TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

11:20 a.m.
Wednesday,
May 30, 2001

Waller Creek Office Building
Room 437
507 Sabine
Austin, Texas

COMMITTEE MEMBERS:

MICHAEL JONES, Chairman
SHADRICK BOGANY
C. KENT CONINE
JAMES DAROSS, Vice Chairman
VIDAL GONZALEZ
LYDIA SAENZ
NORBERTO SALINAS
MARSHA WILLIAMS

STAFF PRESENT:

DAISY STINER, Executive Director
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MR. JONES: I'd like to call to order the board meeting of the Texas Department of Housing and Community Affairs for May 30, 2001. And the first thing I would like to do as Chairman of the Board is to welcome our newest member, Mr. Norberto Salinas, our newest board member.

(General applause.)

MR. JONES: Mr. Salinas is the president of S&F Developers and Builders of Mission, Texas. He is the mayor of Mission, Texas. So we can't wait to go to Mission and we can have a board meeting down there.

He is a member of the Anzalduas Bridge Board of Directors, first vice president of the Lower Rio Grande Valley Development Capsule, and vice Chair of the Texas Department of Transportation's Metropolitan Planning Organization Policy Committee.

He fills Place 2 and represents the local government. And we look forward to working with you. Thank you for being here.

MR. SALINAS: Thank you very much.

MR. JONES: With that, I will then turn to our roll call. Mr. Daross?

MR. DAROSS: Present.

MR. JONES: Barely.
MR. DAROSS: Yes, no kidding.

MR. JONES: Mr. Bogany?

MR. BOGANY: Present.

MR. JONES: Mr. Brewer is absent. Mr. Conine?

MR. CONINE: Here.

MR. JONES: Mr. Gonzalez?

MR. GONZALEZ: Here.

MR. JONES: Ms. Saenz?

MS. SAENZ: Here.

MR. JONES: Mr. Salinas?

MR. SALINAS: Here.

MR. JONES: And Ms. Williams?

MS. WILLIAMS: Here.

MR. JONES: I determine that we do have a quorum. Mr. Jones is also here. We have eight members present and one absent.

Our next order of business will be public comment. We have witness affirmation forms. I have two people who have signed the witness affirmation form saying they would like to make public comment. They are Susan Maxwell and Patty Anderson.

Is there anyone else that would like to address the board with public comment? Is there anyone else that would like to address the board? Is there anyone else? Okay.
Hearing none, then I would like to call Ms. Maxwell, if you would. Good morning.

MS. MAXWELL: Good morning.

MR. JONES: Thanks for being here.

MS. MAXWELL: It's always a pleasure. I'm Susan Maxwell. I represent the Texas Council for Developmental Disabilities. And we have spoken already to the committee and appreciate their responsiveness to the request from the disability community to look at the Section 8 Public Housing Authority Fund for the fiscal year 2001 and their responsiveness to our concerns. And it was wonderful.

The one thing, I guess, that I still would like to make sure -- I'm not sure that it would be so expensive to ask the local housing authorities or the units out in the local areas that serve people with disabilities to just give us a list of how many people with disabilities come forth and just kind of help them to be aware that this community is out there.

And so that's one area that we'd like to see and to make sure that all efforts to help collect the data from the local areas always reflects the needs of the people with disabilities. That I know that the department is very active in getting the database started and to make sure that this is done.
And we appreciate the staff efforts. And do you have any questions? Thank you.

MR. JONES: Thank you so much. Ms. Patty Anderson?

MS. ANDERSON: Good morning.

MR. JONES: Hello, Ms. Anderson. Good morning.

MS. ANDERSON: Good morning. My name is Patty Anderson. And I'm the Executive Director for United Cerebral Palsy of Texas. And I was not able to be here earlier this morning with the program committee.

I understand that the committee is making recommendations to the board today to incorporate a number of the recommendations that members of the disability community brought to them this morning, and I want to add our support to that and thank the committee for its consideration this morning.

United Cerebral Palsy of Texas is a non-profit organization. We serve people across the state of Texas who have disabilities, and their families. And we are also the lead organization for the Texas Home of Your Own Coalition.

Beyond the comments that we did offer this morning through another staff member regarding the Section 8 Plan, we also wanted to call to the board's attention an opportunity for TDHCA to work with the disability
community in looking at and complying with a Supreme Court ruling that was passed in June 1999.

It's referred to as LC versus Olmstead. And what the Supreme Court said was that individuals who had disabilities who are receiving public services for their long-term care and supports have the right to receive those supports in their own homes.

Many individuals in our state are receiving services in institutional settings such as nursing homes -- what they call ICFMRs, which are intermediate care facilities, state schools, state psychiatric hospitals, et cetera.

With the advent of the Supreme Court ruling, there is a plan that Texas has put together through the leadership of the Health and Human Services Commission. And I have attached that to my testimony for your information.

And there has been a number of initiatives that have been brought forward and incorporated in the various pieces of legislation, as well as the budget that has just been passed.

Housing is a critical component to enabling and facilitating folks' ability to be able to live in the community when they have other long-term supports. So we wanted to call that to your attention. I think I've
mentioned it before, but I know we have a number of new board members.

And we'd like to not only invite but strongly encourage the department to work together with the disability community in the implementation and compliance with the Olmstead piece.

As I said earlier, the housing is a very critical component, and for folks with disabilities, it's not just a matter of affordable housing, but it's also an issue of finding accessible housing. So thank you very much for your attention this morning. Thank you.

MR. JONES: Any questions, board members? Thank you so much. Okay. That will close public comment, unless somebody else would like to speak to us. I see none.

All right. I'll move then to Item Number 1 of our agenda, which is the Presentation, Discussion and Possible Approval of Minutes of the Board Meeting of April 26, 2001.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MR. JONES: Have a motion made and seconded. Any discussion?

MR. DAROSS: Mr. Chairman, on Action Item Number 1 in the minutes, that was the discussion that we
had concerning the short recess/adjournment on -- in the
meeting on March 27, 2001. And I'm not exactly sure what
my words were. But the intended words I don't think are
reflected in the minutes as they are written here.

And I think I will need you -- I don't have any
problem with the rest of the minutes. I would like to
make a -- either another motion or question these minutes.

Probably another motion might be a good idea, since I
don't know what the transcript says.

MR. CONINE: Withdrawn.

MR. JONES: I don't know. It's on the
discussion of what -- how to handle the adjournment of the
prior meeting?

MR. CONINE: Right.

MR. JONES: And here's the deviation that I see
in these minutes from what actually occurred. And see if
your memory is right, too.

Really what we were trying to do was just say
that we -- there basically was a mistake in terms used.
We meant to take a recess -- thought we did take a recess,
and the word "adjournment" apparently had been used.

MR. DAROSS: Okay.

MR. JONES: Is that what you're driving at?

MR. DAROSS: That was my understanding, but
what I moved at the time was if there -- if the use of the
word -- if that did legally cause to an adjournment, then my motion was to ratify and affirm all actions taken after that action, rather than just refer to your statement concerning adjournment.

MR. JONES: Okay. I understand that. I believe -- I think we need to amend the minutes. It's not an agenda item, so I don't think you can make a motion on it --

MR. DAROSS: Right.

MR. JONES: -- at this meeting. But I think the proper way to handle it would be to amend the minutes, would be my suggestion.

MR. DAROSS: Yes, the intent --

MR. JONES: Unless legal counsel has another -- I think it's clear what we did was we ratified all actions taken after that.

MR. DAROSS: And that was the intent of my motion at that time.

MR. JONES: And I think you can make that amendment to the minutes, because that's obviously what we did.

MR. DAROSS: Right.

MR. CONINE: Are you not prepared to make that amendment right this very minute?

MR. JONES: Well, I'll move that the minutes be
approved with that amendment contained within it.

MR. CONINE: Okay.

MR. DAROSS: Uh-huh.

MR. CONINE: I'll second that.

MR. JONES: We now have another motion on the floor and a second. Any further discussion? All in favor of the motion, please say aye.

(Chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it.

MS. WILLIAMS: Mr. Chair, I abstain.

MR. JONES: Okay. Please note Ms. Williams abstained.

We then will move to Item 2 on the Agenda, which is the Possible -- excuse me, which is the Presentation, Discussion and Possible Approval of Programmatic Items.

And I would turn to the chairman -- or the acting chairman of the Program Committee, Mr. Daross and allow him to present those items.

MR. DAROSS: All right. Thank you, Mr. Chairman. The first item on our agenda was the consideration of the Builders Incentive Partnership Pilot

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Program in connection with the partnership with several entities in the City of Laredo.

The committee recommended that the board approve that program, which would provide incentives to builders to build homes at or below $70,000, but with a guarantee purchase of the home if it not be -- if it were not sold within 30 days after completion.

I'll ask Ms. Stiner if she would like to make any other comments.

MS. STINER: Only, Mr. Chair, that the committee asks that the staff amend the structure there to include as part of the team the Laredo Realtor's Association. And there was another one that I'm looking at, Number 4.

