TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
LOW INCOME HOUSING TAX CREDIT COMMITTEE

Waller Creek Office Building
Room 437
507 Sabine
Austin, Texas

10:45 a.m.
Friday,
January 21, 2000

COMMITTEE MEMBERS:

MARGIE BINGHAM, CHAIRMAN
DR. FLORITA BELL GRIFFIN
LYDIA SAENZ

STAFF:

DAISY STINER, EXECUTIVE DIRECTOR

ON THE RECORD REPORTING
(512) 450-0342
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MS. BINGHAM: It is approximately 10:45. This Low Income Housing Tax Credit Committee of the Texas Department of Housing and Community Affairs is now called to order. Margie Bingham is present.

Dr. Florita Bell Griffin?

DR. GRIFFIN: Present.

MS. BINGHAM: Ms. Lydia Saenz?

MS. SAENZ: Present.

MS. BINGHAM: Okay. Before we -- we're going to take our minutes of our last meeting before we take our public comment for this session. The minutes of the last meeting are behind Tab 1.

DR. GRIFFIN: Madame Chair, I move for approval of the minutes as presented by staff.

MS. BINGHAM: You -- I'll second that. All those in favor?

DR. GRIFFIN: Aye.

MS. SAENZ: I abstain.

MS. BINGHAM: You were absent. Thank you.

Do we have witness affirmation forms that have already been filled out?

MS. STINER: Yes, ma'am.

MS. BINGHAM: Mr. Chris Richardson? We have about three minutes each. Mr. Richardson?
MR. RICHARDSON: Good morning, Madame Chairman.

My name's Chris Richardson, staff and board members. I'd like -- I'm just here to congratulate you on the good job of the QAP 2000. I know that you've taken a number of diverse interests and come together with a very acceptable QAP for the coming year.

I represent an am co-chairman of a group called Texans for Housing. We gave certain input and I feel like our input was helpful. We had five basic points where we didn't feel like CHDOs should receive additional points as non-profits, that the carry-over allocation for October 15 was reasonable and should be maintained, points should not be awarded targeting 30 percent AMGI areas. We didn't feel that the election of the non-profit for the project at the end of the 15 years should be maintained, and then the non-profit set-asides should not be increased over what is federally mandated.

Basically, it's our feeling that based on the numbers presented by Dr. Steve Murdock, the state's demographer, that the state over the next 30 years is projected to grow from about 17 million to 27 million, and this population will actually have a decrease in the household income, thus putting tremendous pressure on what we do as far as affordable housing. We feel that we should all come together and work closely for non-profits,
for-profits, HUDs, CHDOs, to resolve this problem and pull
together in the right direction, and I feel like your QAP
2000 is a great compromise in the various issues that
address the state.

We feel like we need to work closely with the
TDHCA and the next group next session of the legislature,
especially since it's a Sunset review year, work closely
with the staff and interim committees to achieve our goals
in affordable housing for the state.

We would like to conclude and say the best way
to accomplish this is again, pulling together and all of
us working together to get the most cost-effective housing
produced for the state. This concludes the comments
basically for Texans for Housing.

I'd just like to say as a builder also, the
most cost-effective way to achieve the housing is to take
additional steps beyond Marshall and Swift in cost
effectiveness. Marshall and Swift -- I know you've got to
have some benchmark to use as far as the pricing of the
projects, but we need to take into consideration a regular
increase or decrease or adjustment along the lines of the
CPI [phonetic] or other factors locally that change more
rapidly than Marshall and Swift can react.

Thank you, Madame Chairman.

MS. BINGHAM: Thank you.

ON THE RECORD REPORTING
(512) 450-0342
Edwina Carrington?

MS. CARRINGTON: I'm going to pass, Madame Chair.

MS. BINGHAM: Mr. Jim Buie?


Just a clarification on the QAP guidelines under page 4, 49.12, regarding the documentation process. Under Item 2 of 49.12 there's language that refers to all outstanding documentation --

MS. BINGHAM: What page are you on?

MR. BUIE: This is page 4 of 25.

MS. BINGHAM: Okay.

