilla Leal. I'm the city council person in Corpus Christi representing District 3, and I am here in full support of the Dolphin's Landing which is in my district. I have been under the weather but I'm here because I really believe in supporting this project that

is in my district, like I said. This project is a \$21.4 million affordable project and it is at the Dolphin's Landing. We support and thank the Atlantic Housing Foundation for willing to invest and improve the elimination where will soon become a blighted area of my district, soon to be blighted and we need your help today.

I ran for office five years ago because District 3 had been neglected for decades, short-changed and families and children living in conditions that went ignored. Since gaining the voters of the district trust and vote, I have kept my promise to fight for the people and the welfare of the taxpayers and their living conditions. In the four short years that I have been there, we have banded together and won hundreds of millions of dollars for improvements in the district. Today we are at risk of losing a development project for an extremely component of affordable housing.

The Atlantic Housing Foundation was ranked number one by the TDHCA. Atlantic is viable, financially sound and ready to go. Atlantic has broad, powerful support from state, county and the city and the people of District 3 and myself who represent the largest district in Corpus Christi.

Today I strongly urge you to think of us, the people, the supporters, the voters, the taxpayers if our families are worth the investment. I believe in TDHCA because I've come before you and I know this is a good board that cares and I've witnessed it. My plea to you is to award future tax credits to the Atlantic Housing project of Dolphin's Landing. It's not for them, it is for us, our children, our families, who are in great need for the project to move forward without running the risk of losing or displacing families to just

another blighted area of town to get by with just living a life and accepting our conditions. Please help us avoid the risk and avoid the Atlantic project for good change in how our families live, a viable development that's ready to go now.

I thank you and I encourage you to pray that our citizens can and will live in a better place than they are living at now. Thank you.

MR. OXER: Thank you, Ms. Leal.

Mr. Garza. I understand Mr. Garza and Mr. Nguyen are commenting in favor of Dolphin's Landing, so do you have anything new to add to these comments?

MR. GARZA: Yes. Good morning. My name is Roland Garza, Mr. Chairman and Board.

Several weeks after the July meeting you had for developers, our paper printed this article that says out city council looks to redevelop, and on the back side it has development possibilities, and they specifically targeted Saratoga and Weber which is the corner street where this development is going to take place, the \$21.4 million project.

I too support it as well. I've been active in my community, organized my community and had town hall meetings up to 800 in some of our middle schools, we've had very successful town hall meetings. We've walked the streets and every development from Wal-Mart to K-Mart to anything that comes into our town, Chick-Fil-A, we walk those neighborhoods and we get input from the neighbors on what's going to make it workable for them and what's going to make it work that doesn't disturb them in their private lives.

I heard someone here say these are 218 units of families and children, working families that live, eat, play and sleep there. The development that currently is there, unfortunately the previous owners let it go and get dilapidated. It's in great need. It has strong support from the neighborhood association. The representative from the largest district geographically and demographically in Corpus Christi, a strong supporter for families and children.

I heard someone say something about the schools it affects. Right around the corner, right on the backside of this development is a school that's ranked by TEA as exemplary, so you're putting low and moderate income children where they need to be. Right down the street are the state baseball champion Carroll Tigers, won the state championship last year, which is four blocks from them. Two blocks to the east is two parochial schools, Bishop Garriga and St. John Paul II, back-to-back state champions in their respective athletic departments. These are schools where you will be placing these kids with this redevelopment and your approval today.

It's the World Series, full count, bottom of the 9th, two outs, and we're up on deck, we're going to swing away and we hope that you swing our way. It's for the children, it's for the families.

Atlantic has been very cooperative in coming to our community and doing outreach and wanting to know what the residents of the current facility wanted, and this is something that I'll reiterate again that not only the state representative, County Judge Lloyd Neal which is a dear friend of mine, Priscilla Leal, the neighborhood association, everybody is for this. It's right

smack dab in the middle of what they call a reinvestment zone. Help us make it happen. We'd appreciate your support. Thank you so much.

MR. OXER: Thank you, Mr. Garza. Comments from the Board?

(No response.)

MR. OXER: Mr. Nguyen.

MR. NGUYEN: Good morning. I very much appreciate your indulgence. My name is Michael Nguyen. I'm the president and CEO of Atlantic Housing Foundation, the developer for Dolphin's Landing, project application 11227.

As you may recall, Dolphin's Landing was the highest ranking application in Region 10 and we lost a challenge in the July Board meeting and was unable to recover. Those two points put us in second place and obviously we're here requesting a forward commitment.

I'd like to point out a couple of items that I think make this project worthy of your favorable consideration. First of all, Dolphin's Landing is shovel ready. It's been through successful underwriting by the TDHCA staff. In fact, many of the key underwritten assumptions have changed in our favor, credit pricing, construction costs, et cetera, that would make this project doable at a less than recommended level of credits from the staff.

Secondly, we are a 501(c)(3) not for profit developer. Our primary mission is to serve low income families like those at Dolphin's Landing. We focus on providing services to help our residents make a better life for themselves and their families, focusing on education. Currently we

offer programs like after school activities, tutoring, field trips, rent discount for good grades and college scholarships. In fact, each year we help support about 50 very deserving young men and women through college. And as a company we aspire to make a difference in the communities we serve and to help hardworking families break the cycle of poverty.

Thirdly, you already heard from Council Member Leal and community activist Roland Garza. In the last meeting you heard written statements, State Representative Torres came out in support of this project, along with the chair of the neighborhood association, Delmer Escobar, and I believe the county commissioner, Joe Gonzales, also sent a letter to the Board supporting our project.

One of the common concerns they've all expressed to me was just the deteriorating condition of this asset. It's an early '70s vintage and I believe I included in the handouts some of the picture of the current conditions. We firmly believe that with your approval we could address the physical condition of this asset, in addition to help prevent further blight of this neighborhood.

And then finally, at the last meeting you heard from Receiver Bruce Woodward, state-appointed receiver. Dolphin's Landing is currently under receivership and there's a strong possibility that it will lose its affordability set-aside, resulting in displacement of many low income families. There is very much a sense of urgency to act now, and I hope that you would favorably consider our request. I very much appreciate your time. Thank you.

MR. OXER: Thank you, Mr. Nguyen. Any questions?

(No response.)

MR. OXER: Janine Sisak.

MS. SISAK: Good morning. My name is Janine Sisak. I'm here to speak on behalf of the Sierra on Pioneer Road, it's application number 11216. I'll keep my comments brief, I'm going to talk about three things: site, score and support.

This site is an in-fill site in a high opportunity area in Dallas County, it's in the City of Mesquite, and the census tract has a median income that's actually higher than the city and the county, a poverty concentration that's lower than the city and the county, as well as racial concentration that's lower than the city and the county. The site has excellent connectivity to services and amenities, including the Rutherford Senior Center which is within walking distance of the site, as well as a large full service grocery store, a Chase Bank, a Starbucks Coffee, really a great site.

This area of Mesquite is also basically unserved by tax credit units. There are no tax credits in the census tract, either family or senior, and there are only 900 tax credit units in the City of Mesquite as a whole, and the City of Mesquite has 125,000 people.

This project received support on all levels. The City of Mesquite passed a resolution of support back in February. The Rutherford Neighborhood group which has over 100 members, and with whom I've met with personally on at least three occasions, continues to support this project strongly. We received preliminary approval of our rezoning, it's a down zone from general retail to a planned urban development, back in August and not a

single person in attendance was opposed to that rezone.

Finally, Representative Burkett and Senator Bob Deuell both supported this project with written support, and Senator Deuell reiterated his support more recently and I believe that letter is in your packet.

In closing, I respectfully request a forward commitment for this project. This is a great piece of real estate in a high opportunity area in Dallas County that's underserved with tax credits and is supported by the surrounding neighborhood. While this application would score well under the proposed QAP, the concern is whether we can maintain site control next year.

Many of you may or may not know, the City of Mesquite now allows alcohol sales within the city, so we're afraid we're going to have more competition in trying to get site control on the site.

So thanks, I appreciate your consideration, and I'm here for any questions.

MR. OXER: Any questions?

(No response.)

MR. OXER: Thank you, Ms. Sisak.

Robert Armstrong, Bert McGill, Jim Ryan, Commissioner Deshotels, and Ron Williams.

MR. ARMSTRONG: Mr. Chairman and members of the Board. My name is Robert Armstrong and I work in State Representative Charlie Geren's office, who represents House District 99 in Tarrant County. Representative Geren has asked me to share his support with you for project 11205, Hawk Ridge Apartments, in his district. This is an important project

because it will benefit the Fort Worth Naval Air Station Joint Reserve Base, any soldiers who are stationed there. The demand for housing in the area outnumbers current supply, the reserve base, the City of White Settlement and members of the community support the project, something you don't always have in proposed developments.

Thank you, Chairman and members for your time and service to the state.

MR. OXER: Thank you, Mr. Armstrong. Any questions?

(No response.)

MR. OXER: Mr. McGill. We've seen that.

MR. MCGILL: You have. I'm going to let Jim Ryan go first.

MR. OXER: Fair enough.

MR. RYAN: Chairman, Board members. My name is Jim Ryan. I've spoken here before on this subject on the Hawk Ridge project number 11205 requesting the forward commitment for 2012.

First of all, I'm the economic development director and I've had the mayor and many of the city council down here in support of this project. We're in dire need of decent housing. The property is properly zoned, the utilities are in, the financial commitments have been made, we're ready. This is a rare project in politics where our city council is fully in favor of this project, so it's something I'd like to see not go wasted.

We're successfully bringing businesses to our area. The major concern that they all have in this time of tight money is affordable housing for their employees. We have a good employee base and we have more coming

which desperately leads us into this area. We're the gateway to Lockheed which they can't get in and out of Lockheed without going through our city. We used to be a city that had nothing but Lockheed employees and now they've gone away because they can find things elsewhere.

The Hawk Ridge Apartments project has COG approval, it's got RCC approval and support which includes the cities of Benbrook, Fort Worth, Lake Worth, River Oaks, West Worth Village, White Settlement, and of course, Tarrant County.

The RCC chairman, Paul Payne, who is a past commander of our base and the NAS Fort Worth JRB, and Captain Rob Bennett, who is the current base commander, both spoke at a recent meeting declaring the problems we have about affordable housing in the area. One of the main reasons for a base to close, it's on their list of things to have and not have, is a lack of affordable housing for lieutenants and below for their families. They need this housing, they've both spoken about it greatly, and it's one of the factors that would help keep our base from being closed. If the base closes, Lockheed closes because they don't have a runway without the base, it would have a bad effect on the general economy. We're asking for this.

Our local employment base needs it, and please consider granting this forward commitment. Any questions?

MR. OXER: Thank you for your comments. Any questions from the Board?

(No response.)

MR. OXER: Mr. McGill.

MR. MCGILL: Thank you, Mr. Chairman, Board.

I think that Mr. Ryan said everything. The only thing that I would call to your attention is White Settlement has not had an allocation of tax credits. This would be their first and it would be very difficult for them to score in later rounds just because of the nature of their city and some of the other scoring opportunities that do not exist in White Settlement. So appreciate your consideration for a forward commitment. Thank you.

MR. OXER: Thank you for your comments.

George Deshotels, followed by Ron Williams, Ray Lucas, Gilbert Piette, and Joy Horak-Brown.

MR. DESHOTELS: Mr. Chairman, considering the situation, I'm going to yield my time to Ron Williams. I'm just here to look pretty for him.

MR. OXER: God bless you for both of those.

(General laughter.)

MR. WILLIAMS: Good morning, Mr. Chairman, members of the Board and Mr. Irvine. My name is Ron Williams and I'm the executive director of the Southeast Texas Housing Finance Corporation which serves 20 local jurisdictions, including nine counties and eleven cities.

Commissioner Deshotels of Matagorda County have been before you at a prior meeting to respectfully request a forward commitment for application number 11167, the Monarch at Bay Prairie in Bay City, Matagorda County. This is a proposed 80-unit seniors development.

Rather than hearing from both of us, Commissioner Deshotels is standing in support of the request, and in addition, a strong support letter

from Representative Randy Weber was included in your board materials and I will not take any further of your time to read that, but to say that we have very strong support from the Bay City City Council, the Bay City Chamber of Commerce and Agriculture, the Economic Action Committee of the Gulf Coast, the neighborhood organization, many other local organizations, the county and the state legislator.