Add to -- listed --

MS. MAXWELL: Down payment --

MR. CABELLO: Down payment --

MR. JONES: That was another one with the down payment assistance.

MS. STINER: No. The Down Payment component of that would be repayment upon sale or refinance. Thank you.

MR. DAROSS: So our recommendation to the board was with those two conditions in it, that the board of realtors be consulted and added in as a part -- planning
process, and that the down payment assistance portion of the program be the same as other down payment assistance programs in the agency. That is, that they be due upon sale.

MR. JONES: And the Chair will accept the recommendation as a motion.

MR. DAROSS: Right.

MR. JONES: Is there a second to the motion?

MR. BOGAN: Second.

MR. JONES: Okay. The motion has been made and seconded. Further discussion and questions? Hearing none, are we ready to vote? I assume we are. All in favor of the motion, please say aye.

(Chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it.

MR. DAROSS: The next item on our agenda was the recommendation that we approve the construction of affordable housing and youth training requests for proposals.

There have been seven responses given to the agency by the deadline of May 22, 2001. Staff is recommending funding four of them. And I think we ought
MS. STINER:  Thank you, Mr. Chair.  Mr. Keith Hoffpauir, who is the manager of the Housing Trust Fund, will you make that presentation, please?

MR. HOFFPAUIR:  Certainly, Ms. Stiner.  Good morning, members.

MS. STINER:  Good morning.

MR. HOFFPAUIR:  My name is Keith Hoffpauir. I'm the manager for the Housing Trust Fund.  And this morning, we are presenting you with our recommendations for funding for construction of affordable housing and youth training.

In April, we published an RFT making available $1 million for organizations experienced in developing affordable housing utilizing at-risk youth.  The benefits of this program are twofold.  Number one, that these youth have an opportunity to receive support services, and an opportunity to complete their high-school education.

The second benefit, the one to the agency, being that we -- construction of affordable housing created out of this activity.  Support services that are furnished to these youth include a training stipend, counseling, life skills training, peer tutoring, parenting and childcare skills, gang prevention, and job placement
services.

Each organization also has an advisory board and a participant council which helps the organization develop its policy and implement the program.

The housing constructed under this program has to serve families at or below 80 percent of area median income, and must also be energy-efficient and sustainable.

The funds are to be used for interim construction financing associated with the development of this affordable housing through the program.

And 25 percent of your loan amount is able to be forgiven as long as the organization shows that it can -- met all the program guidelines and performance criteria contained in the contract.

Real quickly, I will go over the organizations that we are recommending for funding. Okay. The first organization is Brownsville Community Development Corporation. They will be training 15 at-risk youth completing six single-family homes. We are recommending that they be funded in the amount they requested, at $250,000.

The second organization is the George Gervin Youth Center. They're located in San Antonio. They propose to train 30 at-risk youth, create four affordable units of housing. We also recommend that they be funded
at their request of $250,000.

The third organization is Harlingen Community Development Corporation. They will be carrying out this program in Harlingen and San Benito, Texas. They propose to train ten youth and complete five affordable housing units. We recommend that they be funded in their requested amount of $248,400.

And the fourth organization is Walker-Montgomery Community Development Corporation in New Waverly, Texas. And they propose to train 50 at-risk youth, and complete four units of affordable housing.

We are recommending that they be funded in their requested amount of $234,294. This provides a total number of affordable housing units as a result of this activity of 19. And the number of youth trained is 105.

In the previous Programs Committee meeting, there was some concern expressed regarding what might happen if some of the funding sources that were included in the proposal were not to materialize.

And although I was not able to recall it from memory at the time of the meeting -- the Program meeting this morning, I've gone back and reviewed the RFP criteria, the information obtained in the RFP package, and under Section 1.2 G and H, we have language in that RFP package that addresses our ability to nullify the contract.
if anything -- any condition changes that's represented in
the application process.

I'll be happy to answer any other questions.

MR. SALINAS: How did you come about to
requesting -- I mean, choosing those four recipients or
the four applications, Brownsville? Was it in -- on a
need basis? Or --

MR. HOFFPAUIR: Well, what we had is a scoring
criteria that we developed for this activity, which
addressed several factors. A copy of that scoring
criteria is located in the back of your board book.

We looked at organizational experience, the
statement of what they intended to provide, their energy
efficiency, their construction activities, their operating
budget and their program administration.

And on those factors, which we had asked the
respondents to include in their package, they were scored
and ranked based upon those factors.

MR. DAROSS: The committee recommended that the
board approve this proposal and I so move.

MS. SAENZ: I second it.

MR. JONES: We have a motion to second. Let me
ask you this. I know, you know, in the past we've had --
various reports from, you know, that -- the youth that
have been involved in these type situations. And they've
been very moving and very effective.

Do we keep records to show the results with regard to the training, like how many of the young men and women actually get their high school degrees? How many are actually -- you know, use this training or actually become a full-time employee in this industry?

You know, do we have those kind of statistics?

MR. HOFFPAUIR: I really can't answer for the first time that the department conducted this program. I'm not sure what was tracked. I would think that it probably was.

But I know that in our program activity through the Trust Fund, those will be a performance criteria that we will have in the contract, so that we can -- we as a program want to be able to look back and be able to make that information available as well.

MS. STINER: Mr. Chair?

MR. JONES: Yes, ma'am?

MS. STINER: From the demonstration project that we were demonstrating the YouthWorks program, we issued a report and those kinds of statistics was included in that first report that we issued.

As Mr. Hoffpauir says, there will also be a performance measure for the department in this particular program, so we'll be measuring that. But we do have that
MR. JONES: Thank you.

MR. SALINAS: You all don't go by the area of distress there is? Or -- as I see that in South Texas, you only have CDC in Brownsville, which is, oh, 15 youth. In Harlingen, you have ten. For the whole South Texas area -- so -- you all don't use the distressed areas? I see here South Texas Community College in McAllen had made a proposal?

MR. HOFFPAUIR: They did. They --

MR. SALINAS: Was it very -- they didn't have --

MR. HOFFPAUIR: It was not very good. They did not pass our threshold requirement from the minimum amount of information necessary to review the application, sir.

MR. SALINAS: Okay. Can you give me a copy of that. See what happened to them and why they --

MR. HOFFPAUIR: Certainly.

MR. SALINAS: -- if they need any help as far as making proposals. Because I know they have a tremendous need in that area, especially Proyecto Azteca and San Juan, Texas, you know.

MR. HOFFPAUIR: Yes, I would be happy to.

MR. SALINAS: Okay. So they'll be notified why they were not chosen. Okay.
MR. CONINE: Keith, you mentioned that 25 percent forgiveness. Can you explain the mechanics of how that works?

MR. HOFFPAUIR: As the -- we'll be making loans to them for their interim construction. And as they complete their performance criteria, if they meet those conditions and complete their criteria, we'll be forgiving 25 percent of that loan balance.

Those funds are used in the YouthWorks program; those forgiven funds are used for --

MR. CONINE: Right. So the concept is that the -- that's in the million bucks we're giving out?

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: So we're going to get 750 back --

MR. HOFFPAUIR: Right.

MR. CONINE: -- in theory if everybody -- and they use those costs to cover the cost of the training and everything else?

MR. HOFFPAUIR: That is correct.

MR. CONINE: Gotcha. Fine. Thank you.

MR. JONES: You know, in looking at this thing, it just jumps off the page at you, is that they're all getting roughly the same amount of Housing Trust funds. But boy, some of them are giving us like, five times the bang for the buck with regard to the young
people affected and helped, as opposed to what, you know, another entity is doing.

And that -- you know, one of them is three times, and one of them is five times. I mean, that just jumps off the page at you when you're looking at, you know, trying to do the most you could with such a limited amount of funding.

And I know for something like this, you see it's a very limited amount of funding. Can you address that? I mean, that just almost doesn't make sense.

MR. HOFFPAUIR: Well, there are a lot of different costs associated with this type of activity. And why you are going to see -- you know, that was something we looked at from the standpoint of the efficiency or the cost-effectiveness of the application population as a whole, we took an average measure of three items on that.

There is varying costs, also, with about -- depending on how many units you're going to create. Where your -- I guess to some extent, you know, where your activity is located.

This was our first attempt to try and develop a program. We went with -- we tried to follow -- the only model that we could find was the previous model, and we tried to -- in the time we had, we tried to improve on
that and clarify some issues and try to make it a little
tighter of a program.

MS. STINER: Mr. Chair, may I add?

MR. HOFFPAUIR: Certainly.

MS. STINER: Mr. Chair?

MR. JONES: Sure.

MS. STINER: When it got down to the final
analyses, the comparison was between the number of units
that were going to be built. Our funds -- well, we looked
at that.

But each program varies from agency to agency
the way the youth are engaged in a particular building
program, as I recall.

And Keith, you could help me with this. Not
all 50 of those youth in the program would necessarily be
involved day to day on this.

