TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

8:35 a.m.
Wednesday,
June 25, 2003

Auditorium, State Capitol Extension
1100 Congress Avenue
Austin, Texas

COMMITTEE MEMBERS:

MICHAEL JONES, Chairman
C. KENT CONINE, Vice Chairman
SHADRICK BOGANY
ELIZABETH ANDERSON
NORBERTO SALINAS
VIDAL GONZALEZ

STAFF PRESENT:

EDWINA CARRINGTON, Executive Director
RUTH CEDILLO
BILL DALLY
BROOKE BOSTON
ROBERT ONION
DELORES GRONECK
CHRIS WITTMAYER
TOM GOURIS
AGENDA

ITEM PAGE:

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

PUBLIC COMMENT

Item 1 - Presentation, Discussion and Possible Approval of Financial Items:

(A) Multifamily Mortgage Revenue Bonds and 4% Tax Credits
(1) Proposed issuance of multifamily mortgage revenue bonds for Timber Oaks Apartments, Grand Prairie, Texas in an amount not to exceed $13,200,000 and Issuance of determination notice in the amount of $640,007 for low income housing tax credits for Timber Oaks Apartments with TDHCA as the issuer.

(2) Proposed issuance of multifamily mortgage revenue refunding bonds for Reading Road Apartments, Rosenberg, Texas in an amount not to exceed $12,200,000.

Item 2 - Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:

(a) Issuance of determination notice to Tax Exempt Bond Transaction with Local Bond Issuer:
(1) #03-407, Cedar Park Ranch, Cedar Park, Texas in the amount of $413,771 with Capitol Area HFC as the issuer.

(b) LIHTC Applications:
(1) Board review of recommendations of Department staff and issuance of list of approved applications from the list of all applications submitted for the LIHTC Program.
Item 3 -Presentation, Discussion and Possible Approval of Programmatic Items:
(a) HOME Program:
   (1) FY 2002-2003 Single Family HOME Program Awards for Homebuyer Assistance (HBA), Owner Occupied (OCC) and Tenant Based Rental Assistance (TBRA)
MR. JONES: Call the Board meeting of the Texas Department of Housing and Community Affairs for June 25, 2003, to order. The first order of business is to call the roll. Mr. Conine?

MR. CONINE: Here.

MR. JONES: Ms. Anderson?

MS. ANDERSON: Here.

MR. JONES: Mr. Bogany?

MR. BOGANY: Here.

MR. JONES: Mr. Gonzalez?

MR. GONZALES: Present.

MR. JONES: Mayor Salinas?

MR. SALINAS: Here.

MR. JONES: Mr. Jones, I'm here. We have six members present, no members absent, so we do have a quorum. The second order of business will be public comment. I have a number of witness affirmation forms that has been filed with us.

According to our statutes, rules and regulations the people who would like make public comment have an opportunity to do so immediately during this period of public comment or at the time of the particular agenda item.
As Chair, the only thing I say to you is get to these board members when they're fresh. That's the only advice I'll give you.

We have a number of witness affirmation forms that have been submitted and the board really likes to hear all we can and initially there will be no time limits. If it does appear, though, that it's getting too lengthy and might affect our business and we do have to impose a time limit, I'll apologize ahead of time for having to do that.

With that we will turn our attention immediately to public comment, and first, Senator Barrientos? Would you like to speak now, sir?

MR. BARRIENTOS: Please. Mr. Chairman, may it please the board, my name is Gonzalo Barrientos and I am a Senator from the District of Travis. Unaccustomed as I am to these microphones, I will make my remarks very quickly, having sat in a chair similar to that for several years.

I believe this is only my second time in the history of this Agency to appear before you. That is for several reasons. One is that I believe you should run your own business, and two, we have a few other things on our mind, especially right now come Monday.

At any rate, many years ago this Agency -- we
had the Texas Housing Agency -- some of you may remember.
That did not fare well, and I was fortunate to help pass
a bill which established -- or re-established -- this
Agency and re-established the housing effort in the State
of Texas. And since then, especially under your
administration, things have been going better, and better,
and better, so I commend you for your work to the people
of Texas.

I am here to support the effort for Villas on
Sixth Street -- Villas Apartment Homes -- a multifamily
community, about 160 units, 85 percent of which will have
rent ceilings. It is in an area of town which
traditionally has been called the east side.

If you are familiar with Austin, the east side
is traditionally where minorities have lived. Not so much
now; things in Austin are starting to spread all over.
That is to speak that individuals are living in different
parts of town. However, this is traditional east side.

But the north side of this portion of town has
traditionally been housing of African-Americans and the
south side of that portion has been of Mexican-Americans.
This is kind of in the center where the railroad tracks
go east and where there's redevelopment going on for the
benefit of the community and the capital city of Texas.
There will be economic development, retail establishment, housing all around there. Sometime in the future, who knows, rapid rail in that area. This fits right in with the community efforts, which, along with the housing, will include after school programs, learning centers, and as traditional, these folks have law enforcement offices.

So with that, please give all due consideration and I'm sure there's so many wonderful projects throughout the state of Texas. I saw some of my colleagues here a while ago, and I'm sure they have some wonderful projects going on.

Together I think that we can make, and continue to make, our state of Texas the best in the country. Thank you for your service.

MR. JONES: Thank you.

MR. BARRIENTOS: Any questions I'll be glad to try to answer.

MR. JONES: Thank you for your being here and we appreciate you allowing us to use your hall. Thank you.

MR. BARRIENTOS: Let me tell you, this is the people's house. I was thinking a while ago, I believe it was $175,000,000 or so that we spent to dig this hole and
build all this beautiful -- these beautiful halls here. And this is the people's house, so it's all of ours. Thank you.

MR. JONES: Thank you, sir. Senator Mike Jackson.

MR. JACKSON: Thank you, Chairman Jones.

MR. JONES: Thank you, sir.

MR. JACKSON: I appreciate you all letting us get done and -- or come testify -- and I have an airplane to catch and get back into Houston, but I did want to be here -- and I thought it was important enough for me to be here today -- to speak in reference to a project that's designated 03189, it is the Village at Morning Star in Texas City.

And to give you a little bit of the history there, the Housing Authority in Texas City has more than 300 seniors on a waiting list right now for housing. In 1998, the former mayor there, Chuck Doyle, initiated efforts to obtain the state grants to build senior citizen housing project, and you'll hear a little bit later on today -- our current mayor, Carlos Garza, is here and can far better eloquently describe some of the statistics there.

But this proposed project that is before you is
a 78-unit senior living community. And is an original project proposed by the City of Texas City through HUD and funding there. They acquired the land, constructed the roads, completed the utilities with the intent of constructing the units for affordable housing at that time.

Now the city is partnered with DMA Community Partners, Inc., to build the complex and because of their success on similar projects, I feel like they have a win/win combination there. We really -- if you look back at where these type facilities have been okayed and funded -- you look at Harris County, which I also represent -- I have Harris County, Galveston County and Brazoria County -- Harris County has been very successful in landing projects.

Fort Bend County has been very successful in landing projects, and although these projects may score one point below, we have seen that Galveston County has really not had participation here, and I wish you would really take a look at that and see if that can fit into your overall viewpoint of how these things get funded.

The company has a reputable history with these types of projects. The people of Texas City are all behind this project and they are all in favor of the
Morning Star project. And I strongly believe this would be a big asset for this community and for Galveston County and the surrounding communities as well.

And just on behalf of my constituents that I represent there, I would urge your favorable consideration of this project as one that would be a possibility for seeing come to fruition as you go forward. And I will stop with that. I appreciate the work that you do. I know that you have far more requests than you have the ability to take care of and that seems to be what happens a lot of times in this building.

You know we have some tough decisions to make, but I appreciate the work that you do on these issues and I'll be happy to advance any more information that you may need if you find that so and would welcome any questions or comments at a later date. Thank you all for having me.

MR. JONES: We sure do appreciate you being here. Thank you so much for taking the time and helping us this morning.

MR. JACKSON: Okay. Thank you.

MR. JONES: Thank you, sir.

Ms. Alison Brock?

MS. BROCK: Good morning.

MR. JONES: Good morning.
MR. BOGANY: Good morning.

MS. BROCK: My name's Alison Brock. I work for Representative Sylvester Turner, and I was asked to present -- or read off a letter -- by a group -- a citizen group -- from our district in Acres Home concerning project 03236 I believe it is -- the Little York Villas.

And this is a -- the Acres Home citizen council represents several hundred citizens in this area -- in Representative Turner's district. This letter is from Charles Ingram, the president.

"I, along with several hundred members of the Acres Home citizen council, wish to offer our strong opposition to the proposed housing development, Little York Villas, to be located at Newman [phonetic] and West Little York.

"We are currently combating rampant crime and a housing project just across the street from this proposed development and feel certain that any further development would pose added risk to the children who play nearby in a park and the residents who strive every day to improve their lives.

"If this development is built, it becomes interwoven within the Acres Home community. Any problems that surface with this development become our problem.
Any victim of crime as a result of this development is an individual we must counsel and offer guidance to. Any trash or hazardous debris left in the area at this development becomes debris we are responsible for.

"Right now, if a citizen falls through the rotting wood porch of a housing project whose neglectful owner dismisses the complaints of rotting wood, this citizen is next on our list in need of housing repair.

"Right now any youth who walks by a housing project and is solicited to sell drugs at a nearby school on behalf of an older drug user, becomes the next youth we must visit in our county's juvenile facility.

"You all are here today to make a decision that will have a profound affect upon the quality of life for hundreds of children and residents in the Acres Home area. Once you all make this decision, it then becomes a property we are responsible for.

"We are proud of the Acres Home community and we will fight to maintain its integrity. We cannot serve our mission to protect our community if we are not given a vote in its development."

Thank you for the opportunity to express -- on behalf of the Acres Home citizen council -- thank you for the opportunity to express their comments.
MR. JONES: Thank you.

MR. CONINE: Could you repeat the project number and the title again?

MS. BROCK: Sure. It's project number 03236. It's the Little York Villas.

MR. CONINE: Little York Villas, okay. Thank you.

MS. BROCK: Thank you.

MR. CONINE: Thank you.

MR. JONES: Representative Rodriguez.

MR. RODRIGUEZ: Thank you, Mr. Chairman, members of the board. My name's Eddie Rodriguez. I'm State Representative for District 51 and that's here in Austin; it's south Austin, east Austin, and southeast Travis County. And I'm here to support -- to show my support -- for Campbell-Hogue and Associates and specifically the Villas on Sixth Street, which is application number 03160.

I just want to talk really briefly about my district. My district is predominately minority. It's 58 percent Hispanic or Latino and about 10 percent African-American. It is also a working poor and modest income district. It's -- about 74 percent of the families of four make under $50,000 a year.
So with that said, affordable housing is affordability. How to afford to live in the City of Austin, is really important to people in my district and particularly how to afford a roof over your head and still be able to have a good quality of life and save a little bit of money for the future.

So affordable housing is very critical in my district, particularly in east Austin, as Senator Barrientos mentioned earlier, where it's predominately minority and Hispanic in my district -- excuse me -- and were gentrification is threatening the historically minority community there due to its proximity to downtown.

Several months ago I wrote a letter to you folks expressing my support for Campbell-Hogue and the Villas at Sixth because I believe this development is a good example of how to do affordable housing the right way.

The Villas on Sixth has worked with the surrounding community. I know this because I've worked with the folks in the neighborhood. They were -- they had worked with Campbell-Hogue for a number of months; they have written letters of support; and Campbell-Hogue is committed, I think, to -- very committed -- to the community and the neighborhood plan, which is in place.
There are several neighborhood plans in that area where the community had worked for several years to get something together on how the people in that community want to see their part of town look over the next ten, fifteen, twenty years. And Campbell-Hogue is -- and the Villas on Sixth -- is an example of what the folks want to see.

The Villas on Sixth are committed to serving the residents by -- they're partnered -- partnering -- with the YMCA and they're offering onsite learning centers for after school or in programs and it's -- and that's very critical, I believe, to affordable housing in the district.

Another important aspect of the Villas on Sixth, as I was mentioning earlier about that area being so close to central -- in the central -- areas, that this is going to be the first urban infill development in Austin, which is -- and it's the only affordable housing development near the downtown core.

And that's very critical. It's critical for the City of Austin. You see that in larger cities as well, where minorities that live around the downtown area are gradually being forced out as downtown is becoming much more attractive to more folks.
And so this is really critical, I believe, in my district, to have this part of my district, which is close to downtown, have something that's affordable so the folks there may not have to -- in a short time -- have to leave gradually and maybe have somewhere to go and maintain the history and culture of that area.

And I understand that the Austin area is not currently earmarked for tax credits, but it is also my understanding that the dollars from other regions across the state can be redirected to the Austin area, and I would hope that the Villas on Sixth Street will be considered as a forward commitment project and thereby be considered for available dollars from other regions if there's enough unallocated funds available.

So you all have received letters from various neighborhood organizations, from a couple of state representatives and a state senator, from a U.S. Senator, from a U.S. Congressman, from the county judge and a county commissioner, and I'm just happy to be listed as one of those supporting the Villas and I'll be happy to answer any questions at this time.

MR. JONES:  Thank you, Representative.

MR. RODRIGUEZ:  Thank you.

MR. JONES:  We certainly appreciate you being
here.

MR. RODRIGUEZ:  Thank you.

MR. JONES:  Senator Parker?

MR. PARKER:  Former senator.

MR. JONES:  All right.

MR. PARKER:  I'm going to just answer

questions, if any questions arise about the three projects
on this --

MR. JONES:  I understand.  Okay.  I -- you

know, once you earn that title, it's looking like you

ought to get to keep it.

Donald Jones.  Donald Jones.

Vincent Dodds.  Mr. Dodds?  Yes.

MR. DODDS:  Can I defer until the project

that's coming up for review?

MR. JONES:  You certainly may.  Okay, Mr.

Velarde?  Mr. Velarde.

MR. VELARDE:  I'd like to defer to the regular

agenda?

MR. JONES:  You bet.  Nycole Estrada?

