TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

BOARD MEETING

8:30 a.m.
Wednesday
July 30, 2003

Auditorium
State Capitol Extension
1100 Congress
Austin, Texas

PRESENT:

BOARD MEMBERS:

MIKE JONES, Chairman
KENT CONINE, Vice Chairman
NORBERTO SALINAS
BETH ANDERSON
SHADRICK BOGANY
VIDAL GONZALEZ

STAFF:

EDWINA CARRINGTON, Executive Director
RUTH CEDILLO
BROOKE BOSTON
TOM GOURIS
DAVID GAINES
EDDIE FARISS
BILL DALLY
CHRIS WITTMAYER, General Counsel
ERIC PIKE
SUSANA GARZA
BYRON JOHNSON
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EXECUTIVE SESSION

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ADJOURN
MR. JONES: I would now like to call to order the Board Meeting of the Texas Department of Housing and Community Affairs for July 30, 2003. First order of business being 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. GONZALEZ: Here.

MR. JONES: Mayor Salinas.

MR. SALINAS: Here.

MR. JONES: And I am here. We have a quorum. Everybody is present, nobody is absent.

The next order of business I would like to take the privilege to do -- I believe we have a distinguished guest here. I'm going to learn to talk someday. The former mayor of Austin here, Gus Garcia. Nice to have you, Mayor. We sure do appreciate you coming.

(Applause.)

MR. JONES: And speaking of former mayors, we also have the former mayor of Lamesa here with us, Mr. Don
Bethel.

(Applause.)

MR. JONES: I would now like to encourage public comment on why you clapped for Mayor Bethel, better known as Chairman Bethel. You know, those of us who served on the board with Don know what a tremendous job he did as chairman. There has never been a chairman like him. There never will be a chairman like him.

He led our department through some really choppy waters at times, and did a magnificent job. And the State of Texas owes him a great debt. And we thank him very much for his service, and are so glad to see him again.

I would also like to say this. It is very true -- I've told many people this, that Don taught me everything I know. And Pam just wants me to tell you that he also taught me some things she didn't want me to know. So maybe she and Linda need to get together and discuss it. But thank you for your service, and thank you so much for being here. You've been such a good friend to this state and this department.

With that, I would also like to recognize a number of employees of our department who have done some magnificent things. And I had that piece of paper right
in front of me, and here it is. And a number of our employees -- and if you would, Delores, could you and Beth -- would you mind doing this for us? Handing out the pins?

I will -- if I would, I'd like to ask the employees, as I call your name, to come up here and stand in front of us. And when I get everybody up here, I'll then discuss these pins and their significance. And the employees are: Alyssa Carpenter, Analisa Gonzalez, Angela Thompson, Annette Cormier, Aurora Carvajal, Becky Peterson, Blanca Hernandez, Christy Roberts, Delores Groneck, Jorge Reyes, Ty Myrick, Krissy Vauro, Laura Palacios, Linda Aguirre, Linsey Kornya, Liz Barrera, Mike Garrett, Mark Klingeman, Bobby Grier, Michael Jovicivich, Misael Arroyo -- excuse me. I never did learn that tongue.

Naomi Acuña, Nidia Hiroms, Rachel Metting, Teresa Morales, Brenda Hull, Joanne De Penning, Scott Schotman, Wendy Pollard, Veronica Martinez, and Michelle Atkins. And we would like to honor these employees today. They have been involved in a very important project. It was the Low Income Housing Tax Credit Data Gathering and Population Project, which could have been done by temporary employees outside of our department, but it was
not. It was done within our department by our own employees.

The primary objective of this project was to populate the compliance monitoring and tracking system with current and accurate Low Income Housing Tax Credit data collected from the original source documents. The business benefit of the project was that it would -- made available the data concerning property and program-related information in a single repository, and it was much easier to work with.

The project sponsors and leaders were Ruth Cedillo and Bill Dally. The two project managers were James Roper and Russ Walch, who coordinated the inter-agency team of 31 staff members. The work effort included gathering data for approximately 1,400 Low Income Housing Tax Credit properties consisting of over 14,000 buildings.

This project came in ahead of time. No temporary employees were done. It was done by our own employees while they did their regular job fully. It was done with immense effort and with immense overtime. And we thank you so much for it. It saved the State of Texas a lot of money and has produced a better department for the State of Texas, and we thank you.

(Appause.)
MR. JONES: And Beth, if you, on behalf of the Board, present these pins to commemorate their services.

(Pause.)

MR. JONES: Thank you.

(Applause.)

MR. JONES: Our next item of business would be Public Comment. As is our custom, you have an option of when you would like to make your public comment. If you would like to speak to the board, that could either be now, during the period of time of public comment, or it can be on the agenda item.

We have a number of people that would like to speak to the board. And the only advice I can give you as chairman is get at the board early. Those who speak earliest are probably best understood.

With that in mind, I will now go -- and by the way, our list of people who want to speak to the board today is quite lengthy. And in order to make sure that everyone has an opportunity to speak, and also in order to ensure that the business of the State of Texas actually gets conducted today, because many of you out there would like to see us accomplish our tasks, we will put a three-minute time limitation on that.

I apologize ahead of time for that limitation,
but I just don't see how we can get done what we need to get done today without such a limitation. With that in mind, the first witness affirmation form I have is from Mr. McCasland.

MR. MCCASLAND: I wish to thank the board for letting me speak. I'm Woody McCasland, Kingsland, Texas, Llano County. We are -- we have a project that is being asked to get tax credit in Kingsland for affordable housing and family and elderly.

I want to let you know that I have been in Kingsland for the last 40 years. Have been involved with Highland Lakes Bank in Kingsland, also in many other projects in the area. And the need has certainly arisen in Llano County and other rural areas, but -- especially our area. It has been a growth area. But yet, the availability of affordable housing is very limited.

And because of this, the commercial area has not provided or -- commercial investors have not provided any type of rural affordable housing. Most of it is more in the high-dollar housing, or medium income. And this project would be very beneficial. We have an awful lot of families that are in the -- people working in the service areas, in the construction areas, and the retail areas in our area, and find it very hard to find acceptable
housing.

We understand that we're in Region 7, and that the money -- that this particular region has no money allocated coming -- or tax credits allocated for this particular region.

I want the board to realize that we are in a rural area. We happen to be in a county which does not adjoin Travis County, but the Austin area, has, I understand, taken all the allocations over the -- therefore there is none available.

I guess what I'm asking for today is that at least for a consideration, and at least give us a forwarding commitment, if that is possible. And we have other speakers that will speak on the project itself. But I wanted to be here as a person in the county representing the people in the county of Llano, and also showing that there is a need for this type of housing in Kingsland.

Thank you.

MR. JONES: Thank you, sir.

Mr. Mayfield.

MR. MAYFIELD: Thanks to the board for the opportunity to speak to you this morning. On behalf of Project Kingsland Trails Apartments in Kingsland, Texas, Mr. McCasland just also spoke in favor of it. It is
Application Number 3168 in Region 7.

And my name is Mark Mayfield. I am the Executive Director of the Marble Falls Housing Authority; have been going on 17 years now, and a lifelong resident of that area in rural Texas. And I understand that our property -- proposed property here has been sent to underwriting. And I want to thank the board for that, that they saw this application kind of be feasible enough for that very purpose.

However, we have kind of run up against an obstacle that we have continued to run up against. And one of the most frustrating things for me as a director of a public housing authority in rural Texas is some of the obstacles that we have to run up against, it seems, time after time in trying to meet the demand of housing in our community when it's -- it tends to be primarily directed to more of the urban areas.

And our region -- of the 13 regions within the state, Region 7 is the only region that had zero credits allocated to that, which is because of commitments that have been made, again, to the Austin area. And it seems like we are always behind the shadow of the urban area.

And it has nothing to do at all with the quality of the application that we can prepare. It has
nothing at all to do with the quality of the development in which we can -- are developed, the quality of the management in which we can manage the property with.

We are able to do that. I don't know how we could put together a more perfect application than what we have. But yet there is obstacles that we continue to have to cross over that make it so difficult for us to do that.

And that is because we live in a rural area.

And I just submit to you that the needs out in -- west of Travis County, out in the Marble Falls, Burnet County, Llano County, Kingsland, Texas -- all of that area -- I represent that area. I represent a lot of the counties within the Central Texas area. And we have a tremendous housing need. A tremendous housing need. And we would certainly like the opportunity to meet these needs, but we would like to be able to do that on a level playing field if at all possible, just because of where we are.