MR. BUIE: About the middle of the page.

MS. BINGHAM: Okay.

MR. BUIE: It mentions that all outstanding documentation required under 49(a) to the qualified allocation plan rules must be submitted to the department at least 60 days prior to the ad hoc Tax Credit Committee meeting, at which that time the decision to issue a determination notice would be made.

And I guess the question is, in an application is submitted to the department, does the department then -- is there a 60-day time frame between when that application is submitted until when they can make a
determination through the Tax Credit Committee meeting?
Does 60 days have to expire first before that process
kicks in?

    MS. STINER: No.
    MR. BUIE: Okay. But it does allow the
department, if necessary, to take up to 60 days. Okay.
    MS. BINGHAM: But if we have a meeting it could
be 30 days --
    MR. BUIE: Right.
    MS. BINGHAM: -- or less.
    MR. BUIE: Right. And I think that's what it
was prior. I think it was 30 days at one point in time.
The 60 days, by allowing the process to potentially go for
a 60-day time frame, in my opinion, interferes with our
cap allocation process that the Bond Review Board
administers. When we give a reservation, there's 120 days
from the time that reservation takes place and to when
they have to close.
    MS. BINGHAM: Okay.
    MR. BUIE: And just in trying to do a time
line, if 60 days is granted -- if the TDHCA chose to draw
out an application 60 days for whatever reason, that
would, in my mind, interfere with some of the closing
requirements that are necessary to close on the cap
allocation portion, and I just wanted to bring that up and
maybe for clarification purpose. Does it need to be 60
days? Could it be less than that?

MS. BINGHAM: It could be, because what we have
been doing is -- Daisy, you can correct me if I'm wrong --
what we have been doing is that the -- we have been
allowing the committee to do the determination notices so
we don't have to have a full quorum of the board. So it
could -- is Cherno here?

MS. STINER: Yes, ma'am, Madame Chair. He is
here, but as he's coming forward -- we discussed this last
night with Jim and Jean [phonetic], and as you may recall,
when the legislation was passed that required that all
tax-exempt projects receive acknowledgment from this
department they had filed an application -- well, it's a
requirement now that they file an application and utilize
the 4 percent provision. On the Code 42, it required us
to go back and amend the current QAP that was in use.

We made that amendment and it -- we've had a
couple of workshops with the development group explaining
this process. Prior to that there were some timing
requirements. This 60 days, for us, gives the department
and opportunity to review the applications and underwrite
them. And if there is any constraint with the timing
relative to the Bond Review Board, of course we want to be
cognizant of that.
But I will ask Cherno to just talk about what that process is and talk about the rationale behind the 60-day time frame.

MR. NJIE: Thank you, Ms. Stiner.

As you may know, there's new legislation requiring that in order to get a tax credit -- in order to be eligible for these bond authority caps, you have to get a reservation from the department. Later last year we amended the QAP to take into account the newest legislation.

Hypothetically speaking, let's assume that you have a reservation February 1. What this amendment really talks about is you have until -- which is 120 day period, let's say June 1 -- that is 120 days -- you will need to submit Volume 1 by February 1, and by April 1, which is 60 days prior to June 1, which is your closing date, the department needs to get all the documentation.

The reason for that is to enable us to review and underwrite these projects. Some of these bond projects are submitted without correct documentation. So it has to be underwritten and there's a lot of back and forth that goes through to underwrite the project before we're in the position to make a recommendation.

The 30-day period was under a different set of rules, where you didn't need to get our determination.
notice in order to close on your bonds, so it was under a
different set of rules. The new rules will give us
flexibility to underwrite these deals and to be able to
make a recommendation to the ad hoc committee --

MS. BINGHAM: So you're saying under the prior
rules, they could -- they didn't have to have our
determination notice?

MR. NJIE: That's correct. They didn't have to
have our determination notice in order to close their
bonds.

DR. GRIFFIN: Under the last cycle that we just
went through with the bonds, we had quite a few bonds that
the determination notice was given, they were chosen;
quite a few deals and they didn't make it. Do you think
that one of the reasons that they weren't ultimately able
to close in the end was because of the time --

MR. NJIE: No.