This development will provide much needed economic stimulus for a very rural part of the State of Texas, and in addition, will provide independent living for seniors that's very scarce in the area. And one of the most important things I could say today, and it's on part of your recommendations from the staff, this application has already been underwritten, we are ready to go. Staff actually commented about the very strong development team that has developed similar developments, and we could close on this property within a week.

We respectfully request a forward commitment. Thank you.

MR. OXER: Thank you.

Mr. Lucas.

MR. LUCAS: (Speaking from audience.) I yield my time to Gilbert Piette.

MR. OXER: I see.

MR. PIETTE: Good morning. My name is Gil Piette. I'm the executive director of Housing and Community Services, and I'm here to speak on behalf of the Palms at Leopard which is project number 11166.

I will try not to rehash things that I've already covered with you,

but I did bring with me a map -- and I apologize that I couldn't get it bigger; it is two-sided so people behind me can see -- but I think this gives you a little better idea of what we're trying to do. The Palms at Leopard is a two-step process. We are trying to build a new property so that we can move a Section 8 property based contract from the North Side Apartments in Corpus Christi. Now the North Side Apartments are located right here, and as you can see, the sewer plant is right here. The sewer plant is being expanded and so that is part of the reason why we want to move this project.

But another reason why I wanted to bring this larger map is -- you may be able to see, and I think we emailed you a PDF copy of this map as well -- the neighborhood has largely moved away, this is a blighted area. There are very few houses that are left and the ones that are there are extremely dilapidated. Also, the Harbor Bridge would be right up in this area and one of the proposals brings it across this area, we're trying to get people out from living under bridges, and so that presents a concern.

One other issue that I'd like to bring to your attention while we have this up is that in this area over here it's a cleared area that continues to extend a little further down, and that's the area where at one time the Leathers project in Corpus Christi was going to be built, it was a project you had awarded credits to. It ultimately was not built because of environmental concerns, it was not allowed to go forward. This whole area is a low-lying area and so any pollutants tend to travel with the water, the groundwater, and so that's another reason why we're hoping to move this project.

It's received the support of the city council. Part of the

materials that you were sent was a resolution that the city council passed, it was a unanimous resolution supporting this as their number one project, and they have allocated all of their HOME funds to this project.

Now, trying to transfer a Section 8 project is like trying to line up the sun and the moon and the planets for an eclipse, and I think we've done it. We've got the tenants' support, we have the city's support, we have the neighborhood association's support. We have gone to HUD in Washington and they have said that this scenario is the poster child for moving a Section 8 contract, and the local HUD office has given us their support to move this Section 8 contract.

Doing this, it would move the tenants out of this low-lying area up on the bluff in the area roughly where Corpus Christi has its city hall, the project would be right next to Miller High School, and so we would be moving residents out of a blighted low income area to a higher opportunity area. It also would promote Fair Housing. The tenants at North Side that would be moving, they're 39 percent African-American, I think we have about 30 percent Hispanic, and the rest is mixed, and 97 percent of them are low or extremely low income, so this would move them into a higher opportunity area and would promote the Fair Housing ends.

We've already conducted an environmental study on the site that we're proposing to move them to so that we are sure there's no insurmountable issues with that site. And so the last piece of the puzzle that we need to fit into this is your support, and so I'm here today to ask you for your support, to enlist your support, it would solve a multitude of problems.

This area is converting to light industrial, it is not going to get any better, and we have to find a way to move these people out of this area. So I ask your support for a forward for the Palms at Leopard so that we can begin to move this project forward.

Any questions?

MR. OXER: Any questions?

(No response.)

MR. OXER: Thank you, Mr. Piette.

Ms. Brown, and you have two minutes ceded by Nicole Cassier. Use them wisely.

MS. HORAK-BROWN: I will, and thank you very much, Chairman Oxer and members of the Board. As one of the individuals left on the cutting room floor at the last meeting, I am especially grateful for your attention today.

I'm Joy Horak-Brown, and I'm the executive director of New Hope Housing in Houston, Texas. New Hope Housing is a true nonprofit developer that was founded originally with seed money raised by the people of Christ Church Cathedral, the Episcopal Cathedral of the Diocese of Texas, and with those funds we put the first 40 units of SRO housing in the City of Houston on the ground in 1995. Since that time, and largely as a child of this department, we have grown to an organization with 634 supportive housing units in five properties and we have 160 units under construction today. That's three tax credit deals and one deal that you supported in 2005 with \$1-1/2 million in HOME funds.

And we have a track record -- thank you very much for helping us -- a track record of drawing attention both locally and nationally to the concept that supportive housing is something that you want in your neighborhood, it is not a blight.

And I have two new exciting pieces of information today, two new national awards. I'll be in Washington, D.C. in a few days to accept a Builders Choice Award for Braes Crossing, and very shortly the U.S. Green Building Council that LEED certifies all properties in the country will name New Hope Housing the Affordable Housing Developer of the Year for 2424 Sakowitz, our second tax credit deal.

So we bring to you today a track record, and we bring to you the fact that as a true nonprofit developer, every dollar that is allocated to us or comes through us through donors goes directly into our mission. There's no distribution of profits, our role is different. And our mission is to house the neediest among us, individuals living alone, about \$13,000 a year, 11 percent are veterans, 65 percent are disabled, more than 60 percent have been literally homeless, they are recovering from substance abuse, they are the working poor, they are elderly, and they are dependent.

11150, New Hope Housing at Rittenhouse will add 160 units and over a 40-year land use restriction agreement will house more than 3,000 of our neediest individuals and that will be a place where they can stabilize and can lift up their lives, but only with your support. If Rittenhouse is not built, these individuals do not go to live in someone else's tax credit deal, not the deals you did in July and not any deals you might do today, only in this

deal.

And I urge you to very thoughtfully consider us and to consider those citizens, and I thank you very much.

MR. OXER: Thank you, Ms. Brown, and congratulations on your awards.

Yegal Lelah, followed by Kelly Garrett, Dru Childre, Robert Voelker, and Melissa Adami. So only one of you is going to speak. Is this the thing?

MR. LELAH: Correct.

MR. OXER: Okay. Just checking.

MR. LELAH: Yegal Lelah, developer for Veterans Place Dallas, and I'm just here to answer any questions that the Board might have regarding Veterans Place and to let the Board know that we truly qualify under readiness to proceed and that Veterans Place Dallas is ready to set an example for any future veterans housing projects. Thank you.

MR. OXER: Thank you.

John Wavada.

MR. WAVADA: Good morning, Mr. Chairman, members of the Board. My name is John Wavada, and I'm here in support of Veterans Place, number 11142.

The veterans you see before you represent 113 years of active military service to our country.

MR. OXER: And we thank you for your service, all of you.

(Applause.)

MR. WAVADA: Thank you, sir.

We're here with Gina Thompson. She's spoken previously to this Board on the need and the care for the homeless veterans in the Dallas-Fort Worth Metroplex. We're here on behalf of veterans service organizations in the Dallas-Fort Worth area in support of Veterans Place. As service organizations we assist veterans who are disabled, who have a history of substance abuse or alcohol abuse, who have mental or physical illnesses or who are homeless, and we assist these veterans with the myriad of services that they require.

According to a count conducted by the Metro Dallas Homeless Alliance last October, one in five homeless persons is a veteran. And in a similar report from September of 2010 by the Challenge for Veterans, the Department of Veterans Affairs of North Texas estimate this number to be 3,028 in a single night. Now, lack of affordable housing is a principal cause for the homelessness amongst veterans in Dallas-Fort Worth, but other factors such as lack of income due to lost employment, divorce, weak social networks, or just lack of family support are also reasons for these numbers to be so great.

What services do our veterans need? They need a coordinated effort that will provide secure affordable housing, nutritious meals, employment assistance, training, placement assistance, personal development, empowerment, and mentorship. The solution to the problem is engagement.

We'll provide services to our veterans that will allow them to

become honorable members of our society after honorably serving their country. We'll partner with other organizations in the community who provide services to veterans. We will do this by providing services within a network of organizations rather than just a single organization alone.

No human being should have to live in a box, in an alley, behind a dumpster, or an of the many places we find our veterans sleeping today simply because they have no place else to turn. And while our names are not important, we would like to recognize Andre Muniz. Mr. Muniz was not able to be with us today because this U.S. Marines veteran was laid to rest this summer after being found dead behind a Dallas liquor store, and he was only 50 years old.

Your support of Veterans Place will empower us, as service providers, with a solid foundation to support our veterans, so we stand here together asking for your help today to make Veterans Place a reality tomorrow. Thank you, Mr. Chairman.

MR. OXER: Thank you for your comments. Hold on. I'd like of reach one of you to step to the mic, identify yourself, your rank and your service, please.

MS. THOMPSON: Hello. I'm Gina Thompson, my rank was E-4, I'm a veteran of the United States Army.

MR. OXER: Thank you.

MR. WAVADA: John Wavada, gunnery sergeant, United States Marine Corps, retired.

MR. OXER: Semper fi.

MR. WAVADA: Thank you, sir. Hurrah.

MR. HOWARD: Augusta Howard, United States Air Force veteran, E-5.

MS. ROSSIO: Yolanda Rossio, staff sergeant, 14 years Army.

MR. MOSELY: Roderick Mosely, U.S. Army, E-5.

MR. HALL: Iver Hall, United States Navy, E-6, retired.

MR. DUNLEY: Weldon Dever Dunley, 26 years, United States Army and Army Reserve.

MR. STOCKTON: Keith Stockton, sergeant, Marines.

MR. OXER: Thank you each of you again.

(Applause.)

MR. OXER: Okay. Kelly Garrett. Thanks for being ready, Kelly.

MR. GARRETT: Hard to follow that.

MR. OXER: I hear you.

MR. GARRETT: I'm going to be real quick. My name is Kelly Garrett with State Street Housing. I'm going to try to do this in less than 60 seconds, so I'm going to be rude and use bullet points, if that's okay.

MR. OXER: Go for it.

MR. GARRETT: The deal is number 11140, Village of Giddings. We came in second place the last two years in a row. It's 36 single family homes, three and four bedrooms, two bath, two car garage. The subdivision is located eight miles from the Bastrop fire where you heard that

1,600 homes were lost and over 34,000 acres. One employer in Giddings, the Giddings State Home, over 20 of their employees lost their homes in the fire, and that's only from one employer.

The deal is truly shovel ready, the lots are fully developed, the streets are in, the sewer, water, electric, etcetera is sitting there waiting. We built this same project in Dallas last year which was 56 homes. From close to final CO on the final house was 165 days, that's all 56 homes.

Mayor Brown was here last week from Giddings and President Mark Johnson of the Economic Board of Development asked for this forward also for us. We have a resolution from the city for support. We have a letter from Tim Kleinschmidt, who is the representative for the area. He wrote a long letter, it was read into the record the last time, I'm just going to read the last two sentences. It says: "Due to the recent catastrophic wildfires in this area, there is now an even greater need for housing. I have seen firsthand the devastation of this recent tragedy in our community and feel that the Villas of Giddings will assist in providing a solution to minimize the housing need."

Although very small, 36 homes can't replace 1,600 families but we feel it is truly a unique situation and I urge for your support in giving the forward commitment for the Villas of Giddings.

MR. OXER: Thanks very much. Any questions, comments?

(No response.)

MR. OXER: Mr. Robert Voelker.

MR. VOELKER: I pass.

MR. OXER: Okay.

MR. FISHER: If I can, Ms. Adami has yielded her time to me and Mr. Voelker as a resource witness for 11139, Champion Homes at Copperidge.

MR. OXER: I see. Mr. Fisher.

MR. FISHER: Thank you, Board members. Again, thank you for your service to our great state.

Mr. Irvine said be brief, tell us what's so special about your project that it needs a forward commitment. We are special in many criteria, we're truly unique to this year's round. Instead of chasing points, we've provided a development alternative to you, the state, and to the City of Dallas at a critical time. We're a true TOD, a true transit-oriented development located directly adjacent to the DART light rail line serving UT Southwestern Medical Center, the largest and fastest growing employment base in the City of Dallas. We are mixed income, 60 percent of the units are affordable and 40 percent of the units are market rate. We strategically located our development in a high opportunity area where the demographics in our market area and census tract in the City of Dallas assist the agency in furthering Fair Housing in Dallas.