MR. JONES: Thank you, sir. I believe your time is up. Thank you, sir. I appreciate it.

MR. MAYFIELD: Okay. Thank you.

MR. JONES: Mr. Kilday?

MR. KILDAY: Mr. Chairman, I'm going to do mine later on.

MS. BLUNT: First of all, good morning to the TDHCA board and to your staff. My name is Janett Blunt. I'm the housing manager and the grants administrator for the City of Beaumont. And we are here today in support of the Low Income Tax Credit application submitted by Stone Hearst to construct a 144-unit apartment townhomes in -- on Locust Street, which is located in Census Tract 1.03.

And I want to start off by just letting you know that our city council, our local officials have wholeheartedly supported the application by way of Resolution Number 03-143, which reads, "Whereas, Stoneway Limited Partnership proposes to build Stone Hearst Townhomes on approximately 27 acres located at 1650 East Locust Drive in Beaumont, Texas; and whereas Stone Hearst Townhomes will be comprised of a community center building containing on-site management offices, residential activity areas, as well as 144 townhome units, and where Stone Hearst townhomes will consist of two- and three-bedroom units which will be beneficial to the families in Beaumont; Stone Hearst Townhomes received the highest score of 100 in the TDHCA 2003 tax credit round for Region 5, and a score issued to Stone Hearst Townhomes on the strong demand for affordable housing in our city, this
development should be awarded its tax credits.

"Now, therefore, let it be resolved by the city
council of the City of Beaumont that the council finds
that R.J. Collins and the Stoneway Limited Partnership
have the historical experience in developing high-quality
affordable communities for our city.

"Be it further resolved that the city council
supports the efforts of Stone Hearst Townhomes, and
especially its application to the TDHCA for Low Income Tax
Housing credits, passed by the City Council of the City of
Beaumont, this 15th day of July 2003, signed, Mayor Evelyn
Lloyd.

And I just want to add to that that the area
that the apartments would be located is in a census tract
with approximately 84.6 low/moderate families. The
occupancy there is at or below 40 percent of poverty.

The median income for that census tract area is
$18,393 per year. We're at an 82.8 percent minority
population. The units will be in an area with minimal
and/or substandard housing. And the city does have in its
goals of its affordable housing program goals to
revitalize the area. And certainly construction of this
144 units will go a long way in helping us to meet that
goal. So we encourage you to consider the application.
Thank you.

MR. JONES: Thank you, ma'am. I appreciate it.

Terry Campbell.

MR. CAMPBELL: Agenda item.

MR. JONES: Michael Gilbert?

MR. GILBERT: Agenda item.

MR. JONES: Randy Stevenson?

MR. STEVENSON: I'll pass.

MR. JONES: Geanie Morrison?

MS. MORRISON: Thank you, Mr. Chairman and members. I come before the board today to express my concerns regarding the Campbell, Hogue and Associates application for the Pinnacle Point Apartment Complex that would be in Region 10, Number 03-162. The proposed development includes 156 multifamily apartment homes to be located in Victoria, Texas.

While I recognize the need for additional housing, my concerns are based on the impact that a development of this size would have on the local schools.

Currently Chandler Elementary School, which would be right next door to this complex, is near capacity, with only enough space to accommodate an additional 44 students. Unfortunately, this new school, which was just opened two years ago, was not built in a
location that has land that could expand.

There is not even enough space available to bring in portable buildings at the school. Once a school reaches capacity, two alternatives exist. Students could be transferred to one of two schools, Vickers or Rowland, because the school that would be closest to this complex, besides the new school, is already at capacity, and cannot take any more students.

If the students go to Vickers or Rowland, they would have to bring in portable buildings that would have to be moved onto the campuses. Of these other two schools, Vickers is the only one that is eligible to transport students from the area that the Pinnacle Point project is to be located at, as it is over the two-mile radius.

This means that the students that would have to attend Rowland, the school that is not over two miles away, would be forced to travel right at two miles, placing a burden on families and putting many students in danger, who would be walking along major roadways to get there, since that is actually the third school of choice, since the other two could not handle them.

Beyond the elementary schools is the junior high school, which would face many of the same problems,
and they would have to bring in portable buildings.

I also have a letter with me from the vice president of our school board, who wishes to express his concerns, including the impact that this development would have on assessment initiatives that are already in place. Additional members will also be sending letters to you from the school board.

In closing --

MR. JONES: Representative, one question about that letter.

MS. MORRISON: Yes?

MR. JONES: Would that letter be expressing his opinion, or was he authorized to write it on behalf of the school district?

MS. MORRISON: It's expressing his opinion as the vice president. Now, it's not -- it would not be coming from a school board meeting, but it's his opinion.

MR. JONES: Okay. Thank you.

MS. MORRISON: Yes.

MR. JONES: I'm sorry to interrupt.

MS. MORRISON: That's okay. In closing, I would respectfully ask that you take these concerns into consideration as you make your decision on the Pinnacle Point Application. And I want to thank you again for
allowing me to appear before the board. And I would be
glad to answer any questions that you might have.

MR. JONES: Representative, thank you so much
for being here.

MS. MORRISON: Thank you.

MR. JONES: We certainly appreciate it.

Mr. Palmer -- Barry Palmer?

MR. PALMER: Mr. Chairman, we have several
speakers on the same item. Is it possible for us to have
them go in a certain order?

MR. JONES: I'd be happy.

MR. PALMER: At the agenda item.

MR. JONES: That's fine.

Ms. Lott?

MS. LOTT: Good morning.

MR. JONES: Good morning.

MS. LOTT: My name is Ann Lott, and I'm the
president and CEO for the Dallas Housing Authority. Thank
you for allowing me to speak to you this morning on behalf
of the Housing Authority of the City of Dallas and our
request for $4.5 million in tax credits for the Frazier
Fellowship, Application 03097, located in Region 3.

In February of this year, DHA was awarded a $20
million HOPE 6 grant, from the U.S. Department of Housing
and Urban Development. With this grant, DHA has the opportunity to take a giant leap forward in meeting the needs of low-income families in the Frazier Courts community, and spurring the revitalization of southeast Dallas.

The redevelopment of this 550-unit complex will occur in five phases, and cost approximately $16 million. The 60-year-old structures will be replaced with 356 new contemporary units. The HOPE 6 grant requires housing authorities to leverage the grant dollars to accomplish this revitalization effort.

HUD has made it clear. They have no intention of providing support for any revitalization effort without the financial participation of the local and state government. HOPE 6 is an extremely competitive program. Only the best and the brightest get funded. DHA was one of the 28 housing authorities to receive funding in 2002.

We submitted to HUD a plan that leveraged the HOPE 6 grant with city funds, private debt, and tax credit equity. We were awarded the grant in large part because HUD believed DHA had the wherewithal to leverage the grant successfully and complete the project within the five-year period.

In February of this year, DHA submitted an
application for $4.5 million of tax credit equity for the
fourth phase of the HOPE 6 development plan. The proposed
project includes the construction of 76 units. Thirty-
eight of them will be public housing, 22 will be low-
income tax credit units, and 16 will be market rate units.

Frazier Fellowship is the first of two tax
credit applications we plan to submit to you for this HOPE
6 plan. Although our application received a score of 100,
the staff has not recommended Frazier Fellowship in this
funding cycle. As I have pointed out previously, tax
credit equity is a critical component of this
revitalization effort.

We only have five years to complete the
proposed project. If DHA cannot secure tax credits for
Frazier Courts, our entire HOPE 6 grant is in jeopardy.
We will not be able to complete the project, and the $20
million will be returned to Washington, D.C.

I am here to ask you to consider a forward
commitment for this very worthwhile endeavor. To be
successful, DHA must begin construction of the fourth
phase by 2005. And a forward commitment will ensure a
timely completion of this project.

MR. JONES: Ms. Lott, I believe your time is
up. If you could conclude.
MS. LOTT: I will conclude.

MR. JONES: Thank you.

MS. LOTT: This venture is difficult, if not impossible to accomplish without the state's tax credit program. And I want to thank each and every member of the board for your commitment to affordable housing, and I urge you to consider a forward commitment. There are several residents of the Frazier Court community. My council member is also here in support. And if you could hear from them as well.