DR. GRIFFIN: -- factor to underwrite?

MR. NJIE: I do not believe that the timing of
the department issuance of determination notices has
anything to do with --

DR. GRIFFIN: Okay.

MR. NJIE: -- bond failures in the past.

MS. BINGHAM: Well, let's go back to his point
about the 120 days. So you're thinking that if they have
120 days, and you think that we're taking up 60 days of that --

MR. BUIE: Yes --

MS. BINGHAM: -- how did you -- okay.

MR. BUIE: -- you're right. But part of the requirements before they can close on a transaction is that the attorney general's office -- has to go through their review and do their sign-off, and they're required to submit an application to the attorney general's office 17 days, I believe, prior to them actually closing. And I guess my fear is if -- we've got the AG's requirement that they have to go through 17 days prior, the AG will not give their, quote blessing on the issue until the tax credit determination notice has been given, and I think that's -- if we're talking about 60 days, that's compressing that time frame that the AG's office can do their review.

And I think potentially that could be a hindrance on closing a transaction.

MS. BINGHAM: While we're taking our other speakers, can you and Mr. Njie go outside and come up with a compromise that you can live with and make a recommendation to the committee? Obviously you're an important part of this process with the Bond Review Board, so we don't want to do anything that would get --
MR. NJIE: I might add that the department does not need to take 60 days. The earlier the documents are submitted the earlier we can present it to the committee. We're saying that the documents should be submitted at least 60 days. They could be submitted earlier than that. And I have provided you a copy of the board meeting dates so that any developer who was thinking about getting a reservation should look at that and file accordingly.

The earlier they give us the document the earlier we can underwrite and we don't have to wait for the 60-day period.

MS. BINGHAM: Well --

MS. STINER: Madame Chair, may I make a comment? I would just encourage you as you are negotiating not to come up with a time frame that's going to compress this staff over here too. We have to have some time minimally to do a good job of reviewing and underwriting these, so whatever that time frame is -- I don't think I have to encourage Mr. Njie -- but there is a consideration and that has to be timed such that we have time to underwrite it and then present it to this committee.

MS. BINGHAM: Well, my feeling about it is that if they can work out something that they can live with together outside, we can certainly live with it. The
committee -- with the fact that we just transferred
$500,000 over to the Housing Trust Fund, the committee can
come up here if we have to, but let's get something that
both groups can live with and just recommend it to us. We
can look at some of the other -- this is just some of the
other public speakers while you all are doing that.

MR. BUIE: I agree. I appreciate it.

MS. BINGHAM: Mr. Henneberger?

MR. HENNEBERGER: Members of the committee, my
name is John Henneberger. I'm the co-director of the
Texas Low Income Housing Information Service, an
organization that works on the behalf of low income people
and their housing needs in Texas.

The Association of Tax Credit Developers has
come up here and told you that they're very pleased with
the QAP and the fact that their changes were accepted.
I'm here today to tell you that I'm very disappointed with
the QAP and very disappointed that our extensive
recommendations -- virtually none of them were accepted.

I have two particular areas. I'm not here
though to debate. We lost; they won, I guess. I don't
think it ought to be viewed that way, but I think the
consumers of the state, the low income people that need
this housing, lost in this QAP. But I'm not here to
debate all the individuals but I want to point out two
things in this QAP which make it actually worse than the one that we had last year.

Particularly, I want to make reference to the problem of the definition of when a project is materially out of compliance. Previously there has not been a definition, as I understand it, of what constitutes material non-compliance on the part of a tax credit developer. This is a serious matter to the tenants and low income people who depend on this housing because if the department does not enforce the requirements that the units be set aside, the rents be fairly charged, and that discriminatory practice does not take place, then these tenants are directly harmed.

The definition which the department proposes to use to define material non-compliance is, and I quote, "A project where major violations of health and safety standards are documented by the local municipal authority."