MS. ESTRADA:  Hi.  Good morning.  My name is

Nycole Estrada and I'm here to speak on behalf of the

Suncrest Community in El Paso, Texas.  I'm originally from

the island of Guam, and I'm studying at UTEP towards a

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nursing degree.

I was introduced to the tax credit program through a friend of mine who is already living in an affordable-housing community. Through her description of the property and lower income rents, we also decided to look upon this type of housing. My mother and I now reside at an affordable-housing community in the west side of El Paso.

And if it weren't for this program, we would be living with friends or family members. My current income allows me to afford a comfortable two-bedroom, one-bathroom apartment for less than $400 a month. Not only has this program been beneficial to us, but it is also very close to my job.

I know by being under the -- under this program, it has helped us a lot. It will help me a lot better in my future and in accomplishing my goals. I would appreciate your full support and approval of the Suncrest Community. Thank you.

MR. JONES: Thank you. Mr. Robert Jaime?

MR. JAIME: Good morning.

MR. JONES: Good morning.

MR. JAIME: My name is Robert Jaime and I'm here to speak to you regarding the Suncrest Community. I
recently moved from Phoenix, Arizona, back home to El Paso, Texas. Currently my father and I are residing in a tax credit community in the west side of El Paso. In the fall I will be starting my paramedic training.

Thanks to this type of program, it has allowed us to find housing at affordable price. I know from speaking with other residents where we live, this program has benefitted the quality of life for many people.

I hope that you will support this program now and -- excuse me -- now that it will continue to be supported in the future so that the families will, with lower income, have the same opportunities that my father and I have had.

We live in a nice quiet atmosphere in a community that takes pride in their homes. I personally feel that this program offers many family equal housing opportunities. My father and I would appreciate your approval and full support of the Suncrest Community.

Thank you for your time.


MR. JONES: Good morning.

MR. CONINE: Good morning.

MS. DE LA ROSA: Oh, that was loud. My name's
Lorena de la Rosa and I have been living in a tax credit affordable home for the past eight months. I reside there with my husband and my three children.

Before moving to the Cactus Roads Town Homes, I was living in a two-bedroom, one-bath apartment that I was being charged $475 a month -- that -- it's kind of big for that -- but I moved in to the Cactus Roads apartments. I live in a three-bedroom, three-bath and the rent's less than $500 a month, so that's great.

And the community itself, it's very convenient for my children just to walk to school. I feel that this program is not -- excuse me, I'm getting nervous.

I feel that this program is not only a benefit for this city but for the community itself. I have never had any -- I have never experienced -- any problems with the community or my neighbors. We are starting our neighborhood watch.

I feel proud to call Cactus Roads our home and I would appreciate your full support on Suncrest Community. Thank you.

MR. JONES: Thank you. Mr. Monty?

MR. MONTY: I'll defer to the line item, sir.

MR. JONES: Certainly. I'm going to mispronounce this name and I apologize ahead of time.
Yolanda Griner?

MS. GINER: It's Yolanda Giner.

MR. JONES: I'm sorry.

MS. GINER: That's okay.

MR. JONES: I apologize, I --

MS. GINER: I'd like to defer.

MR. JONES: Okay, thank you.

MS. CARRINGTON: You have one more chance to get it right.

MR. CONINE: Yes, that's right.

MR. JONES: Thanks so much. All right, here we go. Mrs. Bast.

MS. BAST: [indiscernible].

MR. JONES: I was hoping you would. Corrine Vonberg?

MS. VONBERG: I'd like to defer, please.

MR. JONES: Yes, ma'am. Mr. Monty, you're up again.

MR. MONTY: [indiscernible].

MR. JONES: Mr. Hartman?

MR. HARTMAN: I'll defer, Mr. Chair.

MR. JONES: Mr. Hilgers, Paul Hilgers?

MR. HILGERS: Thank you, Mr. Chairman, members of the board. My name is Paul Hilgers. I'm the Community
Development officer for the City of Austin and I'm here to speak on application number 03160, and to make just a few key points.

One is to support a senator and state representative and others that are here in favor of Villas on Sixth Street. I am in charge of the city's Neighborhood Housing and Community Development department and the Austin Housing Finance Corporation.

This particular project is extremely crucial to this part of Austin and I would impress upon you the criticality of timing and the opportunity for us to get this project funded.

This project is a vital opportunity to provide what will be complementary housing to the development that is occurring in this Fourth, Fifth, Sixth Street area. It will help provide an alternative and help stem the very increasing pressures of gentrification, which are occurring in this neighborhood.

This property will be lost to higher end market rate housing -- more market rate housing -- most likely if this property is not allowed to be developed at this time.

For these reasons the City of Austin is very supportive of this project. It meets all of our SMART housing standards, which means that it receives a special
development review and special advocacy through our process.

In fact, this project is so critical to Austin's development of the east side, that the Austin Housing Finance Corporation, the board of which is the city council, has decided that it will be a co-owner of this development.

So we request -- because of these factors -- we request that you move this to underwriting, and with all due respect, to staff recommendations -- being a staffer I obviously have serious respect for the recommendations of staff -- but because of the criticality of the timing of this issue, we would ask that you find a creative way to find alternative funding through forward funding, unclaimed resources or any other methods that you're available -- that are available to you, and I thank you for the opportunity to be able to speak in favor -- on behalf of this project.

MR. JONES: And we appreciate you being here.

MR. HILGERS: Thank you so much.

MR. JONES: Thank you so much. Mayor Garza?

Mayor?

MR. GARZA: Good morning, Chairman Jones and members of the board. I appreciate the opportunity to
address you this morning on a matter of importance to our community. It's the same matter that Senator Mike Jackson just earlier talked about.

My name is Carlos Garza and I am the mayor of the City of Texas City. I'm here this morning to ask you to consider an award of tax credits to the Village at Morning Star, project number 03189, who proposes to develop 78 units of senior housing in Texas City on approximately 5.3 acres of land.

The City of Texas City acquired this land back in 1996 for the purpose of developing senior housing. The site is a great location for senior citizens. It is one block from major shopping, including a grocery store, pharmacies, several banks, beauty salons and restaurants. It is also located in one of the city's enterprise zones.

In 1998, two years after the city acquired the property, the city built curb and gutters and infrastructure at a cost of about $300,000. It was subsequently rezoned multifamily which has been consistent with our city's comprehensive plan.

I think it's important to point out that there was no opposition by the residents in that area -- that live in homes in that area -- to this rezoning. And I think that's indicative -- I believe it's indicative -- of
the support that this project has in our community and the
recognition of our citizens of the need for senior housing
within Texas City.

We have also invested in upgrading the
utilities, the paving and sidewalks along a major
thoroughfare -- 34th Street -- which constitutes the
eastern boundary of the proposed site.

Since 1996 we have worked diligently toward
developing this housing for our senior citizens. We
selected an experienced developer with a strong track
record of producing affordable senior housing throughout
the State of Texas, DMA Development Company and its
president, Diane McGiver [phonetic].

To ensure a competitive proposal and one that
would be able to serve seniors with the lowest income, our
Housing Authority in Texas City has approved 25 units of
project-based housing choice vouchers on a ten-year
renewable contract. I understand that some applications
on the recommended lip have contingencies on getting extra
city funds. Ours are in place.

As I mentioned, we expedited the rezoning of
this site to comply with this authority's -- the housing
and -- this board's deadlines set by this Agency. This
project, as indicated earlier, has the support of Senator
Mike Jackson, for which we are exceptionally grateful, Representative Craig Allen and the County Judge, Jim Yarborough. We have also provided testimony to your staff at the Houston public hearing.

It is my understanding that this project has been assessed a score of 98, which I have been told is indicative of a worthy and deserving project. The Morning Star project has also applied for funds from TDHCA's Housing Trust to ensure the project's feasibility and the application received a score of 153, the highest score in Region Six and the third highest in the State of Texas.

This says to me that we indeed do have a quality project binding by these standards, but we are one point shy of making the scoring cut. I understand that you as a board are allowed to make your decisions from factors other than sheer points, and the factor that I would like you to consider is that of geographic dispersion and community need.

Texas City is a community of about 42,000 residents, yet we must compete with the Houston metropolitan area for funding in many programs, not just housing. Without a doubt, our needs are as great as those in Harris County and in Fort Bend County.

Our construction costs are the same. Our
insurance costs, because of our proximity to the coast, are a bit higher. But since our affordable rents are about 25 percent lower, and our markets do not support a larger, more cost-effective apartment project, we compete with larger metropolitan cities for funding such as this.

With the exception of the project selected for the rural set-asides, all projects recommended in Region Six, as indicated by Senator Mike Jackson, are located in the Houston SMSA. There is a total of 944 units, which includes 400 units of senior housing in Harris County and 182 units of senior housing in Fort Bend County.

Texas City, on the other hand, has never received an allocation of tax credits for senior housing.

In fact, the entire history of tax credit program, Galveston County, which has a population in excess of 261,000, has received only 32 units as senior housing tax credits.

This housing is needed in our community. We have approximately 300 seniors on a waiting list for 2 small HUD elderly projects and for housing choice vouchers. It is my understanding that you as a board have approximately $645,000 in credits to award.

Texas City respectfully requests $416,000 in credits. I am asking you to give every consideration to
selecting our community and this project for an award of
tax credits using the credits still available to you for
allocation.

Again, I appreciate your time, I appreciate
your attention, and most certainly appreciate your
favorable consideration of this project. Thank you so
much.

MR. JONES: Thank you, Mayor. Appreciate you
being here.

MR. GARZA: Thank you, Chairman Jones.

MR. JONES: Mr. Eduardo Hagert?

MR. HAGERT: Good morning, Commissioners, Ms.
Carrington, Chairman Jones, board members. My name is
Eduardo Hagert. I'm Senator Eliot Shapleigh's Chief of
Staff. Senator Shapleigh wanted me to read a letter that
he sent for the record. Is says the following:

"Dear Ladies and Gentlemen of the Board. This
letter is in strong support of the Suncrest Town Homes low
income tax credit development, application number 03223,
in El Paso. El Paso supports allocation of credits to
Region Thirteen and specifically this application in
support of the affordable housing needs of our community.

"I urge the board to give their full support to
this application in accordance with the qualified
application plan and the process adopted by the TDHCA board. Very truly yours, Eliot Shapleigh."

And he just wanted to add that the need for development for low income housing development in El Paso -- it's great and he just wanted to voice his strong support for this proposal. Thank you.

MR. JONES: Thank you, sir. Mr. David Saling?

Mr. Terry Campbell?

MR. CAMPBELL: Chairman Jones, board members, Terry Campbell, Campbell-Hogue and Associates representing Villas on Sixth. I think we've heard a number of good comments regarding our proposal and for a project that did not make the short list, I don't think I've seen more support.

I guess my question is, is there a way to add this particular proposal to the agenda so that it can be treated as an agenda item and at that point then the board would have the opportunity to consider sending that proposal to the underwriting staff. Is that something we can do today or -- ?

MR. JONES: I don't believe we can add things to our agenda. I would look at our counsel.

MR. WITTMAYER: The agenda includes all applications [indiscernible].
MR. CAMPBELL: Today.

MR. JONES: Perfect.

MR. CAMPBELL: It does. Thank you.

MR. JONES: So it can be considered, but we can't add it to the agenda.

MR. CAMPBELL: Well, in light of that then, I would simply ask that the board consider sending the Villas on Sixth to underwriting, in the event that there are tax credits available from 2003, return credits, or potentially 2004 carryforward. Thank you very much.

MR. JONES: Thank you, sir. Mr. Bobby Bolling?

MR. BOLLING: If I can defer until the agenda item?

MR. JONES: Mr. Arthur Fiero?

MR. FIERO: Good morning Mr. Chairman, board members.

MR. JONES: Good morning.

MR. FIERO: My name is Arthur Fiero. I'm from El Paso, Texas. I reside in District 8. Anthony Cobes, the mayor pro tem, asked me if I would come out and read the resolution that city council passed on June 17 in reference to the Suncrest Town Homes, project 03222.

Unfortunately, as many of you and many of us know, we're at the mercy of our calendars, the mercy of
our agendas, and the mercy of our wife controlling them. Anthony's out of town and he's going to be gone for a couple more days and he couldn't make this trip, but it was so important to him, he asked me if I would come down and read the resolution to the board, if you don't mind.

"The resolution that the City of El Paso expresses to the Texas Department of Housing and Community Affairs, its opposition of public-housing project known as Suncrest Town Homes, project 03223.

"Where Suncrest Town Homes is a partnership between the El Paso Housing Authority and Investment Builders, and whereas Suncrest Town Homes, project 03223, is proposed to be located in District 8, which is represented by Anthony Cobes, mayor pro tem.

"And whereas this project is proposed to be located near five other public housing projects, which has created an over abundance of public housing in the general vicinity and over 591 units existing and another 200 planned by the El Paso Housing Authority by the end of this year. Nine hundred and eleven within a quarter mile of the proposed site.

"Whereas Suncrest Homes -- Townhouse Homes -- will add another 160 public-housing units to the area which is reaching the point of discrimination by forcing
poor families to live in one isolated area with little or no flexibility to live elsewhere.

"And whereas the model of creating clusters of hundreds of families into a mass public housing project in order to accommodate local housing authorities has been a failure nationwide and whereas this [indiscernible] to assimilate disadvantaged poor families into working class society.

Signed by the mayor of El Paso, Joe Wardy.

I appreciate your time. I need to go find Senator Barrientos because -- for 165,000 -- million, I'm sorry -- you could put a little stool at this podium. Thank you.

MR. JONES: Thank you.

MR. CONINE: I've got a question.

MR. JONES: Go ahead. We have a question, sir. MR.

FIERO: Sir?

MR. JONES: We have questions.

MR. FIERO: Thank you, sir.

MR. CONINE: How is the El Paso Housing Authority board members -- how are they selected?

MR. FIERO: If I could defer that to the housing authority staff that's here. Again, I'm just a member of District 8 and I was asked to read the
resolution to the board members and the committee today.

    MR. SALINAS: I think they are appointed by the mayor.

    MR. CONINE: Are they?

    MR. SALINAS: I appoint mine.