We are under a direct challenge for the unintended consequences of past application rounds of past QAPs. The statistics show TDHCA may have unknowingly concentrated affordable housing in Dallas south of the Trinity River in minority communities. I, for one, do not believe that this was done knowingly or consciously by past boards. But we know now of these unintended consequences and we must, in good conscience,

use our discretion to fund major projects like this one in major non-minority market areas and census tracts.

Past boards have considered additional factors such as impact on schools, local support for the development, and the extent to which the local political subdivision is providing matching funds to ensure long-term financial feasibility. We have a support letter from every elected official, both Republican and Democrat, as well as the Dallas City Council. The project requires a match from the City of Dallas of up to \$4-1/2 million and the Housing Department of the City of Dallas has been directly communicating with staff regarding the timing of those approvals to ensure our match.

We give our resident families access to schools north of downtown Dallas, Hernandez Elementary School is directly across the street from our site, Russ Middle School is across the street from the transit center, and North Dallas High School serves our high school age residents. Please know our development supports our teachers and our schools by paying full property taxes.

We pride ourselves on the quality of our developments, but more importantly, in helping our state, through TDHCA as the primary housing agency, to do what is right and necessary for our communities and where we propose affordable housing. At a time when the state needs transit-oriented development in major job centers, we have a viable application before you for immediate approval. At the time we need to show the nation we're serious about housing opportunities in non-traditional neighborhoods, we've proposed a development in the City of Dallas that does that. This is a viable application

before you for immediate approval.

We respectfully request you put us on the list for approved forwards, and I thank you for your time.

MR. OXER: Thank you very much. Any comments, questions?

(No response.)

MR. OXER: Ms. Bast, and you have two minutes ceded by Ryan Hettig, total of five.

MS. BAST: Mr. Oxer, this is my last testimony of the day.

MR. OXER: You promise. Right?

(General laughter.)

MS. BAST: Cross my heart.

I'm representing Hettig-Kahn Development in this request for a forward commitment. Hettig-Kahn has two applications for single family rental properties in the Houston, Harris County area: Genoa Ranch is in Houston, and Tidwell Lakes Ranch is in Harris County. Both of them provide four bedroom, single family homes for larger families. This is a product that very few tax credit developers attempt but Hettig-Kahn has been building these kinds of neighborhoods successfully for many years, and you can see examples in your handouts where we have given you some beautiful color pictures.

These four bedroom homes serve an unmet need in Houston that cannot be served by any of the other applications in Region 6. The Harris County Consolidated Plan states specifically that there's an abundance

of affordable one and two bedroom units in the Harris County area, but there's a tremendous shortage of the four bedroom units resulting in overcrowding. By the county's estimates, there are more than 150,000 overcrowded units in Harris County, largely because these larger families of low incomes have no place to go.

Both Genoa Ranch and Tidwell Lakes Ranch are replicas of the South Acres Ranch which is the most recent single family community that was developed by Hettig-Kahn, and you heard at the last meeting from Bessie Swindell and Wanda Adams, Houston City Council member. Ms. Swindell was the major community leader who reminded you that United States Representative Al Green had given a special Congressional Certificate of Recognition to South Acres Ranch for the impact that it made on its neighborhood and its residents, and you heard from the city council member that she described the economic development that was actually happening in the South Acres Ranch area because of this building and the improved quality of life for the residents who were experiencing it.

Part of the current problem with our economy is that we had many families who lost their homes because they were unprepared to be homeowners, and these four bedroom homes serve families who are not ready to buy their first home. It allows them to understand and to prepare for the demands of home ownership in a way that no apartment ever can. The houses also help those who have lost their homes to foreclosure or disaster.

If you look at Section 49.10 of the QAP, it states that in making tax credit allocations the Board can consider discretionary factors, including

the appropriateness of the development's size and configuration relative to the area's needs, and both Genoa Ranch and Tidwell Lakes Ranch hit that sweet spot. The four bedroom homes are designed to meet exactly what has been identified in the Houston and Harris County plans as an unmet need for larger family rental units to alleviate overcrowding.

Both of these applications actually had a very high score in Region 6 and both of them could have been above the scoring line but for one application that lost an appeal on community revitalization plan and one application that had a rounding issue. So we believe that they are both deserving, and as noted by Ms. Swindell and Council Member Adams, Hettig-Kahn is a team that stays with and gives back to the community after a development is completed. They provide a premier product but at the same time they also give back to our industry at the federal, state and local levels. The QAP doesn't award points for that, they don't award points for parties that have outstanding prior performance or that go above and beyond the call of duty, but that can be a discretionary factor that can be considered good cause in awarding a forward commitment.

Thank you.

MR. OXER: Thank you very much. Any questions?

(No response.)

MR. OXER: Mr. Kahn.

MR. KAHN: Chairman Oxer, Board members. I'd just like to make a couple of brief comments on either Genoa Ranch or Tidwell Lakes.

We were very honored at the last board meeting with the

presence of Ms. Swindell and Council Member Adams. Ms. Swindell emphasized one comment: all communities need a South Acres Ranch. Council Member Adams offered to give each one of the board members a private tour of South Acres Ranch. All in the community are extremely proud of South Acres Ranch as if their own, and support our single family development.

We're not particular which transaction receives a forward. Tidwell Lakes had a one point higher score, however, we had much stronger support for Genoa Ranch as evidenced at the last board meeting. We hereby request a forward for the benefit of the larger families to address overcrowding issues in the Houston, Harris County area.

And I'm happy to answer any questions?

MR. OXER: Any questions from the Board?

(No response.)

MR. OXER: Good. Thanks, Barry.

Ross Stitely. And Ross, forgive me if I pronounced that improperly.

MR. STITELY: Very close. Hi. My name is Ross Stitely. I'm here on behalf of the proposed developer for Grand Manor Apartments in Tyler, Texas. I'd like to start today by saying thank you for taking the time to listen to my request for the forward allocation.

For the past two years we have applied for Grand Manor Apartments under the at-risk set-aside and for the past two years we have been the highest scoring deal under the at-risk set-aside to not be funded.

What I'm really here to do today is to ask for your help in preserving some truly at-risk affordable units in the City of Tyler.

Grand Manor Apartments is an existing Section 8 project with a HAP contract that is set to expire this coming spring. Now, for the last two years the seller of this project has been willing to work with us to try and keep this project affordable, but in absence of a forward allocation this year, he is unwilling to put his project back under contract with us. Furthermore, with current rents ranging anywhere from \$100 to \$150 below market rents, the seller has indicated that he is willing to take this project to market rate in order to maximize his purchase price which will help to further deplete already low existing stock of affordable housing units in the City of Tyler.

Now, if granted a forward allocation for this project, we will be working with HUD to place a new 20-year HAP contract on this project, keeping it affordable for the foreseeable future.

In closing, I guess I'd like to say I thank you again for the opportunity and I sincerely hope that strong consideration is given to this request for forward credits so that these already existing at-risk affordable housing units in the City of Tyler may be preserved. Thank you.

MR. OXER: Great. Thanks very much, Ross.

It's ten after 12:00. We're going to take a break, we'll go into executive session, we're going to get started back sharply at one o'clock, so please be back. We'll start with Linda Brown, Sara Reidy, and Tamea Dula.

MR. IRVINE: At 12:10 the Board adjourned into executive session to confer with counsel, in accordance with Section 551.071 of the

Texas Government Code, to discuss pending or contemplated litigation, and also to deliberate personnel matters under 551.074 of the Texas Government Code.

(Whereupon, at 12:10 p.m., the meeting was recessed, to reconvene this same day, Tuesday, October 4, 2011, at 1:00 p.m., following conclusion of the executive session.)

AFTERNOON SESSION

MR. IRVINE: The Board concluded its executive session at 12:50 and is reconvening in open session at 1:02. No action was taken in closed session.

And let the record reflect that Lowell Keig has joined the Board.

MR. OXER: Thank you, Mr. Executive Director.

We're going to have Ms. Brown. Thank you for being ready.

MS. BROWN: Hello.

MR. OXER: Yes, we can hear you; trust me, we can hear you.

(General laughter.)

MS. BROWN: And Sara Reidy her time over to me, so I believe I get five minutes.

Honorable Chairman Ozer and members of the TDHCA Board, thank you for the opportunity to speak to you today in support of a forward commitment for TDHCA number 11127, 1400 Belleview. My name is Linda Brown and I'm the principal of Casa Linda Development Corporation, a Historically Underutilized Business and certified tax credit developer partnered with Matthews Southwest for this application.

On June 30, Dallas Mayor Pro Tem Pauline Medrano traveled to Austin to personally request your consideration to award 1400 Belleview tax credits for a new four-story, multifamily, 164-unit development in The Cedars, a downtown Dallas neighborhood in great need of affordable housing. As she could not be with you today, she asked that I again express her full support for a forward commitment of tax credits for 1400 Belleview.

We understand that a forward commitment rests at the sole discretion of the Board and that such awards are made to applications that offer compelling reasons. Since June the Board has heard testimony from state and city elected officials, community organizations, private businesses and the developer, all attesting to compelling reasons that 1400 Belleview, TDHCA number 11127, is such an application.

1400 Belleview is an important component of a community revitalization plan in The Cedars tax increment financing district which began with City of Dallas action in 1992, approving The Cedars TIF preliminary financing and development plan. Subsequent council action sustained the vision with significant results as illustrated in the submitted aerial overview.

1400 Belleview is crucial to the overall success of this community's revitalization by building an affordable one, two and three bedroom family residential community, with commercial space serving tenants and neighbors in this urban, transit-oriented district, and also served by a recognized elementary school.

As a former City of Dallas economic development director, I remember quite well the city's difficult first steps in creating a public-private revitalization policy and programs to encourage and directly incentivize redevelopment of our downtown urban neighborhoods, and now I am proud to be a member of a talented, skilled development team focused on the realization of The Cedars development plan, a team sensitive to the importance of diversified incomes and mixed land uses, committed to a long-term strategy for broad-based community revitalization.

The city has helped position 1400 Belleview as a ready to go project. Zoning, environmental and local funding is in place. On June 30, Mayor Pro Tem Medrano provided you with a copy of the June 22 Dallas City Council resolution authorizing \$1.65 million of The Cedars TIF funding for this development. The Cedars TIF has funds in the bank and disbursement is subject only to the award of tax credits. In addition, our team has commenced with equity providers and HUD. Our financing is strong and will be advanced without delay.

The Cedars downtown neighborhood needs affordable housing. 1400 Belleview will be the only tax credit project in the census tract, and today 1400 Belleview is the highest scoring application in Region 3 pending a credit allocation. There are no other tax credit developments with this unit mix this close to Main Street in downtown Dallas. The development and ownership team has received strong support from The Cedars Neighborhood Association, who previously objected to other tax credit applications. A representative from the neighborhood advised the Board in June of their overwhelming support for 1400 Belleview.

At your July 18 board meeting, a letter was provided to you from the Omni Hotels and Resorts, reporting the creation of 800-plus jobs at their new downtown Dallas convention center hotel and the expected demand for multifamily affordable housing such as 1400 Belleview, located only one two-minute commuter rail ride away. Other large employment centers, such as the Dallas Police headquarters and the Dallas County Community College headquarters, are within walking distance to 1400 Belleview.

State Senator Royce West expressed his confidence in the development team by stating for the record: The project team is being led by Jack Matthews of Matthews Southwest, who has already made an enormous commitment and investment in the area, including the one million square foot restoration of a mixed used development. And State Representative Eric Johnson, in his letter read to the Board on July 28 and again on September 15, expressed his strong support of 1400 Belleview and his full confidence in the development team.

For all of these compelling reasons and on behalf of Mayor Pro Tem Medrano, I urge you to seize this opportunity to support the city's efforts in the revitalization of The Cedars downtown neighborhood and request the Board's consideration of awarding TDHCA number 11127, 1400 Belleview, a forward commitment of tax credits today.

Thank you for your kind attention and decision regarding this important request.