Now, this restricts, as I read it, the ability of the department to judge a developer to be materially non-compliant and then not to be eligible for future tax credits if that developer is engaged in illegal practices of barring people on the basis of income, of having been found guilty of past discriminatory practices, of not charging fair rents and other things. Material non-
compliance is limited to solely a health and safety standard as opposed to the many other compliance issues which this department is charged with reviewing.

    The second area -- and again, there's many, many areas that harm low income people in this QAP -- but the second area I want to point out to you is we made a request that you give extra points to developments which allow -- which made provisions to allow lower income people to live in those developments. The definition of a qualified allocation plan in the Internal Revenue Code says it is a plan which, quote, Number 2, gives preferences in allocating tax credit dollars among selected projects to, one, projects serving the lowest income tenants.

    Now, if the department can't adopt a simple practice of awarding points to encourage developers to make units available to lower income families, then it seems to me that you're directly contradicting the purpose of the definition of the QAP, and certainly in light of the discussions which have gone on in the past about the agency's performance in meeting the credit needs of low income families in Texas. I think that's a very bad step.

    Those are only two among the very many disappointing things we find in the qualified allocation plan, but we thank you for listening to our comments and
considering them anyway.

MS. BINGHAM: Mr. Neal Sox Johnson?

MR. JOHNSON: My name is Sox Johnson with Rural Rental Housing Association. I'm here simply to commend the department this year. I've been involved in these things for a number of years and to say to me the process we have gone through to get to this point -- and I know we could all use more time. We're all faced with time constraints -- but I thought it was more open. I would particularly appreciate the opportunity to be involved more with some of the legislators. Chairman Carter, Harryette Ehrhardt, and others that were involved in the process of helping to come up and provide some additional input.

I think one of the big things we needed was input, not so much change in the QAP but input on clarifying the processes, and I felt like that has been accomplished to a large degree. Obviously, as I quickly read some of the provisions that you're going to consider -- and that's what I'm here for this morning, is to hear your discussions and hope to better understand them, because I know it's an evolving process and we want to continue to work.

I particularly appreciate the fact that the staff has recommended that we work over this next year to
try to come up with an application process that would hope
to be less onerous and expensive on all parties concerned.
Certainly I personally and our association and a lot of
the other people that I've talked to in other associations
I worked with are willing to work, and we'll be trying to
take the initiative to try to come up with a better
process on that, but we'll appreciate you openness to work
with it.

Thank you.

MS. BINGHAM: Thank you.

Mr. Ocañas?

MR. OCAÑAS: Good morning, Madame Chair and Ms.
Stiner. I've got copies of my remarks for you.

My name is Rey Ocañas. I'm the executive
director of the Texas Association of CDCs and we represent
non-profit groups throughout the state to both build
affordable housing and work in economic development,
particularly in distressed areas, so the QAP and the tax
credit program is very important to us and our
membership -- our constituency.

I personally was part of the multiple efforts
to provide public comment and input to the department
regarding the Low Income Housing Tax Credit Program and
this 200 QAP. I do appreciate the opportunity to provide
input, and the department definitely has taken a lot of
input, so we're glad the department is open to that.

I am disappointed in the department's disregard for the hard work many of us did do in putting together this public comment; putting together true workable improvements to the QAP, and I appear before you to ask you to capture this opportunity you have today, not to leave the QAP the way it is proposed by staff. You have the opportunity and power to make a difference in this year's QAP and tax credit program.

I'm disappointed in hearing the board only had a few days to review the revisions proposed by staff and the responses that proposed revisions are made to the QAP. If I was running a $200 million a year program and I presented my board with these kind of revisions three days before the board meeting, I'm sure my board would ask me for more time. So I'm asking you to consider whether or not you were given enough time to review the material and to consider whether or not today is the time to make all these decisions, and if today is the day, then I've got some proposed revisions that I would like you to address.

I'd like to ask where's the substance in terms of preservation? Where is the substance in terms of compliance? Where is the substance in terms of objectifying discretionary factors? Why are we postponing the regional distribution formulas until next year? It's
late in the game today and you're going to have to decide
to approve the QAP today or not, so I've got some
revisions for you to look at.