MR. JONES: Certainly. And I would also like to comment, many of the issues that you've raised -- Senator Royce West would like to be here, and would like to be commenting very favorably on the issues you've raised, and that you've taken this position.

And I told Senator West, when he told me he couldn't come and that he couldn't be here, that certainly our board understood those issues, as they've been raised. I know our executive director understands those issues and has looked at them carefully. And that I would make sure the board members knew of his interest and of his opinions on the subject.

MS. LOTT: I do appreciate it. Thank you.

MR. JONES: Thank you. Who -- Mr. Palmer, who
would be next? Excuse me?

MS. FULLER: Geraldine Fuller.

MR. JONES: Ms. Fuller.

MS. FULLER: Good morning.

MR. JONES: Good morning.

MS. FULLER: My name is Geraldine Fuller. I have been a resident for Frazier Courts for a number of years. And I never have -- never believed I would see the day that Frazier Court would have a nice new building. I love this community. And that is why I work so hard with the Dallas Housing Authority to try to make things better. I have looked at all the beautiful plans for the neighborhood, and it brings tears to my eyes to think that one day, I'll get to live in this. Frazier Court is not the best place to live, but for me, it's home. It's where my children grew up and moved out.

Some of the residents may not want to live there, but I can't wait until it's ready. This is my neighborhood. We are all excited about the changes, because it gives us hope. It's been a long time coming. I can -- I came here today because I want you to help DHA. They are trying to make things better. Thank you.

MR. JONES: Thank you for being here.

MS. LOTT: Mr. Chairman, the next speaker is
Monnique Meshack.

MR. JONES: Thank you.

MS. MESHACK: Good morning.

MR. JONES: Good morning.

MS. MESHACK: My name is Monnique Meshack.

Frazier Court needs to be changed. It's a good neighborhood. But we can also have a much better place to live under the changes that DHA wants to do. DHA told us that they were going to tear down those old buildings and give us some new ones.

They told us that they would be in a mixed-income neighborhood, and have jobs and training. We believe in them. They came back and said to us that you do not get -- that they were not able to get the tax credit. We didn't know if they -- if that was what they were saying was true, but we trusted them when they told us that the community was going to be changed.

We need to -- your help, to help with DHA give us our good community. We want the same things for our family. Good jobs, good school, and a decent place to live. Thank you.

MR. JONES: Thank you.

MS. LOTT: Mr. Chairman, Tammy Conway will speak next.
MS. CONWAY: Good morning.

MR. JONES: Good morning.

MS. CONWAY: My name is Tammy Conway. I'm here today to encourage your board to award Frazier Court Fellowship towards a community of low-income housing tax credits. As a resident of Frazier Court, the award of the forward commitment is very important to me and to those who are with me today.

We have worked hard with the Dallas Housing Authority to develop a plan about the renovation of the Frazier Court neighborhood. And we will be awarded -- and we will -- was awarded in March a bunch of HOPE 6 funds. And we are now working with the Housing Authority to approve that plan.

Frazier Court is our home. But it's old, and due to be done, and down -- be torn down and rebuilt. We are asking the board to award the credits to DHA and so we can rebuild Frazier Court and give us a better community for our families. Thank you.

MR. JONES: Thank you, ma'am.

MS. LOTT: Barry Palmer.

MR. JONES: Thank you.

MR. PALMER: Thank you, Mr. Chairman, and members of the board. The housing authorities are charged
with a very difficult task. They are charged with serving a very low-income tenant base. The average median income, portfolio-wide of the Dallas Housing Authority's tenants is about 17 percent.

The only way that they are able to do this is they get operating subsidy from HUD that allows them to operate their properties, but they get very limited capital dollars to maintain their properties, and certainly none to rebuild obsolete housing.

The HOPE 6 program was designed to allow housing authorities to replace obsolete housing with new construction, like we see in the tax credit program. But it is entirely dependent on receiving tax credit awards to leverage the HOPE 6 dollars.

In the past, the department has recognized the importance of the HOPE 6 Program, and there has been a point category for projects that have HOPE 6 awards. And in the 2003 QAP, unfortunately, that was changed to include in there, with HOPE 6, projects that had CDBG or HOME funds. But unfortunately, the QAP did not specify how much you had to have, and in fact, if you even had to actually have it, but rather, you just applied for it.

So what you have is the anomaly where you have this project that has over a million and a half of HOPE 6
grant funds firmly committed to it. And on the other hand, you have projects in the region that have applied for, but not received a $10,000 CDBG grant.

Had it not been for that change in the QAP that allowed developers to claim points for merely applying for a few dollars that they'll never receive, this would have been the highest-scoring project in Region 3.

Because of that, I would request that the department consider a forward commitment of 2004 tax credits to this project.

MR. JONES: Thank you, sir.

MR. CONINE: Mr. Palmer?

MR. PALMER: Yes?

MR. CONINE: Did I hear -- and Ms. Lott, I think, say that Phase 4 of this particular project is the one we're dealing with?

MR. PALMER: No, this is Phase 1.

MR. CONINE: Just Phase 1? Okay.

MR. PALMER: The funding stage. We only have four years to complete the four phases.

MR. CONINE: And how many units are in the total four phases?

MS. LOTT: 356.

MR. CONINE: Okay. Thank you, very much.
MS. ANDERSON: I have a question for Mr. Palmer, Mr. Chairman.

MR. JONES: Certainly.

MS. ANDERSON: Maybe I misheard you. I remember -- I think I remember Ms. Lott saying that there's 20 million in HOPE 6 Funds. And I think I heard you say a million and a half in --

MR. PALMER: In this particular phase. This is only 72 units in the first phase. And there's a million and a half --

MS. ANDERSON: It's not 20 million for this current deal. It's 1.5?

MR. PALMER: Right.

MS. ANDERSON: Okay. Thank you.

MR. JONES: Are there any questions? Next.

MS. LOTT: Mr. Chairman?

MR. JONES: Yes?

MS. LOTT: The next speaker is Councilman Leo Chaney.

MR. JONES: Thank you. Mr. Councilman.

MR. CHANEY: Buenos dias.

MR. JONES: How are you doing?

MR. CHANEY: I thought we'd get a little light there. I'm from south Dallas, Texas, but we represent
everybody.

(Laughter.)

MR. JONES: So do we.

MR. CHANEY: I'm here today as a partner, if you will, of the Frazier Courts projects. My parents are 78 and 77 years old, began their marriage and their families in these housing projects many, many, many years ago. I'm here also on behalf of my colleagues on the city council, and our mayor, Laura Miller, to ask you to seriously -- very seriously grant the request that the Dallas Housing Authority is making.

This community -- the average census tract -- the income is less than $10,000. We have committed -- we being the Dallas City Council -- we have committed to -- we are experimenting, if you will. We have created what is called a Neighborhood Improvement Program, whereby we are using a substantial amount of our federal grant monies to improve targeted neighborhoods.

And this particular neighborhood is one of our future targets. So not to belabor the point, I just want to say to you that we're in the midst of a metamorphosis, if you will, in southeast Dallas. And without these tax credits, and without the partnership, if you will, between the city, our local government, the federal government,
and our state, many of the folk, who are like me, who were impoverished, will not have the opportunity to have decent and safe housing.

And so I implore you today -- I made a special trip down here because this means so much to our city, and so very, very much to the -- to Ms. Fuller and the residents that currently reside in that area.

And I want to urge you to please, please consider the forward commitment that we've requested, that took us three years to get the $20 million commitment from the federal government. And we were delighted. We all just jumped up and down when we received that.

And so we're trying to leverage all our dollars, put all the partners together, so that within the next four years we can really get a bang for our buck, and you can come to Dallas and come down on Spring Avenue and Taste of New Orleans and eat a sandwich with us. Thank you.

MR. JONES: I would love to do that.

MR. CHANEY: You're on, Mr. Chairman. Just give us that forward commitment.

(Laughter.)

MR. JONES: Now, when I -- was that just a bribe?
MR. CHANEY: No, sir. No, no. That's just an invitation. That's just the type of hospitality we have in south Dallas, Texas.

MR. JONES: Hey, we go to Tyler, too. So you --

MR. CHANEY: All right, then.

MR. JONES: We appreciate your special trip.

Thank you so much for being here.

MR. CHANEY: Thank you.