Some of them will be doing some other things,
or within building on the homes. So --

MR. HOFFPAUIR: Right.

MS. STINER: -- we got down to that criteria.
I think this is reflective of the number of juveniles or
youth in the program.

MR. HOFFPAUIR: This is -- utilizing these
funds, this is how many youth I expect to put through this
program.
MS. STINER: So it depends -- just depends on the speed in which the individual organizations turn the youth around. It won't be that many youth at any one time.

MR. HOFFPAUIR: Uh-huh.

MS. STINER: So that was a secondary factor to the number of units that were going to be constructed, if I remember our discussions on it.

MR. HOFFPAUIR: Another thing I would add -- once again, this is our first shot at this. So I was kind of learning as I went by reading through these proposals as well.

We gave points for having years of experience. And some of them did have three to five years of experience. But these are -- from what I can tell, these are relatively slow programs to get up and get moving and start developing the population of at-risk kids to bring into the program.

MR. JONES: What would the factors be that would cause it -- like the American YouthWorks project -- it's going to affect 32 young people. Why would it score so much lower -- 30 points lower than say, the Youth Build Project, which would only affect ten?

MR. HOFFPAUIR: One of the things that made a significant impact on American YouthWorks is the fact that
they failed to score any points in the energy-efficiency category of the application -- of the RFP package.

That was -- I believe that was a 20-point category. So that hurt them quite a bit, just that one category. There were six energy-efficiency measures that needed to be met, and there were six energy-efficiency measures available to them. They had to meet at least four of those six, and they failed to do that.

MR. GONZALEZ: I'm curious on the Brownsville that scored a hundred. What's the difference between them and the ones that were scoring in the 90s and 80s?

MR. HOFFPAUIR: They did an outstanding job of putting their information together and organizing it and meeting the requirements that were listed in the requested proposal package.

MR. GONZALEZ: And number of youth is not incorporated in that? Is that correct?

MR. HOFFPAUIR: We looked at number of youth from the standpoint of cost-per-youth based on the amount of money that the Trust Fund is providing. But that was not the sole factor that we scored on.

MS. STINER: Will you direct -- pardon me. Will you direct the board to the scoring criteria? Discuss that a little bit more in detail at the back of the books.
MR. HOFFPAUIR: Certainly. It's the last tab in the red board books. It's under the tab, Scoring Factor.

MR. SALINAS: So you're actually to go do 19 units?

MR. HOFFPAUIR: Yes.

MR. SALINAS: For a million dollars? That would be how much a unit?

MR. HOFFPAUIR: Twenty-nine --

MR. SALINAS: Fifty? 50,000 a unit?

MR. HOFFPAUIR: Uh-huh. On page 1, what I'll point out is at the bottom of the page, we looked at scoring categories and the points associated with those categories, and the organizational experience for the 35 possible points.

On their statement of work there were 20 points available. Under construction activities, there were ten points available. I'm sorry, that was a ten-point category.

Under operating budget, there were 15 points available. And under program administration, there were 20 points available. And there were five bonus points for utilizing historically underutilized businesses in the program.

MS. STINER: And under each one of those, there
were subcategories in terms of the number of points that you could get under that. So --

MR. HOFFPAUIR: Sure. I'll be happy to go through that.

MR. JONES: Did -- where would -- under which of those would the number of youth involved -- where would you get your points for that? Under which of those categories?

MR. HOFFPAUIR: That would be --

MS. STINER: Statement of work, as I see it.

MR. HOFFPAUIR: -- statement of work is where we looked at the effect that it has on what you're doing with the -- how you're recruiting them, what your selection plan is for selecting these youth, and what measures are contained in that, and did it address construction of affordable housing.

It also --

MR. JONES: That wouldn't involve the -- just the total number?

MR. HOFFPAUIR: No, not just the total number.

MS. STINER: That was not a criteria.

MR. JONES: So that's never a criteria?

MR. HOFFPAUIR: It was -- just strictly the number was not.

MR. JONES: Okay. All right. To piggyback on
the question the mayor asked, have -- do staff notify the various applicants of what their recommendation is going to be at the board meeting prior to the board meeting?

MR. HOFFPAUIR: Yes, sir. We did.

MR. JONES: Okay.

MR. HOFFPAUIR: So --

MR. JONES: So they know what the recommendations are?

MR. HOFFPAUIR: Yes, sir.

MR. JONES: Okay. And they've known that prior to this meeting?

MR. HOFFPAUIR: Yes, sir.

MR. JONES: Okay. Thank you, sir.

MR. HOFFPAUIR: We faxed letters out to them.

MR. JONES: All right. Anything else? I think we have a motion and a second on the floor. Are we ready to vote? Any further discussion? I assume we're ready to vote.

All in favor of the motion, please say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it.

MR. HOFFPAUIR: Thank you.
MR. JONES: Thank you.

MR. DAROSS: The next item on the committee's agenda was the Approval of the Annual Public Housing Agency plan as required by 24 C.F.R. 903.3. There was considerable public comment about this.

And as result of the public comment, we made some adjustments to the plan. We put X's in the several additional boxes, most of them concerned with access issues. And with those changes, we do recommend that this plan be approved by the board.

Staff would go through the -- first of all, the plan overall, and then the changes that were made to it specifically in the meeting this morning.

MS. STINER: Mr. Burrell, would you come forward, please, to make that presentation?

MR. BURRELL: Good morning, Mr. Chairman and members of the board, and Ms. Stiner.

MS. STINER: Good morning.

MR. BURRELL: We're recommending that you all approve our Public Housing Agency Plan. This plan is basically a statement of our current operations, of our program participants and our program services, and the strategy that we'll be using over the next year to address the housing needs here in Texas for Section 8 individuals.

During the Program Committee meeting this
morning, we had several individuals who spoke to us, primarily from the disability community. And during that -- those conversations and comments that were made, we were able to come up with some items which could be included in our public housing plan which we didn't previously have.

The first item that we can add would be that we can apply for special-purpose vouchers, which would be targeted to elderly, if they are available, or if they should come available sometime in the near future.

The next item which we can include would be to apply for special-purpose vouchers targeted to families with disabilities, if they are available now, or if they should become available in the near future.

And the third item would be that we will affirmatively market to local non-profit agencies that assist families with disabilities.

And primarily, the way this program works here at TDHCA is that we provide Section 8 vouchers to individuals in small communities where they don't have a public housing agency of their own.

In the large cities, such as Houston, Dallas, Fort Worth -- they are large enough to be able to provide their own public housing agency. What we do, is we go to those small nonparticipating jurisdiction areas and we
provide the vouchers.

We obtain those vouchers from HUD, and we pass them on through -- we use the local operators that actually work with the individuals in the local areas, and we have the contacts with those operators, where they work with the actual tenants or possible tenants where they are going to be using the Section 8 vouchers to obtain the housing.

What we do is go ahead and we funnel that Section 8 funding to the landlords with that local operator working as a subcontractor for us. And under this program, we -- even though we were not able to give the Persons With Disabilities organizations everything that they wanted, we have agreed that we will work with them.

The board had already addressed that somewhat in the past. Our board chairman had told us that once the sunset was over here in this legislative session, that we could go back and try to work with them under an advisory committee. And so we're going to go ahead and put that committee together, start working with them. And we'll probably meet them within the next couple of weeks.

Ms. Hurd, our program manager here for the Section 8 program will actually be getting that arranged so that we can get started. And we're also going to be
trying to work with Fannie Mae through a home-ownership program, in our Section 8.

Under that particular program, we're trying to get individuals into home ownership who have been under our Section 8 rental program. And initially, when we set up this home-ownership program, we would target persons with disabilities. Those would be the primary ones.

But this time, we think we have 25 vouchers which are available here in Texas. And we will go ahead and be working with those to try to get individuals placed. So what we're doing, we're asking that you all go ahead and recommend our plan that we have to date, because we do have to have a plan in place with HUD, and it is time that we get our new plan in.

MR. DAROSS: There was also a question raised -- excuse me. There was also a question raised during the committee meeting as to the gathering of data that would give us the information we need in order to make the assessment of this -- of the need here.

And at this time, resources of the agency are not such that we could do that type of gathering sufficiently ourselves. But the staff has said that they would be glad to work with the different agencies outside of here to see what kind of information they can provide for us.
MR. SALINAS: Would that be local operators?

You're saying that you'll find local operators to --

MR. BURRELL: I'm not sure I quite --

MR. SALINAS: Local operators as far as your Section 8?

MR. BURRELL: Yes.

MR. SALINAS: Who would that be?

MR. BURRELL: There are public housing agencies -- they're not really agencies per se --

MR. SALINAS: But as forces?

MR. BURRELL: -- but they're local government-type non-profit organizations.

MS. STINER: Excuse me. Yes. That is correct. Just may I add, Mr. Chair?

MR. JONES: Certainly.