    MR. CONINE: Well, they're different in every city and I'm just curious how they -- whether there was --

    MR. FIERO: It's my understanding -- but again, I would defer to the staff that's here from the El Paso Housing Authority.

    MR. CONINE: Okay. I can ask later.

    MR. JONES: Yes? Excuse me.

    MR. BOGANY: I had a question --

    MR. FIERO: Yes, sir?

    MR. BOGANY: -- and I guess this regards to the City of El Paso. Did you guys approve them building this apartment complex for the zone for that area and said, Hey, did it go through your standards of going through a planning and zoning commission there and was approved and you guys voted to approve this project?

    MR. FIERO: Again, I'm a constituent in District 8. I imagine it did go through on promises, but, again, I can defer to the staff from the El Paso Housing Authority that's here.
MR. BOGANY: Okay. I'd like to know that if they're here.

MR. FIERO: Yes, sir. They are here.

MR. BOGANY: Okay.

MR. FIERO: It's a -- it's like a bus load -- five loads here.

MR. JONES: If anybody -- just to kind of keep things orderly -- if there's anybody wherever -- the housing authority that has a witness affirmation form, if you would come to the podium now, I'll let you speak now and you can answer the questions and also provide us with your information.

MR. FIERO: Thank you for your time.

MR. JONES: Thank you, sir. I need you to identify yourself, sir.

MR. MONTIEL: Yes, and I'll fill out the form as soon as --

MR. JONES: Don't we already have a form?

MR. MONTIEL: No, sir, you don't.

MR. JONES: Okay. Right.

MR. MONTIEL: My name is Rudolph Montiel. I'm the president and CO of the Housing Authority of the City of El Paso.

MR. JONES: Thank you.

ON THE RECORD REPORTING
(512) 450-0342
MR. CONINE: How is the board selected?

MR. MONTIEL: The board is selected on staggered two year terms by the mayor.

MR. CONINE: By the mayor. So they're all appointees of the mayor.

MR. MONTIEL: Indeed.

MR. SALINAS: But you have a new mayor.

MR. MONTIEL: That is correct.

MR. SALINAS: You have a new mayor.

MR. MONTIEL: We -- the city has just selected a new mayor and four new council members.

MR. JONES: Mr. Bogany?

MR. SALINAS: This zone where these apartments are supposed to get approved today are zoned for --

MR. MONTIEL: They're zoned for apartment construction -- for multifamily construction.

MR. SALINAS: So there was no opposition as far as the area where they're going to be -- this area was selected for this kind of apartments?

MR. MONTIEL: Indeed. The zoning is with the property.

MR. SALINAS: Thank you.

MR. JONES: Yes, sir?

MR. BOGANY: So the City of El Paso has passed
the planning and zoning commission, and you guys, I guess, passed and voted as a city council this was okay to put these units here. Where my concern is, is then why would you turn around and do a resolution saying that you don't want the units there if you allowed them to get to that point -- to even get to us?

You know, it seems as though you passed them and then gave them to us and says you guys make a decision on it. And I do have a problem with the concentration of so many units in one spot. I -- and I don't see how the city council didn't have a problem with it.

I think the project, you know, the persons doing them, the companies doing this, you know, good project, do good units, but the issue I got, if you look at the map, they're all in one spot and I just don't understand why the City of El Paso -- and I met Mr. Cobes, he was in Dallas and he mentioned it to us there, and he gave me some information, then he sent me a letter so I -- I mean he's been kind of hitting me left and right with information about this project.

But I'm just curious, you know, looking at the map that we have that he sent to us, it just seems to be a heavy, heavy concentration.

MR. MONTIEL: Mr. Bogany, we at the Housing
Authority are equally dismayed that the information presented is erroneous. You can see 75 percent of our public housing units in El Paso are below the freeway in the predominately Hispanic south side of El Paso, Segunda Barrio, central area of El Paso, and the lower valley.

Actually, only 9 percent of our public housing units are on the west side of the city. So to characterize this as a concentration of public housing units is completely disingenuous. Moreover, within a quarter-mile area, the resolution cites 900-and-something public housing units.

The reality of it is, we only have 184 public housing units there; one community, the Jackie Robinson Community. As far as planning to build more, that's completely incorrect as well. In fact, a subdivision that we own across the street has just been sold to eleven private builders to create a market rate mixed income community.

So the Housing Authority has no more plans to build additional public housing units there on the order of magnitude specified in the resolution. In the mixed income community, we will be building ten single-family homes and we will put public housing families in there, and then convert those to private home ownership in the
very near future.

      MR. BOGANY: Question.

      MR. MONTIEL: Yes, sir.

      MR. BOGANY: The red dots there are the public housing --

      MR. MONTIEL: Yes, sir.

      MR. BOGANY: -- in the area? Where is this community located?

      MR. MONTIEL: This community -- and I'll speak louder, excuse me -- this community is located here.

      MR. BOGANY: Okay. So that's why you were saying the majority of the units are on the other side of the freeway?

      MR. MONTIEL: Right. They're all in here in the predominately Hispanic, much lower income areas of El Paso. So we believe that actually what we have done is attempted now to begin the process of deconcentration. This would actually be a good thing because we're building it on the affluent west side of El Paso.

      MR. BOGANY: Okay. All right.

      MR. SALINAS: I've always believed that the city and their plans on how they build their city -- they selected this area to be housing or -- I mean --

      MR. MONTIEL: Yes, sir. It conforms with the
master plan for that city --

MR. SALINAS: The master plan, and it --

MR. MONTIEL: -- and it was approved by the previous mayoral administration.

MR. SALINAS: Yes, and it is a good plan and we've seen the housing -- how they included the housing, the business there -- they've done a good job in El Paso, and I think this is a good project for them to have on the west side.

And we were -- later we went through that area and saw so many things happening to El Paso. I don't know why this resolution's coming out of city council. Maybe because it's a new mayor, but their plans are -- have always been -- outstanding and they're affordable homes and what they've done for this Agency has been very, very, very good.

And I think that the area was zoned for that and it should be for that and no question from us.

MR. MONTIEL: Yes, sir.

MR. SALINAS: My problem is when they don't zone it and they want to do something there --

MR. MONTIEL: Correct.

MR. SALINAS: -- you know, and we have a little problem with Houston and I'm only going to mention it
because they don't have any zoning.

They don't have any zoning; they can't control it. But we do have zoning in the rest of the cities. And thank God that we do that so we don't have any business getting into it, so just to prove this project would be a great thing for El Paso on the west side.

MR. MONTIEL: Thank you, sir.

MR. BOGANY: Thank you.

MR. MONTIEL: Mr. Jones, thank you so much for it.

MR. JONES: Thank you. Appreciate it. If you'd fill out the form and turn it in to the award committee. Thank you greatly. Mr. Robert Joy or Jay?

MR. JOY: I'd like to defer, please.

MR. JONES: Okay. Mr. Vaughn Mitchell.

MR. MITCHELL: No comment at this time [indiscernible].

MR. JONES: Okay, does that mean you'd like to speak at the agenda item?

MR. MITCHELL: Possibly so.

MR. JONES: Possibly, okay. Mr. George Fuller.

MR. FULLER: I have no comment at this time.

MR. JONES: There's a lot of that going around. Mr. Keith Puhlman.
MR. PUHLMAN: I'd like to defer to the agenda item, sir.

MR. JONES: Yes, sir. Mr. Trey Salinas. Mr. Salinas? Mr. Trey Salinas? Mr. McKinnon Morton? Mr. Morton?

MR. SALINAS: Sorry, Mr. Chairman, I just wanted you to be very sure to favor the Villas on the Sixth --

MR. JONES: Okay.

MR. SALINAS: -- application.

MR. JONES: We got you. Thank you. And you're Mr. Morton, right?

MR. SALINAS: Salinas.


MS. MORTON: That's okay.

MR. JONES: Ms. Morton.

MS. MORTON: Good morning. My name's McKinnon Morton and I would like to go on record in support of the Campbell-Hogue project of the Villas on Sixth.

MR. JONES: Thank you.

MS. MORTON: Thank you.

MR. JONES: Kalinda Howe.

MS. HOWE: Good morning. I, too, would like to
go on record supporting Campbell-Hogue's project Villas on Sixth, item number 03160. Thanks.

    MR. JONES: Thank you so much. Isaac Kinungi?
    MR. KINUNGI: [indiscernible].

    MR. JONES: Okay, do you want to wait until the agenda item?

    MR. KINUNGI: When you start on the agenda, right? Are you on the agenda? We want to appeal. It's on the agenda today? Oh, yes? And we can say anything?

    MR. JONES: Certainly. You can speak to the board, sir.

    MR. KINUNGI: Good morning.

    MR. JONES: Good morning.

    MR. KINUNGI: My name is Isaac Kinungi. I work for J & P Properties and ours in an appeal to the board regarding project number 03138 in Selma, Texas. Ours is an appeal to reinstate seven points that were denied due to two threshold items in the application which we feel should have solved and made [indiscernible].

    The two items -- one was the support letters and we received support letters from the neighborhood organization called Guadalupe Way United. And if look at their filed documents, is on number three. The Department argued that the record was not specific, but we believe
that it was specific since it mentioned the development city and ran closing bidders on the only proposed project in Selma.

However, when the Department sent the deficiency notice, we had a clarification from the same organization -- that is item number four -- and they clarified the project they were supporting was Ram Crossing [phonetic].

The other item, now on that item we were denied two points, which we appeal to the board to reinstate. On item number two was on the proof of delivery. We initially sent letters to the area representative, Elizabeth -- a Miss Jones -- as you can see on number eight.

And when we called the district, they confirmed that she represented the area.

We also have attached the same letter from the same representative who had endorsed on a similar project which was proposed in the area on an area application for the 2002 tax credit, which is a clear indication that she represented the area.

When the Department called the office, you know, to tell us the new representative was Edmund Grandfell [phonetic], we called the district and they said
according to the 2003 registration, that is the time which
was starting in the year 2000, he was the new
representative.

So we sent -- according to the Department
deficiency notice -- we wrote another letter to Edmund
Grandfell, which is on number seven, but the issue here
was the proof of delivery.

And when you go to the QAP, the QAP says the
proof of delivery is in the form of a certified mail
receipt and is not express it where -- whether the
certified mail receipt is from the U.S. Post Office or the
recipient.

Or when the recipient brought back the
certified receipt, it was not signed. And I took it to
the Department for clarification and it was not signed.
But they confirmed that they had received -- and it's also
attached in item number six.

Those were the two items that made the project
in Selma to be denied seven points, and we are appealing
to the board to reinstate the project so that -- to the
initial requested points, 94. Thank you.

MR. JONES: Thank you, sir. Yes?

MR. BOGANY: Can I ask the staff to respond to
him?
MR. JONES: Certainly.

MS. CARRINGTON: Mr. Bogany's asked staff to respond so Brooke Boston, who is the Director of MultiFamily Finance Production, would you like to address the issues that have just been raised?

MS. BOSTON: Actually, this appeal is not on the agenda today. It was received on Monday and is on the appeal for -- on the board agenda -- for July, so --

MS. CARRINGTON: Okay. Thank you.

MR. JONES: Thank you. Mr. Joseph Agumadu?

MR. AGUMADE: Good morning, Mr. Chairman --

MR. JONES: Good morning.

MR. AGUMADE: -- and the members of the board.

I'm here to speak on behalf of the developer regarding the Little York Villas, project number 03236. And last week, I was regarding a few positions [indiscernible] that's on record on the project.

Last week we had information that there was some opposition and -- from some of the residents. And yesterday there was a meeting held at 2:00 p.m. at the home -- Acres Home multipurpose center. It was attended by the president of the homeowners association, Reverend Ingram and twenty other residents. It was basically to discuss some of their concerns.
And we talked through all the issues and then we came to an agreement where we agreed to work together. Since then we received a letter -- or shortly before that -- we received a letter from the elected official, a state representative, Sylvester Turner, regarding the project.

Some issues was, you know, of concern and those are being discussed right now. And we have agreed to meet again in two weeks to hash some of the issues out.

Just for the record, I want to state that there are some, you know, very good support on this project from the -- some of the elected officials including the county commissioner and a city council member, Carol Mim Galloway [phonetic] and also just to kind of let you know that we have support on this project and I [indiscernible] to take that into consideration. Thank you very much.

MR. JONES: Thank you, sir.

MR. AGUMADE: All right.

MR. JONES: Mr. John Trevino?

MR. TREVINO: Good morning, Mr. Chairman, and members of the board. My name is John Trevino. I'm a board member of the Capital Metropolitan Transportation Authority. Excuse me.

This past Monday in a regular board meeting,
the Authority unanimously adopted the resolution which is being passed to you and which we approved and commend the Villas on Sixth for their endeavor.

Capital Metro, as we are known here in Austin, is itself involved in redevelopment adjacent to this property, Mr. Chairman, and we see a potential of mixed-use development in our area. This is the area that was described by Representative Eddie Rodriguez as one of low income minority, primarily Hispanic.

And now that this area has been vacant for many years -- I remember playing in this area as a kid -- and that area has been vacant. Now we have a private sector coming in and wanting to do something.

It is probably the only significant affordable housing project in Austin that I can remember. It is something that's sorely needed in our community. We think that this fills a need that our community has been asking for for a number of years.

I might point out also that the Villas on Sixth Street has worked very diligently with the neighborhood organizations that are situated there. And they have agreed to comply with the neighborhood planning process.

We think that this will be a tremendous addition to our community, so we ask you to look favorably
on the Villas on Sixth Street and give it your approval.

Thank you, sir.

MR. JONES: Thank you, sir. Frances Teran?

MS. TERAN: Good morning and thank you very much for the opportunity to address you this morning. I'm Frances Teran. I'm the president and CEO of the Mexican-American Unity Council in San Antonio, Texas, and I'm here to speak on behalf of project 03207, Velacio Del Sol [phonetic].

Prior to submitting an application for tax credits, we went through a lengthy process of reviewing the application requirements and targeting our limited resources to submitting the application and meeting all the qualifications of the application.