MR. JONES: Janice Steffes. We think you're different places in this stack.

MS. STEFFES: Good morning. My name is Janice Steffes. I'm here representing State Senator Troy Frasier, Senate District 24. He has asked me to read some comments for him regarding the Kingsland Trails Apartments, Tax Credit Application 03-168. And he sent a letter on July 14 that might be in your board packet. And that's what I'm going to read.

"Dear Ladies and Gentlemen, I am writing you to express my full support for Kingsland Trails Apartments, a 76-unit family apartment community proposed for development and construction in my district under the Federal Low Income Housing Tax Credit Program.

"Kingsland, in Llano County, is a thriving
rural community which has a serious need for high-quality, safe and clean, affordable multifamily rental housing, for families, the elderly and the disabled.

"A development like Kingsland Trails will be critical in our efforts to diversify the housing market in order to fulfill the ever-increasing housing demand in Kingsland and the surrounding communities.

"While I understand that currently there is no tax credit money available for the Kingsland region, I would strongly urge the board to find the funds available to approve this much-needed rural development in my district.

"Of the LIHTC 2003 applications for Region 7, the Kingsland application scored the highest, and it should be funded. Thank you for your favorable consideration of this most worthwhile project. If I can ever be of assistance, please do not hesitate to call on me. Sincerely, Troy Frasier, State Senator." Thank you.

MR. JONES: Thank you. I appreciate it.

Mr. Anthony Cobos.

MR. COBOS: Mr. Chair, Commissioners, Good morning. My name is Anthony Cobos, mayor pro tem, City of El Paso, Texas. The mayor of El Paso, Mr. Joe Wardy, has asked me to come down and address an issue. That is the
Suncrest Townhomes Project, 03223.

While we are very glad that --

MR. JONES: And if I could interrupt just for a second. I would like to say this. I did hear from the mayor yesterday. He is very interested in your comments, very supportive, I believe, of your comments. And he wanted me to express to the board members that he would have loved to have been here today, and to express his own opinions, and that just could not do that. It was impossible for him to do that.

I'd just like to make that -- so they had that information as you speak.

MR. COBOS: Thank you, Mr. Jones. And I do officially represent the position of the City of El Paso, Texas.

We are opposed to this project, even though we are grateful for you considering Region 13 with these funds. But we think it will be counterproductive if we authorize this project, for three main reasons.

Number one, it is an issue of clustering. If this project goes through, it will be in an area where there are five public housing projects already -- in your packet I passed out earlier, you will find a resolution from the City of El Paso, the mayor breaking the tie.
That is to officially oppose this project.

And again, the issue of clustering was the main point. And also in your packet, you will find a document from our police department. And in the back, I have highlighted, in the summary section. It says, "We believe that crime will increase at a higher rate than if developed -- if this development was placed in an area without this concentration." It's a concentration issue.

We believe that low-income housing should be distributed throughout a community, not clustered in one general area. Crime is higher in this area, and that is due to gang affiliations within the various housing complexes.

And also it is the police department's opinion. Therefore, it is our opinion, based on the research and experience, the location of the proposed housing is not beneficial to either the current community residents, or those residents of the proposed complex.

The second issue that I'd like to address, or the second point is, we have had many elected officials supporting my position. And again, I'm the city representative. I've walked that neighborhood. I represent that neighborhood. I live it every day.

I received a letter -- in your packet is a
letter from the congressman of the 16th Congressional District, rescinding his initial letter of support for this project, and asking you to consider my opinion here this morning.

Also the State Representative of District Number 78, Patrick Haggerty, has sent a letter in opposition to this project. State Representative Joe Pickett, District 79, has sent a letter in opposition to this project. But the main concern is the clustering issue.

And Chente Quintanilla, State Representative, has also sent a letter in opposition to this project. And Mr. Jones, you did receive a letter from Mayor Wardy, as a similar letter was sent to Governor Perry. And I would say that Mayor Wardy is -- has a very close working relationship with Governor Perry. We have not received correspondence back from Governor Perry at this point.

And also the school districts are going to be affected. In that general area -- I've included a map, and I've highlighted that map. This is it. The little dot is where the proposed project is going to be. That is on the opposite side of the street from an elementary school, Lyndon B. Johnson, and a middle school.

In order for children to get to that school,
they're going to have to cross the street. It's a minor arterial. There is two lanes in either directions. It's a four-lane road. And El Paso, Texas, has the highest pedestrian fatality accidents in the state of Texas. This certainly will not help.

I would like to answer any questions if you have some, please.

MR. JONES: Okay.

MR. SALINAS: How long have you all been in office?

MR. COBOS: I've been in office -- this is my second term. I've been elected two times. And I am a mayor pro-tem of the City of El Paso.

MR. SALINAS: Well, to say this project went through the city, planning and zoning and --

MR. COBOS: This city -- this project -- was not -- did not go through the City of El Paso. It is a Housing Authority project. To the best of my knowledge, the City of El Paso was not invited to the table when dialogue took place, and when the decision was made to move forward on this project.

MR. SALINAS: This is an area where it was supported very highly by the Housing Authority Project in the City of El Paso.
MR. COBOS: That is correct. And again, to that point, is the City of El Paso has officially taken a position against the project. We did relay our concerns to the Housing --

MR. SALINAS: Who appoints the board members for the City -- for the Housing Authority?

MR. COBOS: The mayor of the City of El Paso appoints the board members to the Housing Authority. We have had a change in leadership with the mayor of El Paso.

MR. SALINAS: But I mean, the board members have not changed?

MR. COBOS: The board members have not changed. No, sir.

MR. SALINAS: Well, you need to tell the mayor [inaudible].

MR. COBOS: Well --

MR. SALINAS: Because as long as the board members are there, those are the ones running the Housing Authority right now.

MR. COBOS: Yes, sir.

MR. SALINAS: I would think that it would be very unjust for us to -- not to consider the Housing Authority's request. I think this project's been recommended by our staff, highly recommended, and I would
hate to see it politically being brought down simply
because of the change of administration, and the chair
might want to change the board members.

I just think that if you all want to change the
Housing Authority's presence there, then the mayor needs
to start getting busy and start appointing new members.

MR. COBOS: Let me address that.

MR. SALINAS: Right now it's very hard to work
and serve a board -- that board that unanimously support
this housing -- this project. I, myself, respect the
seats that they represent in the Housing Authority. And I
don't know what seems to be the problem. At one time
everybody was supporting it, and then the new mayor comes
in and looks at it differently, and -- but it looks bad.

The way I see it -- I'm a mayor, and I
appointed my own housing authority board members. But I
do really not get involved with them. I let them do their
own thing. And we appoint them. We appoint good people.

But if the new mayor's not happy with them, then I don't
see why we should be put in the position to choose, simply
because you all have a new mayor.

So I got a call from the mayor yesterday. I
didn't call him back because I knew that I was not going
to be able to communicate with him fairly, because my
position is to represent the people that applied, which is
the housing authority board, which is a respectable board
in El Paso, I thought.

You know, we had a trip there some -- about a
year ago. Everybody was so happy about everything that we
were doing there. It's a nice part of town. I mean, the
most -- I think El Paso has the best housing -- affordable
home programs in the state. We even had a tour through
some of those projects -- beautiful projects. And all of
a sudden here, everybody is -- simply because the mayor
doesn't like the board members.

MR. COBOS: Mr. Chairman, may I address that?

MR. JONES: Yes, sir.

MR. COBOS: I would like to say, Mayor Salinas,
that I have survived the change in the administrations. I
was there when the last mayor was in power. And even
then, the housing authority did not bring this to my
attention. Being a city representative for that area, I
was totally out of the loop.

You have brought up a point, that the housing
authority is not taking into consideration the city's
opinions. I have a newspaper article that was in
yesterday's El Paso Times. And I would like to tell you,
more than likely, why the housing authority has not
changed its position. And I'm going to read this. It's a quote from Mr. Al Velarde, the official spokesman for the housing authority.

It says, "Our partner has filed suit to obligate the housing authority to honor its partnership, housing authority Spokesman Al Velarde said, and we must therefore proceed with our agreement. To do otherwise will cause the Authority to risk incurring a multimillion-dollar liability."

"For that reason, the Housing Authority of the City of El Paso has not changed its position, in my opinion." That's a quote from the housing authority Spokesman, Mr. Al Velarde.