MS. STINER: In addition, I just wanted to add data that the department's participation or the department's role as a PHA is quite different from a traditional PHA. In addition to the activities that Mr. Burrell has described to you, we are further restricted in the vouchers that we administer to three contracts we have through three different HUD offices.

When this program was first implemented, the department was asked to act as a PHA for those very specific areas. We have a contract with the Houston
office, with the San Antonio office, and with the Dallas/Fort Worth. But we are restricted to using those vouchers in those areas right now.

What we're describing to you today relative to applying for additional vouchers would be outside of those three contracts. So this has expanded the roles that the department has traditionally played relative to the Section 8 program.

But in terms of the local operators, these are usually officials of the city. A lot of times, they're part-timers. We have a real hard time recruiting these administrators. But usually, they are a city secretary that may devote a few hours a week along with the other volunteer work that they do on behalf of a city.

Other times again, the reason that they aren't in the programs is because they are so small and don't have the staff. And we've applied on their behalf.

So a lot of the work that the locals do, the staff here at the agency end up supplementing that work, because a lot of times, these operators are part-time, and they aren't paid, except for the very small fee that this department is able to provide to them.

They are not -- that fee -- that salaries aren't provided for by those local governments. So we do a lot of recruiting. There is a big turnover, and we are
considering Mr. Burrell and his staff as to what we could
do to increase that fee going out to those operators or
try to provide this -- an incentive for them.

But I think the basic issue is a lack of
capacity at that level. But usually, they are just part-
time city officials who volunteer for this.

MR. SALINAS: And so those that are responsible
for the Section 8 are --

MR. BURRELL: Yes, they are responsible. We
have them under contract, so they know what they are
supposed to do. We give training from time to time.

In some cases, we go out to the field and do
training. Sometimes, we'll have them come in. But they
are aware of what their responsibilities are.

MR. BURRELL: Does anyone have any further
questions?

MR. DAROSS: I move that the Public Housing
Agency Plan, as presented by staff, with the additions
will be approved by the board.

MR. BOGANY: I second.

MR. JONES: We have a motion and a second.

Further discussion? Hearing none, are we ready to vote?
I assume we are. All in favor of the motion, please say
aye.

(A chorus of ayes.)
MR. JONES: All opposed to the motion, please say nay.

(No response.)

MR. JONES: The ayes have it.

MR. DAROSS: And Item 5 on the Program Committee Agenda was pulled.

MR. JONES: Well, we'll then complete Item 2 of our agenda, and we will turn to Item 3, which is the Presentation, Discussion and Possible Approval of Report from the Finance Committee. And I'll turn to Mr. Conine.

MR. CONINE: Thank you, Mr. Chairman. The first one we had was the Approval of a Proposed Amendment to the Trust Indenture For the Summer Bend at Los Colinas Apartments. And I assume Mr. Onion is going to come up to the front to do that -- give the board a brief -- the two-minute version.

MR. ONION: The request was made by the borrower to release the Cross Default Provisions on Summers Bend with other properties that were secured by other issuers in Tarrant County. The -- some of the provisions that -- we have a background of the transactions from 1984 on.

As I indicated to the Finance Committee, there is a change to the write-up. The provision that -- the change -- the set-aside requirement from 20 percent at
80 percent of AMFI to 25 percent at 80 was actually in the second supplemental Trust Indenture, rather than as stated, in the third.

And there was an additional requirement put in the write-up that the qualified project period which ends 2003 will now be modified to say that the qualified project period will be either 2003 or as long as the bonds are outstanding, which as long as the bonds are outstanding, qualified project period will stay in place.

And then also, there is the additional requirement of a principal reduction of $100,000 as a result of this transaction, as specified in Resolution 01-15.

MR. CONINE: Okay. The Finance Committee made a unanimous recommendation to approve this to the board. And I would so move, along with the corresponding resolution that we have. It's Number 01-15-15.

MR. JONES: Thank you. Is there a second to that motion?

MS. SAENZ: I second.

MR. JONES: The motion has been made and seconded. Any further discussions, questions, comment? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)
MR. JONES: All opposed to the motion, nay.

(No response.)

MR. JONES: The ayes have it.

MR. CONINE: Next, we had an application to the Texas Bond Review Board for Reservation of Private Activity Bond Authority. This is our single-family issue of $180 million. And with that, Mr. Chairman, I would, subject to approval, send a letter over to the Bonds Review Board to reserve our $180 million.

MR. JONES: So we have a motion. Is there second?

MR. BOGANY: Second.

MR. JONES: The motion has been made and seconded. Further discussions, questions, comments? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it.

MR. CONINE: Next was the Approval for Funding of Additional Down Payment Assistance Program for 55A. And Byron Johnson, I believe, made a presentation and would like -- would you like to come forward and go over...
that. And we took no action on this particular item. We thought we'd bring it to the board for discussion.

MR. JOHNSON: Good morning, Mr. Chairman, board members, Ms. Stiner.

MS. STINER: Good morning.

MR. JOHNSON: What we are proposing to do is provide an alternative method of financing and distributing funds to low-income or very low-income borrowers -- down payment assistance.

We have an in-house Down Payment Assistance Program we refer to as DPAP. And under that program, we fund 5,000, 7,500 and $10,000 of down-payment assistance to borrowers.

We have overwhelming demand with that program, but the problem has been the department has a limited amount of funds available. And we've had problems consistently funding that program.

So what we were proposing to do is provide funds for Program 55, which is right now our highest-rate program at 6.95. We have about $15 million under that program still available.

What we are proposing to do was fund sufficient monies to provide down payment assistance at 5 percent of the mortgage amount to borrowers. It will still be very low-income borrowers, and the benefits would be that we
would not have to execute second-lien documents.

We wouldn't have to pay lenders a $150 fee. And we wouldn't have to use two sets of income limits.

We are also proposing that we limit the funds to Program 55 to help with the origination of those funds.

Just to illustrate what happens when we don't have down payment assistance funds, in November, we originated $17 million of loans. In December, we did 14 million. January, we did 14 million of new loans. February, we did 15 -- we might as well say 16 million of new loans.

As you recall, we had some drastic decreases in interest rates starting in January and February. Plus, we were originating the money. So in March, our funds originated declined to about 5 million. But still, in April, we did 7 million. But towards the end of April, we ran out of down payment assistance funds.

And from May 1 through May 22, we only did $260,000 in new loans. So what the staff was proposing to do was to set up a program that would decrease the amount of assistance, but provide assistance to a wider spectrum, or more borrowers.

And we would keep our other two pools of funds, Program 55 and 56, unassisted. So that people who have funds for down payment assistance could have a lower rate.
And the rate on Program 55 and 56 is six -- about 6 percent.

So I'll welcome any questions you may have.

MR. CONINE: For the board's information, we had a lengthy discussion led by yours truly, I think, regarding the granting of down payment assistance under the proposed staff proposal, as opposed to the policy we currently have on our HOME Fund down payment assistance, where we do it on a zero-interest second-lien due-upon sale or refinance.

My feelings are what that gives us is a tremendous benefit or shot at having those funds back again at some future date when that family moves up and sells that house and gets a bigger and better home.

And we get a chance to help more Texans at that time without having additional money. Just we're recycling the money. We've taken that position on our down payment assistance funds for the last several years that I've been on the board.

And I think it's appropriate for us to continue in that policy with these funds, so that we can continue to have a shot at getting some of that money back.

Some of the staff reported that we had -- now have over $6 million out there in down payment assistance that has a chance of coming back. Or 200,000 of it has
come back, but there's 5.8 million that has a chance to come back.

And if you consider that we're using those funds in 5,000, 7,500 and $10,000 increments, that's potentially a thousand Texans that can be satisfied and -- or be -- hopefully attain home ownership by use of that money.

So I would like to see us take the staff recommendation and amend it to our existing policy on down payment assistance, so that we can continue in that effort.

MR. SALINAS: So that means you will up the ante about 16 million more?

MS. STINER: No, sir. Those funding source is fixed. It means that instead of making this part of the new proposal, we'll continue to allocate these funds on the -- our current program of offering these as a second lien at 5-, 7,500 and $10,000.

But the only source of funds that we've been able to identify are the funds that are identified here in the amount of --

MR. JOHNSON: $784,000.

MR. SALINAS: But what you're saying is that you wanted to have no second lien on the houses --

MR. JOHNSON: Correct.
MR. SALINAS: And just go out there and give what? Five percent of the down payment?

MR. JOHNSON: Five percent of the mortgage amount. So if the mortgage amount was $70,000 --

MR. SALINAS: It's 3,500.

MR. JOHNSON: -- the -- they would receive 3,500.

MR. SALINAS: And the way we do it now, we have a second lien on the mortgage, and you're paid when? When are you paid that $5,000 back?

MR. JOHNSON: Due upon sale or refinancing.

MR. SALINAS: Sale of the house?

MR. JOHNSON: Yes.

MR. SALINAS: Which they don't sell it, they don't pay us back. Right?

MR. JOHNSON: Pardon? I'm sorry.