We were initially in the at-risk category and ranked number one under at risk and have subsequently been taken out of the at-risk category. We're here to request that we be placed back under at risk and have that -- restored to our number one ranking there.

We looked at the QAP, section 49.3 under definitions, and noted the definition of the development that would qualify it at risk and our proposal does meet those qualifications.

Velacio Del Sol is a 202 project. It is over
20 years old. It is located in downtown San Antonio on an incredibly prime piece of real estate that could be used for a number of other types of projects. However, we are committed to keeping that property as a senior-housing development.

The property is in need of repair because of its age -- plumbing, electrical -- the property is also not air-conditioned -- no central air -- so we would like to address all of those issues through this allocation of tax credits.

We feel that we meet the qualifications and that we should be placed back under that category. As I said, the property is extremely valuable. We are talking about not only preserving the 106 units of affordable housing, but also adding 94 additional units.

At any given time, we could, if we so desired, maintain a waiting list of over 600 people for -- to -- who want to live in the downtown area and in this location.

We are located immediately across the street from a hospital, we are two to six blocks from every major financial institution in San Antonio, we are a few blocks from a major grocery chain. It is an ideal location. Just by getting on a city-operated trolley, our residents
can be in the downtown area in a matter of minutes.

We are requesting that this be reconsidered and
we would also request that if we cannot receive this
allocation of tax credits in this round, that we would be
considered for a 2004 forward commitment. Thank you.

MR. JONES: Thank you. Mr. Stuart Shaw?

MR. SHAW: Chairman, I want to defer.

MR. JONES: Mr. Paul Sedanta?

MR. SALDANA: Paul Saldana. I just want to be
shown on record as supporting the Villas allocation.

MR. JONES: Thank you. Mr. Frank Fuentes?

MR. FUENTES: Mr. Chairman, honorable members
of this committee. May it please the board, my name is
Frank Fuentes. I am the chairman for the United States
Hispanic Contractors Association and I am here in support
of the Villas on Sixth Street, which is application number
03160.

This is a $17 million project. The economic
impact that a $17 million project would have in the
community -- I can't even begin to tell you the impact --
it would be tremendous.

But more importantly, the people that would
work on a project of this size, of this nature, it would
provide them -- I'm talking about the laborers, I'm
talking about the roofers, I'm talking about the people that will actually dig the trenches to lay the plumbing lines -- people that sometimes don't earn that much money -- not only will they get an economic opportunity, but they would also have an opportunity to live in a place -- because this is a project that would provide -- has an 85 percent restricted rent.

Here is an opportunity for not only for people to build the project, but also an opportunity for them to live in a project that they will build. These are people that consistently build other people's dreams, but here they are going to be able to not only work on the project, but fulfill their own dreams.

So, sirs, madams, I would respectfully and humbly ask that you would send this project for underwriting. I'm not sure what the procedure is, but if there is a possibility, I would humbly request that that would happen.

Again, Mr. Chairman, and honorable members of this board, I thank you for this opportunity and, again, thank you.

MR. JONES: Thank you, sir. Mr. Donald Jones?

MR. DONALD JONES: I'll defer comment.

MR. JONES: Rose Estrada?
MS. ESTRADA: Good morning.

MR. JONES: Good morning.

MS. ESTRADA: My name is Rose Estrada and I am from east Austin and I have a small business on East Sixth where the Villas on Sixth, application 03160, and I am here in -- to say that I hope that you approve the monies or whatever -- this is new to me -- but like the gentleman was saying in the Hispanic contractors association -- is -- it is very vital -- that we need that housing project in that area.

Not only that, we need for the economy development in that area, plus the redevelopment of that area because of a lot of that area is decayed. So we need something new in that area and I hope that you will approve whatever is needed to place it there.

MR. JONES: Thank you, ma'am. Now at this point in time we will close our period of public comment. I believe I have called on everyone who's filled out a witness affirmation form.

And with the exception of those individuals who deferred to the agenda item 2B -- I believe everyone wishes to speak to 2B -- you have been called. Has anyone not been called?

(No response.)
MR. JONES: We will be in closed until the time for public comment. With that and with the board members' permission, it would be my suggestion that we take a -- excuse me? Yes, ma'am?

I would like to take this opportunity first to thank Senator Royce West for graciously allowing us to be here today and sponsoring us for this building. I would also like to recognize and thank Nancy Bragg from the Lieutenant Governor's office who is here. Nancy, thank you for being here. Eric Opeilia?

MS. CARRINGTON: Opiela.

MR. JONES: Thank you. Appreciate you, Eric.

MS. CARRINGTON: He'll get it right, Eric.

MR. JONES: I'm getting there. And Jeremy Mazur from Senator Bill Callegari's office. We appreciate you being here. Thank you all for being here. With that, and with the boards permission, it'd be my suggestion we take a five-minute break, then we'll turn to item one on the agenda.

(Whereupon, a short recess was taken.)

MR. JONES: We'll turn, with the board's permission, to Item 3A-1. Ms. Carrington?

MS. CARRINGTON: Thank you, Mr. Chairman. We'd like to move to Item 3A-1. In case there's anybody in the
audience that is here for the awarding of the HOME funds in single family, we did post this notice on our website earlier this week, and I'd like to read the statement that we have on our website into the record.

"The 2002-2003 Home Investment Partnership program funding recommendations scheduled for the June 25, 2003 board meeting have been postponed until the TDHCA July 30 board meeting. We apologize for any inconvenience this may have caused.

"The postponement is due, in part, to scoring ties that occurred in several of the uniform state service regions and a delay by HUD in the signing of TDHCA's 2003 grant agreement. In some instances, applications that had scoring ties were not awarded a pro rata share of the remaining regional funds.

"Correcting these award amounts may affect other applicants who previously were recommended for funding. In an effort to be fair and consistent and accurate for all applicants, TDHCA staff has requested that the recommendations be postponed to correct any discrepancies.

"This will result in the presentation of all single family and multifamily HOME funding recommendations being made at the July 30 TDHCA board meeting."
Thank you.

MR. JONES: Thank you and we appreciate your help in that regard. I would also just like to point out to my fellow board members that the July board meeting will probably be delightfully long, so we will get to spend a lot of time together and if I can't see Mr. Conine at least every week, I just miss his pretty face too much, you know.

Speaking of Mr. Conine, let's turn to Item 1 on the agenda. Mr. Conine.

MR. CONINE: Thank you, Mr. Chairman. We've got two multifamily mortgage revenue bond proposals. Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Chairman. Before I go to those, I have two things I want to say and the first one is that I want to thank the TDHCA board members for you all's dedication and your commitment and for your willingness to have two board meetings in June. You'll notice that we have 100 percent of them here today. Delores does a wonderful job and we thank you all for being here. I appreciate that.

MR. JONES: She hounds us to death. And I would like to note that you're being very gracious about the two board meetings because it -- but just for the
record, it was done over the Chairman's protest. Vehement
protest.

MS. CARRINGTON: Vehement protest.

MR. JONES: And screams.

MS. CARRINGTON: Yes.

MR. JONES: Thank you.

MS. CARRINGTON: Yes. Thank you, Mr. Jones, for being here, and the rest of the board members. And the second thank you I'd like to provide is to the Multifamily Finance Production staff who have the bulk of the agenda today, and that is for the recommended list for the tax credits, and also for the recommendations on the housing trust fund awards.

If I may, Mr. Jones, may I ask our Multifamily Housing Production staff to stand up?

MR. JONES: Yes, ma'am.

MS. CARRINGTON: All right. I'd like to stand up and acknowledge you all. Thank you.

MR. JONES: That way everybody will know who to shoot at. You all thought she was being nice.

MS. CARRINGTON: With that, Mr. Conine, I will move to the first item on the agenda, the Timber Oaks Apartments, Grand Prairie, Texas. This is a 264-unit proposed new construction development.
It's a priority one bond transaction. It has a tax-exempt and a taxable component, 10,900,000 in tax-exempt bonds with an interest rate of 6.75; 2,300,000 in taxable bonds, interest rate of 8.75.

The anticipated closing date of this transaction is July 22. The amount of the tax credit allocation that is being recommended by the Department is $640,007 in tax credits. On the tax credit recommendation, there was one condition -- well, there are three conditions to commitment, which are our fairly standard conditions -- however, condition number two, receipt of evidence of consistency with the local consolidated plan of Grand Prairie by the date of the board meeting, or staff recommendation will be rescinded -- we have received a copy of the consolidated plan of the City of Grand Prairie and we have reviewed the plan and believe that it is consistent with the consolidated plan of Grand Prairie.

With that, Mr. Conine, I will end.

MR. CONINE: Let me move for the adoption of the mortgage revenue bonds for the Timber Oaks Apartments, now not to exceed 13,200,000, and the tax in the issuance of determination notice in the amount of $640,007 for low income tax credits and that's resolution number 03-50.
MR. BOGANY: So -- second.

MR. JONES: Motion's been made by Mr. Conine. It's been seconded by Mr. Bogany. We have a motion on the floor. 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 oppose the motion say nay.

(No response.)

MR. JONES: The motion carries.

MR. CONINE: Want to go on to the second?

MS. CARRINGTON: Yes, sir.

MR. CONINE: Go ahead.

MS. CARRINGTON: Okay. Item 1A-2 on the agenda, the proposed issuance of multifamily mortgage revenue refunding bonds for Reading Road Apartments in Rosenberg in an amount not to exceed $12,200,000.

The issuance of these bonds initially was approved by the board in January of this year. The board was told at that time that the development would be coming back for a refunding.

There's a Freddie Mac commitment, a Freddie Mac credit enhancement involved in this transaction, and the developer was unable to get Freddie Mac on board in time
in January, and so when the bonds were issued, the bonds were issued as a private placement in January.

The restructuring of this transaction is still the same amount of funds, it's $12,200,000; $10,250,000 in tax-exempt; $1,950,000 in taxable bonds. However, with this restructuring of the transaction, it is substantially lowering the interest rate, also providing credit enhancement, triple A rated bonds on the transaction.

It is currently under construction and the Department staff is recommending the refunding of the bonds for Reading Road Apartments.

MS. ANDERSON: Move.

MR. CONINE: Move.

MR. SALINAS: Second.

MR. JONES: The motion to be included --

MS. ANDERSON: Second.

MR. JONES: Was that --

MS. ANDERSON: Well, I moved --

MR. JONES: I think Ms. Anderson made the motion initially.

MR. SALINAS: I seconded. Can it be approved?

MR. JONES: And the Mayor seconded it.

MR. SALINAS: Could I ask the maker of the motion if she'd accepts the resolution 03-51 on that one?
MS. ANDERSON: Absolutely.

MR. SALINAS: Thanks.

MR. JONES: We have a motion on the floor. It's made and seconded. Further questions, comments, discussions? 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 the motion, please say nay.

(No response.)

MR. JONES: The motion does carry.

We will then turn to Item 2A on the agenda.

Ms. Carrington?

MS. CARRINGTON: I'd like to ask my Chair of the finance committee if he likes his colored maps.

MR. CONINE: I love them.

MS. CARRINGTON: Okay. Thank you, Mr. Conine.

The next item on the agenda is the issuance of determination notice, tax exempt bond transaction with a local issuer. And the local issuer on this transaction is the Capital Area Housing Finance Corporation.

The property is located in Cedar Park, Texas, Cedar Park Ranch Apartments. The Department is recommending a credit allocation in the amount of
$413,771. This transaction is a priority-one bond transaction.

It is proposed to be an elderly -- a transaction for elderly residents, and also proposed to have home funds allocated from the Department with this transaction.

And staff is recommending the issuance of the commitment notice for $413,771 in low income housing tax credits.

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MR. JONES: We have a motion by Mr. Conine. I think it's been seconded by Mr. Gonzalez. Further questions, comments, discussions?

MS. ANDERSON: I have a question --

MR. JONES: Yes.

MS. ANDERSON: -- please. This development, you know, includes a HOME award, and I -- if I read the underwriting report correctly, it indicated that the HOME award is not necessary for the deal being financial feasible and so I was trying to understand why we are doing that -- why we're proposing that.

MS. CARRINGTON: If I may, I'd like Tom Gouris to respond to that, Ms. Anderson.
MR. GOURIS: Tom Gouris, Director of Real
Estate Analysis. We underwrote the transaction with the
HOME funds included because there is a concurrent
application for HOME funds.

It -- they would meet all of our requirements
for HOME funds, and therefore we would recommend them if
we were making HOME recommendations today. That will
probably happen next month at the July meeting.

The need for the HOME funds is there in that
the developer fee -- more of the developer fee -- would
have to be deferred without those HOME funds, and so the
cushion that's in the transaction would be better with the
HOME funds included.

MS. ANDERSON: I'm just looking at -- okay,
well it's -- so then the application -- or the
underwriting report -- indicates that the proposed
deferred developer fees amount to less than 15 percent of
the total fees? Let's see -- so what would happen to the
HOME -- what would happen to the deferral of developer
fees if the HOME -- the loan -- was not in the deal?

MR. GOURIS: It -- they would go up by a
million dollars.

MS. ANDERSON: By a million dollars?

MR. GOURIS: Yes, but --
MS. ANDERSON: So we didn't send it?

MR. GOURIS: Right. No, the entire HOME amount would have to be filled with deferred developer fee.

MS. ANDERSON: Okay, I'm with you. And then I have one other quick question, okay.

MR. CONINE: Of Mr. Gouris?

MS. ANDERSON: In the market study, when they talk about the low end market, submarket demand for rental units, on page 4 the underwriter indicates there's a demand for 57 to 99 senior rental units per year and then this says we're -- this is a proposal for 180 units -- so what am I missing? I'm not used to seeing that kind of specific language around senior units, so I --

MR. GOURIS: It's based on household -- it's based on growth.

MS. ANDERSON: On growth.

MR. GOURIS: Yes, that's the growth amount of the demand.

MS. ANDERSON: Okay. Thank you.

MR. JONES: Further questions, comments, discussion?

(No response.)

MR. JONES: We have a motion on the floor. It's been seconded. I assume we're ready to vote, then.
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 motion carries.

We will then turn to Item 2B on our agenda, and at this point we will take public comment on Item 2B on the agenda. First one is Mr. Vincent Dodds. Mr. Dodds.