And also to that point, there is -- the City of El Paso is doing exactly what you proposed, Mr. Salinas. We are trying to have a better dialogue with the housing authority. We have not been successful in having a positive or a beneficial dialogue with the housing authority, so therefore, the City of El Paso passed a resolution to expand the board from five members of the housing authority to eleven members of the housing authority.

MR. SALINAS: Well, and I understand that. And the city has all the authority to do that, and the mayor
does that. But meanwhile, this housing authority has the vote. And my feeling here for the -- representing this board is, until that housing authority gives us the signal otherwise, I think the recommendation from the staff on this project should stand.

If you all wanted to change the political base of that housing authority, then you all need to start working right now. But right now, I don't think -- why should we get involved? I think that this is a project that's been recommended by our staff. The project is being supported by a unanimous board of the housing authority in El Paso.

All we've heard from people in El Paso is good things about the housing authority and the partnership with these people. I don't want to tell you who you can appoint next year, but as it is right now, it's very hard for you to come here and tell us, Well, we want to pull this application simply because we don't agree with the housing authority.

Well, we all would like to do a lot of things right now that we don't like. But people have terms and there are limits, and there are appointments. And their elected officials get so many terms. So as of right now, I think it would be hard for me to -- not to take the
recommendation from the staff on a project such as that project in El Paso, and it's being recommending highly by staff.

MR. COBOS: Mr. Jones --

MR. JONES: Before you do -- I've been very remiss. Mr. Bogany had a question. I'd like to turn to his question if we could.

Mr. Bogany, I'm sorry it took so long. And then Mr. Gonzalez.

MR. BOGANY: No problem. I just have a couple of questions. Is the City of El Paso saying that they don't want any low-income subsidized housing in El Paso anymore?

MR. COBOS: No, sir. We are not saying that.

MR. BOGANY: Okay. The next question I have. Do you represent -- do your representation spill over on the other side of South Mesa Hills? Or is that the border?

MR. COBOS: South Mesa -- it does, sir. This -- my representation affects the entire area, including the school district.

MR. BOGANY: Okay. But the other five projects there too? The five other housing -- subsidized housing projects there? Would you be a representative for those
five?

MR. COBOS: Would I be the representative for
the --

MR. BOGANY: I'm looking at your map. And I'm
looking at --

MR. COBOS: Yes, sir.

MR. BOGANY: And I'm looking at South Mesa
Drive. And my question is, basically, I know you
represent where this project is. But the other one
through five -- do you represent on that side?

MR. COBOS: Yes, sir. I do. That is my city
representative district. Yes, sir.

MR. BOGANY: I would -- I talked to staff
earlier, and they said they went out and took a look at
this project, and shopping around it. It's ideal for an
affordable housing project. And I'm just questioning what
was -- was there any opposition to these other five? And
why all of a sudden it moves across the street, now we've
got opposition to it.

And it seems as though it's a political
football in El Paso, and you're throwing it at us, and ask
us to play in your game. And all we're doing is voting to
provide affordable housing. And it really bothers me.

I've got a letter from Representative Robert Cushing, who
sits -- I guess city council with you, one of your members --

MR. COBOS: Yes, sir.

MR. BOGANY: -- who is in favor of this project, based on what his letter said. And he had some concerns about some of the things you just mentioned, but overall, he felt that it was a good project, and it was in a great neighborhood. And just, why is the City of El Paso wants -- does it want to get involved with your political fighting back at the city? I mean, that's not our job.

MR. COBOS: Mr. Jones -- Chairman Jones, if I may address that -- those concerns, as -- Representative Cushing voted for the resolution in opposition to the Suncrest Townhomes. I am not sure of the interpretation of that letter, but he is opposed to this project.

MR. BOGANY: Okay.

MR. COBOS: And I would say that I believe that some of the issues I have addressed or brought forward have been deflected into politics and other items. You may read that in -- from others. But I am here to tell you today that it is an issue of clustering.

The city leadership and the majority of the state representatives, the congressmen, are very concerned
about this project. And also, it's an overburden on surrounding schools. Okay?

I never met -- this is not about politics. This is about clustering. Cities throughout the country are getting away from clustering of housing units. It's common knowledge that these clustered housing units -- families have to work more. Many of them are single families, or single-parent families.

There is less parental participation in the PTAs, and in extracurricular activities, because individuals are trying to make ends meet. It's a fact that there are gangs in these housing authorities. We have had major problems.

So to deflect my argument and say it's political is not an accurate statement. That it is not --

MR. SALINAS: I can tell you how you can fix this problem. You need to go back to your city council and do a study of your city, and revamp your zoning. We just cannot stop a project, especially a beautiful project like the ones you all have there. It's beautiful projects.

You cannot say that they're not, because we saw them. You need to go revamp your zoning on housing, and you need to move them out. If you don't want them in a
place, then the city council has the authority to stop --
to change the zoning if you don't want these people.

Because that is the only authority that I think
the City of El Paso would have. It would be very hard for
you to put us in this particular position, and say, Well,
we decided we don't want it anymore.

And all this time, these people -- this housing
authority has spent money in making the application, has
talked to people. You've got to have some people in favor
of this project simply because the whole housing authority
board voted in favor of it.

And I can understand that the people that
should run the city are the people that get elected by the
citizens, and maybe one of the things that you all need to
do next year, or whenever you get back, is just to a study
and revamp the new zoning and say, Well, we don't want any
more projects here. Maybe this will be the last one. And
move them out somewhere else.

I think that's the only authority you have,
because if you deny something that is in your zone, and is
zoned for that purpose, you know, the developer might sue
you. Because we've gotten sued before in our city for
denying and getting too much involved in the political
process simply because we don't like the developer.
It's something that I think you all need to go back and rezone and pay a consultant to do your study. You're saying that you all have too many of them. And then that you are not going to accept any more. This is the only way you can do it. But just don't do it overnight simply because you have a new mayor.

MR. COBOS: Mr. Salinas --

MR. JONES: Just a second. Okay. I've got a number of board members that would like to ask you questions. Mr. Gonzalez, then Ms. Anderson, and then Mr. Conine.

MR. GONZALEZ: I had a question on the package that you gave us on the concentration of low-income subsidized housing where the maps were.

MR. COBOS: Yes, sir.

MR. GONZALEZ: There was also an article about how the buses avoid that area. Can you touch on that just for my personal benefit and the board's benefit?

MR. COBOS: Yes, sir, I can. In that issue, about the buses, directly goes into one of my three arguments, the clustering issue. The buses, for the past five years, have refused to travel in that area because they are -- individual people living in the complexes stone them, or they throw rocks at them, or pellet guns.
And the director of Sun Metro, Mr. Terry Lee Scott -- and I have a quote. And he's saying -- this is in the Borderline Section, January 17, 2003, "It's very dangerous, Sun Metro Director Terry Lee Scott said. If a window were shattered, passengers could get hurt, and a driver could lose control, he said."

And also, it goes on. "For years, Sun Metro buses have avoided parts of the west side and lower valley for fear of rock attacks or pellet shots from air rifles, officials said."

Ladies and gentlemen of the board, we appreciate your consideration, but this will be counterproductive if this project is approved in that area. Anywhere else is fine. But when you have a concentration of low-income housing, it directly affects the neighborhood.

This isn't about politics. This is about quality of life, and if anyone can challenge me on the quality-of-life issue, I would appreciate it, because it doesn't appear that there is an argument that challenges the quality-of-life issue. It's all about politics.

I walked the streets to get elected. I knocked on a lot of doors. I know the area better than anyone else in the City of El Paso. It's about quality of life.
It's about condensed school districting.

At Moorehead Elementary, they replaced the principal three times. An administrator had to come and take over. I don't want to have children cross the street over a four-lane road, a minor arterial, to get to school when the City of El Paso has the highest rate of pedestrian fatalities in the state.

Can anyone challenge me on the quality-of-life issue?

MR. JONES: Okay. Let me --

MR. COBOS: Thank you, sir.

MR. JONES: Ms. Anderson?

MS. ANDERSON: Mr. Cobos, were you on the city council in January 2003?

MR. COBOS: Yes, ma'am.

MS. ANDERSON: Okay. That's when this application was filed and became public. So if you were so concerned about public safety and clustering, why did we not hear anything from you, sir, until after the scoring was released in May or June, and it became clear that this project out -- you know, was the one in El Paso that was going to be funded, and this board now making a change in the staff recommendation would come at direct expense to the developer of Suncrest, and a direct benefit
to another developer in El Paso?