MR. SALINAS: If they don't sell the house --

MR. JOHNSON: They don't pay us back.

MR. SALINAS: -- they don't pay us back?

MR. JOHNSON: Correct. Yes, sir.

MS. STINER: Mr. Chairman --

MR. SALINAS: So what's your idea of trying to do the non-loan? No second lien?

MR. JOHNSON: Documentation. We have to pay the lenders to participate in the program. With the
alternative method, there is -- it's a more efficient, quicker way to originate the loan.

MR. SALINAS: Pardon me, but your loans have come down quite a bit, to under 260,000 for what month?

MR. JOHNSON: Yes, that was from May 1 through May 22.

MR. SALINAS: Well, why did you -- do you feel that they went down so much?

MR. JOHNSON: We haven't done a real study. But it happened right about the time we ran out of down payment assistance funds. We don't think that the interest rate declined in the general market. And actually, the mortgage rates have not declined. There has been steady increasing.

We think the real reason is that we just didn't have the down payment assistance to complement the low rate on the loans.

MR. JONES: Ms. Saenz?

MS. SAENZ: I just wanted to ask you, how -- what would be the difference to the buyer as far as cost? Granting the money or using the second lien?

MR. JOHNSON: Off the top of my head, I don't think there is a difference really.

MS. STINER: Ms. Morris can --

MR. JOHNSON: Ms. Morris can answer that.
question for you.

MS. STINER: Go ahead.

MR. SALINAS: Are these first-time home buyers?

Or --

MS. STINER: Uh-huh.

MR. JOHNSON: Yes, sir.

MR. SALINAS: Okay.

MS. MORRIS: I'm Pam Morris. Now, to answer your question, it's not necessarily in this scenario here a cost to the buyer at all.

MS. SAENZ: Okay.

MS. MORRIS: When you're using the second-lien program at zero interest, we absorb the cost of really -- you know, reviewing the file for processing for the lender's benefit in purchasing those mortgages.

That's why we pay the lenders 150 out of proceeds, for their efforts of processing that second loan. If it's built into the bond in the future, then it's typically in the form of a higher interest rate, if you have to pull a subsidy out in order to help them with down payment, if you don't have another source.

MS. STINER: But for this -- pardon me, Mr. Chair. But for this --

MR. DAROSS: We're talking about this particular one?
MS. STINER: Yes. But for this particular one, that is not a --

MS. MORRIS: It wouldn't make a difference.

MR. JONES: I'm still struggling with this, because I struggled with it, you know, at the Finance Committee meeting. It seemed like Mr. Conine's suggestion -- and boy, I hate to say this, is a no-brainer.

I mean -- why is it not exactly correct that we ought to do what he's recommended? I don't understand. I don't understand why you wouldn't do that.

MR. JOHNSON: Well, if --

MR. JONES: I must be missing something.

MR. JOHNSON: If we stick with Mr. Conine's suggestion, then really this recommendation should go away. We should just take the $784,000 and deposit it into the DPAP program.

MR. SALINAS: Uh-huh.

MR. JOHNSON: We should not go through the -- I don't want to say effort, but we shouldn't go through the processes to set up the accounts that the Trustee, change the documentation --

MR. JONES: I understand all of that.

MR. JOHNSON: Okay.

MR. JONES: But I'm still struggling why would
you be opposed to his suggestion?

MR. SALINAS: What --

MR. JOHNSON: Because it's not a -- we're not opposed.

MS. STINER: Oh, we're not in opposition.

MR. JOHNSON: No.

MS. STINER: That's for spending all eternity.

MR. SALINAS: How much -- what you're saying is that you're going to want to service the loans for the 5,000 -- and how much would it cost you to service that second lien for 30 years?

MR. JOHNSON: That -- we haven't examined that, but that could be part of the answer. But our approach was just merely to stretch the funds further.

Right now, we have 5,000, 7,500 or 10,000. And we keep running out of money. We have to go over here to this corner and find a dollar. We have to go to that corner to get a dime. We've got to go back there to get a nickel.

And what we're saying is we're trying to have a consistently funded program to help assist many or more people.

MR. JONES: But it's his suggestion, where does it interfere with that?

MR. CONINE: The second lien doesn't stretch
the money.

MS. MORRIS: Well, the second lien does not affect it. No.

MR. SALINAS: Okay. So?

MS. MORRIS: That, in no way. It's the tiering, I think, is the second element of the request, that we were trying to stretch whatever funds we get further.

Because if you look at 5,000 per household for the balance that's available for this particular program, you know, you could ultimately serve 150 households. Then of course, that's cut, every time we raise those limits. And that was the -- mainly the point of trying to switch it to a percentage so that we could stretch the dollars more.

MR. SALINAS: But every time you do that, you have a produced taxpayer. You have accomplished something. And there is nothing wrong with having a second lien on the house.

MS. MORRIS: Absolutely.

MR. SALINAS: You get those people away from a rental home, and you make them responsible taxpayers. So actually -- then with that second lien, they might not sell the house. They keep the house for 30 years, or 35 years.
MS. MORRIS: Well, they're typically at risk for the first nine years anyway, because of recapture with bonds. So they do typically hold their mortgages within the time frame.

MR. SALINAS: I would think so.

MS. MORRIS: It's just the amount of assistance that we're concerned with, because it does go very fast when you go up to 10-.

MR. SALINAS: And I'm sure there's a big waiting list up there.

MS. MORRIS: I think there is.

MR. CONINE: Mr. Chairman, I'd like to move approval for Item 3(c), subject to us moving the down payment assistance back to our current policy. And I guess just transferring -- the simple motive is transfer the 700 and, you know, the number? I don't --

MR. JOHNSON: Seven hundred what?

MR. CONINE: $784,550 over to the down payment assistance program, and administer it in our current policy.

MR. DAROSS: Second it.

MR. JONES: The motion's been seconded. Mr. Bogany?

MR. BOGANY: I just have a clarification. Are you saying that they can still do the 6.6 if they did need
the assistance?

MR. JOHNSON: Yes, sir.

MR. BOGANY: Okay. And also, we're not going
to do the tier, we're just going to go with the 5 percent,
or whatever the sales price of the home is?

MR. JOHNSON: No.

MS. MORRIS: No, I think it's to --

MR. CONINE: No, that would -- no, motions go
back to the -- the difference -- the purpose of the three
different levels was by population in the county, I think.

MS. MORRIS: Income limits, maybe.

MR. CONINE: We were trying to get more down
payment assistance in the rural sections and less down
payment assistance in the urban sections.

MR. BOGANY: Okay.

MR. CONINE: And that's why we have a three-
tier structure, which we did several years ago, I think,
when we came up with that particular policy. And all I'm
trying to do is just keep it the way it is.

And I think that that would create a
consistency on this board and this department's part of
trying to get more money out into rural Texas.

MR. JONES: Further discussion, questions or
comments? Hearing none, I assume we're ready to vote on
the motion. All in favor of the motion, please say aye.
(A chorus of ayes.)

MR. JONES: All opposed to the motion, nay.

(No response.)

MR. JONES: The ayes have it.

MR. JOHNSON: Thank you.

MR. CONINE: Next item is the Review of the Status of the Building Reconfiguration Project Through to Exceed the Capital Expenditure Budget for Fiscal Year 2001.

Ms. Stiner, would you like to take a stab at this? I think the board probably needs to be brought up to speed on this one.

MS. STINER: Yes, sir. As Mr. Gonzalez comes forward, just for the board's review, I presented to the board a budget last August, I think it was, that included some dollars for reconfiguring our building.

At that time, we had no way of knowing that General Services would pass a requirement that all employees at a state -- of the state is restricted to 153 square feet of space. We'll talk to you a little bit about that.

But in order to bring the department into conformance with that particular requirement, the department needs to vacate the third floor of this building by August 31, 2001.
In order to do that, we need permission to exceed our capital budget. Mr. Gonzalez can go into further detail about some future considerations that we may want to -- that we will be bringing back to this board.

Right now, we'd like to focus on the authority to exceed our capital budget by this amount of dollars in order to bring us in conformance with our General Service requirement. Mr. Gonzalez?

MR. GONZALEZ: Good morning, Mr. Chair, members of the board, Ms. Stiner.

MS. STINER: Good morning.

MR. GONZALEZ: John Gonzalez, Director of Administration. We had approval from the board last August, 2000, to apply for and budget for the reconfiguration of the building.

Our lease expired last year. So we had to renegotiate the building. At the same time, knowing that, we also were going through sunset and we knew that we were going to be given a sunset bill. And even with that, we still don't know exactly how we're going to wind up.

What we're asking from the board this time is to send a letter of request or waiver. We'll waiver our limit of expenditure of budget in the amount of $275,000. We need this amount of money because we still don't
really actually know what we're going to have to
reconfigure.

We are going to lose the third floor, which is
about 9,600 square feet. And that's a loss of about
$116,000 in lease payments that we've had to make for the
building. So that will adjust our expenditures from that
standpoint.