MR. OXER: Thank you for your comments. Any questions?
(No response.)

MR. OXER: Okay. We've had one more letter from a legislator. Michael, can you read that in right quick?

And Colby Denison to follow, please.

MR. LYTTLE: The letter is addressed to the Board from State Representative Pete Gallego.

"I am writing to reiterate my unwavering support for RST Aster Villas, LP, number 11105, in securing a forward commitment for housing tax

credit for the 2012 cycle from the Texas Department of Housing and Community Affairs Housing Tax Credit Program for a proposed development in Del Rio. It is my understanding that RST Aster Villas, LP qualified for funding for the 2011 housing tax credits but might not get funded because a forward commitment made last year by the TDHCA Board to an applicant has exhausted this year's 2011 funding.

"The Del Rio community is in need of nearly 1,000 units and the development of 80 units by Aster Villas be of great help in providing the much needed housing. The Aster Villas project will also be of great economic benefit to Del Rio with projected local expenditures of \$5.9 million for construction, as well as \$189,000 in city services, over \$35,000 in tax revenues, and nearly \$75,000 in sales per year.

"Again, I unreservedly support the Aster Villas development project in Del Rio. I hope the Board will give the application the consideration it deserves. If I can be of further insight or assistance, please do not hesitate to contact my office. Sincerely, Pete P. Gallego, State of Texas House of Representatives, District 74."

MR. OXER: Thanks, Michael.

Mr. Denison, to be followed by Tamea Dula, Barry Palmer, Chris Luna, and Maria Machado.

MR. DENISON: Hi. Colby Denison, representing 11169, Merritt Bryan Station.

A picture is worth a thousand words. I had submitted a graph showing kind of an over/under funded analysis of all the regions in the state

this year, and I thought it was really interesting in light of all the discussion on the QAP about the limits that TDHCA wants to put on applicants' requested amounts relative to regional allocation that was created by the Regional Allocation Formula. This year it was really just noteworthy to see how over-funded some regions were and how under-funded other regions were. I think there were about six regions that got about half of the allocation that were allocated to them by the Regional Allocation Formula. Merritt Bryan Station is Region 8, we were one of those regions.

I also -- I don't know if I'm permitted to do so -- did an analysis of the last five years to see of those regions that were really harmed this year, what they looked like over the past five years, and I just put together a pretty graph. I didn't know if I could hand that out.

MR. CONINE: You might get shot, but go ahead.

MR. OXER: I wouldn't reach your hand up here too close.

(General laughter.)

MR. DENISON: Anyway, as far as kind of a unique situation to justify forward commitments, I put together the graph for you, not to just talk about my project but the other projects that have been really affected. As Tom Gouris has said several times, you had applicants asking for about \$2 million in regions where there was only \$500,000. Well, that money came from somewhere, and it came from several regions and those were Region 8, Region 11, Region 7, and I believe Region 10. In the last five years of all those regions that have been most harmed by credits leaving the region and going to other regions, Region 8 in the last five years has been, I guess I

would use the term, pilfered.

MR. OXER: Short-sheeted, perhaps?

MR. DENISON: Yes, exactly.

So there's a lot of effort and math that goes into that Regional Allocation Formula, and with no limits on applicants of how much that they can request, some applicants have really taken advantage of that and asked for way more money than there is in a region, and what gets harmed are these other regions. And you'll see the graph is what you'd like to see is really small bars but you're seeing huge negative bars and huge positive bars where money has been siphoned from one region and sent to the other.

So I just respectfully request that you look at that, and when considering forward commitments look at the regions in general that really got way under-funded and the regions that really got benefitted with gifts, as Diana McIver said a little while ago. But thank you for your time.

MR. OXER: Thank you.

MR. PALMER: Barry Palmer with Coats Rose. Good afternoon. I'm here to speak on behalf of the Alegre Point development in Austin, number 11123.

And I really want to bring up the same point that Colby just talked about, and we had submitted in our materials a separate chart that shows the over-allocation and under-allocation that's occurred because, as Colby mentioned, in some of the smaller regions the top scoring deal took way more than there was in credits in that region, so consequently, some of the regions were awarded much less than they were allocated. And if you look at

Region 7 Urban, which is the greater Austin area, that's the most under-allocated region in the state. It only received 49 percent of the credits that it was supposed to receive.

Alegre Point is the highest scoring application in the Austin region that did not get funded. It's 148 units of family housing. The only projects that got funded in the Austin region were one elderly project in urban and one elderly project in rural, so there's been no family development funded this year. And in fact, in the City of Austin there has been no new construction family development funded since 2004.

So you heard staff earlier today talk about the 2012 QAP and their recommendation to put a cap on the amount that people can apply for in the region so that this doesn't happen again, and I think that the provisions that you approved in the QAP goes a long way towards remedying that so that it doesn't happen again next year. But for 2011 we're left with a few regions that were very much short-changed because of the formula.

So we would ask your consideration to grant a forward commitment to Alegre Point in Austin which, again, is the highest scoring application that isn't funded in Region 7.

MR. OXER: Thanks, Mr. Palmer. Any questions?

(No response.)

MR. OXER: Chris Luna. Chris, you've got two minutes ceded by Maria Machado.

MR. LUNA: Yes, Mr. Chairman. Chairman Oxer, members of the Board, my name is Chris Luna and I'm here to speak today regarding the

Greenhouse on the Santa Fe Trail which is number 11114.

Well, together it's been an interesting ride this year. At this point of the year I'm glad that I own Southwest Airlines stock.

I would like to share with you four reasons why good cause exists to grant our project a forward commitment. First, it is equitable. Last year we had 213 points. Had the Board exercised its discretion for forward commitments in the Urban Region 3 in points score order, we would have received a forward commitment last year. Instead, two projects with fewer points leapfrogged us: Evergreen Residence with 210 points and North Park Villas with 197. A forward commitment this year would be the fair thing to do.

Second, it supports public policy. We have shown through the course of the past few months that our shared housing concept has value and that it works, but the problem is that it's difficult for our concept to fit into the department's boxes. The Board can essentially treat our application as a pilot project for the shared housing concept. A forward commitment this year says that our model has merit and helps fulfill the department's mission to improve the lives of Texans through better communities.

Third, it has community support. Our Achilles heel for the past two years is the fact that there is no area neighborhood association, so we cannot get the maximum QCP, quantifiable community participation points. This is counterintuitive. This is the exact kind of area that needs an anchor development like our project. The last two cycles we received letters of support from the City of Dallas, our state senator, our state representative, the police department, the local public school, our county judge, and many

religious leaders, and this year you've heard testimony from the city, the real estate council, our board and our clients. And we've already received grants from the Harold Simmons Foundation and the Meadows Foundation. A forward commitment this year will recognize that this project has broad-based community support and that it is ready to move forward.

Fourth, it is the financially responsible thing to do. As former Board Chair Conine pointed out, each application cycle costs us money, environmental, appraisal, application fee, market study and staff time. Because our development is only 24 units and an SRO, our tax credit request is relatively modest, literally hundreds of thousands as opposed to millions. As a small nonprofit it is getting cost-prohibitive to pursue these tax credits. Since our request is small, a forward commitment will not substantially impact next year's capacity for other applicants. A forward commitment this year is financially prudent.

In closing, Mr. Irvine can tell you we lawyers don't usually give guarantees, but I will. I can guarantee you if you approve a forward commitment to this project, when you and I are in Dallas for the grand opening, you won't be disappointed and you'll be pleased that you made the decision to grant a forward commitment.

Thank you for your time and for your consideration.

MR. OXER: Thanks, Mr. Luna.

Okay. In order we have the next four: Clifton Phillips, Michael Hartman, Jon Edmonds, Printice Gary.

MR. PHILLIPS: Thank you, Mr. Chair and Board members.

My name is Clifton Phillips. I'm here on behalf of Unified Housing Foundation for Kinwest Manor, number 11107. I wish I could say that we were one of the highest scoring apps. Unfortunately, we have the position of being near the bottom of Region 3 in scoring, but I don't think that does justice to the deal and to the site that we have in front of you.

This, if anything, is a high opportunity area, and it's more than that, it's a true market rate site. The site is in Las Colinas in Irving in a very high income area. The average median income in the census tract is \$93,000, it's about 130 percent over the Dallas AMI, so it's a very upscale area. Actually, the homes across the street are about \$300,000 to \$600,000. It's also an accessible site. It's within walking distance to a Super Target, Kroger, Kohl's, numerous restaurants, banks. It's also within about a half a mile from two hospitals, and various medical offices which is important since this will be a senior deal.

Of further note is that in Irving there's been on elderly deal done, if we're reading logs right, since the program started. There's also only been two family deals done in Irving in the last ten years. So we have a site that's a market rate site in a high income area where other deals have not been done.

We had the former mayor here at one of the past meetings and he stressed the strong need for elderly housing in Irving.

We think this is a great site, it's a site that given other economic times we probably wouldn't even have a shot at going after, but it's a site that by giving a forward commitment you would send a strong message to the

community that we develop in all different areas, from low income areas to middle income to high income areas.

So we beg for your consideration for a forward commitment on Kinwest, number 11107. Thank you.

MR. OXER: Thank you, Mr. Phillips.

DR. MUNOZ: Is this a family, senior?

MR. PHILLIPS: It's a senior deal.

MR. OXER: Thanks. Mr. Hartman, welcome back.

MR. HARTMAN: Thank you, Mr. Chairman, members of the Board. Michael Hartman, Roundstone Development, here to talk on behalf of Aster Villas, 11105.

Three quick reasons why Aster Villas. Number one, it's in Region 11. As you've already heard continuously, Region 11 has gotten no 2011 applications funded. Number two, when you go through the rural collapse, this would have been the next deal funded. I believe when you went through the rural collapse, we probably had enough credits for maybe 40 percent of what we had requested, so therefore, those got pushed elsewhere, so we were the first deal below the line.

Finally, this deal has great support from the local community. When the applications were originally filed there were three rural applications in Region 11. If you notice on your list, the other two are gone for a very simple reason: they were unable to secure local government contribution. We were the only rural application in Region 11 that got full local government contribution. Since then we've had two resolutions from the city council

asking for a forward commitment that we read into the record, and you heard today from Representative Gallego who wants this development.

So we have the support, we're ready to go, and we will move quickly on this deal. Thank you.

MR. OXER: Thanks very much. Any questions?

(No response.)

MR. OXER: Mr. Edmonds.

MR. EDMONDS: Good afternoon. I'm Jon Edmonds, president and CEO of Frazier Revitalization, Inc. I'm representing today the Hatcher Square project, project number 11098.

Printice Gary is my co-developer on this deal. We have gotten our notes together and combined notes, and so for the greater good, I'm going to yield my comments.

MR. OXER: We appreciate your courtesy.

MR. GARY: Thank you, Jon.

Chairman Oxer and members of the Board. My name is Printice Gary and I'm managing partner for Carlton Residential Properties located in Dallas, Texas.

As Jon mentioned, Carlton will perform under a neighborhood capacity building co-development arrangement where I will combine with Jon Edmonds, as president of Frazier Revitalization, Inc., a nonprofit entity, for the development of the Hatcher Square project located in the Fair Park neighborhood of South Dallas, Texas, TDHCA number 11098.

This outstanding mixed use project has the support of the all

the key stakeholders in the community and the City of Dallas. It's truly a cornerstone for a much broader neighborhood improvement program, some 1,200 acres initiated by the City of Dallas to revitalize the Frazier neighborhood.

I'm happy to report that neighborhood decline has been somewhat arrested, in large part due to the housing development under the Dallas Housing Authority's Hope 6 development program, Baylor Health Systems new diabetes health center, the senior affordable housing project, Carpenter's Point, and the new Dallas transit station located immediately across the street from Hatcher Square.

Hatcher Square, a transit-oriented development, the first mixed use development in this neighborhood, is the natural and the key next development in the Frazier neighborhood revitalization program, bringing permanent jobs, quality housing, and needed other services to the neighborhood.

There's already been more than a million dollars of support from local foundations invested in the project. The City of Dallas has already invested a million and a half in the project, and the site has been rezoned, assembled, environmentally abated, and pre-existing dilapidated structures have been demolished. The site is clean and is essentially shovel ready, pending an award of tax credits.