MR. COBOS: I'm glad you asked that question.

In January 2003, I was knocking on doors. I was knocking on a lot of doors. I spent every day -- I was --

MS. ANDERSON: So you weren't reading the minutes of that housing authority meetings and --

MR. COBOS: No, ma'am. I was campaigning for my political future. I was fighting for my life. And in fact, that's how I discovered this project, where neighbors in the area -- when I was knocking on doors.

So --

MS. ANDERSON: So when was that that you discovered, in your knocking on doors, that -- when you learned about the project through knocking on doors, not reading housing authority minutes?

MR. COBOS: I would say early -- late February to early March.

MS. ANDERSON: Okay.

MR. COBOS: I was campaigning approximately four months.

MS. ANDERSON: Okay.

MR. COBOS: So I apologize, but when -- I had four opponents. I spent most of my days --

MS. ANDERSON: It's difficult for this board
member to, you know, make a decision when this developer, you know, has scored and followed departmental rules, because someone who is opposed to it -- you know, and I know campaigning is hard work, and it makes, you know, people busy. But that, you know, creates a -- it's hard for me to decline to support a project because someone says, Well, I didn't know about it.

And the other question I have for you is did the El Paso Housing Authority violate any of their own rules and policies, or any explicit city rules and policies in creating its partnership that was, you know, public in January when this application was filed?

Did they violate any --

MR. COBOS: I am not an attorney.

MS. ANDERSON: -- in your judgment, sir.

MR. COBOS: But in my judgment, yes. And if this policy -- if this project moves forward, I believe you will see an injunction --

MS. ANDERSON: What rules did they violate, sir?

MR. COBOS: In -- according to -- in my opinion, they violated open records -- excuse me -- open bidding rules. Any municipality, any government entity, has got to go out to open bids and solicit bids. That was
not done.

But I am not -- I am only answering that question because -- I am addressing this because you asked the question. That is not one of my three points which --

MS. ANDERSON: Okay. I have another question.

MR. COBOS: -- which is not --

MR. SALINAS: Let me ask -- go ahead.

MS. ANDERSON: Let me just ask my last question.

MR. SALINAS: Sure.

MS. ANDERSON: You mentioned that the El Paso City Council passed a resolution to increase the number of board members from seven to eleven on the housing authority. How -- has HUD had a reaction to that proposal?

MR. COBOS: To the best of my knowledge -- let me correct something. It was from five to eleven, not seven to eleven.

MS. ANDERSON: Okay.

MR. COBOS: Five to eleven. HUD -- we have not received any correspondence from HUD. So to that -- this resolution was passed on the 22nd. So it hasn't -- it's been a little over a week. So we have not received any correspondence from HUD.
According to our city attorneys, the -- we're totally within state law to do that. We could have a board of five, seven, nine or eleven. And the city council has taken action to try to remedy the problem. Back here the issue of open bidding -- there was no solicitation of bids on this project.

MS. ANDERSON: That's not -- my question is, what written rule did the housing authority violate?

MR. COBOS: I don't have that information.

MS. ANDERSON: Okay.

MR. COBOS: And -- but -- and again, Mr. Jones, if I may, that is not one of my three argument points. Still --

MR. JONES: We understand your argument. We're into the questioning.

Yes, sir?

MR. SALINAS: I'd like to ask our staff -- we had a public hearing in El Paso concerning this project. Who was there? Were you there?

MS. JOYCE: Yes, sir.

MR. SALINAS: How many people were there opposing the project when you went to El Paso for the public hearing?

MR. JONES: If you would, please, come to a
mike and state your name.

MS. ANDERSON: Jen, you need to come to a mike.

MS. JOYCE: My name is Jennifer Joyce. I'm Program Analyst on the Multifamily Division. To the best of my recollection, there was zero opposition.

MR. SALINAS: No opposition, you mean?

MS. JOYCE: Zero opposition at the public hearing.

MR. JONES: Zero opposition. Thank you. I'm sorry.

MR. SALINAS: Zero opposition? And you all publicized it. You all were there?

MS. JOYCE: Yes.

MR. SALINAS: You sent letters to the neighbors?

MS. JOYCE: We publicized it in the Texas Register. We also posted it. Yes.

MR. SALINAS: Okay. Thank you. One of the things that I've always had concerns with is when public is opposed to these projects. We've had several of them here come before this board, and we fought them, and we've heard the public, and we've heard the elected officials.

But when those things have happened, we've had people here from the -- opposing these projects. The only
ones that I've heard opposing these projects is the new mayor and you. You know?

And I just don't see it fair that the public around this project has no public opposition. So it's very hard for us to think that it's going to hurt your neighborhoods, because if it was, it would -- we would have hundreds of people here that we've had from everywhere else.

The only thing I can say is that that is an issue that you're all going to have to take up later. I don't think that we would be able to not recommend this project. The staff spent a lot of money, a lot of time. And the recommendation is to support this project. So as you can see, you have no public opposition to this project over there. And you don't have anybody from El Paso here, besides you and probably some of the city staff -- anybody from the public from El Paso that is here opposing this project. There is nobody here.

MR. COBOS: Mr. Chairman?

MR. SALINAS: One, two, three, four? Okay.

MR. COBOS: Mr. Chair?

MR. JONES: Yes, sir?

MR. COBOS: If I may address that. Mayor Salinas, for you to say that there is no public opposition
to this in the City of El Paso and in the general
neighborhoods is not an accurate statement.

MR. SALINAS: Well, we had a public hearing in
El Paso. My question, not only to you, but to everybody
that goes to our public hearings throughout the state --
my first question is, how many people were opposed to this
project? And they give me a number. And sometimes they
are high numbers.

On this number, you just heard our staff say
zero. Nobody was opposed at the public hearing. So that
is a conclusion that it is a problem that just erupted out
of the city council. So it is a problem that you all need
to take care of yourself, and not put it up to us to
decide for you.

MR. COBOS: Sir, with all due respect, I was
not invited to the public hearing. And when you asked the
young lady if she sent notice --

(Laughter.)

MR. JONES: There will be order, please.

MR. COBOS: When I -- when you asked the young
lady if she sent notice to the residents, the answer was
no.

MR. JONES: Okay. Thank you, sir.

Mr. Conine, I apologize for being so long.
MR. CONINE: Okay. You moved to a city council vote in the resolution that I think you said the mayor broke the tie.

MR. COBOS: Yes, sir.

MR. CONINE: Can you restate that again for me?

MR. COBOS: Yes, sir. It was a four-to-four tie, and the four-to-four vote, and the mayor broke the tie supporting the resolution in opposition to the project.

MR. CONINE: Is the property zoned currently for multifamily?

MR. COBOS: Yes, it is, sir.

MR. CONINE: So there is going to be multifamily there, whether it's -- no matter which income stratum it's designed for, there is probably going to be multifamily on that site. Is that correct?

MR. COBOS: Yes, sir. I would suspect that.

MR. CONINE: Part of our problem is the lumping, if you will, of the statement of public-housing units, which I think is very erroneous for city officials, or anybody -- and the educational process for us to have to try to instill upon local officials, the difference between public housing and Low Income Housing Tax Credit housing. There is a huge difference there.
And I -- and so would you say that there is a
concentration of public housing in this particular
neighborhood?

MR. COBOS: There is a mix in this particular
neighborhood. There are housing projects --

MR. CONINE: Right.

MR. COBOS: -- and there are low-income housing
projects. So they -- there is a mix.

MR. CONINE: Well, I -- I'm looking at a
statement here in a letter that says that only 9 percent
of the public-housing units are on the west side of the
city. Is that an accurate statement?

MR. COBOS: I -- that are owned by the El Paso
Housing Authority? It may a correct statement. But as
far low-income housing -- subsidized low-income housing, I
do not believe that is an accurate statement. No.

MR. CONINE: Okay. Well, subsidized low-income
housing is a different term than public housing, and we
need to be careful when we represent what's there and
what's not there, because in fact, the five different
projects or six different projects on your map are a
mixture of projects.

MR. COBOS: Uh-huh.

MR. CONINE: So mixed-income is happening in
this particular area, not a concentration of public
housing, which I think is what you said earlier. Thank
you.