The first is to sincerely address compliance
issues. How can we be okay with ignoring outstanding
compliance violations from applicants that go against the
very spirit of this program? What do I mean? I mean why
is it okay to forgive violations for rent limits,
violation of the LURA agreement, not renting to low-income
tenants, and I urge you to address this issue today and to
adopt a revision that could possibly better define
materially out of compliance. I've got that proposed
revision here. Basically just expand the definition that
the staff propose that includes health and safety
standards to include three other things: maintaining less
than the required percentage of low-income occupancy,
gross rents exceeding limits, and violation of the LURA
agreement.

Second is to address the issue of CHDO
applicants. CHDOs are non-profits and [indiscernible]
whether to apply under the non-profit set-side, and if
they apply under the set-aside, then they're limited to
the 10 percent. And the disadvantage with other
applicants who can either get HUB [phonetic] points or
have the resources to apply over multiple years, even if
they don't get a tax credit deal that year.

So I'm asking you to level the playing field for the non-profits that are applying to the Tax Credit Program and give them an extra 5 points, not as a HUB incentive or not in any way related to the HUB context, but separately as a bonus point issue. So I've got a revision that I'm proposing for you to consider that defines an additional section under bonus points for CHDOs, and they would be just an additional bonus point definition with an extra 5 points.

Finally, address the issue of fair distribution of the credits. This is your largest program. It was never intended to line the pockets of any one applicant, nor can it address every need in the state, but this is a large state so no one should be getting 10 percent of our pool. So I've got one last revision to propose, and that is to limit the total maximum allocation to an applicant, not just a project, to $1.2 million. I've got that proposed revision as well.

If you'd like me to field any questions, I'd be glad to. We will continue to work with Daisy and her staff. Staff in this program and others does a solid job of responding to our comments, but I would like to see some substance in that response, so I'd like you to consider the proposed changes today and see if you're
willing to take a stand, consider some of these as important issues, and help us make the program better.

MS. BINGHAM: Thank you.

Cherno, I have a couple of questions. On the compliance issues -- on materially out of compliance, in his proposal he said we should add, Maintain a list and require a percentage of low-income occupancy, gross rents exceed limits, major violations health, safety, which we already have, and violation of the LURA agreement. On these -- we have the major violations of health and safety. Does the Internal Revenue deal with these other three?

MR. NJIE: Yes. I believe so. The Internal Revenue Code does deal with the other three. The issue that we've considered is some of these are triggered by administrative violations. In other words, a violation relating to one unit could mean that you're essentially renting to less than what you've promised in the application.

MS. BINGHAM: Uh-huh.

MR. NJIE: So we took those into account. The fact that we describe material non-compliance in the way we did does not imply that other violations will not be taken into account. The current language in the QAP addresses other violations. We narrowed this specifically
to material non-compliance relating to health and safety because we thought that was the major element.

It does not absolve other violations in the QAP. It just elevates this to a specific violation relating to health and safety.

MS. BINGHAM: So the Internal Revenue -- you can get recapture if you don't do some of these other things?

MR. NJIE: Well, if you don't rent to qualified applicants, sure. You will not be eligible for that unit.

MS. STINER: May I just add one point? And Cherno did a fine job on that, but in our QAP, we made out a plan for remedy for those persons who are in material non-compliance, and they have to work with us until that particular violation is remedied, and this would related to the one that we have elevated as a major violation of health-safety in building codes.

On the other, we still monitor and we report it to the IRS on our 8823, and that is where we found ourselves in the middle of how that is enforced between the owners, developers, and the IRS. We wrote for ourselves a plan that required that they enter into some kind of agreement with the regulatory agency for certain compliance issues. We are not privy to how they work out those issues with the Service.
We're required to go out and monitor for them and to report them. We still do that. The IRS just issued the final rules I think a few days ago relative to the Fair Housing and Section 8. That is a reportable offense under 8823. So it's not that this department is stepping away from any of that. It's just saying the only ones where we feel that we would have some standing in terms of enforcement is this one that we're defining as materially out of compliance. That is we'll enter into a plan -- it's required that they enter into a plan with the department to work those out.