Hatcher Square submitted but was not successful in the 2010 tax credit round. The development is at a very critical point at this point in time. It's going to be very difficult to maintain the site control and more than

\$2 million already invested in the project will be lost if the project does not move forward.

Region 3 had some 17 applications for the 2011 credit round. Prior to this meeting one application had been awarded credits; today I think you're actions awarded one additional project credits for the urban allocation of Region 3, none in the Dallas-Fort Worth Metroplex area, the largest Metroplex in the entire state of Texas. Hatcher Square is next in line for an award of tax credits, and if the normal allocation of 2011 credits were available, Hatcher Square would have received an allocation of tax credits. Hopefully, the Board will give positive consideration to award Hatcher Square a forward commitment of 2012 tax credits.

Again, to be clear, I'm very much in favor of Hatcher Square receiving a 2012 forward commitment of tax credits, I thank you for your consideration, and I'm here to answer questions, along with Jon, if you have them.

MR. OXER: Great. Thank you, Mr. Gary. Any questions from the Board?

(No response.)

MR. OXER: Next up, Ryan Wilson, Kathy McCormick, Randy Stevenson, and Craig Lintner.

MR. WILSON: Thank you, Chairman, Board, staff. My name is Ryan Wilson, and I'm here to again shed, hopefully, some light on Sutton Homes, number 11090, and why this project is uniquely qualified for a forward commitment today.

First is location. Last time you heard from one of our residents who is a sergeant at Fort Sam Houston right across the street. With the BRAC realignment going on, there's 12,000 new jobs just like hers coming online, and we desperately need that type of housing, and this project will help serve those with not only market rate but affordable units for our military.

Second, and I think you've heard this over and over again but I think it bears repeating, is that in San Antonio this particular project finished first in its region during the competitive, however, no developments were awarded credits in this particular round. The million four or so of credits that were available in this region went elsewhere as I've heard people call it a gift, or maybe San Antonio was short-changed. I bring that to your attention only to illustrate that as one of the largest population centers in all of Texas, San Antonio received no allocation this year. And we think Sutton Oaks is a project that deserves an allocation and deserves a forward commitment.

Thirdly, the San Antonio Housing Authority, who is the sponsor of this project, the partner in this project, is pledging near \$3 million of its own money to help provide public housing. So this will turn Sutton Oaks into not only a true mixed income development but also leverage tax credits with public community money to help make this project financially feasible, and if we don't commit those dollars this year, that money simply goes away, and what a tragedy that would be to lose this housing because we couldn't get credits this year.

Finally, I think the support is crucial to note here. Not only did you see last time we brought 20 or so residents with us to help show our

support and show how important this project was for the community, but our local mayor supports this project which is rare for our particular region, as well as the council folks and our state reps and state senators. But I think you also heard Representative Menendez illustrate a more important part which is the entire Bexar County delegation has supported this project, and I'd like to remind you of the names, and I know you have the support letters in your packet there: Mayor Julian Castro, as well as Texas State Representatives Jose Menendez, Mike Villareal, Joaquin Castro, Lyle Larson, Roland Gutierrez, Joe Farias, and John Garza, as well as Senators Uresti and Zaffirini, all supported this project. That type of support is nearly unparalleled in my experience and I think it illustrates just how important this particular project is this year for this community.

So I urge your support in issuing Sutton Homes a forward commitment today. Thank you.

MR. OXER: Any questions?

(No response.)

MR. OXER: Great. Thank you.

Ms. McCormick.

MS. McCORMICK: Good afternoon, everyone. I'm going to, of course, affirm everything that Ryan has just said and hopefully talk about a few other things on Sutton Homes. My name is Kathy McCormick. I head up development for the San Antonio Housing Authority.

In addition to all of the testimony that you've heard in prior hearings, what we also want to share with you about this development is that

it's going to be green building, super energy efficient, and sort of cutting edge with that respect. We think this is really important because of its location, for all of the people that will be living there that are coming from Fort Sam Houston from BRAC and the working families that are in the area.

It also really starts to set the tone about revitalization and the continued reinvestment into San Antonio's east side. I think you've heard or may be aware that Sutton Oaks Phase I was always noted as one of the first lynchpins in that revitalization effort, and this is merely the second phase of a three-phase project that we would like to continue.

This development, as Ryan mentioned, is very affordable. We have market rate units, we have tax credit units that would be affordable to households who are working in the area, and we also have those deeply subsidized units that would be made possible because of the \$3 million that SAHA would be investing into this particular development, and those are replacement housing factor funds and they do have a time limit on them, if we don't commit them and use them, they do revert back to HUD. Without that, if those funds are jeopardized, our ability to continue the second phase of this project is also jeopardized. We would have to back up and try to figure out what are we going to do in order to complete this three-phase project.

The other thing I want to also point out is that SAHA has a long history of working in partnership, in public-private partnerships in all of its developments, and this is a continued project along those lines. We also have a long and strong history in implementing tax credit developments throughout San Antonio that add value to the community, and that's what we

expect this second phase of Sutton Homes to do.

So we do urge you to favorably consider our request for a forward commitment so we may move forward in a timely manner. And with that, I stand for any questions you may have.

MR. OXER: Any questions?

(No response.)

MS. McCORMICK: Thank you very much.

MR. OXER: Randy Stevenson.

MR. STEVENSON: Mr. Chairman, members of the Board. I'm Randy Stevenson here to speak to you about project number 11089 in Wichita Falls, Texas. It's a senior application for Phase II.

I'm not going to bore you with rereading the letters that were read into the minutes the last meeting from the state senator, that we have full support of the mayor which included a letter.

And a couple of things that we've done right up there. This project is eleven years old. We've looked at applying before, we turned in a pre-app before, and we never could quite get there with the points. We have already rezoned and annexed this property. We've got over 200 signatures on petition that you have copies of, we have an extensive waiting list. What we have run into prior to this is that in the QAP, the development location and the economic development incentive, we cannot get to those points. We've got a highly successful, almost never had an inoccupancy in the eleven years there. It will break your heart, we get people every day looking for places to live, just like other places in the state, and I understand that.

We have gotten all the points that we can acquire for this project, and it bears looking at to get a forward commitment for this project number 11089. And we have the full support of the local and state folks, we've got the residents, the zoning is approved, and all we need is the funding.

So if you would, I appreciate your attention and I thank you very much for your time.

MR. OXER: Thank you, Mr. Stevenson. Any questions?

(No response.)

MR. OXER: Craig Lintner. Craig, I see you have two projects on the list here. We'll give you five total for the both of them.

MR. LINTNER: How about five and a half?

MR. OXER: Get started.

(General laughter.)

MR. LINTNER: Five should be fine, sir.

Good afternoon, Chairman Oxer, members of the Board, and Director Irvine. My name is Craig Lintner with Pedcor Investments, and as you indicated, I've submitted two witness affirmation forms and I'll speak to both of these together.

Before I get into our two projects, I'd just like to briefly remind you of who Pedcor Investments is. We are based in Indiana and we've been developing affordable rental housing since the inception of the Tax Credit Program. We currently have properties in twelve states and have a portfolio of over 15,000 units. We have raised over \$700 million in debt and \$455

million in equity, and we've completed and closed on 45 9 percent deals, 49 bond deals, and eleven market rate communities. We're vertically integrated in that we have in-house engineers and architects, an affiliated general contractor, and what I feel is most important is that we self-manage all of our communities.

Now, I've been in front of you several times beginning since last January discussing a project in District 6 Urban. That project is 11073, the Landings at Westheimer Lakes. And I won't take up your valuable time this afternoon detailing each example of extreme NIMBYism because I've been doing that since January, I'll just only restate that this community is in one of the fastest growing areas of the country over the last ten years and during that time there hasn't been a single new construction, family tax credit deal approved. This is despite the fact that the Fort Bend Consolidated Plan, as well as the community plans specifically highlight the need for affordable rental housing.

I'll also remind you again that we began our community outreach in November and have faced roadblock after roadblock. Our belief is that the only way a tax credit project will be approved is through a forward commitment for which I'm requesting today.

The second community that I'm requesting a forward commitment on is in District 9 Rural. This community is project 11072, Cypress Run in Universal City. I've been attending your meetings since January and I feel that you're a board that appreciates facts rather than emotions, so with that in mind, I'm going to give you the facts of why I feel that

Cypress Run is deserving of a forward commitment.

First I'd like to discuss the facts regarding the site itself. Universal City is a suburb in the northeast quadrant of San Antonio and includes Randolph Air Force Base. While Universal City proper has a population of just under 20,000, the population within a three-mile radius is 80,000. There are currently zero tax credit units, either family or senior, in Universal City, so zero, while there's a demand for over 3,500 additional tax credit units within the primary market area.

Next I'd like to provide you the facts regarding the community. Similar to the Landings at Westheimer Lakes, we began our outreach last November. The project has received the support of not only the Universal City mayor but the neighboring mayors of Converse and Live Oak. And finally, as he indicated at the last board meeting, State Representative Farias is also in strong support of this project.

The last area I'd provide you the facts on is regarding the application itself. There's been much discussion regarding the community revitalization points over the last several meetings. We felt that the QAP was clear and specific on this matter, and this project did, in fact, receive those points. There's also been discussion at some of the prior board meetings that some of the projects that received forward commitments last year are now having a hard time getting through underwriting. This project is, in fact, already been through underwriting, it was the fourth project to do so.

So you may ask yourself why was the project put through underwriting but not awarded a tax credit award. Well, from the time the initial

scoring logs were published all the way through July 15, this project was in first place in Rural Region 9, but on July 15 a project on the at-risk list moved over and knocked us out by a point. And I've been told that this is somewhat of an anomaly and I believe that just this reason, in and of itself, could warrant a forward commitment.

So to summarize, I believe both of these projects are worthy of a forward commitment. Pedcor is an experienced company, we're prepared to execute if we're fortunate enough to receive an award. And I appreciate your time and would be happy to answer any questions.

MR. OXER: Thank you. Any questions from the Board?

(No response.)

MR. OXER: Good. Next up: Eric Opiela, Cynthia Espinosa, Laura Llanes, and Cory Hinojosa.

Eric, hold on for just a second. As a matter of process here today, we're due to be out of this room at three o'clock, we have another room reserved to which we will decamp. It will take probably some time to move all this hardware, but at three o'clock sharp we've got to be going out the door. So I encourage all of you to be brief.

MR. OPIELA: I will do my best to help, Chairman Oxer.

Eric Opiela here on behalf of Anson Park III. This is the same development that at the July board meeting I came before to request a forward commitment for, but since a decision wasn't made at that meeting, I'm reiterating that request.

This is Phase III of a three-phase development that the vision

was begun back when you awarded both Phase I and Phase II in Abilene. It's in the northwest portion of Abilene and this is primarily a Hispanic community that has about a 29.6 percent poverty rate. It's in a qualified census tract, however, because of the other two phases of the development being in the same census tract, it likely never will get an award other than through a forward commitment, simply because of the scoring disadvantage that it has being in the same census tract as the other two phases that you have already funded.

If it wasn't for the other developments, they would have won the round in Urban Region 2 this year, and it would have been one point higher than the development that was awarded. Despite having two adjacent phases, the development is very much needed in the community, and both the City of Abilene and the Sears Neighborhood Association and the Abilene City Council have all supported the Anson Park III development.

The developer's equity and construction partners are ready to move forward on this development with a forward commitment, and it can be completed and placed in service by December 31 of 2012. So we can get it ready and on the ground and not draw this out, as many of the other forward commitments will probably end up doing.

So we're asking for a forward commitment request for Anson Park III so for the citizens there in Abilene this much needed housing can be made available. Thank you.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Ms. Espinosa, Cynthia Espinosa.

MS. LLANES: Good afternoon. Councilwoman Cindy Espinosa had to leave, she was here earlier but had a commitment in Laredo.

MR. OXER: Okay. Laura Llanes.

MS. LLANES: Good afternoon. Chairman Oxer and members of the Board, I'm Laura Llanes, executive director for the Laredo Housing Authority. I'm here to talk to you today about our redevelopment project, number 11059. This is a 70-year-old, functionally obsolete development that cannot be modernized.