MR. COBOS: Thank you, and I would like -- Mr.
Chair?

MR. JONES: I tell you what. I think we're way
past your time limit. Unless there is another question, I
think we're going to have to go on to someone else.

MR. COBOS: I would also, just in closing,
please, that the State Legislature recently passed a law
in the form of Senate Bill 264, prohibiting TDHCA from
allocating tax credits to a development located one linear
mile or less from an existing tax credit project serving
the same type of household. Senate Bill 264.

MR. JONES: Thank you, sir.

MR. COBOS: Thank you.

MR. JONES: Appreciate your time. Appreciate
you being here, City Representative. Thank you so much.

MR. COBOS: Thank you.

MR. JONES: Next, Mayor Gus Garcia.

MR. GARCIA: Thank you, Chairman Jones, members
of the board. You'll notice that the applause was very
strong. And I think it's attributable to the word
"former." We are no longer there to do any more damage.
I appreciate you giving me the opportunity to speak in the general citizens' communication, because I had a very important job to do that former mayors -- retired mayors and grandparents have. For the next five days, I'm going to babysit four boys -- four grandchildren. So I need to start that job in about 15 or 20 minutes. So I appreciate you allowing me to speak at this time.

MR. JONES: Our prayers go with you.

MR. GARCIA: I need them all, Mr. Chairman.

I'm here to speak on behalf of the Villas on Sixth Street, Project Number 03-160. This was a project that the city entered into an agreement with the developer.

To do a project in an area that has not had this kind of project -- it has public housing, but this tax credit project is going to bring a special kind of housing to that particular area. It's a very -- and this is a forward commitment kind of project.

It is part of a redevelopment of an area that has long been neglected. The city started the -- you might say the redevelopment of what we call east Austin/central east Austin, when we got some money from the Texas Transportation Commission to build Plaza Saltillo. And that was a catalyst for further
development.

Now Capital Metro, the transit agency -- the City of Austin is entering into a redevelopment effort that goes all the way from I-35 east about a mile -- I don't know exactly, less than -- about a mile, a mile and a half.

All along that corridor, we're doing some redevelopment. This project, being a private project, not one that the city is doing by itself, is part of this public/private partnership that we hope will redevelop the area.

It has, across the street from it, University of Texas is putting a charter school, which is now fully enrolled. To the east of this project is a project that is market priced. It's condominiums for sale, practically all sold out.

So the redevelopment of that area is working very well. This project, because of the unique nature of it, is a very strong part of the redevelopment effort. It is transit-friendly. People from there can actually ride bikes, or ride the Capital Metro into downtown, where many of them work.

So we think -- and I was the mayor when we were doing this -- we think this is the kind of project that
will help Austin redevelop that part of east Austin that
has been long neglected, starting in the north with the
redevelopment of the old Mueller Airport. Catellus
Corporation, the master developer, is now in place.

Then coming south along 11th and 12th, we have
the Austin Redevelopment Authority that's now moving along
very well. And then this is the third leg of that
redevelopment effort. We think this particular project
adds tremendously to that particular effort. And I would
recommend highly that you put it into forward commitments
that you are considering.

I appreciate the opportunity to speak before
you, and thank you for the opportunity.

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

MR. GARCIA: Thank you.

MR. JONES: And good luck this week. This -- I
would like to do this, board members, unless there is an
objection. We have been going for a couple of hours.
Let's take a break of ten minutes, and I will really try
to start again at ten minutes.

If we have a -- we will start again in ten
minutes, or as soon as we have a quorum. And so if you've
got to be gone longer than that, I understand. But we're
starting. Thank you.
(Whereupon, a short recess was taken.)

MR. JONES: The next speaker will be Mr. Thom Parker. The meeting is now in order. Mr. Parker? Thank you, sir.

We have grown in the number of people who would like to speak to the board by about a third since we started. And I -- fortunately, if we're going to get through any time probably this year, we're going to have to lower our time limit. And the time limit will now become two minutes.

And I apologize for that, but unless there is an objection from a board member, I think that's what we're going to have to do, because we have a lot of business to do today.

With that in mind, Mr. Parker?

MR. PARKER: Thank you. My name is Thom Parker. I'm the Director of Program Services for the YMCA of Austin. I come to speak on behalf of the Villas at Sixth Street. We are, and have been actively involved with program services on the east side of Austin for a number of years.

Our offices are located within two blocks of this development. We are also a partner in a private/public concern that is very similar to this, where
we are able to make a dramatic impact in the lives of the families that we serve, providing child care -- other types of services. So we would greatly support and endorse the development of this project.

We know that we can impact kids and children's lives -- families' lives at the level that they need to be served. So we would support this. Thank you very much for your time.

MR. JONES: Thank you, sir.

Mr. Don Currie.

MR. CURRIE: Thank you, Mr. Chairman. I'm Don Currie. I'm with the Community Development Corporation of Brownsville. I'm not here to speak on a tax credit project.

I'm here actually to talk about the CHDO set-aside under the HOME Program. And I'm basically here today to ask the board to take a look at possibly new ways of awarding money under the HOME/CHDO set-aside.

As you are aware, you have right now about $15 million that's set aside. Some of those funds are left from the year 2000. Today you are being asked to award 1.9 million in HOME/CHDO set-aside funds for homebuyer assistance.

And of the 8.164 million that your plan is
basically calling for in this particular year, there is still going to be $6.2 million left in that particular set-aside, even after you award all of the money that you're going to award today.

We think that's a lot of money left on the table. Basically I'm here today to ask the board, continually you're being advised that there is not enough applications to basically fund the whole set-aside, and that there is lack of basically sufficient applications being submitted.

Based on the fact that that's been the case over the last three or four years, maybe it's time to take a look at the way the application cycle works, and to perhaps suggest some new ways that HOME/CHDO set-aside money could be awarded.

And I'd just like to run through one or two suggestions for your consideration. One would be that if a CHDO set-aside application was denied for missing an expenditure threshold, as our particular application was this time, but meets all the other criteria, that the HOME funds be committed by the board, and that the contract not be signed until the expenditure threshold has already been met.

This would avoid having to wait for another
round. Another suggestion would be to allow the CHDO set-aside to be run under a reservation versus a grant application kind of system similar to the system that's used for your Mortgage Revenue Bond Program.

A CHDO could come in, reserve funds under the Homebuyer Assistance Program. If funds were not used within a six-month period, they could be used by somebody else, and the board would be able to continue to fill that application --

MR. JONES: Sir, your time is up. Do you want to conclude? Thank you, sir.

Mr. Gilson Westbrook?

MR. WESTBROOK: Good morning. My name is Gilson Westbrook. I'm with St. John Colony Neighborhood Association. And I also would like to speak concerning the CHDO set-aside.

Our project was not recommended for homebuyer's assistance. What that does to St. John Colony, as I've pointed out to you all -- it makes it difficult for us to get tax exemption. Other funding sources and the taxing authority looks at the -- you have to be a CHDO.

Under the current guidelines, if you make application, you do not get funded, you lose your CHDO status. So therefore, it -- they do not allow you to
receive points on some of the HUD projects, the Federal
Home Loan Bank program, and also we have to struggle for
our tax exemption.

And with that, I'll advance the balance of my
time to the gentleman from Brownsville. And by the way,
on the -- we scored 107 points on our application.

MR. JONES: I think you didn't have anything
for these parties. So thank you, sir.

MR. CURRIE: I wrote it all down.

MR. JONES: All right. Thank you. And we do
read. Ms. Alma Del Val-Aranda.

MS. DEL VAL-ARANDA: Good morning. My name is
Alma Del Val-Aranda. I am here -- I guess this is public
comment. I live in El Paso. I'm not here representing a
developer or the Authority, or anything.

Currently I am the manager for the tax credits,
so I do have some knowledge of this. One of the things I
would like to respond to is the whole -- there was no
opposition during the public-comment phase. I live in
that area. And I -- the truth is, unfortunately the way
it's set up -- I mean, most people don't read the Texas
Register, whatever that is.

I mean, I didn't -- you know, you guys are
aware of that, because you've worked in this type of
field, and I mean, everybody here has knowledge of that. But in the general public, I mean, we don't. So there was -- I mean, I can say that there was not an issue at the time.

But at the same time, most people did not know. And there is a great concern in that area of clustering. And my biggest issue is, if this project would have been applied for one month from now, it would have been ineligible, because of the obvious clustering issues.