MR. DODDS: Thank you, Mr. Chairman, board. I've come to show my support and I'm in favor of the Suncrest Town Homes in El Paso, Texas, property number 03223.

MR. JONES: Thank you, sir.

MR. DODDS: Thank you.

MR. JONES: Mr. Alfonso Velarde? Mr. Velarde?

Mr. Monty. I think Mr. Monty will speak to both Whispering Sands and Suncrest Town Homes.

MR. MONTY: Thank you. Chairman Jones and board members, I'm here today to speak on behalf of Suncrest Town Homes. My name is Ike Monty. I'm president of Investment Builders. We're partnering with the El Paso Housing Authority of the City of El Paso. This project is before the board and has staff approval.
I know that many of you have been to El Paso and, if you remember, one of the other developments that you toured was also on the west side of El Paso. The west side of El Paso is the more affluent part of the city.

The west side of El Paso has better schools, better shopping, better services, new libraries. If you're in El Paso and you want to live on the west side, the Suncrest Town Home community will have 16 market rate units, 144 affordable units.

This is an opportunity for lower income families to live on the west side. The project is zoned for multifamily and we stand behind our statements earlier that we believe that the affordable housing should be disbursed throughout the city and there is a lack of affordable housing on the west side.

This is not a public housing development. I usually when I speak in front of various municipalities, I always let them know that if there's a problem, they have my number and there -- this is not, again, a public housing project. I'm accountable to you, the board, and if there's problems, I've always been -- there hasn't been many, if any, but I've always taken care of them.

We followed the QAP, we have the second highest scoring nonprofit development in the city, and we look for
your favorable consideration. We appreciate the hard work of the staff and we think that we’ve always been a good partner with this board. Thank you very much for the time.

MR. JONES: Thank you, Mr. Monty. Yolanda -- I'm just going to leave it at that, so Conine won't make fun of me. He's hurt my feelings today.

MR. BOGANY: He called you a lawyer?

MS. GINER: Good morning. I'm happy to fill in that blank, it's Giner, Yolanda Giner.

MR. JONES: Thank you.

MS. GINER: I am just here in support of the Suncrest project and I really don't have any other comments but that. Thank you.

MR. JONES: Thank you so much. Cynthia Bast?

MS. BAST: Good morning. I'm Cynthia Bast from Locke, Liddell and Sapp. I'm here in support of the Suncrest Town Homes, project number 03223. It is the number two scoring project in the nonprofit set-aside in this state.

Your board establishes a QAP that has selection criteria that articulate your priorities for what you think makes good housing in this state. And Investment Builders studied those priorities and put together an
application that creates a very desirable project and thus
their number two score.

The town home style project, mixed income units
for the lowest income, which is a TDHCA priority, it
involves a nonprofit and a HUB, additional special
financing available from the housing authority and it's on
the west side of El Paso in a very desirable area.

It's unfortunate that this new city council,
they don't -- only been on the job a couple of weeks when
they passed this resolution -- seems to misunderstand this
project on several levels. They seem to misunderstand it
as referring it to as public housing, which it is not;
referring to a concentration issue, which you have
previously seen was dispelled.

But we're confident that we can educate this
city council on why this is an important affordable
housing project for the City of El Paso. And we
appreciate the staff's recommendation that this project be
placed on the list. Thank you.

MR. JONES: Thank you. Corrine Vonberg?

MS. VONBERG: Good morning. Corrine Vonberg.

I'm --

MR. JONES: Good morning.

MS. VONBERG: -- glad to be before you again
one more time and to let you know that I am in full
support of this project and would appreciate your support
as well. Thank you.

MR. JONES: Thank you. Bobby Bowling?

MR. BOWLING: Good morning ladies and
gentlemen, members of the board, Ms. Carrington. I'm here
to speak in favor of my projects in El Paso, Tropicana
Palms, Capistrano Palms and Diana Palms. The first thing
that I'd like to point out to you all is that my project,
Diana Palms, scored 107 points. It is the highest-scoring
project in the State of Texas.

My other two projects scored 106 points,
Capistrano and Tropicana Palms. You have four projects in
the State of Texas that have made it through to this
point, that scored 106 points, two of them are on the list
recommended for funding and the other two, mine, are not.
Also, by the way, your Diana Palms 107 score is not
recommended for funding.

Now I understand the set-aside process and I
understand how a project like mine can get squeezed out.
I understand that there's nonprofit set-asides mandated by
the federal government. You all have elderly set-asides,
rural set-asides and at risk, acquisition rehab set-
asides.
However, I do think that -- also my projects have a tax credits per unit value that are less than the bang for the buck from TDHCA tax credits on my projects. If you did the calculation, you'll find that I'm asking for less tax credits per unit than just about every project in the state.

Getting back to the set-asides, I understand the social needs and the political process of needing to fill those set-asides, but I also understand that you set up a scoring system, as Ms. Bast just eloquently presented to you, that sets forth your social and kind of political criterion that you look for in a project. I did that.

I make an emotional appeal to you at this point, from my personal point of view. I examined your QAP thoroughly and I put together a project with more social services, more social criterion than any other project in the State of Texas.

I understand, again, the set-aside criterion, but what I'm appealing to you about today is, I saw in your board book because I reviewed it on the internet last week, that you all still have $650,000 of unallocated funds in this round that the federal government has given you to spend.

And I understand there's other applicants that
aren't on the staff list, that are going to kind of be competing for that money, or maybe you're going to get a presentation from staff as to what to do with that money. I think that in this instance, when you have the highest-scoring projects in the state not recommended for funding, and you have money left unallocated, that this is a natural, to go ahead and fund these projects.

You also have future forward allocation commitments that the federal government allows you to set aside -- I think up to 10 percent for next year. And you all made a policy decision, I think last year, that at least you communicated to the developers at the workshops, that those were going to be used for specific instances and just kind of very extreme circumstances. I think these projects are one of those extreme circumstances.

I couldn't have scored higher, really, on the projects that I presented as evidenced in comparison with the rest of the state, and I followed the rules in your QAP and I attempted, I think, and accomplished, the accomplishment of your goals better than any other applicant in this state. And I think it would be wrong not to fund my projects.

I also have the support of my state reps and my state senators that have come before me to represent the
other project in El Paso. All their sentiments are contained within my application. I didn't ask them or represented to them to come reiterate their letters of support in your projects.

And that's -- that pretty much takes care of what I wanted to say about my projects, but if you would allow me, Chairman Jones, indulge me a little bit to give you some information about the process in El Paso because I think there's some misinformation that's being circulated this morning?

The way these projects work, and with the project that's come before you with so much controversy this morning, this Suncrest project, that's a site that is across the street from the largest low income housing tax credit project that's ever been awarded in the City of El Paso, 128 units. It's across the street literally.

There's a big point of contention with the Housing Authority's attorney with the resolution that was presented to you here today. And I'm aware of all this because I watched the hour and a half debate at city council that occurred 10 days ago in my city.

Their definition of public housing seems not to be the same as the City's definition of public housing. The City's using the term "public housing" as kind of a
catchall for any subsidized housing, not just subsidized by Section 8 housing authority. Tax credit, migrant farm workers, other Section 8 housing, other public housing projects in the area.

I think you all don't -- are not -- getting the whole story this morning from the presentations that have been before you. And Mayor Salinas, to answer your questions about the planning and zoning, I examined this parcel in preparing for this application round.

This project was already zoned for multifamily. The point of contention with our city council is not whether or not it is zoned or planned, it's a question of concentration as Mr. Bogany stated.

Whether it's multifamily is not anybody's point of contention. It's the type of multifamily. All the 60 percent AMFI and below that's concentrated in this one quarter-mile area. Like I said, I examined that project and I'd examined that site in preparing my applications. I turned away from it. I, frankly, didn't think it would even meet TDHCA's concentration policy.

Another big point of contention that was made true at that city council meeting -- and this is my last comment and then I'll sit down -- one of the big points of contention at that city council meeting that took place 10
days ago, is you have our public governmental entity, the
Housing Authority of the City of El Paso, 51 percent owner
of this project through a nonprofit that they wholly and
totally control. This project did not go out to bid. We
have 80-plus builders and developers in the City of El
Paso that would have loved to have bid a government-
housing authority City of El Paso project.

This was brought out before our city council
and, frankly, that's why a lot of them voted against this
project. There's a lot more to this story than can be
given, I think, in the five minutes that we all have to
speak here, but I would urge you all to look strongly at
all the background information that you receive on that
project.

The resolution from the City of El Paso -- our
city is so pro-affordable housing -- El Paso, Texas -- we
have never had even a city rep, let alone our entire city
council, oppose an affordable housing project in the City
El Paso.

This is an unprecedented resolution that you
all have received from the city council of the City of El
Paso. We have a new mayor. The mayor voted, on record,
in opposition of this project. So, you know, I would urge
you to not look past the --
MR. SALINAS: Are you saying you're against Suncrest?

MR. BOWLING: Yes, I --

MR. SALINAS: Well then that's what you need --

MR. BOWLING: -- I'm competing --

MR. SALINAS: -- to tell us.

MR. BOWLING: -- with them, Mayor Salinas. I was --

MR. SALINAS: That's what you need to tell us, not --

MR. BOWLING: -- wanted to point that out.

MR. SALINAS: -- cloud this because we've stated before that we don't want to get into arguments that -- what happens -- if you all don't like your plan, then you need to go back and hire somebody to do a comprehensive plan in El Paso. I don't think this Board has anything to do with that fight.

I mean you all have your zoning, and that's all we need to know. I think we have adequate staff that's given us some good recommendations. And I don't think we should argue with those staff unless we've gone over them and we have our recommendation.

Now you're here telling us about your projects, then you get off on the left hand and tell about the other
project. Now are you here on this item to speak against
Suncrest or speak in favor of your projects?

MR. BOWLING: Well, Mayor, I apologize if
I've --

MR. SALINAS: No, I mean --

MR. BOWLING: -- upset you, but I was trying
to --

MR. SALINAS: -- I just don't understand --

MR. BOWLING: -- provide some clarity.

MR. SALINAS: -- are you in favor of your
projects as you're telling us --

MR. BOWLING: Yes, sir.

MR. SALINAS: -- then you also wanted -- you
should have gotten on the item that we had Suncrest on,
and gotten up and opposed it. But you're getting up out
of hand here when you're directing and blaming us for
something that you all should take care of in El Paso.

And that's -- if you all don't like what you
have over there, then go out there and hire somebody to do
a comprehensive plan. If you have too much housing, then
go back and find somebody to do a comprehensive plan and
saying you do that. But we have to work with what we have
right now.

MR. BOWLING: Yes, sir. I understand.
MR. SALINAS: And I don't think we should be involved and you have a new mayor, and fine, he's got some time to replace the people on the housing authority because he's -- that's his authority -- but for us to get involved right now, we already have the recommendations and I think they're good recommendations that we've gotten.

MR. BOWLING: Yes, sir. I understand.

MR. SALINAS: And if you all don't like what's going on in the project then, replace everybody on the housing authority board.

MR. BOWLING: Yes, sir. I understand, Mayor.

MR. SALINAS: But we have nothing to do with that.

MR. BOWLING: Yes, sir. I understand.

MR. SALINAS: And I keep saying that, you know, and I hope we can get it straightened out.

MR. BOWLING: And I was just trying to provide some clarity on some of the --

MR. SALINAS: Well we have gotten that clarity, and I think you should have made -- you should have gotten -- your point when Suncrest came about and spoken against the project. I don't see them saying anything about your projects.
MR. BOWLING: It -- yes, sir.

MR. JONES: There's another board member that like to raise a question. Mr. Bogany.

MR. BOGANY: I had -- where's your projects located --

MR. BOWLING: My projects are located --

MR. BOGANY: -- compared to the west side where 9 percent and then the other side is supposed to have 70 percent -- where's your projects located?

MR. BOWLING: I did a 36-unit project on the west side of El Paso last year. It was allocated tax credits. My current projects are, I have one central east El Paso, right near central and east El Paso. One of the far east side of El Paso off of Montana Avenue, and then one in northeast that's kind of an infill project in the inner city of northeast El Paso.

MR. BOGANY: Okay. Could I have somebody from staff to explain to me how we got 106, 107 and did not get a project there and didn't we have the lower scores, or did I understand one of them or set aside because it's a nonprofit so I understand that point, but I'd like to know why -- was it just the way it wrote out?

MS. CARRINGTON: Mr. Bogany, I'd like to ask Brooke Boston to respond to that.
MR. JONES: And if we could -- does anybody else have any questions for Mr. Bowling? Since they don't, Mr. Bowling, thank you very --

MR. BOWLING: Mr. Chair, if you -- if I -- could pass these charts out, it shows the scoring breakdown of each project. I've brought copies.

MR. JONES: If you give that to Delores, she'd be happy to pass it out. Thank you, Mr. Bowling, we appreciate your time and information.

MS. BOSTON: Thank you. My name's Brooke Boston. I'm the Director of Multifamily Finance Production. The way we handle the recommendations this year is -- because we have the different set-asides, we wanted to make sure first that the set-asides are met. That's our first and foremost effort.

We went through each set-aside and made sure that within the set-aside we were taking the highest-scoring developments. Depending on how over- or undersubscribed the region may have been depended on how far down through a set-aside we may have gone. When I say down, I mean if you put them all in scoring order, highest to lowest.

That being the case, to meet the set-asides, they -- each development obviously just happens to be

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wherever it is. So you go through the set-aside, you make
sure it's met. When you then plug those into whatever
regions they happen to be, some regions there's still
money left for something that's only general, and some
regions there's not. In this case, Region Thirteen is one
where every single one that we're recommending happens to
be satisfying a set-aside and then there were no credits
left for anything in the general set-aside.

   There were a couple of regions where that
happened and this is one of them.

   MR. BOGANY: And so basically your set-aside
regions -- and if I remember last time, we said we wanted
to try and get some set-asides in those areas as a
priority -- so you kind of followed what we told you to go
and do -- so -- and I guess generally -- it wasn't any
general set-asides at all in that Region Thirteen?