Community support has been really evident. Last meeting we had our mayor come in, and he was ill at the time, I don't know if you recall. He stuck it out and presented anyway. After he presented, also Representative Richard Raymond presented on our behalf. Senator Zaffirini's letter was read to you a bit earlier, and again, Cindy Espinosa was here but had a prior commitment. And we have overwhelming support.

We know that there's a lot of worthy projects out there and you're listening to all of these, so to sum it up, what is it that is so special about Laredo, why should Laredo receive this forward commitment that we're asking for? Well, first of all, of the 138 tax credit applications, your highest scoring came at 215, Laredo came in at 214, so we were the second highest points there. We're the highest scoring project in Region 11 and in keeping with the provisions of your QAP process and tie-breaker rules, we're next in line for the tax credits in the statewide collapse. And as you heard a little earlier and there was a really impressive graph -- I like graphs -- it is very

clearly indicated that Region 11 is the second most under-funded region in the state. You also heard about the Eagle Ford Shale oil and gas activity and Laredo is very much impacted by that as well.

So again, the top reasons why we feel we deserve a forward commitment: we're the second highest score, we win on the tie-breaker, and we're the second most under-funded region. For these reasons, I respectfully ask the Board to consider Laredo, application number 11059, for a forward commitment. Thank you.

MR. OXER: Thank you, Ms. Llanes.

Cory Hinojosa, followed by Kristy Macklinger, Buddy Jordan, MaryAnn Russ, and Scott Brian.

MS. HINOJOSA: Good afternoon. Cory Hinojosa, executive director of the Kingsville Housing Authority. I am requesting a forward commitment for the Connell Villa development, application 11058. This is a proposed 36-unit reconstruction development in Kingsville.

The existing Connell Villa is a public housing development that is over 50 years old. Connell Villa was built at a time when much of the housing in Kingsville was constructed, therefore, much of our housing stock is old and dilapidated in our city. The families that currently live in the existing public housing development face non air conditioned units, electrical issues and units that are in constant need of repair. These families elected for us to submit this application because they know the day-to-day constant issues we have with maintaining them.

Both Senator Lucio and Representative Lozano understand the

need in our community and have submitted letters to support the development, as well as to support our request for a forward commitment. Representative Lozano had a staff member that made a presentation to you at the last meeting.

I understand that many of the applications here are requesting forward commitments for much larger developments, and 36 units would be considered small to many. However, the families we serve, for them it would make a huge impact, not only for the families but also for our community.

Our application scored 208 points. That is the highest score that we could have possibly received, and higher than many rural applications across the state that were actually awarded. I would also ask that you take into consideration that we are in Region 10 which was also an under-funded region in the state.

I would like to close by pointing out that like many of the small developments in rural areas, without this forward commitment this development will not be able to be built. Thank you.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Ms. Macklinger has ceded her time to Buddy Jordan. Mr. Jordan.

MR. JORDAN: My name is Buddy Jordan. I spoke to this Board on June 30. I'm a very involved member at First Presbyterian Church in Dallas. I'm speaking on behalf of parents at the day school, individual church members and myself. We oppose the St. Paul Apartments for the

reasons we consistently stated in prior meetings in front of the Board, as well as with the city and with the sponsors.

Our points are fairly straightforward. The parents and the church and all involved in this want a well-conceived housing project. The church has operated the Stew Pot for 35-plus years, serving the homeless. I think history is well known with that, it has an excellent track record. It's also been involved in the PSH project in front of this Board in the last year. It withdrew due to neighborhood opposition.

There's been increased concern regarding the safety of the residents that would be at St. Paul and the children, especially after a meeting this last Wednesday involving more than 60 people at the church that involved the sponsors, the parents, the staff of the church, and individual members.

The church declined involvement in St. Paul Apartments in any capacity earlier this year when we were approached. We declined it as an owner, service provider, or to write a support letter. The reasons were fairly straightforward. The project is going to be one foot from the playground of the day school that's been there for a long time. Another point was the church wanted viable housing projects which means the same owner and service provider with a serious long-term commitment. We were taxed to see that.

Well before the sponsor approached us to be involved, a well-respected charter school organization, with investment grade credit uplift, had been discussing with the church that it wanted to buy the land next door and build and operate its own grade 6 through 12 school downtown, sharing

amenities with the church, our cafeteria, gym, and the multilevel parking garage we have. The church wants that, they want to support uplift, they don't want the day school to close, and they want PSH projects downtown.

So naturally we tried to search for what we called a group solution. We came up with several alternative sites. When I spoke to you on June 30, we had a letter of intent that has turned into a firm contract on a site 800 feet away. We reached out to the most immediate neighbor to that site, Family Gateway, a 25-year-old-plus organization that has a record of providing serviced to homeless families. They generally house them for ten weeks and then they move on, those families do. We want to be proactive with the neighbors. They were very responsive yesterday and earlier. They want to work with whomever on that site for a PSH project that makes sense. The MDHA 2011 annual census shows 48 percent of the homeless are families in Dallas. Regarding sponsor support on the four letters that you have in your package, one of them is a September 14 letter from Lyle Bergon, former co-chair of the Housing Task Force of Downtown Dallas, Inc. When we talked to him Friday, he did not know the project, at the time he wrote the letter which was dated September 14, he didn't know the project was one foot away from the playground. There's no letter from the current Housing Task Force of Downtown Dallas, Inc.

Councilwoman Medrano, in whose district the St. Paul Apartments would be located, told the parents and me in a meeting before the last scheduled board meeting that she wasn't coming to Austin and wasn't writing a letter, although she has provided an earlier letter. Representative

Branch's office has talked with us and it is fairly clear that prior to his March 29 letter he did know that the St. Paul Apartments were one foot away from the day school.

From the opposition perspective, it's a broad spectrum, as you already know. We have State Senator Carona opposing it, area property owners and businesses, individual church members, the day school board itself, which is a separate organization than the church, people with mental illness and their families have testified in front of this board, and of course, the parents.

So we are opposed to this project and ask that you deny this.

Any questions?

MR. OXER: Any questions?

(No response.)

MR. OXER: Thank you.

MaryAnn Russ, Scott Brian, David Koogler, and David Marquez, in order. And we're getting well into the list of projects that everybody had an opportunity to speak last time. Ms. Russ.

MS. RUSS: Hi. I'm MaryAnn Russ. I'm the CEO and president of the Dallas Housing Authority. I haven't spoken to you before.

MR. OXER: You may be the only one in here.

(General laughter.)

MS. RUSS: I realize that.

I am here to speak in favor of the St. Paul Apartments, and I'm here to speak in favor of the people who would live there. I've listened to

everyone who came before me, I do not envy you your jobs at all, this is going to be brutal, but what I want to say is that if there's any group of people that experience NIMBYism, it is the chronic, mentally ill homeless. They're the bottom of everybody's barrel and that is who the St. Paul Apartments would be aimed at, chronic homeless individuals, 146 units. Yes, it's a foot from the daycare center. The solution to homelessness is homes. Homeless people are people first.

This is a property that would get 146 individuals off the streets and into affordable housing. What the housing authority brings to the deal, you may or may not realize, the last couple of years we have used our project-based vouchers to develop permanent supportive housing, and the support is the thing that makes this particular project so unique because for this client group, the services are essential. The housing doesn't just automatically work for people who have been on the streets for a while and have a lot of issues that they're struggling with, but The Bridge would provide the services. It's in walking distance. There are mental health services, physical wellness services. Nutrition is not an issue, the price of groceries is not an issue, the Stew Pot is right there, and people can eat at The Bridge too.

The Bridge provides education, job training and job placement. We're working very closely with Metro Dallas Homeless Alliance and I've been doing this for 43 years, this is a good operation -- yes, I'm older than dirt -- they really are very effective. And this is one of the only projects like this that's coming before you because it's one of the only projects like this that can come before you.

Why this site and not another? Simple, the developer owns the dirt. That's really pretty easy. It's zoned right, and in spite of all the statements about people who are against it, you have in your packets a letter from the mayor and from a lot of other people who support it. This is not universally despised and it would do good.

Thank you.

MR. OXER: Thanks very much. Any comments, questions?
(No response.)

MR. OXER: Scott Brian.

MR. BRIAN: My name is Scott Brian. I'm here speaking for the Edinburg project, La Privada, it's 156 units of new construction in Edinburg.

The reasons for this project is it has universal support from all the state senators and everyone from the city. Edinburg is experiencing a population boom. The population has grown 59 percent since 2000; there are 750 babies born a month at the regional hospital. They have not received an allocation since 2005. The market is essentially 100 percent occupied with waiting lists.

I have submitted to you all a Bloomberg article. McAllen, Texas is ranked number two in the nation in the percent of people in McAllen that are severely burdened. Severely burdened is defined as those people who spend over 50 percent of their income on rent. Number one is Miami, number two is McAllen, Edinburg MSA. The other thing is Hidalgo County does have 36 percent of their people live below the poverty line. You

compare that to Harris County which would be 17 percent.

In conclusion, I'm really here on behalf of the people of Edinburg and the city officials. I've been in this business since 1992 and I've never seen a place that needed this product as much as the City of Edinburg. Thank you for your consideration of a forward commitment.

MR. OXER: Thanks, Mr. Brian.

Okay. For project 11037 which is Spring Trace, David Koogler says he was here only to answer questions. So are there any questions from the Board on Spring Trace?

(No response.)

MR. KOOGLER: Thank you.

MR. OXER: Good job, David. Thanks.

We'll have Theresa Villa, David Marquez -- I'm sorry, Theresa, you will yield your time to David Marquez. Then Walter Martinez, and Dan Esparza, you have another comment to make?

David.

MR. MARQUEZ: Good afternoon, Chair, Board.

Just three quick things on Hidalgo Seniors, 11036. Naturally, I want to point out the need, growing Hispanic population, and it continues to grow, and the need is great in the Valley. We've talked about multifamily housing for families. The seniors, I've given you a chart for the last two months on projects that have been funded, senior projects since 1989, and if you look at it year after year, it's 50 units or less. In fact, you've only actually allocated 36 units in the last four years in Region 11, so I would like you to

take a real hard look at that.

As you look at the 2012 QAP, I've heard a lot about the \$3 million cap which you would like a joint venture between a HUB or a non-experienced developer and an experienced developer. Well, we have that. We have a woman-owned business, a HUB, actually joint venturing with Housing Authority of Hidalgo, and we're not even asking for the \$3 million, so if you award this 2012, we'll actually save you \$1.3 million.

Thank you.

MR. OXER: Walter Martinez.

MR. MARTINEZ: Thank you, Mr. Chairman and members. My name is Walter Martinez. I'm here representing the American GI Forum Village Apartments, number 11033, I Robstown, Texas. I'm joined by the state leadership of the American GI Forum of Texas, who are seated here in the back with me, along with members and supporters of this project. We were here last month but we did not have a chance to speak.

We know you have numerous requests for worthy projects and a difficult task. Our request is based on the urgent need for rural affordable housing and preservation of housing, and the unique irony that on two occasions this project has gone from apparent success in securing needed funding only to be denied. In 2008 this project secured an award of tax credits. Through no fault of their own, the GI Forum was unable to proceed with the project as a result of the financial collapse and the instability in the capital markets. The credits were reluctantly returned to the department, as required in the rules.

After this heartbreaking setback, the GI Forum took a few years to regroup and this year submitted a stronger application which went through underwriting and was listed on the recommended list for statewide at-risk projects at the July 28 meeting, just a few months ago. However, in a last-minute reversal, the project was removed from the recommended list and instead placed on the waiting list, number one in the at-risk pool.

The project has tremendous support. It's been endorsed by the mayor and city council of Robstown who really support this, and also has bipartisan support from the legislature, including State Representative Todd Hunter and Senator Juan Hinojosa. Also, the U.S. Department of Housing and Urban Development has been supportive of a HAP contract extension and also the HUD mark-to-market program, thus preserving the subsidy for the low income residents of the property. In view of this, we ask for a forward commitment, and to my knowledge, the American GI Forum Village is the only project requesting a forward out of the statewide at-risk pool.