The -- in the presentation that I just gave you
on, I think on the second page, there is a -- or first
page, there's some areas there that we were looking at to
kind of help us plan on what it was going to cost for us
to reconfigure the building.

The affect on the agency is the movement of the
Community Development Block Grant Division to ORCA, the
Office of Rural Community Affairs, and the possibility of
the Manufactured Housing Division, which is also going to
be its own division, attached administratively to the
agency.

We don't know where they're going to be. And
we're going to have to budget in accordance with that
unknown. We need to make sure that we have enough funds
to reconfigure where we need to. We don't think we're
going to need all the funds. But we will need some funds
this year, and we will need some funds next year.

MR. CONINE: I think what the Finance Committee
wanted the board to understand, that this is a recommendation that comes through the pre-sunset -- you know, this was something we had to do anyway. And we need to go ahead and get the money to meet the time deadline between now and August 31.

But the -- we will be back to you later on when we figure out the issues at sunset, and the possible potential removal of a couple of our working divisions within the agency. They may be other places, or maybe they're separate from us.

We just don't know exactly at this point in time. So this is kind of a first step in what we need to do to get our facilities in line with what we've been instructed to do. For that, I guess I would move for approval of Mr. Gonzalez's letter requesting the additional funds of $275,000 per the --

Mr. Jones: There's a motion on the floor. Is there a second?

Mr. Daross: Second.

Mr. Jones: Further discussion, comments, questions? I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

Mr. Jones: All opposed, nay.

(No response.)
MR. JONES: The ayes have it.

MR. GONZALEZ: Thank you.

MR. CONINE: Mr. Chairman, I may have omitted a resolution number from the item that we approved. Let's see, the item, 3(b). And if I could add that the Board Resolution 01-16 be approved for the issuance of the Application of the Texas Bond Review Board.

MR. JONES: It will be calmly considered; the board will make that amendment.

MR. CONINE: Thank you. Concludes my report.

MR. JONES: And also there hearing no objection. It's my understanding from some comments staff members have made to me, that we need to go back, Mr. Daross -- Judge Daross, to Item 2(d).

Although my memory of what happened just being in the audience at the Programs Committee is in accordance with yours. But apparently, we need to readdress Item 2(d). So it would consider the board would do that. Ms. Stiner?

MS. STINER: Ms. Morris, will you come forward please?

MS. MORRIS: Good morning. Pam Morris of the Housing and Finance Program Structure. And I as well don't have my full board book from last month. I have part of it. And it didn't state we had a Programs
Committee. So I wasn't sure, and I thought it might be better just to cover it just in case.

There was an item on the agenda requesting a LURA Amendment on a HOME Project, Commonwealth Apartments in Nacogdoches. And we are requesting, after review of the recommendation and meeting with the project owner, which is also the borrower, the project manager, and then TDHCA staff, that we remove the recommendation.

We requested that the borrower close on the permanent mortgage, of which they have not done to date. And until that is established and they are basically in compliance with their loan, then we can look to see if they have a hardship on the program, and look at their financial feasibility and see if there is any recommendation that should be made with regard to lowering their restriction if their unit's under LURA.

MR. JONES: Thank you.

MS. STINER: Thank you.

MR. JONES: We don't need to take any further actions?

MS. STINER: No action.

MR. JONES: Okay. Great. We will then move to Item 4 on the agenda, which is the Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items.
I'll make a couple of comments, particularly to our new board members as we enter into the always enjoyable and reaffirming low-income tax credit season, which is always something that is -- just to the new board members, I just want to assure you you will enjoy it. And it will be a really delightful experience.

Having said that, I'd also like to say this. That we did -- and I want to remind the board members, because I know you all know it. But I would just restate the fact that we do have an ex parte rule during this tax season, where board members are not to communicate individually with developers.

And I do assume that everybody got my letter, just how I'm handling correspondence, to make sure that any correspondence that might come to me from a developer is screened by my secretary and it's turned in to the agency. So unless we make a mistake, that won't come up to me.

And you all, I know, are handling that any way you want to. And I know you're handling it correctly. But since this is a new part of our procedures, it's new for the developers, it's new for the board. I just wanted to bring that up once again.

And with that, with regard to the items on the Low Income Housing Tax Credit Items, I would turn it over.

ON THE RECORD REPORTING
(512) 450-0342
to Ms. Stiner.

MS. STINER: Thank you, Mr. Chair. The first item on the agenda is Approval of the Determination Notice for a tax-exempt line allocation for Arbors at Creekside Apartments in Austin, Texas.

Mr. Cherno Njie, who is the manager of the Tax Credit Program is here to answer any questions that you may have on the presentation that was included in your board book, and just do a brief summary of the request.

MR. NJIE: Good morning, board members. I'm Cherno Njie, Manager of the Tax Credit Program. I think the chairman was being modest. We've actually had a smashing time with the program.

The first item on the agenda is the --

MR. JONES: Smashing time.

MS. STINER: Smashing.

MR. NJIE: Smashing time.

MR. JONES: We're going to remember that.

MR. NJIE: The first item on the agenda is Project Number 01424, The Arbors at Creekside. This is a 176-unit elderly property in Austin, Texas. It is utilizing tax-exempt financing as well as tax credits.

The issuer of the bonds is the Austin Housing Finance Corporation. Staff is recommending an annual allocation amount of $525,100. The recommendation is...
subject to a dozen conditions. Basically what is going on here is that the original general partner is being replaced by a new general partner.

There is a time and deadline of June 8 to close the loan -- to close the bond so we don't have all the time to come back to the board to address all of these before the closing deadline. Hence, the conditions outlined here for us to move forward with the transaction.

There is a representative of the Austin Housing Finance Corporation, which is the incoming general partner in case any questions arise. The project is consistent with local needs. There is no opposition. And with that, we will recommend that the board approve this recommendation.

MR. JONES: Any motion?

MR. CONINE: Can I ask a question first?

MR. DAROSS: I have a question.

MR. JONES: Sure. You may do whatever you'd like to.

MR. CONINE: Is -- you say there's no local opposition. This was a replacement of the '99 transaction. Did we go back out to the locality some two years later now? Are you basing the no local opposition on the '99 information that you had?

MR. NJIE: Oh, no. This is a 2000 resolution.
Are you looking at the grant from the Arbors at Creekside?

MR. CONINE: Maybe I saw '99 in here somewhere.

Okay. But --

MR. NJIE: Well, yes, the --

MR. CONINE: I guess my point is, did you go back out to the local community even though they knew it was coming?

MR. NJIE: That is correct. Every time when our petition was submitted, we would notify the local representative as well as the city. And the developer is also required to publish the notice in the newspaper. So all of this -- that was done. And I think you're referring to the '99 applications and 9 percent tax credits.

MR. CONINE: Ah.

MR. NJIE: Yes.

MR. CONINE: I read it in here somewhere.

MR. NJIE: Yes, it went into the bond lottery, and was successful in getting a high-level number. And the credits are being issued pursuant to that bond number.

MR. CONINE: Move for approval, Mr. Chairman.

MR. DAROSS: I had a question, first. Well, not first, but I'd like to have an answer to it anyway. On page 5 of the underwriting analysis, where it talks
about supportive services, this says that "the applicant intends to provide services in classes, cultural and recreational activities and health fairs."

That's pretty vague. And it doesn't sound like a lot of the support services that I've seen in other applications as we've approved, such as credit counseling, home ownership duties, things like that. I mean, I hope we're not going to be funding these folks to teach them square dancing or something like that.

I'd like to see a little bit more specific kind of support services addressed.

MR. NJIE: That is one of the conditions that we've had for the approval. We will have an opportunity to review the services to make sure that they are appropriate for an elderly population. And so we will review that and it will be part of the restrictive covenant governing the project.

MR. DAROSS: And I'll second the motion.

MR. JONES: Motion has been made and seconded.

Further discussion, comments, questions? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay.

(No response.)
MR. JONES: The ayes have it.

MS. STINER: Mr. Chair, the second item is Approval of Extension Request for Closing of Construction Loans on ten of the developments that received an allocation of tax credits in 2000.

The listing is there. Mr. Njie -- a memo to the Executive Directors in the board book that I'll ask him to summarize. I guess I think we've also provided in the write-up the reasons that the owners are requesting an extension at this particular point in time. Mr. Njie, do you have --

MR. NJIE: Yes. When we allocate tax credits, we establish certain benchmarks. The first one is to close the construction loan within 150 days. The second one is to commence construction within a year. And the third item we establish is to complete the project by the end of October 31 of the second year of the allocation.

We have ten projects listed here that are seeking an extension of the first benchmark, which is to close the construction loan. The reasons stated are varied. They have to do with the delays in the permitting process, to internal changes in the general partner, to timing issues regarding the equity on the permanent loan closing.

Typically, with these transactions, the
construction loan is closed also in conjunction with a firm commitment called a take out, a permanent financing, as well as the closure of the partnership. That is the investment portion of the transaction.