   MS. BOSTON: Correct.

   MR. BOGANY: Okay. All right, thank you.

   MS. CARRINGTON: Thank you, Brooke.

   MR. JONES: Yes, thank you, Brooke.

   MS. BOSTON: Sure.

   MR. JONES: Keith Puhlman?

   MR. PUHLMAN: Mr. Chairman and board, my name
is Keith Puhlman. I'm the CFO for Investment Builders and
I'm here in support of the Suncrest Townhomes Communities.

I'd like to just make a few comments. Number one, there is a low income housing tax credit project -- it's a little bit -- it's across the street and down the street a little ways -- it's 128 community -- unit community. They have 112 people on the waiting list to get in there, and there's only 16 section 8 vouchers in that community, so -- and it has an average occupancy of 99 to 100 percent since inception.

So I believe that this, you know, presents adequate support for a demand in that area. It's a very desirable area to live in. I invite you to visit the site yourself, if you haven't. There's some very high class apartments right next door to where we're building this community.

And then also on the fact of the city council vote in El Paso, it was a split vote, four to four, and the mayor had to cast a vote to break the tie. And he supported the individual -- the councilperson -- whose district this is in. And by the way, this district is right on the borderline -- it's right across the street from Susan Austin's district, which she was strongly in support of this project.

And the housing authority, we approached
them -- you know, they didn't do anything illegal. We've
gotten -- you know -- have a long history of relations
with other nonprofits and we chose to ask the housing
authority if they were interested in this project. So if
there are any questions?

MR. JONES: Thank you, sir.

MR. PUHLMAN: Thank you very much.

MR. JONES: Appreciate it. Mr. Robert Joy?

MR. JOY: I'll pass.

MR. JONES: Mr. David Saling.

MR. SALING: Good morning, Mr. Chair, members
of the board, Ms. Carrington. My name is David Saling. I
am in support of the Villas on Sixth Street application
and would request, as many others have requested from you,
to ask to pass -- send this application to the
underwriting process -- excuse me -- and consider it for
funding through -- for commitment or any other sources of
credits that may be available during this credit cycle.

Also, as the project manager for this
particular application, I'm the closest to it, so if there
are any questions you might have of any particulars, I'll
be available to answer those.

MR. JONES: Thank you, sir.

MR. SALING: Thank you.
MR. JONES: Appreciate it. Mr. Michael Hartman?

MR. HARTMAN: I'll pass, Mr. Chairman.

MR. JONES: Mr. Vaughn Mitchell?

MR. MITCHELL: No comment, sir.

MR. JONES: Mr. George Fuller? Mr. George Fuller. Going, going, gone. Mr. Stewart Shaw? Mr. Shaw's not here?

MS. CARRINGTON: He's gone.

MR. JONES: He's gone. Mr. Donald Jones?

MR. JONES: Thank you. Mr. Alfonzo Velarde?

MR. VELARDE: Yes, sir. I did get contact. I thought my name was called when I was outside and I apologize for that. I only had one statement that I'd like to clarify on behalf of the bidding process. I'd like to say that -- I'm Al Velarde. I'm with the housing authority of the City of El Paso -- and the process falls -- followed when Mr. Monty and Investment Builders approached the housing authority to discuss this issue with us.

We discussed the issue with our legal advisors and they assured us that we were certainly within federal and state regulations. We then approached our board and we held meetings in accordance with the Open Meetings Act.
and we discussed the issue at our board meetings in order
to have our board publicly state that we are in support of
this partnership.

And I just think that this is important to
clarify so that the issue of the notice -- public
notice -- it was there.

MR. JONES: Thank you, sir. At this point in
time, I believe I have called every one who has submitted
a witness affirmation form. Is there anybody who I have
missed? Anybody that I've missed? At this time we will
totally close the opportunity for public comment and I do
want to thank everyone who has provided us with
information. And we turn our attention back to 2B, and I
believe it's time for the staff to make their
presentations.

MS. CARRINGTON: Thank you, Chairman Jones.
Section 2306.6724 of the Texas Government Code requires
that the board shall review the recommendations of
Department staff regarding applications and shall issue a
list of approved applications each year in accordance with
the qualified allocation plan not later than June 30.

Section 2306.6724(f) of the Texas Government
Code requires that the board shall issue final commitments
for allocations of housing tax credits each year in
accordance with the qualified allocations plan not later that July 31. That meeting approving actual commitments will take place on Wednesday, July 30.

Central to the 2003 tax credit application cycle this year, as was last year, was staff's commitment to ensuring that fairness and consistency in evaluating all of the applications and ensuring adherence to all of our required guidelines.

This is the cycle that we have gone through this year for this allocation -- for this recommendation -- list for today. The application cycle opened for the Department on December 4, 2002.

The preapplication deadline was January 10, 2003, and as of that January 10 deadline, the Department received 239 requests for low income housing tax credits and the total amount of those requests was $180,322,923.

The application deadline was February 28, 2003. As of that application deadline we had received 121 applications and those totaled $82,213,149.

Staff and executive director feel that the preapplication process was successful for us this year. More successful this year, I think, than last year, based on the number of applications that applied in the preapp, but then did not follow through with a full application.
Since we've received the 121 applications, we've had 16 terminations or withdrawals; there were seven 2003 forward commitments that the board made in 2002; and so what we have is a total of 112 active developments.

We do have, as you all are well aware and has been mentioned previously, a variety of set-asides that we're required to meet in the tax credit program as outlined in our qualified allocation plan.

There's the at risk set-aside, and that set-aside is 15 percent and is $5,720,688. There's an elderly set-aside, which is 15 percent, $5,720,688. There's a nonprofit set-aside that's federally mandated that is 10 percent, $3,813,792. A rural set-aside for 15 percent, $5,720,688. That includes 25 percent of that 15 percent of the rural, which is USDA, and that is $1,430,172.

The amount that the Department has to allocate this year is about $38 million, sort of rounded a little bit. We have 13 regions this year as opposed to 11 regions which we had last year. We applied our regional allocation formula as we have in the past. We also have an affordable housing needs score that is utilized within each of the regions that helps us drive down in particular regions where the areas of greatest need are.

Region Seven, which was the Austin -- or which
is the Austin region, was very unique this year in that region, when you looked at the amount that was allocated per region, Region Seven had no funds allocated for it.

The board will remember that last year, the board made two forward commitments -- two of those forward commitments were actually in the Austin region and those amounted to about 1.9 million. One of the things we would hear from developers when they called us was, What do you mean Region Seven has no money. And we said, Yes, Region Seven does have money. It's just taken up by the two forward commitments that were made by the board last year.

We did have some undersubscribed regions after we had terminated and financially unfeasible applications. And we had four undersubscribed regions this year. Region One, Amarillo and Lubbock, was undersubscribed; Region Two, Abilene/Wichita Falls area, was undersubscribed; Region Eleven, McAllen and Brownsville, was undersubscribed; Region Twelve, Midland and Odessa, was undersubscribed.

The Department held five hearings around the state and those hearings were held from April 1 to April 7. We held hearings in Austin, El Paso, Harlingen, Arlington and Houston, and the ORCA staff -- the Office of Rural Community Affairs staff -- did travel with TDHCA
staff and attended all of those hearings.

The review process of the Department. First we review the applications for threshold and then for the selection criteria. For the first time this year, we did implement a deficiency process on scoring. The Executive Award and Review Committee, otherwise known as EARAC, determines those highest scoring deals that will be submitted to the real estate analysis division for underwriting.

One of the things the board has heard today is a request to send some applications to underwriting, and the ones who have -- that have -- that were sent to underwriting were done by region, by set-aside, and by score and we have not underwritten all of the applications at this point.

The Office of Rural Community Affairs, as required in our legislation, has attended all of the Executive Award and Review Committee meetings as we were talking about rural developments and were involved in making those recommendations also.

The job -- the duty -- of the real estate analysis division is to evaluate financial feasibility of the transactions. Site inspections were made on all applications, not just the ones sent to underwriting, but
were made on all applications.

And there was a compliance check on all developers on all applicants that are in the involved in the transactions. Only those applications that went to underwriting had a compliance check and as part of what the board has with you in your packet today, you have that compliance history of each of the applicants.

Staff is recommending actually 60 transactions for a total of -- I may or may not have that right in front of me, Brooke, but -- okay. I do want to go through -- Brooke will go through -- what's in your board book. There are some corrections that we do want to make. Your initial board submission had 59 applications in it, and the total credits recommended, including the seven forward commitments that the board made last year, total $37,492,505.

This reflected $645,518 of uncommitted credits, which several folks have been real interested this morning of what is going to happen to that $645,000 worth of unused credits. I do have kind of some bad news for you folks. Staff has managed to use up most of those credits in some adjustments that we made. Staff is recommending one addition to the initial list of 59 that you all received, and I will say that everyone that came in today
has been given the revised list, as had the board members, that reflect the 60 rather than 59.

There was one development, 03066, located in Region Two, Anson Park. We originally did not recommend that transaction because we believed it had violated the $1.6 million cap per applicant. However, we have re-evaluated that transaction; it does not violate the 1.6 million cap. Region Two happened to be an undersubscribed region so we were able to put Anson Park back in and that amount was $561,000 for Anson Park.

Consistent with the new information that was provided to TDHCA by our outside tax counsel on Monday of this week, the evaluation of Community Development Block Grant funds and HOME funds on eligible basis was revised.

We had 18 transactions that were re-evaluated based on this information from outside tax counsel on Monday of this week. And four transactions were found -- four of the 18 -- were found to require an additional increase in credits. These four are -- and I'd like to read them into the record, Mr. Jones --

MR. JONES: Certainly.

MS. CARRINGTON: -- 038 -- 03081, senior apartments at Curtis Wright Field, which is in Region Three, Grand Prairie, had an increase of $87 in credits;
03161, Dripping Springs Senior Village located in Region Eight in Waco had an increase of $454 in credits; 03068, Stone Ranch located in Killeen, Region Eight, had an increase of $14,890 in credits. Bentley Place, 03191, had an increase of $25,291 in credits, and that is located in San Antonio.

Based on the addition of Anson Park and the revised credit amounts on the four developments, the amended staff recommendation is 60 developments totaling $38,094,227. This leaves a balance of credits of 43,697.

And with that, Mr. Chair, this is the staff's recommendation, the list of 60 per --

MR. SALINAS: Do you want to read them into the record or -- I would think it would be good for you to read every one of those developments into our record so we don't have any confusions.

MS. CARRINGTON: Yes, sir, and I did do that last year so --

MR. SALINAS: Yes, and I would like to read them all for the record so we will -- everybody will be on the same page.

MS. CARRINGTON: Would you like me to do that now or --

MR. JONES: Yes.
MS. CARRINGTON: -- would the board like --

MR. JONES: Please.

MS. CARRINGTON: -- to go in to discussions or --

MR. SALINAS: Please, we would like for you to do it now.

MS. CARRINGTON: Yes, sir. The one dated Tuesday, June 24, 2003, 1036 -- okay, I want to make sure I'm reading the right one -- I will do them by region --

MR. JONES: Ten thirty-six. Hot off the press.

MS. CARRINGTON: As I said, we got this information on Monday. I will read region, project number and credit allocation recommendation. Would you like the project name read also?

MR. JONES: I think that will be sufficient -- the number.

MS. CARRINGTON: Will staff please back me up to make sure that I read the project number and the amount correct?

MR. JONES: We won't allow that; you're under oath.

MS. CARRINGTON: Okay.

MR. JONES: Yes, we will allow that.

MS. CARRINGTON: Thank you. Region One,
project number 03140, credit recommended amount of $737,372. Project number 03016, credit recommendation $265,490. That ends the recommendations in Region One.

Region Two, 03066, credit recommendation $561,000. Project number 03158, credit recommendation, $402,507. Project 03258, credit recommendation $70,346.

That ends the recommendations for Region Two.

Region Three, 03184, credit recommendation $1,153,613. Project number 03081, $756,742. Project number 03039, $425,506. Project number 03159, $476,268.

Project number 03163, credit recommended amount $560,000. Project number 03212, credits recommended $193,806. Project number 03250, credits recommended $62,784. Project number 03004, credits recommended $1,078,956.

That ends the recommendations for Region Three.

MR. WITTMAYER: Ms. Carrington, did you misspeak when you said 03168? Is that not 03163?

MS. CARRINGTON: Thank you. Cedar View Apartments?

MR. WITTMAYER: Correct.

MS. CARRINGTON: Thank you. Ms. Court Reporter, you got that? Thank you. Thanks, Chris.

Region Four, 03 -- project number 03100, credits recommended $1,150,000. Project number 03028,
credits recommended $592,722. Project number 03053, credits recommended $515,338. That ends the recommendations for Region Four.

Region Five, project number 03196, credits recommended $227,836. Project number 03069, credits recommended $437,327. Project number 03263, credits recommended $387,461. Project number 03261, credits recommended $387,920. Project number 03262, credits recommended $377,548. Project number 03213, credits recommended $213,473. That ends the recommendations for Region Five.

Region Six, project number 03011, credits recommended $280,733. Project number 03178, credits recommended $782,354. Project number 03182, credits recommended $782,354. Project number 03236, credits recommended $816,242. Project number 03245, credits recommended $675,605. Project number 03070, credits recommended $451,094. Project number 03153, credits recommended $347,203. Project number 03231, credits recommended $382,286. Project number 03252, credits recommended $94,120. Project number 03254, credits recommended $119,812. Project number 03256, credits recommended $121,654. Project number 03255, credits recommended $120,931. Project number 03253, credits
recommended $84,481. Project number 03006, $627,566. That ends the recommendations for Region Six.

Region Seven, project number 03001, credits recommended $1,200,000. Project number 03005, credits recommended $789,509. That ends the recommendations for Region Seven.

Region Eight, project number 03068, credits recommended $583,608. Project number 03065, credits recommended $559,937. Project 03009, credits recommended $746,176. Project number 03161, credits recommended $572,047. Project number 03259, credits recommended $145,850. That ends the recommendations for Region Eight.