The other ones continued to be reported to the IRS on the 8823.

MS. BINGHAM: And the IRS can do the most serious damage in terms of recapture?

MR. NJIE: That's correct.

MS. SAENZ: So did you say there is -- you address these in another part of the QAP?

MR. NJIE: The current QAP talks about a series of violations, not just material non-compliance, and what we've done is to define material non-compliance as relating to health and safety, for there is already language in the QAP relating to other violations for which the department may decide not to issue an allocation.

MS. BINGHAM: Could you -- we're going to
break, so could you get somebody on your staff to get that for Ms. Saenz?

MR. NJIE: Sure.

MS. BINGHAM: In the meantime, we can go to our next speaker, who is Mr. Mike Dunn.

MR. DUNN: Thank you for the opportunity to testify once again. I wasn't going to touch on the material compliance issue. It's just that when people look at material compliance and they see the 2000 compliance training of the department, almost 20 things that are basically -- 20 training programs that are basically talking about rent controls, and we have the ability to say what is materially not in compliance and then we don't mention rent controls, it's going to raise some red flags that perhaps the department could have illustrated some of those things in their changes when some of the subjects you are talking about now -- it might have saved some problems.

I didn't come to you to talk about that. Basically I came to talk about -- I'm not even going to talk about the economy of Texas. 697 point billion dollars gross state product, which the majority is being supported by people who earn a minimum wage. The forecast -- most reliable economic forecasts in the state show the majority of Texans over the next 30 years are
going to be earning less than $15,000. Texas should be
doing something to preserve its affordable housing,
turning towards its natural partners who have missions
which are to keep affordable housing affordable.

Many groups have collaborated over the last few
months, coming together, putting together different ideas,
and I think one of the most frustrating things personally
is how those ideas have been received by the department
and the board. We really feel like we've been getting
shortchanged, I have to say.

When you ignore your natural partners, that's
going to call into question every -- if you do it on this
one program, it's going to call into question everything
you do on every other program. It's going to call in
question your reasonableness. Are you willing to make
reasonable changes to the QAP which are going to help the
State of Texas, preserve its affordable housing?
Apparently not.

I urge the board -- I will urge the board to
reject the proposed QAP until needed changes are made, and
if the deadline is January 31, I'll still urge whoever I
need to to reject the proposed QAP.

Thank you much.

MS. BINGHAM: That concludes our -- do we have
any other witness affirmation forms? Anybody that we
didn't call?

(No response.)

MS. SAENZ: May I ask a question on this that he just spoke on in this preservation? What are we doing about that now?

MS. STINER: We chose not to address a point system of plan for preservation under the QAP. The department as a whole is looking at a preservation issue. We have considered initiatives so far -- it's been discussed with the board -- that it's been the Section 8 restructuring provision of the mark to market. We talked about the reasons that you're very aware of. We were constrained from moving forward in the permanent program because of a provision under the constitution.

Secondly, we have a task force that's been formed in-house, if you'll allow me use that loosely, but we've developed a draft preservation policy that we are looking to develop and implement and bring before this board. It certainly takes into consideration all the tools that we have. It is a huge problem. It's a looming problem. And the department is not unaware that it will require a policy that takes into account all the resources we have available to us.

What we've said today relative to the QAP is we didn't award points. I'm sorry. I don't know -- I can't
remember offhand what the particular comment was, but we
have chosen not to utilize the tax credit alone as the
sole source to respond to a policy that we haven't fully
developed yet, and that's what we're doing, Ms. Saenz.

MS. SAENZ: Okay.

MS. BINGHAM: Ms. Saenz, Dr. Griffin, do you
want Cherno to walk through each one -- just go page by
page on these items.

DR. GRIFFIN: It's up to Ms. Saenz. I've read
it. I'm satisfied.

MS. BINGHAM: Cherno, could you come forward
and go through the -- your staff is getting for Ms. Saenz
the other issues on compliance?

MR. NJIE: Yes.

MS. SAENZ: Yes. That's the only one that
bothers me.