We have reviewed all these requests for extensions, and are making the recommendation to the board to grant the requests. In the event that they are not able to comply with the extension deadlines at some point in July or in September, we will be able to recover the credits and reallocate them to 2001 applicants.

I have provided copies of the letters that we have received from the applicants providing details of the reasons for the extension requests. And we have talked with some of them personally. I think that we are confident that most of these transactions have delays in processing.

If the past is any [indiscernible], they will close and move on toward the projects. And with that, I'll answer any questions you may have.

MR. CONINE: So we're formally extending the deadline from what date to what date?

MR. NJIE: From June 15.

MR. CONINE: To July 15?

MR. NJIE: To -- on the second page, there are several dates. Some are asking for the one-month
extension. Others are asking for a 90-day extension, or
the 60-day extension. So the dates are provided for you
on that schedule.

MR. CONINE: What happens to the credits on
these extension dates that go beyond July 31, which was
our statutory deadline to determine credits for the 2001
season? What happens to those if they don't close?

MR. NJIE: If they don't close, we have a
waiting list. When the board meets in July, there will be
a recommendation and a waiting list for 2001 applicants in
the event --

MR. CONINE: These extensions are going beyond
that.

MR. NJIE: That is correct. They're going
beyond that. But what I'm saying is we have until the end
of the year to allocate and make decisions.

MS. STINER: Yes, it's really come December 31.

MR. NJIE: That is correct. So until December
31, and even beyond that.

MR. CONINE: Okay. I understand. Thank you.

MS. SAENZ: Do you need a separate motion for
each one, or can they be --

MR. NJIE: That is entirely up to the board. I
can --

MR. JONES: I think you can do them all
together if you want to.

MS. SAENZ: I move that we take a staff recommendation, for extension on the project.

MR. DAROSS: Second.

MR. JONES: We have a motion. We have a second. Further discussion, questions, comments?

MR. CONINE: Is this an unusually normal -- high number of extensions before us?

MR. NJIE: Well, I --

MR. CONINE: And why are we -- what's causing it?

MR. NJIE: Well, it's a number of things. I think the equity market has softened a great deal. And in fact, one of the -- on at least two of the projects, they're citing the California utility issue as one factor, because Edison Capitol is one of the major investors in tax credits.

So that is part of the process. It's not clear to people we have fewer than this. But I think the players are knowledgeable people, and we have confidence that they will proceed.

MR. JONES: Further questions, comments, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)
MR. JONES: All opposed to the motion, please say nay.

(No response.)

MR. JONES: The ayes have it.

Item 5 on the agenda is the Appointment of Board Members to Committees of the Board. That's already been done. And Dolores can give you a copy of all those. I think the Chair has already made those appointments. And I don't think there is any action that the board needs to take on that.

I would just remind everybody that our subcommittees are the Finance Committee, the Programs Committee, the Audit Committee, the Manufactured Housing Committee, and the Evaluation Committee of the Executive Director.

If anybody has any interest to serve on those committees, they certainly can be rearranged, and I would certainly be delighted to discuss that with anyone on the board who would like to discuss that with me.

Also, I would -- just also for the new board members, say that the Low Income Housing Tax Credit Committee acts due to action that the board took as a whole, and it does not act as a subcommittee. It is the board as a whole that acts on all those matters.

So with that, the next item on our agenda is
the Executive Director's Report.

Before we begin that, if I could, Ms. Stiner, I'd like to address a couple of things, just as far as housekeeping for the board.

We had tried to find a date for our June board meeting in light of the fact that we do have new board members and make that date as convenient for as many people as possible. And the date we're looking at now is June 12, Thursday, June 12. So that's the proposal.

MR. GONZALEZ: Twelve?

MR. JONES: It's a Tuesday.

MS. SAENZ: Twelfth?

MR. JONES: Yes. And the reason we've moved it up is because the Bond Review Board meets on the 20th, and we have to meet in front of them. And if you don't like this date, it is Dolores's fault. She gave it to me.

June 12. So I'll tell you what. Get back to Dolores, and if we have to reschedule it, we will.

MR. GONZALEZ: I won't be able to attend that date, but that shouldn't change the date, though.

MR. JONES: Unless -- we'll try to do that.

The second issue that I wanted to raise with regard to board meetings -- we've put off the board training session that we need to have with HUD officials, as well as just the general training session, until we got our new members
in place. And they are now in place. So we are ready to
move forward with that.

I would like to see us try to do that this
summer, either in June or July. Probably, we're going to
have to do it on a weekend, in you know, maybe a Friday
and a Saturday, and combine it with perhaps, the July
board meeting or something like that.

I think there were a couple of issues that you
know, obviously, what I would like just to tell the board
my thoughts on it. And anybody that thinks I'm astray,
you all let me know.

But my thoughts on it was obviously for the new
board members and all of us, general descriptions of the
programs briefly from staff so we know what we're -- you
know, doing.

So we know what's involved, and we know what
kind of items are coming up before the board and who is in
charge of those need to be done. We've done that before,
and obviously, it needs to be done again.

I will say this. What I see there is an
opportunity for there to be a brief discussion of that,
because we're going to run out of time in a hurry. I know
the last time we did this, we had a tendency to get real
bogged down.

My hope would be that we would run through it
fairly briefly, and that each board member would come away with knowing who they need to talk to with the Executive Director, in order to get all their questions answered.

I don't think that in meetings like this we'll ever be able to answer all the questions that are going to come up on as detailed a workings as our department is.

Secondly, as I think everyone knows, our sunset legislation was approved Sunday afternoon. We now have it. I'm sure that everybody understands it totally. And i'm sure that nobody does.

I think it's going to be very important, though. The next two years are going to fly by for this department. It's very important that I think the board be aware of the contents of the legislation, and that the board start working with staff on formulating the plan to how we're going to live with it, because like it or not, we're going to be living with this legislation over the next two years.

And let me tell you, I would predict that in two years we're going to be asked a whole bunch of questions as to how well we did in abiding by it. And so I think it's very important that the board be informed of the legislation and its contents and how we plan to affirm it and move forward with it in the next two years. And I would think that needs to be a big part of this meeting.
The third item is this. I would love to see
the Governor's Office involved in this meeting. And I as
Chair am going to invite the Governor's Office to just
be -- you know, as high a presence in this meeting as they
can possibly have so that we can also have input from
them.

Obviously, we're part of the Executive Branch,
and have input from them on where they're seeing us going.
So that's kind of my idea about that meeting. I would
kind of close with this.

Having gone through sunset, I know Mr. Conine
spoke. Others on the board spoke during sunset, were very
much involved in that process.

Ms. Stiner is very much involved in this
process. I was very much involved in the process.

I think we would all agree on this. That the
number-one comment that was made about the workings of the
board were to the effect -- was to the effect that we
needed to be a more policy-determinative body, as opposed
to being involved so much in projects and operations.

Now, you could argue, if you went through that
process as much as we all did, that that's certainly not
what we talked about, you know, in front of the
legislature.

But I think that comment, at least to me, has
some ring of truth, has some validity to it to the extent that I think all of us on the board feel that we don't get involved in policy -- the major policy issues surrounding this department as much as we would like to. And that we do tend to get bogged down in more detailed operations than we would like at times.

And I think that's another thing that the board probably at this meeting it's a good thing for us to address. And in doing so, I think would be very much addressing what was brought up before the sunset commission and what was brought up before the legislature with regard to the workings of this body.

So those are my ideas to go about that particular training session, or whatever we want to refer to it as. I encourage any board member to call me or get with me. I know we can't stop post on the agenda. We can't take any action on that item here today, since it's just a report. But call me and give me your input as we seek to plan that. And we'll try to plan it at everybody's convenience. And Dolores has told me that that's real easy to do. That she can find the date that's convenient for everybody at the stab of a finger. And so she'll be -- try to do that.

MR. DAROSS: Friday and Saturday, that might even be easier.
MR. JONES: Okay.

MR. DAROSS: There next week.

MR. JONES: All right. So those are just a couple of items that I wanted to kind of throw out before the board.

Ms. Stiner, I think we are now at the Executive Director's Report.

MS. STINER: Thank you, Mr. Jones. And that's a good segue into the first report that we're going to brief you on. And that's on legislation. Michael Lyttle, who is Director of Communications and Government Relations will give you a report on legislation that's finally passed for this particular session.

MR. LYTTLE: I don't have it memorized. Good afternoon, Mr. Chairman, members of the board, and Ms. Stiner. Yes, Dolores is passing out Senate Bill 322, which I'm very pleased to say is our sunset bill, which has passed both the Senate and the House. And now we go to Governor Perry for his signature.

There were just sort of some interesting facts. There were about 5,700 bills that were filed in this past 77th Legislative Session. About 1,600 of those passed, or nearly 30 percent.

But in my opinion, the two most important ones were Senate Bill 1, which is the appropriations bill for
our agency and for state government in general. And what you hold in front of you now, which is the sunset bill.