I'll close with a quotation from General Douglas MacArthur. He stated that: Old soldiers never die, they just fade away. We ask that you not let this project die or fade away. Help us preserve the 40-year-old property and thus preserve the rich legacy of the American GI Forum, a 62-year-old national veterans organization whose members returned home after proudly serving their country abroad, recognized the need and the lack of decent housing, and had the vision and courage to make things a little bit better for their community.

We applaud you for your dedication and your commitment to

serving our citizens and our state. Thank you very much.

MR. OXER: Thank you, Mr. Martinez. Any questions from the Board?

(No response.)

MR. OXER: I understand Dan is no longer here, but he read his letter from the senator earlier on.

We'll have Dan Sanchez, Nick Mitchell-Bennett, and Justin MacDonald, please.

MR. SANCHEZ: Good afternoon. My name is Dan Sanchez, I'm a county commissioner from Cameron County, and I am here to speak on La Hacienda Casitas.

I am here to ask you to finish some unfinished business, and what I mean by that is that this Board provided some funding to tear down this development that because of Hurricane Dolly was destroyed, and since Hurricane Dolly hit, families have not lived in this community. And you have given the money to tear this down but we can't go forward on it until we get the allocation to rebuild it.

And I know you have a tough decision up here having to decide on which projects go forward, but there's not very many projects that are kind of in this position. I know there's a strong emphasis to take care of some of these natural disasters, for instance the fires that we had here in Bastrop recently, and I agree that they need to be taken care of, but let's not forget about what happened in 2008 when Hurricane Dolly wiped out La Hacienda Casitas development. That was the Cameron County Housing Authority that

actually people lived in and have been displaced for three years now.

My understanding was it ranked at 214 which was probably right below number one, but didn't get funding as none of Region 11 did, and if you don't fund it this go-round, it's not going to happen. The points that get it to there will be gone because of the demolition of it will take points away. So if it doesn't happen this time, it's not going to happen at all. And this is something that I believe you began and you supported by giving the funds to demolish it, but we can't go forward with it until you give us the funds to reconstruct it.

On behalf of the citizens of Cameron County, appreciate your consideration.

MR. OXER: Thank you, Commissioner Sanchez. Any questions?

(No response.)

MR. OXER: Nick.

MR. BENNETT: Good afternoon. I'm sure at this point I'm going to sound a little bit like the school teacher on "Peanuts" just wah-wah-wah-wah-wah, but I'll try to get to you as best as possible.

The Community Development Corporation of Brownsville respects and understands the concerns raised by the staff concerning forward commitments, and it goes without saying that all projects must meet the test of financial viability, and I expect that La Hacienda Casitas will be held to the same standard. However, the forward commitment process is included in the QAP specifically to give the Board leeway to reach out to worthy projects that

may not have received an award because of unusual circumstances, such as has happened in Region 11 this round.

La Hacienda is one of those unusual circumstances. La Hacienda Casitas achieved a competitive score of 214 points; La Hacienda Casitas did meet the requirements of tax credit program, as stated in the QAP, as they were objectively applied to all 2011 applications. The La Hacienda site was made unlivable because of Hurricane Dolly. Fifty-six units of affordable housing with the Cameron County Housing Authority were lost during that time, and this reconstruction project will replace and return them to the stock of affordable housing in the Harlingen area.

This is the only year that this project will be viable. The 2012 QAP has changed the rules around reconstruction projects as well as changed the scoring around areas of high opportunity, killing this project for the years to come. And number 5, CDCB has a grant award of NSP 1 dollars ready and waiting to be spent on demolishing this project. Literally, if you approve this, I make a phone call and the bulldozers start moving in -- obviously when Cameron tells me that I can do so.

La Hacienda is the type of affordable housing the Board has shown in the past that it wants to fund. It was designed with participation at every step by the people who used to live in La Hacienda, looking forward to living there in the future. It was designed with an eye toward to the LEED and green community certification. La Hacienda is removing a dilapidated structure and replacing it with affordable workforce housing for the new growing commercial district in Harlingen. Harlingen just recruited and has

almost completed the new Bass Pro Shop which is somewhere between 700 and 800 jobs, and a telephone call center, and is desperate for new housing. The project is also in an exemplary school district.

CDCB has a long and productive history which most of you who are on this board have seen the work that we've done in the past. We are the largest nonprofit producer of single family housing in the State of Texas, building over 1,700 homes for families over the last ten years. CDCB has developed the first LEED certified single family homes south of San Antonio.

CDCB has the support of all sectors of life in the Harlingen area. You've heard from State Senator Lucio, Cameron County Commissioner Dan Sanchez, City Commissioner Joey Trevino, and the school board member, George McShan, and last but not least, you have heard from the members and residents of La Hacienda.

This is the one shot we have to get La Hacienda rebuilt. Without a forward commitment, that will never happen. I respectfully ask the Board to consider a forward commitment to the second highest scoring project to replace affordable housing lost to Hurricane Dolly, La Hacienda Casitas, project 11031. Thank you.

MR. OXER: Thanks, Nick.

Justin.

MR. J. MacDONALD: Thank you, Chairman Oxer. I know we're getting down towards the end so I'll try and talk fast.

MR. OXER: And I've been advised that we've got 15 minutes less than we thought. We've got to be out of here by quarter of so that the

next group can be set up to operate at 3:00.

MR. J. MacDONALD: I'll go even a little faster then.

We didn't actually get a chance to speak to you about this project at the last meeting. I wanted to speak to you about number 11026, Walnut Springs in Seguin.

You did hear from Representative Kuempel's office and had a letter read into the record of his support on this project, and the meeting prior to that you also heard from Mayor Betty Ann Mathis who came in and spoke to you about the dire need for seniors housing within her community.

This is an ideal site within Seguin. It's adjacent to a large H.E.B. which has grocery and pharmacy services and a shopping center, and is also one block from the regional medical center which is a large consideration for seniors.

It's been many years since an allocation has been given to this community, and in that time industry has moved in, they've had a very successful economic development program, industries such as Caterpillar, as well as even some of the oilfield service have driven up the cost of housing and made it just more difficult for seniors especially to find housing in the communities which they've lived their lives.

This project is somewhat unique in that it was beaten out in the competitive round by an at-risk that crossed over in Rural Region 9, as well as another project that was classified as rural, even though as Mr. Lintner just admitted, within two miles of their site there are 80,000 people living in the area. So there was, I guess, one more quirk within the system, if you will.

MR. OXER: They're everywhere.

MR. J. MacDONALD: They are everywhere.

So this is truly the only rural application that is competitive within Rural Region 9 that should have been rural the whole time, and we would ask that you award this a forward commitment to correct those inaccuracies in the system.

MR. OXER: Thank you.

Last three, Rick Sims, David Punch, and Deborah Sherrill. Mr. Sims.

MR. SIMS: Good afternoon, Mr. Chairman, Mr. Irvine, Mr. Conine. I've appeared before the Board before and I think I want to clarify some things that will help me out.

In 1998 my parents and the church, through intervention, I had got committed on civil commitment because I was a threat to myself and for two years I was in this institution, and for me to be released to outpatient status, I had to appear in front of a group of people, as yourself.

MR. OXER: Rick, can you hold on for a second. I hate to ask you this, but you need to state your name for the record.

MR. SIMS: Zion Bayou.

MR. OXER: Your name.

MR. SIMS: Rick Sims.

MR. OXER: Good. Thank you.

MR. SIMS: So I reached outpatient status and I understood that as a person with mental disorders or disabilities that you have certain

rights, you have programs to your benefit. From 2005 up to today, I've always submitted applications to Texas Department of Housing and Community Affairs as an individual, always been a top application in my reason, but I've always been terminated because there's always been an issue of a concentration issue on my part that the department has determined is a deficiency. And so therefore, I've always done what was supposed to be done but I've never had the success that I was supposed to have as an individual.

I've never done an application that was not for people as I, with disorders or disabilities that deserve safe and decent housing. This year I submitted the application, and I thank God for Mr. Irvine, I finally provided the evidence that I did have a history of the disorders and that I did have the disabilities, and he was able to get me certain reasonable accommodations according to the rules, because I was always telling the department that my rights by law is greater than the rules, and the rules are hurting me from getting the participation to get the same benefits as the other applicants in the process.

So I've always confused Mr. Conine in the past because I've gone in front of the Board, I've been terminated over issues, I've read the minutes, he said I'm confused, and I really didn't start paying attention to my communication problem till I started reading transcripts where my thoughts would be scattered because you never know that you have these issues.

So when I saw that I didn't see the whole picture of the forward commitments, I said I'm raising too much money individually by myself to do

this, it's therapeutic but it's the people. We are in society, we exist, we're competent, we're able, and we're not just way out there after we come back into society. And so I requested by law that I can't continue to participate and do it that way, and I requested as a reasonable accommodation a forward commitment because I can't always compete under their rules because we're just not the same.

I mean, it's the best deal out there because I'm doing it, I'm participating, I hear everybody saying this is a good deal, but I understand the SROs, I had to go through that, but permanent supportive housing for people that have been -- with disorders you still want to be with your family, you still want to be in an environment where the individuals that have the management/ownership is based upon their emotional, they care for you.

For example, I would contact Mr. Irvine by email, he would get immediately back to me, and that shows you he cared. Pastor Punch, when nobody else would listen to me, he cared. I've lost over \$20,000 and continue asking people for money, like the guy on the street corner, to do these applications, I haven't been getting the success.

So I think that's all I can tell you is that I keep doing these applications as a person with disorders, I'm not being successful because of the disorder, and I can't say I was scared to tell you, I can tell you why I didn't engage at the time to say I got this, and when the department was terminating me, it was terminating me based upon I don't have the concentration as other people would have. And so I think that's why the application didn't get awarded this year and why I haven't been awarded in previous applications,

and it's not because I can't do it, I'm always at the top. It was the top nonprofit application in the region, and had there not been an allocation of the forward commitments to all the nonprofits, it would have got funded. I mean, that's all I can do with what I can work with, you know.

So my request is just because I have a right and I target the application with the population for the individuals that have the rights so that we're a protected group that says, Listen they're asking for a privilege, I'm just asking to exercise a right. Thank you.

MR. OXER: Thank you, Mr. Sims.

Reverend Punch, thank you for accommodating his time.

Ms. Sherrill.

MS. SHERRILL: Good afternoon. My name is Deborah Sherrill. I am a representative of the Corpus Housing Authority, and I'm here along with everybody else in Corpus to request a forward commitment for project number 11079, Lexington Landing.

Lexington Landing is Phase II of what we consider the renaissance of Las Armadas. We have successfully engaged in Corbonne Townhomes which is another tax credit deal which is right next door to Lexington Landing. Corbonne Townhomes was a 100 percent project-based Section 8 development, and we received over 600 applications for 128 units, so there is a need in Corpus Christi for affordable housing.

I would also like to request that if we do not receive a forward commitment that the funding please stay in Corpus Christi, please fund somebody in Corpus Christi because there is a real need in Corpus for

affordable housing.

That's it. Thank you.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Okay. That's the list. Good job, all of you.

(Applause.)

MR. OXER: There's something to be said about having to bend to the cruel efficiency of a clock watching us over here.

All right, Board. Mr. Conine, do you have a question, do you have a comment?

MR. CONINE: I really would like to have a few minutes.

MR. OXER: We've got a few minutes, we'll think about this. We can give everybody 15 minutes, they can mill around, we'll think about it and come back here at exactly 2:30 if you'd like to do that.

MR. CONINE: Yes. That's probably a good idea.

MR. OXER: All right. Take a break, you guys. We're going to talk, you're welcome to watch, but we're going to sit and think about this for a bit. We can do this here publicly as you're watching.

(Whereupon, a brief recess was taken.)

MR. IRVINE: Mr. Chairman, before everybody gathers, I just have a quick public service announcement. Monday is final draw date for Exchange. Paying attention? If you have any problems, any hiccups, any issues whatsoever, please contact Teresa Shell immediately. Thank you.

MR. OXER: Okay. We've heard the comments, and we'll

entertain a motion.

MR. CONINE: Mr. Chairman. I'd like to put the following projects into a motion for forward commitments for the 2011 year. Project 11041, the Riverwood Commons in Bastrop, obviously for the disaster relief and fire damage over there, and in addition to that, the other project is 11040, the Villas of Giddings for essentially the same reason.

MR. OXER: 11140?