MS. BINGHAM: Okay. So we need to -- that
sounds like the one we need some more clarification and
work on today.

MS. SAENZ: Yes. I'd like some more
clarification.

MS. STINER: As Cherno is preparing to walk you
through it, I'll just give an overview.

As part of the Tax Credit Program, the
department is required to review its annual qualified
allocation plan and rules on an annual basis. Part of that process is to take public comment. We've held four public hearings in the state of Texas, in Dallas-Ft. Worth, San Antonio, Austin, and Houston, and what we received -- in addition to the comments we received at the public hearing we've also accepted written comment.

The department published its recommendation for its 2000 Qualified Allocation Plan in the Federal Register -- what date did we --

MR. NJIE: On the 3rd of December.

MS. STINER: -- on the 3rd of December, after which we had public comments. The process requires that we come before this committee and board and make recommendations of staff based on those public comments.

So Mr. Njie will go through those comments. We have summarized them in two sections, as I recall, those that are responding to the Qualified Allocation Plan and the provisions under the plan and rules, and some general recommendations relative to non-Qualified Allocation Plan related issues that fall into several major categories. Chief among them are some underwriting recommendations, some administrative recommendations, and some procedural recommendations.

So with that overview, I think I'd save you about two minutes, Cherno.
MS. BINGHAM: Well, Cherno, I think the -- let me just go on record as saying that I got my QAP much longer than three days. Even if I hadn't had it but two days -- I think I can read a QAP overnight and understand it, so I think that was an unfair attack on the staff. As far as I can determine, I got my document on Monday, so I had enough time to review it.

I think the -- Cherno, the main issue with the committee seems to be on the compliance issue, so maybe if we can take a five-minute break so you all can -- have you talked to the representative from the Bond Review Board --

MR. NJIE: Yes. We have agreed on 45 days.

MS. BINGHAM: Okay. So if we can take a five-minute break so -- you got 45 days in agreement with the Bond Review Board, and we need to go over Ms. Saenz's issue on the compliance issue, so why don't we take a five-minute break so we can work those issues out.

(Whereupon, a short recess was taken.)

MS. BINGHAM: It is approximately 11:35. We're going to go back into session.

It appears that the -- there are three issues that we need to work on relative to the QAP before submission to the full board. One has to do with the number of days an application has to come to us. That issue was brought up by the Bond Review Board director.

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Mr. Njie, you have recommended now 45 days?

MR. NJIE: Yes, Madame Chair. We have agreed on 45 days.

MS. BINGHAM: Okay.

MS. STINER: Do you want to call out the page so we can follow that -- so the committee will have that noted when they make their presentation to the board? What page is that on?

MR. NJIE: That is on page 4.

MS. STINER: Page 4?

MR. NJIE: Four of 25.

MS. BINGHAM: That's on page 4. That's 45 days.

Ms. Saenz has an issue with the compliance issue that was also addressed by one of the public speakers. We're going to request that the staff make some amendments to that language during the lunch break and that when we get back in front of the full board we'll have some acceptable language on the -- what is materially out of compliance and do a little bit better explanation of the compliance factors.

MR. NJIE: Okay. We can --

MS. BINGHAM: And I have one other question or point.

DR. GRIFFIN: And I have one also, Madame
Chairman.

MS. BINGHAM: Okay. Could you go with yours first?

DR. GRIFFIN: Yes. Mine is on page 20 of 25. At the top of the page it says tax-exempt bond project applications are subject to the size of restriction specified in 43.6(g). Under that, it says, tax-exempt bond project applications must provide an executed agreement with a local tax-exempt organization for the provision of special supportive services that would otherwise not be available for the tenants.

I've always been a supporter of the special supportive services, but I don't think it should have to be a non-profit that provides them. I think anybody that can provide the needed supportive services should be allowed to do that. So I don't think that should have to be a tax-exempt organization which provides the services.

MR. NJIE: So the change would be what, an agreement with an organization?

MS. BINGHAM: With a service provider --

DR. GRIFFIN: With a service provider.

MR. NJIE: With a service provider.