I can tell you that this piece of legislation is the culmination of years of blood, sweat, and tears on behalf of some of you, agency management staff, legislators and their staffs, the Governor's Office, and the many housing advocates.

There were some, I would say, close moments here at the end in terms of negotiations on our bill. But I think we owe a real debt of gratitude to people like Chairman Bill Carter from the House Committee on Urban Affairs, and his committee clerk, Donna Chatham.

And as well, I've got to tell you, John Henneberger from the Texas Low Income Housing Service worked really, really hard on working with the different members, and working on behalf of getting this bill passed as well, along with some other folks. And we're very pleased.

Not every state agency had it this easy with their sunset bill. You may have seen in the media that the Texas Department of Economic Development is in some serious water now -- deep water. And so is the General Services Commission. So it really could have been much, much worse for us. I'm pleased.

I think we have reason to be optimistic and
hopeful with this bill, and really we developed a network -- a group of all the people I just mentioned working together to get this bill passed and to move forward. And I'm sure that we can keep that group together and really keep moving in the right direction.

The -- we are still clarifying our appropriations totals at the moment, and funding. And as well as the FTE council. You're working with the Legislative Budget Board on that right now. That's still to be determined. The amount that we thought we'd be getting doesn't appear to be in Senate Bill 1.

But just so folks don't think that we're the only ones being picked on, a number of agencies that had sunset bills are facing the same situation. For example, the Railroad Commission, which has three elected officials as their commissioners -- they had about $1.1 million in funding attached to their sunset bill. But they didn't get any of that through their -- through S.B. 1 in appropriations.

So as Comptroller Rylander's estimates of revenue continue to drop, it would be tighter and tighter for all of us to try to figure out how to enact these measures.

But we are working in conjunction with our legislative oversight people, with the Governor's Office,
with the LBB, to figure out how we're going to manifest these changes and do it with the funds that we do have.

I just want to mention that we are going to give you a full report on the sunset bill, what it means exactly for our agency, as well as the other pieces of legislation that were filed over the course of the next several weeks as we sort of digest everything and figure out how it's going to go across the board.

We hope to have a report to each of you by the middle of June. And so just be on the lookout for that. If there is any questions, I will be glad to answer them now.

MR. JONES: Thank you.

MR. LYTTLE: Great. Thank you.

MR. JONES: I appreciate it.

MS. STINER: Thank you, Mr. Lyttle. In addition to Oversight Committee of Urban Affairs, we worked very closely with the Oversight Committee on the Senate side and to Intergovernmental Relations Committee that was chaired by Senator Matlock, as well as the sponsors of the legislation.

So we also want to acknowledge everybody who included the agency. We would add a wrap-up of the bill a few evenings ago with the thing that was refreshing about this process is that our oversight committees was very
inclusive of the agency in terms of trying to arrive at
some final negotiated provision.

So we're always thankful for that. I'm not
trying to sell you that this would be easier to implement
because of that, but we're going to work very hard over
the course of the next two years, of course, to implement
this.

But as Mr. Jones stated a few minutes ago, I
think the training -- well, this session will be an
excellent opportunity to discuss with the board and have
the board provide direction to the department in terms of
the implementation schedule and plan for making sure that
at the end of the two-year period, which we know will come
very fast -- that the department is in full compliance
with our sunset legislation.

So I just want to take this opportunity to
thank the staff for this tremendous undertaking and
exercise over the last two years. I want to say two and a
half, but it must have seemed like two and a half. But
over two years.

And they have put in extraordinary hours,
extraordinary effort in terms of responding to not only
our oversight committees, but also the sunset staff. So
I'd like very much to recommend the staff to the board and
ask you to please join me in a show of appreciation for
the hard work of the staff during this process.

(General applause.)

MS. STINER: The last report is our Neighborhood Partner -- a report on our Neighborhood Partnership Program. Ms. Morris is here.

For those members of the board who are new, this was a program that was implemented several years ago. It is winding down, but we have a portfolio of loans that we want to just make a brief presentation to you on. And Ms. Morris will talk to you about how we're proposing to close out that particular program.

MS. MORRIS: Certainly. Thank you. There was a report prepared, and, Mr. Jones, your report has removed the title project from it, just so you know.

MR. JONES: Thank you.

MS. MORRIS: The Neighborhood Partnership Program was originated from the HOME Program. And it kind of was split up into two parts. There were --

MR. JONES: If I could, I'd also like to leave the room for this report. I know it's just a report item, and it's not going to be voted on. But I'd like to just not participate. Thank you.

MS. MORRIS: The program had two sections to it, so to speak. There was a process by which it went through direct awards to local cities and communities in
the effort of providing interim construction funds in a revolving way for home purchase or home building, and then had down payment assisted to -- and ultimately helped the borrower.

The other side of that was the Texas State Affordable Housing Corporation had a number of HOME Awards at the time, of which they as well were responsible for encouraging the Neighborhood Partnership Program, and had some commitments in their portfolio, so to speak, that they honored.

As their funds had been absorbed, or originated, and when we split off from Texas State Affordable Housing and weren't doing their administrative work at the time, the commitments came back in to the department, and we honored those commitments that they had in their particular portfolio of commitments.

Then as well, like I said, there were the HOME Awards that had direct commitments just through a HOME contract. For the most part, all of these have expired. There are a few that are still open. On the list of HOME Awards, there is about five contracts out of this list of about 34 that are still open for the next few months to continue to draw against.

The development ones that we've done have paid off, with the exception of two. One of them is a Rites of
Passage one that we did for lot purchases here in Austin for a development called the Hills of Decker Lake at Walnut Creek. And that loan has got a principal balance on it of about $235,000. And we are looking to recoup those loans as timely as we can.

And then the other one that is still on the books with regard to a development loan is M&R Concepts in Tyler, Texas. And that loan as well has a balance. And we are trying to make every effort to collect on that debt as well.

That is -- basically, the summary has just given you an idea of how the program operated. For the most part, it was successful in assisting the families and the communities that it was intended for.

There were a few, as we experienced with the HOME Program in general, there are always a few that don't fully originate the funds. And they are deobligated eventually. And that's a reflection of any balance that's remaining on this report.

MS. STINER: The only thing I might add -- thank you, Ms. Morris, is that again, during the time that the program -- the pilot program was instituted, there was more flexibility -- the agency had more flexibility in terms of how to direct its HOME funds.

Those funds now are very targeted, and so we
will not have the ability to continue some of the programs that were initially funded with HOME funds. So this is one of them.

But because all of the funds -- all of the other developments have repaid with the exceptions of the ones Ms. Morris pointed out to you, this is the close of that program. And we just wanted to make that presentation to the board at this particular time.

And I guess we can get Mr. Jones. That concludes the reports to the board for this particular session.

MR. JONES: Are we through with your report?
MS. STINER: Yes, sir. Great.
MR. JONES: All right. Okay. You know, are we ready for the Executive Session?
MS. STINER: Yes, sir.
MR. JONES: Good deal. Okay. On this May 30, 2001, at a regular board meeting, the Texas Department of Housing and Community Affairs held in Austin, Texas, the Board of Directors adjourned into a closed Executive Session, as evidenced by the following.

The Board of Directors will begin its Executive Session today, May 30, 2001 at 12:55 p.m. The subject matter of this Executive Session deliberation is as follows. Personnel Matters, secondly, Consultation with
Attorneys concerning Pending Litigation Cause Number 98-11816, Hershal E. Blankenship et al. versus the Texas Department of Housing and Community Affairs in the 53rd District Court of Travis County.

Number 3, Personnel Matters regarding duties and Responsibilities in Relationship to Budget Under Section 551.074, Texas Government Code. And with that, we will go into Executive Session. If the spectators would please leave.

(Whereupon, a recess was taken.)

MR. JONES: The Board of Directors has completed its Executive Session of the Texas Department of Housing and Community Affairs on May 30, 2001 at 2:00 p.m.

I hereby certify that this agenda of an Executive Session of the Texas Department of Housing and Community Affairs was properly authorized pursuant to Section 551.103 of the Texas Government Code posted to the Secretary of State's Office seven days prior to the meeting pursuant to 551.044 of the Texas Government Code, and that all members of the Board of Directors were present with the exception of Robert Brewer, and that this is a true and correct record of the proceedings pursuant to the Texas Open Meetings Act, Chapter 551, Texas Government Code. And I will sign that as Chair of the Board. And with that, we have concluded the Executive
Session, and I believe we have concluded our agenda. If there is no objection, I'll adjourn the meeting. The meeting is adjourned.

(Whereupon, at 2:02 p.m., the Board Meeting was concluded.)
CERTIFICATE

MEETING OF: TDHCA Board Meeting

LOCATION: Austin, Texas

DATE: May 30, 2001

I do hereby certify that the foregoing pages, numbers 1 through 84, 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.

06/05/01
(Transcriber) (Date)

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