Region Nine, project number 03176, credits recommended $1,200,000. Project number 03136, credits recommended $851,994. Project number 03155, credits recommended $487,601. Project number 03191, credits recommended $1,006,759. Project number 03067, credits recommended $465,802. Project number 03190, credits recommended $591,010. Project number 03007, credits recommended $614,528. That ends the recommendations in Region Nine.

Region Ten, project number 03265, credits recommended $1,092,376. Project number 03257, credits recommended $704,038. Project number 03162, credits recommended
recommended $871,732. Project number 03249, credits recommended $41,006. That ends the recommendations in Region Ten.

Region Eleven, project number 03013, credits recommended $1,171,547. Project number 03036, credits recommended $1,200,000. Project number 03035, credits recommended $1,004,228. Project number 03029, credits recommended $851,428. Project number 03248, credits recommended $66,499. Project number 03247, credits recommended $45,890. Project number 03002, credits recommended $1,025,408. That ends the recommendations for Region Eleven.

Region Twelve, one recommendation, project number 03145, credits recommended $845,579. That ends the recommendations for Region Twelve.

Region Thirteen, project number 03223, recommended credits $1,147,376. Project number 03220, credits recommended $359,018. Project number 03222, credits recommended $286,440. Project number 03134, credits recommended $685,609. Project number 03003, credits recommended $160,782. That ends the recommendations for Region Thirteen.

Staff's recommendation: 60 new applications for this year, seven forward commitments from last year to
come out of the '03 allocation for a total of 61 -- 67 --
submissions and total credit recommendations of
$38,094,227, with total number of units 7,540 units with
6,553 of those being low income units. Mr. Chairman, that
ends the staff's recommendations.

MR. JONES: Thank you and I think we have some
questions. Who wants to start out? Yes, Mr. Bogany.

MR. BOGANY: I had a couple of questions.

MR. JONES: Certainly.

MR. BOGANY: And I guess from staff's side, in
the Region Six, we had Morning Star, who didn't get
recommended. We've had -- also a project in Galveston
that didn't get recommended -- and it seems to me -- and
I'm trying to understand why all the projects are ending
up in Houston and the surrounding areas are not getting
any projects, especially in the southeast side of the
city -- and I -- if I remember correctly, we had a similar
problem in El Paso and we seemed to have solved that
problem. But in Houston we're still seeing all of them
going in the city limits of Houston or very close.

It looks like in Region Six you started doing
some things in northwest, but the south side of the county
in Galveston, Texas City -- and I would not consider Texas
City to be part of Houston personally -- and I wouldn't
consider Galveston to be a part of Houston either -- and it would seem we have good projects going in there and need it -- a need for them -- and we're not able to get them there. What's going on there and why are we constantly getting them put in the Houston area like Little York Row.

You got three or four already in that general area. Why would you want to put another one in? And even though they're all done nicely, I don't think that community, which is basically mostly homeowners, would want to continue to be stigmatized as a place for low income housing in those areas.

I heard the Sylvester Turner thing that was read, which none of that made sense to me because I don't believe in any of -- I don't think that's the reason for not having a project there, but I do believe that we're putting them in one area and not putting them over in the southeast side.

And to deny Texas City one -- it looked like it ought to be a way they should be a rural set-aside -- that and Galveston for that matter -- because they're not a part of Houston. And not even close to Port -- Jersey Villages where you put one, is closer to be Houston because Houston surrounds it, than these other two
locations.

So I'm just trying to figure out how we came up with that the southeast side of the Galveston and Texas City are not getting -- I notice Willis didn't get one either, and Willis is a -- in my opinion -- is a rural community and I wouldn't consider that Houston.

MS. CARRINGTON: As I am asking Brooke Boston to come up and Tom Gouris -- Tom, you might come on up too -- because depending on what questions are asked, any questions related to the scoring of the applications, of course, needs to go to Brooke. If it's underwriting issues, that would go to Tom.

As they are coming up, and I'm looking at Region Six, which, of course, is the Houston/Harris County region, we have 14 recommendations. And six of them, indeed, are in Harris County; five in Waller County and then it looks like to me, we have one in Austin County, one in Fort Bend County and one in Matagorda County. So, Brooke, with that would you, as --

MR. BOGANY: Keep --

MS. CARRINGTON: -- as -- go ahead, I'm sorry.

MR. BOGANY: -- in mind that the apartment market in Houston is very soft right now. There's more apartments in Houston being built than any city in the
country, so these units are going to continue to compete and if we continue to keep the interest rates low, you're going to see those apartment complexes striving for business and being willing to take some of these people at lower rents. So I'm just wondering why we're continuing to have so many in Houston and the other areas around Houston are not getting any?

MS. BOSTON: Probably the most straightforward answer is because we did everything based on set-aside and region as we spoke about. And then within region, the set-aside, we went by score. This is where the highest-scoring developments are.

MR. BOGANY: And maybe we need to change that and change it like you changed it in El Paso and -- or any other regions we've had problems with. It seems as though we need to be able to get these units where there are need. And I personally don't think Little York needs another one there. I just don't see it.

And in the new -- the one in Jersey Village -- there are a lot of units around Jersey Village. And that's a pretty high, high residential community and I like the centralization of it, but I would think Galveston and Texas City would probably need a project quicker than --
MS. BOSTON: Right.

MR. BOGANY: -- that community.

MS. BOSTON: And we can definitely look again as we go into the '04 season at the way our affordable housing needs score is structured, particularly in that region. As Ms. Carrington mentioned earlier, that is how we try to drive developments into different places within a region, and we can definitely try and work on that.

I think also we're tasked with working with the concept of urban/exurban and that may have an impact as well. So we can still try and work on getting it spread out more for next year.

MR. BOGANY: Explain the urban/urban thing again?

MS. BOSTON: Maybe I shouldn't have gone there.

MR. JONES: Can I just ask a question, kind of a follow-up before you go in there? You indicated for next year we can work on that. Now is concentration issues -- I guess I should direct this to Chris -- is concentration issues something the board can look at in determining how we vote on this particular recommendation?

MS. CARRINGTON: Concentration is something that staff looks at and does as part of the market analysis. As you know, the market analyst is going to
determine the market area, they're going to look at what is in that market area -- three mile, five mile, whatever the radius is that the market analyst has identified -- and we have -- we apply that inclusive capture rate philosophy on our 9 percent tax credits.

MR. JONES: Again, I understand that, but my question's much more specific than that. And I understand the market analyst and independence and all that that we discussed on some of these occasions, but, Chris, my question is, when we look at concentration issues as we look at this recommendation, is it a de novo review? Is it a review where we're looking for error? What are we reviewing here when we review this recommendation? With regard to the issue of concentration.

MR. WITTMAYER: Chris Wittmayer, the General Counsel of the Department. First, if you take an narrow view under the underwriting guidelines, we just look at an objective calculation of concentration.

But beyond that, the board has discretion under the evaluation factors in the QAP to consider various factors, including the factor of insuring geographic dispersion within each uniform state's service region. And that might be a factor that the board would find of weight.
MR. JONES: And that would be a de novo review with regard to that issue. That's when they're not --

MR. WITTMAYER: Yes.

MR. JONES: -- proportionate. Correct?

MR. WITTMAYER: Correct.

MR. JONES: Thank you so much. I'm sorry. I know I --

MR. SALINAS: Mr. Chairman?

MR. JONES: -- I'm sorry I interrupted, Mr. Bogany. Yes?

MR. SALINAS: Mr. Chairman?

MR. JONES: Yes?

MR. SALINAS: We go back to this -- we do not want to go back to the cities and tell them how they're going to displace their housing units. That's why they have planning and zoning. And I think the concentration should be looked at by the city council and their planning and zonings, and we should look at what the staff is going to score.

Now we do not want to dictate to them that, well, you have too many apartments. Well that's why they have elections in their cities and elect their mayors and city councils, for them to look after that and they appoint their planning and zonings.
I don't think we have any business telling them how many apartments they can have in their cities. If they are zoned for apartments, there's nothing we can do when they apply, and the staff does their job and they qualify.

I'm sorry some of these people are not getting funded, but it's their local government, and if a person wants to change that, they need to do the comprehensive plan. If Houston has problems with that, they need to talk to the county commissioner, the City of Houston; they don't have any zoning at all. They keep control of it. We can be sued by anybody, any contractor in Houston, if we deny them after staff has recommended their project.

Now we have used you before -- Katy, Texas? Now we have another neighborhood, which this board -- the natural board -- and I would go against any project that has a lot of public opposition that -- which we have. And that is the only way that I could say no to anybody in Houston in public opposition the way we did in some of those two projects came about.

But still this board approved it. Now I would think the staff needs to call every city and tell them to get their zoning in place and I just think that what this staff has done here today is a lot of work. But if
Houston has problems with some apartment, then they need to talk to the county commissioners --

MR. BOGANY: Mr. Jones?

MR. SALINAS: -- congressman or whatever.

MR. JONES: Excuse me for interrupting, Mr. Mayor.

MR. BOGANY: I'd just like to respond to Mayor Salinas. I don't think the issue is whether or not there's zoning or not in Houston, I think the issue is that you have some rural areas that are so close to the major metropolitan areas, they fall into a black hole, so to speak, or a crevice. And I truly believe that if you ask people in Texas City, they will not tell you they are a part of the Houston area. And they do have zoning in Texas City.

I would venture to say in Galveston, too, they will tell you they are not a part of Houston, but they're being lumped in with the other Houston areas. And to me those are rural -- if not rural areas -- they are outside of Houston and they shouldn't be counted in the Houston set-asides. I just -- I have an issue with that.

And, you know, I had calls when we were doing Willis, and I see Willis didn't make the cut, but Willis is very much rural, in my opinion, and they didn't make
the cut. But they might have made the cut if there had
been a general set-aside.

So I -- and I remember sitting on this board
when we were talking about El Paso having -- they were
being lumped in so close with the city that we were having
problems -- couldn't get housing there.

Where -- in my opinion, we should do the same
thing in the next QAP with the Houston -- Region Six -- is
to allow the cities outside to be able to get some
affordable housing because all the projects are going in
Houston because they're scoring higher, they've got the
better market research, they've got everything right
there, but, you know, I can see Rosenberg -- you could
even make a case that Rosenberg is in Houston, for that
matter -- but it's rural enough as Texas City is.

And it just seems as though we're putting
another project on Little York Row that has three or four
in the general area. We've got a letter from the
committee saying they didn't want it because they've got
their share already. And why can't we put projects in
Texas City, Galveston, Willis, and some of these rural
communities?

And I don't understand how all of a sudden we
start putting them up in Hempstead and Waller and all
those counties, which are part of that system six. And if those areas are considered rural set-asides, then we ought to make sure that the southern part of the Gulf Coast should have some rural set-asides also.

MR. CONINE: Well they're not -- they're at risk.

MS. CARRINGTON: Yes.

MR. CONINE: The ones you just mentioned are at risk.

MR. BOGANY: Thank you, Mr. Jones.

MS. ANDERSON: Mr. --

MR. JONES: Yes, Ms. Anderson?

MS. ANDERSON: Can I ask Ms. Boston a question?

MR. JONES: You sure can.

MS. ANDERSON: Is there anything that would have prevented development -- oh, the developer for 03189, the Village at Morning Star for filing under the rural set-aside category? The development was filed under elderly and -- elderly, in general, but was there anything that would have prevented -- this is the Texas City development -- it was not filed to be considered under the rural side, is there any -- set-aside -- is there anything that would have prevented the developer --

MS. BOSTON: The total number of units. And
it's ironic that there's 78, because the cutoff is 76.

MS. ANDERSON: Okay, so if this developer had proposed two fewer units, they could have applied in the rural set-aside and made a score of 98, which is higher than another score of 96 in the rural set-aside that was funded in the same region.

MS. BOSTON: And, actually Tom has pointed out as well, that Texas City's population does not qualify the city as rural.

MS. ANDERSON: Okay. Thank you.

MR. CONINE: It does not? I'm sorry --

MS. CARRINGTON: Does not or does?

MS. BOSTON: It does not. Texas City's population is greater than our rural cutoff.

MR. BOGANY: And what is that?

MS. BOSTON: 25,000.

MR. BOGANY: Okay. Let me ask -- I guess what I'm saying in my own little way -- that we need geographic dispersion and I'm tired of seeing it all concentrated in the city of Houston. I met with some people -- yes, Houston has an abundance of apartments.

It is a soft apartment market right now. So I have a feeling as long as the rates are low, people are going to continue to leave these apartments and buy homes.
And that's going to make the rental market even softer.

And so what I'm saying is we need a geographic
-- we need to figure out a way to help this southern
region have a geographic dispersion. That all the regions
share in these credits instead of one community getting
them all.

MS. BOSTON: And I think Chris confirmed that
while staff does not have the discretion to make changes
within a region on a geographic dispersion, the board
does.

MR. BOGANY: Okay.

MS. BOSTON: Even this year.

MR. BOGANY: Okay.

MR. CONINE: The Village at Morning Star has
not been underwritten, is that right?

MS. CARRINGTON: Yes, it has.

MS. BOSTON: It has been.

MR. CONINE: It has been underwritten.

MS. ANDERSON: And am I right, it was
underwritten because it was in the elderly set-aside and
you thought it might be competitive in that set-aside?

MS. BOSTON: Correct. It's --

MS. ANDERSON: Its higher-scoring developments
in the region were not underwritten.
MS. BOSTON: Correct. Right, it's kind of next in line in the elderly set-aside. It would be next.

MR. CONINE: And what's the amount of credits on that piece of property?

MS. BOSTON: It is $415,954, is the underwritten amount.

MR. CONINE: Okay.

MS. BOSTON: And if --

MR. CONINE: And what about Region Six? Can I ask you a question about the two projects that are on the recommended list, 03178 and 03182? And it's just odd that everything's identical there. Does that just taking the same footprint and doing it somewhere else in town? Is that what's going on there?

MS. BOSTON: Yes.

MR. CONINE: And the underwriting department didn't find one change in the dollar amount from either of the two applications?

MR. JONES: I hate it when you read these things.

MR. CONINE: I -- never would I say I've seen everything because this makes a first. I mean, can the applicant --

MR. BOGANY: What if -- Brooke.