MS. BINGHAM: On that same item, was there a reason why the service provider had to have five years experience? Why not two or three? What's --
MR. NJIE: We are talking about the -- what page is that on? I believe you're talking about page 16.

(Perusing documents.) Page 17, rather.

MS. BINGHAM: Yes.

MR. NJIE: Experience of the service provider.

Staff believes that five years was a good enough period to demonstrate experience, and that was why that was recommended.

MS. BINGHAM: In other words, if you have an elderly project and you're a nurse, you may have been a nurse for three years. You may be qualified to do skilled nursing.

DR. GRIFFIN: Exactly. Same as if you have an after school program, you could have just started the program last year or the year before and it could be working real well, so you can't offer that if you don't have five years experience?

MR. NJIE: Well, I guess we will have to evaluate the experience --

DR. GRIFFIN: I think you ought to talk about credentials more than necessarily years of organization.

MS. BINGHAM: Right. So why don't we amend that to -- we don't have a problem with the staff determining whether they're experienced, but whether it's four, five, or six years, I think -- you may be a skilled
nurse and haven't been a skilled nurse but three years,
but you may be a good nurse. So I think we need to just
deal with credentials.

MR. NJIE: Okay. We will address that.

MS. BINGHAM: So those are the -- are there any
other changes or recommendations?

(No response.)

MS. BINGHAM: So I encourage you to work hard
on Ms. Saenz's materially out of compliance issue during
the lunch break so we can have a recommendation to the
board.

MR. NJIE: There are two other changes that --

MS. BINGHAM: Oh. That you all made in terms
of grammatical stuff?

MR. NJIE: Yes.

MS. BINGHAM: Typographical? Okay. Do you
want to go over those?

MR. NJIE: On page 7 there is another
[indiscernible] Ms. Stiner. The first one relates to
49.4(d). We had mistakenly taken the comments out and
what it shows now in the document comment, that is
actually a staff response.

MS. BINGHAM: Okay.

MR. NJIE: And staff response, where it says
department response, was a draft response to that
particular commentary. The page that we've given you will substitute for that.

And an additional change we're going to make is on the following page 8, under item 49.4(p) relating to when we will publish the application submission log. We meant to write 15 business days instead of ten business days. That will give us time to go ahead and enter all the data and proof it. So --

MS. BINGHAM: That's 15 days.

MR. NJIE: Fifteen instead of ten.

MS. BINGHAM: Okay. Thank you.

MR. NJIE: Those are the only changes that we are going to [indiscernible] for this document.

MS. BINGHAM: Do we have a motion for approval with those changes?

DR. GRIFFIN: Right. Madame Chairman, I move for approval of the 2000 LIHTC QAP modified suggestions presented by staff, subject to them going over the lunch period, I guess, and working out the material non-compliance definition and -- was there anything else?

MS. BINGHAM: The five years --

DR. GRIFFIN: Oh, yes. The time period of experience needed for non-profit organizations as it pertains to service delivery.

MS. BINGHAM: And I think we added non-profit
to any group.

    DR. GRIFFIN: Any organization. Okay. Yes.

And then my suggestion that the non-profit service
provider be changed to any qualified organization.

    That's my motion.

    MS. SAENZ: I second that.

    MS. BINGHAM: It has been moved and seconded we
recommend to the full board the 2000 Qualified Allocation
Plan with those adjustments.

    Do we have any further discussion?

    (No response.)

    MS. BINGHAM: All those in favor?

    (A chorus of ayes.)

    MS. BINGHAM: Okay. Motion passed.

That was all we had for this committee, so we
will have a motion to adjourn.

    DR. GRIFFIN: So moved.

    (Whereupon, at 11:45 a.m., the meeting was
concluded.)
CERTIFICATE

MEETING OF: Texas Department of Housing and Community Affairs

Low Income Housing Tax Credit Committee

LOCATION: Austin, Texas

DATE: January 21, 2000

I do hereby certify that the foregoing pages, numbers 1 through 36, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing and Community Affairs.

01/28/00

(Transcriber) (Date)

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