MR. CONINE: 11040.

MR. OXER: No.

MR. CONINE: Did I mis-do that one too?

MR. OXER: 11140.

MR. CONINE: 11140. Sorry about that.

MR. OXER: This is hard enough.

MR. CONINE: I know.

In addition to that, we've got a couple of old deals that are kind of coming back through again for various reasons that I'd like to see put on the list: project 11261, the North Angelo Blackshear area project in San Angelo.

MR. OXER: For reasons?

MR. CONINE: Because it's an old deal that was done before, we're going to do it again.

MR. OXER: Okay.

MR. CONINE: Same in Region 10, 11033, the American GI Forum. Those are, again, two projects that we had done before that I think merit forward commitments to see if we can get them done finally.

Thirdly, I made a list, or asked staff to make me a list, and I'm very appreciative of the list, for all the projects and looking at their local or third party mechanisms, and we have some projects, at least in my mind, that have done a fantastic job in that area. That's a piece of this business that's pretty difficult to do. Project 11090, Sutton Oaks, got a pretty high score, it's a Phase II of one we've already done there before, and they've got a considerable amount of third party financing. Project 11139, the Champion Homes at Copperidge is the absolute largest in gross dollars in third party financing, it's a transportation DART deal there in Dallas, in a good school district, so I'd like to see that one. And then project 11114, the Greenhouse on Santa Fe Trail, that's the largest percentage of total costs covered in the entire application cycle.

MR. OXER: What was the number on that one?

MR. CONINE: 11114. And it's a rather small deal and won't affect that area going forward.

And then I have a couple of other projects, project 11080, Parkstone Seniors in Wichita Falls. It's a senior project, a Phase II again of one that's been successful there, and also has some third party financing attached to it.

And one down in the Valley that I think -- or a couple down in the Valley, excuse me -- that need our attention. Again, Region 11 was fairly under-funded, I believe. Project 11105, Aster Villas, got a lot of local support, it's a rural deal in that particular region, Region 11. And also 11031, La Hacienda Casitas which is an urban deal in Region 11. As we heard

testimony here, they got a lot of NSP funding which is a good sponsor and is an acquisition rehab instead of a new construction.

That concludes my list, Mr. Chairman.

MR. OXER: Just some comments to add.

MR. IRVINE: We need a second.

MR. OXER: Do I hear a second?

MR. GANN: I'll second.

MR. OXER: Okay. We'll have the discussion here because this warrants discussion.

Just some comments to add into the list so that the debate is properly framed. The tragedy is here that there's a fixed amount of money and we're not looking for projects, we're looking for money, there's only so much money. We've got more biscuit than we've got gravy right now. So the fact that these have been through a competitive process and they were ones that were awarded a competitive process means that these projects, when awarded a forward commitment, are automatically assumed to be more competitive than a project that would originate next year.

There is an issue with the collapse or the funding mechanism of the distribution, Regional Allocation Formula, that creates some inequities that this is a mechanism we try to use to make the edges overlap properly and see to it that there is some consideration given to every region because every region in this state has a need. This is the hard part of this work because every project we see out there is worthy of consideration, and unfortunately, we're not evaluating the projects, we're evaluating the applications, as it turns

out.

Is there any more discussion, any more conversation, any more comments from anybody? Mr. Keig? Dr. Munoz? Mr. Gann?

MR. KEIG: I'd like to see us get back on track and make all these funds go through the Regional Allocation Formula.

MR. OXER: We're back to having to exercise our discretion to make the pieces fit with the Regional Allocation Formula and the QAP to be fair enough to make sure that there's a distribution to those places that have need.

Dr. Munoz, do you have a comment?

DR. MUNOZ: Well, this is with respect to the list composed by Board Member Conine. I haven't any exception to any of what he's proposed, they comply with the list that I developed, or at least a good portion of it, with the exception of Cooper Ridge, 11139. I also have a sense of strong support for 11150, the New Hope project in Houston. Here's a project that would have a significant size, already recognized with national awards for its innovative approach to affordable housing, and we also want to create templates and models for others to aspire to, and I think the amount of national recognition that they're developments have attracted affords us that.

MR. OXER: Okay. Thank you.

Mr. Gann?

MR. GANN: I think I have a strong support for Mr. Keig's position. Okay? These items that we've looked at here, to me were the lesser of the evils, a lot of these are rural, a lot of these are small numbers, a

lot of these are number that don't give that aspect that Mr. Keig is looking toward. And I've got to really reconsider where I am on that position with my second, because I think the stronger position that I feel right now is that I'd rather support that position and get back to the nuts and bolts of what we really should be doing rather than encouraging people to come in and ask for these commitments like they're asking for.

MR. OXER: It's a very competitive process, as everyone of you out there know. Has anybody got an estimate?

MR. GANN: Is it possible -- and I've never done this before -- to withdraw my second?

MR. IRVINE: Ask the parliamentarian.

MR. OXER: Counsel?

Mr. PENDER: Jeff Pender, deputy general counsel. Yes, you can withdraw your second.

MR. GANN: I think I need to withdraw my second.

MR. OXER: Okay. Well, let's restate the motion just so that it's clear. Mr. Conine, or Conine the Barbarian over there --

(General laughter.)

MR. CONINE: Can I speak to the comments, if I might, Mr. Chairman?

MR. OXER: Please.

MR. CONINE: I can appreciate Board members having a reticence to get back to the regional allocation, and no one has testified, literally, more than me about predictability, transparency and objectivity of our

particular allocation process. But I think there's comes a time, and this is the time, where Board members can use their discretion in a very, very positive manner.

I think I've stated the reasons at least that I've supported the projects that I've read out on my list. A lot of them are financial, a lot of them have to deal with municipalities making tremendous sacrifices to see various projects get done, some of them are just good real estate decisions, but I think that's historically the way this Board has used its discretion and been able to, at least in my mind, reward certain areas of the state that for whatever reason either can't compete the way the scoring process is laid out, or quite frankly, you get the housing on the ground a year earlier rather than a year later. And I think that's tremendously important still in light of the tremendous affordable housing shortage we have all across the state.

So I'd encourage our Board members to take a hard look at what we're doing here. I don't think, if you added it all, we're probably not doing 10 percent of the allocation, or a lot less than that.

MR. OXER: Well, that was the point I was going to ask. Tom, have we got a way to estimate, even get to round blocks of numbers? Please estimate what percentage, if we took every one of these that we just went through, and we'll go through the list again here in a minute of the ones that are considered under the motion, if we took every one of those, what does that represent in terms of a probable percentage in round tens of percent of next year's allocation.

Read through your list again, Kent.

MR. CONINE: Do you want me to read through the list again?

MR. OXER: Yes, please.

MR. CONINE: I've got 11041 -- 111041 -- excuse me.

MR. OXER: No. 11041 and 11140.

MR. CONINE: Yes, that's it. I keep getting an extra one in my list, I don't know why. Those are the two disaster fire-related ones.

And then it was 11261, the San Angelo deal; 11033, American GI Forum; then I had 11090, Sutton Oaks; 11139, Champion Homes; 11114, Greenhouse on Santa Fe; and then I had 11089, Parkstone Seniors; and then the two down in the Valley, 11031, La Hacienda Casitas, and 11105, Aster Villas, one urban, one rural deal down there.

Dr. Munoz, we never got to the issue of whether we added his to the list or not, but I will accept a friendly amendment to add his to the list.

MR. OXER: Yes. Let's state that for the record by acclamation, it's been added the one to be considered in the group. And let the record reflect that amongst all these that are here, several, as was presented today in testimony in witness affirmation, several had ranked highly, but as a consequence of the allocation formula, were unable to receive a credit award under the original process.

How close are you, Tom?

MR. GOURIS: They're still working on it.

I would note that I was going through the regions as we were going, and I think I count at least two, and possibly three regions that presuming that the amounts of allocation stay the same, we probably wouldn't

have dollars next year to allocate.

MR. OXER: Would not have dollars.

MR. GOURIS: The regions that I'd be concerned with would be Region 11 Rural, Region 7 Rural, and this is based on the amounts they had this year. We still need to go through the Regional Allocation Formula to see where we would be. And in the proposal for the Regional Allocation Formula, remember we are recommending that even if a region doesn't have any money in it, we still give the region \$500,000, so it will just be that much more in the hole, I guess, next year. So every region will get an allocation if the Regional Allocation Formula goes as proposed, it will carry forward another deficit for future years.

The third region was Region 2 Urban looked like they would be technically spent but we'd still put in \$500,000 next year.

DR. MUNOZ: It was 2, 11 and?

MR. GOURIS: 7 Rural were the ones that I noted real quick, and there may be others.

MR. GANN: I've got a question.

MR. OXER: Mr. Gann.

MR. GANN: Tom, when I was glancing at these as they were calling them off and when I was supportive of them, these are mostly rural and these are mostly low numbers, like 36 units, et cetera. Do you see anything in there that's not that way, other than New Hope that was just added which is 80, I think. Basically that's what we were supporting was the rural small numbers that wouldn't screw up next year's numbers, so I want to quit trying to

mess with and interfering with next year's allocations. That's what's really making it hard on everybody here that's really trying to work a project next year, maybe.

MR. OXER: Let me offer a parliamentary note here. Unless there's been a second to the motion, we're actually not in discussion. So it was a clarification to the motion, so we were clarifying the motion by Mr. Conine, we got the list.

DR. MUNOZ: Second.

MR. OXER: Okay. Second by Dr. Munoz. Now we're playing by the rules.

MR. GANN: Am I correct in my assumptions?

MR. GOURIS: There were two \$2 million deals, and the rest were all less than a million -- I'm sorry -- there was one that was right at just over a million and one at 944-, the rest were a little bit less than that. There's eleven deals, I think.

MR. CONINE: The big deals were Dallas and San Antonio, though, Mr. Gann, and I think there's plenty of room there for next year.

MR. GANN: Well, and I'm in favor of that particular setup.

MR. DORSEY: Assuming about \$48 million for next year's allocation, which is what we have on the log, approximately for this year, this is about \$10.5 million which is 22 percent.

DR. MUNOZ: You have eleven on that list, Tom? I don't have eleven.

MR. DORSEY: It's Mr. Conine's plus the one that you added.

MR. GANN: We may have to revise this.

MR. CONINE: It would be in the mid \$50's, I would imagine.

MR. OXER: Yes, because the rate is expected to go modestly up for larger populations next year.

MR. GANN: Am I out of place to call the question?

MR. CONINE: Especially wit the new census.

MR. GOURIS: It's probably just shy, somewhere between 15 and 20 percent.

MR. CONINE: But with the new census numbers.

MR. OXER: We'll get a little bit more. So fundamentally it's \$10-1/2 million, did you say, more or less?

MR. DORSEY: About \$10-1/2 million.

MR. OXER: \$10-1/2 million out of \$50- or so, so 20-22 percent.

MR. GOURIS: It's probably closer to \$54-.

MR. DORSEY: Right. So it's going to be close to 19 percent, I would say.

MR. OXER: Okay.

MR. GANN: Call the question.

MR. OXER: Call the question. The motion has been made by Mr. Conine, second by Dr. Munoz. All in favor?

MR. CONINE: Aye.

DR. MUNOZ: Aye.

MR. OXER: In favor Mr. Conine and Dr. Munoz.

Opposed?

MR. GANN: Nay.

MR. KEIG: Nay.

MR. CONINE: I had that position happen to me before.

MR. OXER: Where is Leslie when I need her?

MR. CONINE: It didn't happen very many times, but it happened a few.

(General laughter.)

MR. OXER: Chair rules aye. Motion passes, those are forwards.

(Applause.)

MR. OXER: Entertain a motion to adjourn.

MR. CONINE: So moved.

DR. MUNOZ: Second.

MR. OXER: Motion, second by Dr. Munoz. All in favor?

(A chorus of ayes.)

MR. OXER: We stand adjourned. Thank you.

(Whereupon, at 2:51 p.m., the meeting was concluded.)

CERTIFICATE

MEETING OF: TDHCA Board

LOCATION: Austin, Texas

DATE: October 4, 2011

I do hereby certify that the foregoing pages, numbers 1 through 173, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing & Community Affairs.

10/10/2011
(Transcriber) (Date)

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