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MS. BOSTON: Yes.

MR. BOGANY: If you look at Jacinto Manor, that's in the east side of Houston. That's surrounded by pretty much Houston, Channelview, the east side, the port, ship channel and all through that area, and that's an elderly set-aside. It looks like to me the set-aside would have been better off in Texas City -- there if -- because of where it's located at.

And from where those people in San Jacinto has a lot of more choices to look at, but the people in Texas City may not have as many choices to look because that's a big difference in drive time. And then -- I mean I'm just looking at where it's located at. It's actually -- that is Houston, as far as I'm concerned. Maybe Jacinto City but it is Houston. It's probably ten minutes -- five, ten minutes -- from downtown.

MS. BOSTON: Sure.

MR. GOURIS: Mr. Conine, to answer your question with regard to San Jacinto Manor and the Manor at Jersey Village, we actually did end up with different costs for the two, but both were within 5 percent. They used the same costs for both projects, so we were -- we needed to use their costs as we went forward.

And so -- because their costs were identical,
even though ours were slightly different when we did our underwriting, they’re within the 5 percent -- we used their costs, and that's why it looks identical on your report.

MR. CONINE: All right.

MR. JONES: Any questions, comments?

MS. BOSTON: Can I make one?

MR. JONES: Yes.

MS. BOSTON: I just wanted to point out that the credit amount that was read into the record for Anson Park was $561,000 and I'd like to note that that's the requested credit amount because at the top -- at this moment it has now been underwritten, but even up just to yesterday, it still hadn't been.

And so we wanted to go ahead and run the report showing that amount. Definitely the July recommendation, which will be the final vote, will reflect the underwritten credit amount. So I just wanted to clarify that.

MR. JONES: I would just like to make a comment with regard to not only this round, but upcoming rounds in future years, I don't believe the Governor expects us to check our brains, you know, when we get on this board. And I do know that you all are limited by the
"independent market analysis" that are done at the request of the developers.

But sometimes what we're getting here just deviates from reality. I mean, you know, if you read the paper and you know some of these markets you just have to check your brain in. So -- I mean I think it's this issue that I hope staff will continue to look at very strongly, and I know you all are limited in that regard, I do, but we do have to use our brains at some point.

MR. BOGANY: And I would agree with Chairman Jones. Even the Linden [phonetic] Apartments in Freeport -- I don't think the people in Freeport would consider itself part of Houston -- but it doesn't make the general set-aside.

It looks like it would make the rural set-aside because that's what Angleton -- back through there, Jackson -- Lake Jackson and those areas there -- it'd look like it would just be made part of the rural set-aside -- along that Gulf Coast.

MS. BOSTON: And as it relates to that, we don't tell applicants what set-asides they need to apply in. They evaluate -- as they turn their applications in -- where they feel they're going to be most competitive and how many units they want to do.
And we've had applicants in rural communities who apply who in general. Generally it's because they want to do more units, but -- so just to kind of back up what you're saying, I don't disagree with you, it's just there may be some that look like they would be rural, but for whatever reason, they've opted not to do that.

MR. BOGANY: Okay.

MR. JONES: Mr. Conine.

MR. CONINE: Over to Region Three for just a minute. We -- earlier today -- we passed a bond deal in Grand Prairie and a few more Grand Prairie projects here, does the knowledge of the bond deal they include earlier create a concentration issue in Grand Prairie?

MR. GOURIS: No, sir. The bond transaction was a family transaction. The two transactions that are on the list here are elderly transactions. That they're both elderly and -- it was something we looked at very hard, very -- considered very thoughtfully -- but we didn't have cause, based on the two markets cities we had for the transactions to exceed the capture rate, and so --

MR. CONINE: Are we prepared to [indiscernible] these two here we will approve for right at 500 units in Grand Prairie --
MR. GOURIS: That's right.

MR. CONINE: -- in one fell swoop.

MR. GOURIS: That's right.

MR. CONINE: -- and I -- again, other members of the board have enunciated how problematic urban multifamily rental are today. And I just wanted to know if the knowledge of that would change your decision?

MR. GOURIS: It's a different type, so no, that wouldn't.

MR. CONINE: So there's a lot of elderly folks in Grand Prairie who get a place to live.

MR. GOURIS: According to the two market studies that were provided, yes, sir.

MR. CONINE: Okay. I didn't know Grand Prairie was such a [indiscernible]. In Region Eleven -- can you help me out with the concern about the million-six cap and the relationships and identity of interest between what appears to me to be three projects there, 03036, 03035, and 03002?

MS. BOSTON: Okay, 03002 is a forward commitment from last year, and it's evaluated -- our 1.6 test is based purely on each application round, and so it would not be considered in competition with the other two for 1.6. And then the other two developments were
evaluated. The 1.6 test applies to the applicant, and if you've kind of followed the path of the definition of "applicant," it then takes you to the definition of "affiliate."

The perceived or -- you know, I've heard similar suggestions that there's a violation here, and it's that there's a familial relationship between one of the individuals on the 03035 and then 03036 and there's not a preclusion for familial relationships under applicant or affiliate.

There is under the definition of related party, but that definition does not apply to the 1.6 test. So we have researched it and staff does not feel that there's a 1.6 violation.

MR. CONINE: Did you make a note for that for next year's QAP?

MS. BOSTON: Yes. And actually we had it in there last year as a related party, and it's so difficult and tenuous to track. Our definition for related party is generated from legislation and then pulled into the QAP and it's just a really, really complex definition.

And we were trying to make sure that we could actually test the 1.6 test and really have some accountability and accuracy with it, which I think we...
definitely got this year. So by adding it back in, that's kind of -- the flip side of it, is that it may be harder for us to actually track and monitor it.

    MR. BOGANY: I have a --

    MR. JONES: Yes, Mr. Bogany?

    MR. BOGANY: In Region Six, I don't -- explain the evaluation of Jefferson Davis audit. It says Region Eleven is undersubscribed; therefore all eligible developments in the region are recommended. What was that?

    MS. BOSTON: I think it's a cutting and pasting error. I apologize.

    MR. BOGANY: Okay. Thank you.

    MS. BOSTON: It's in there because it's the highest scoring. We went through -- did it based on set-asides as I've described in the other regions, and in this case, once you do all that, there was still money left for a general deal. And in this case it was the highest-scoring general deal.

    MR. BOGANY: One question. If you're undersubscribed in one region, does those funds stay or are you able to move them to another region?

    MS. BOSTON: The way we handle that this year is similar to how we did it last year, and what we did is
we -- I'm trying to say this -- I'll try and -- let's see
-- we --

MR. JONES: Oh, just tell the truth.

MS. CARRINGTON: She will. She's just trying
to make it simple.

MR. JONES: I know. I was --

MS. BOSTON: Thank you.

MR. JONES: -- just teasing. It was a joke.

MS. BOSTON: We first let ourselves kind of go
over in every region and for the regions that were
undersubscribed, obviously you can't do that, and then for
every other region we let ourselves go over. And then you
look back and you say, well, you can't do that because
there's not enough in the 38 credit ceiling to do that, so
then you have to go back and identify which regions are
you going to let go over, who's going to get to keep that
one extra deal, which is, essentially, the question of how
are you allocating the shortfalls in the other regions.

The way we handled it is we tried to figure out
which region would feel the most harm if they didn't get
to keep that extra deal. And we did it based on
proportion of the total regional allocation. So a region
that only had 2 million, if not getting to go over by that
amount then put them, let's say, under by 500,000, well,
then they were going to have a 25 percent shortfall of their total allocation.

And so we took them in order of percentage, and it's the folks who were the least impacted who are the ones who didn't get to go over.

MR. BOGANY: Okay.

MS. BOSTON: And all the other ones basically take up the extra from the other regions.

MR. BOGANY: All right. Thank you.

MS. BOSTON: Sure.

MR. JONES: Any questions? I had a request that we break a little early for lunch today by a board member, and unless there's an objection, I'm going to try to comply with that request. Why don't we break for an hour for lunch and we'll come back and take up this agenda item in an hour.

MR. SALINAS: Can we actually make recommendations right now before we go to break? Or do you want to wait?

MR. JONES: I have a request that we not and do it after the break, if that's all right.

MR. SALINAS: Okay.

MR. JONES: Thank you.

(Whereupon, at 11:35 a.m., the meeting was
adjourned for lunch.)

MR. JONES: We'll call the meeting back to order. I believe we're on Item 2B. We're in the midst of discussions and questions. To Brooke.

MS. BOSTON: Where's Tom?

MR. JONES: Our Tom? Or Edwina?

MS. CARRINGTON: Or the Executive Director, that's right. Occasionally I can answer a question.

MR. JONES: Are there not more questions? No more discussion? I will just remind the board that we're on Item 2B. We await the board's pleasure.

MR. BOGANY: Do you need a motion on that?

MR. JONES: I believe we might.

MR. SALINAS: I believe that we'll go ahead and accept the recommendations from staff on that -- on the applications that were submitted and the recommendations for the program.

MR. JONES: And the Mayor has made that motion --

MR. GONZALEZ: Second.

MR. JONES: -- and the Chair gratefully accepts that motion, and the second was made by Mr. Gonzalez.

MS. ANDERSON: Mr. Chairman?

MR. JONES: Yes.
MS. ANDERSON: I would like to propose an amendment to the motion that -- because we know -- we all know -- we have another meeting the end of next month, which is really the final confirmation vote on these issues. And in order to have a little more information before the next meeting, I would like to amend the motion by suggesting that we also ask underwriting to underwrite in Region Seven, Kingsland Trails; in Region Five, Stonehurst in Beaumont; in Region Six, Cricket Hollow in Willis, Texas. That's my amendment.

MR. JONES: Would Mr. -- Mayor, would you accept the amendment that they be added and underwritten?

MR. SALINAS: Is it --

MR. JONES: Is that okay, Mr. Gonzalez?

MR. GONZALEZ: Sure, yes.

MR. JONES: Okay. And that amendment has been accepted by the maker of the motion and also by the person who seconded. So we now have the motion on the floor as amended.

MR. BOGANY: I have a question.

MR. JONES: Sure, Shad.

MR. BOGANY: Are we asking to underwrite the [indiscernible].

MR. JONES: That's correct. Yes.
MR. BOGANY: Is that what you want done? Okay.

MR. JONES: Excuse me. Any further discussions, comments, questions? They look excited about getting to do that.

MS. ANDERSON: It's a short list.

MS. BOSTON: It gives them something to do next month.

MR. GOURIS: Oh, that's great; that's great.

MR. JONES: Okay. Any further discussion? Hearing none, I assume we're ready to vote. Am I right? I just want to make sure I haven't overlooked anybody. Okay, we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All oppose the motion, please say nay.

(No response.)

MR. JONES: The motion carries. And then we'll turn -- we have had Item 3A-1 on the agenda, so Mr. Bogany will turn to Item B under 3, I believe.

MR. BOGANY: Item B?

MR. JONES: I believe so.

MR. BOGANY: Item B has to deal with the housing trust fund and we had a capacity building award
recommendation and I'm here to turn this over to Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Bogany. At the board meeting the early part of June, we brought these recommendations to the board. Staff is making recommendations for 14 of the 17 applications we received to award capacity building funds to nonprofits around the state. One of the questions asked by board members at that meeting were how many of these groups had received previous awards out of our capacity building program.

And so what we have done is provided you a revised list that showed -- that shows -- that three of the 14 have received capacity building awards from the Department in the past.

You will remember that one of things we do say in our NOFA under this program is that we will make this -- that this award -- can be up to a two-year award.

It's every year, but it -- they -- can do it for two years in a row.

The Center for Independent Living in San Antonio received an award in '02. We're recommending that they receive an award in '03. The Economic Justice Foundation in Austin received an '02 award; we're recommending an '03 award.
And Accessible Communities in Corpus Christi received an award in '01, not in '02, and we are recommending an '03 award. So three out of the 14 have received prior awards out of capacity building from the trust fund.

And the total amount that the staff is recommending on the trust fund, a capacity building component, is $567,729.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MR. JONES: We have motion made by Mr. Conine and seconded by Mr. Bogany. Further discussion, questions, 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, nay.

(No response.)

MR. JONES: The motion carries. We do -- taking things a little bit out of order -- we do have an executive session listed on our agenda, but I do not believe there is any need for executive session unless a member of the board so wants one. And so with that, I think the remaining thing we have on our agenda is the
Executive Director's report.

Ms. Carrington?

MS. CARRINGTON: Thank you, Mr. Jones. Two items: one, I would like to announce that the Manufactured Housing Division of TDHCA has named Tim Irvin as the Executive Director of the Manufactured Housing Division.

Tim was formerly the General Counsel with Manufactured Housing, and his board has named him the Executive Director. And so we look forward to working with Tim in their role and our role that we have with Manufactured Housing.

And the second is, I attended yesterday a conference that our agency, our staff, has put together. It's two and a half days; it's an energy conference; it's a weatherization conference here in Austin with about 320 people. And I went over and gave the opening remarks and we had the folks who do weatherization; we have our subcontractors from around the state and several other states.

And I was really just sort of overwhelmed at, number one, the number of people that we had at that conference and the fact that our staff actually put together the whole thing. And they do that while doing
their regular jobs. And I, you know, I know sometimes, I think the Community Affairs Division of our Department does not get the recognition and the acknowledgment that they need.

None of them are here today, they're all over at the energy conference, but I do want to acknowledge the work that they have done and continue to do in weatherization and energy assistance for low income families around the state. With that, that's it, Mr. Jones.

MR. JONES: Thank you, Ms. Carrington. I believe we've completed our agenda. Is there a motion to adjourn?

MR. CONINE: Move to adjourn.

MR. BOGANY: Second.

MR. JONES: Motion has been made and seconded. All in favor say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay.

(No response.)

MR. JONES: The motion carries. We're adjourned.

(Whereupon, at 1:00 p.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF:        TDHCA Board
LOCATION:         Austin, Texas
DATE:             June 25, 2003

I do hereby certify that the foregoing pages, numbers 1 through 126, 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.

7/3/2003
(Transcriber)    (Date)

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