And to state here that, well, it's -- low-income tax credits and not this one was public housing -- I mean, I understand, you know, for performing purposes and for many reasons, like, we have to differentiate.

But the bottom line is, you know, I grew up in those neighborhoods. Low-income housing is low-income housing. And there is a problem there. I mean, what -- you can call it public housing. You can call it Section 8, HUD or low-income -- also there is so many different entities that can come into play with us.

Unfortunately -- I mean, I know that there are so many people here. And I don't know, you know, what the gains could be. But it would be a disservice to the area, because some of the issues that our representative brought up are legitimate issues.
And to say that this is a political football thing thrown back and forth and now it's going to land in your lap -- well, the reason is because you are part of that game, if that's what you're going to call it, if that's the analogy you're going to use.

We -- there was a resolution passed by the city, and yet you still voted for this project six to zero. Back then, we could have avoided maybe some of this conflict if we would have looked into it further.

I'm not going to say that we need to rewrite the way public-comment periods are made and so, but obviously there is a flaw. I'm from the public. I live in that area. I can assure you my neighbors had absolutely no idea where to look.

As far as the public-housing board meetings -- I'm not even going to go into that. That's opening up a can of worms. That's going to lead into all sorts of other issues, and the last thing I want to bring to El Paso is another scandal.

However, though, those public board meetings --

MR. JONES: If you could conclude, please, ma'am, your time is up.

MS. DE VAL-ARANDA: Excuse me?

MR. JONES: If you could bring it to
conclusion, your time is up.

MS. DEL VAL-ARANDA: Okay. Those public board
meetings -- they're changed back and forth. So there is
not even a really -- a concise opportunity for the public
to go to those board meetings. The things that
Representative Cobos had brought up are not just his
concern or Mayor Wardy's. He's stated he has support
letters and support opposing to this project.

I urge you to please not turn a blind eye.

MR. JONES: Conclude, please.

MS. DEL VAL-ARANDA: In my conclusion, please
do not turn a blind eye to this and be swaddled by the
different political agendas that might seem to surface.
The real issue is clustering, and it is a disservice to
the people in the area that I live in.

MR. JONES: Thank you so much. I appreciate
it.

Mr. Bobby Bowling. Mr. Bowling?

MR. BOWLING: Might I wait for the agenda item?

MR. JONES: Yes, you sure can. You signed up
twice. So we will put you over there. Mr. Alfonso
Velarde.

MR. VELARDE: I'm with the Housing Authority of
El Paso, and I'm deferring till the agenda item to request
my time.

MR. JONES: Mr. Vince Dodds.

MR. DODDS: I'm deferring as well. I'd like to defer to the agenda item.

MR. JONES: Mr. Monty.

MR. MONTY: Thank you, Chairman, your board. Ladies and Gentlemen, my name is Ike Monty of Investment Builders. We are pleased to partner with the Housing Authority of the City of El Paso in the application of the Suncrest Townhomes.

We think it is important to build quality affordable housing on the west side of El Paso. The west side of El Paso is a very desirable, beautiful part of our town.

We know that there is a need for affordable housing units in this area. We have an ownership interest in two other projects on the west side of town, and they have a waiting list of over 100 qualified tenants.

Our other tax credit developments do not have waiting lists. I'm sorry that you have to hear from people opposing this project. As you know, Investment Builders has worked in the Tax Credit Program for a long time.

We believe we have a good reputation and a
track record for housing that we've produced. We're aware that other housing authorities across the state have entered into partnership with developers. We approached the Housing Authority of the City of El Paso, since we saw this as a win/win situation.

The housing authority, with no commitment of its own funds, would have the ability to generate independent financing via their fees on this project. We also had the opportunity to compete for tax credits in the nonprofit round or set-aside.

Overall, this partnership could only benefit the City of El Paso. After the housing authority held public meetings announcing its intention to enter into the partnership with us, we reached an agreement.

We are pleased that staff has recommended Suncrest Townhomes as deserving of a tax credit allocation. That the staff has visited the proposed site twice, and deemed it appropriate for the project.

The site has its zoning, and is consistent with the city's consolidated plan. If awarded the tax credits, we will proceed. We appreciate the time and the effort that the board puts into these tax credit allocations. We want the department to be proud of the housing that we put on the ground, and we believe that Suncrest Townhouse
project will do that. Thank you very much. And I appreciate the time. And if you have any questions, I'm here to answer them.

MR. JONES: Thank you. I appreciate it.

MR. CONINE: Mr. Monty, do you currently have a temporary injunction on the housing authority in El Paso for this project?

MR. MONTY: Yes, sir.

MR. CONINE: And what's been the dialogue that you've had with them over the last couple of months that has led you to that drastic an action?

MR. MONTY: The mayor has been pressuring the board members to pull out of the contract. And as a -- on the advice of my attorneys, it was -- and in conjunction with their attorneys, we filed that to protect our position because of the actions that the mayor has taken that we understand HUD would not be approving of. But that is why that's been filed, sir.

MR. CONINE: Do you think it will be a little tough to carry this project forward, assuming we go ahead and grant the project approval today with the housing authority wanting to, quote, get out of the deal?

MR. MONTY: We've done our research there. And I can assure you that it will get built. We've done our
legal research, and it will get built.

MR. CONINE: Well, that's a little different answer than my question. Do you think it would be -- because I know you can probably sue them, and you know, force them to do certain things based on you winning lawsuits. But that's not -- generally not conducive to good real estate development.

MR. MONTY: Exactly. The board -- the mayor cannot replace the board members until February. So we don't anticipate -- after this storm is over, we don't anticipate having to sue the housing authority.

MR. CONINE: Okay. Thank you.

MR. JONES: Thank you.

MR. MONTY: Thank you very much, sir.

MR. JONES: Mr. Keith Puhlman.

MR. PUHLMAN: I'd like to defer to the agenda item, please.

MR. JONES: Mr. Demetrio Jimenez?

VOICE: He stepped out. Probably wants to speak at the agenda item.

MR. JONES: Ms. Theresa Caballero.

MS. CABALLERO: I will ask to speak to the agenda item later.

MR. JONES: Mr. Luis Sariñana. Mr. Luis
Sariñana.

MR. SARIÑANA: Good morning, Mr. Chair, members of this committee. My name is Luis Sariñana, for the record, and I am a former city council member for eight years and the deputy mayor pro tem for the last two years for the City of El Paso.

I'm also the 19th of 22 children in the state of Texas. A lot of people tell me if it's the same mom, and I say yes. Father? I say, I certainly hope so. No, my mom has not said otherwise. Anyway, thank you very much for the opportunity that you have bestowed on me to address this committee.

I am here to speak in opposition to this project. And I'm going to tell you why. There has been some concerns -- some allegations brought up in reference to that this has been master-planned, this is all part of the master plan.

But let me tell you, back in 1996, when I was elected under Mayor Frank's administration, myself and other council members, we participated in putting a 25-year master plan together.

And one of our concerns was that if we concentrate too many affordable homes or housing authority projects in one certain particular area, that that was
going to have an impact on this community.

And what we did is we kind of divided or we worked on trying to eliminate the clustering of these homes in one particular area. We even decided to go ahead and move forward in annexing back in 1999, and that's what we did. We annexed about 2,300 acres to kind of move the growth towards the east, so that we would eliminate some of these concerns.

And I'm here now as a concerned citizen, because I live -- I happen to live with three beautiful children close to about three or four housing authority projects in my district, or past district. And it's very hard to say that this doesn't impact family members, because it does.

When you have to worry about whether your vehicle is going to be there next morning, or you worry about if your children are going to be safe within the neighborhood, that raises some concerns. That question has been brought up by my wife many, many times, if my children are going to be safe in this community.

And all I say is that I hope so. Let us pray, and let's just hope that God protects us. You know, this raises a big concern. Clustering is definitely a big problem in many, many communities --
MR. JONES: Sir, if you could conclude. Thank you.

MR. SARIÑANA: Yes. Thank you, Mr. Chair.

MR. JONES: Thank you.

Mr. Martin Gonzalez.

MR. GONZALEZ: I'll pass.

MR. JONES: Okay. Thank you, sir. Mr. Frank Fuentes. Mr. Fuentes. Going once, going twice, gone.

Mr. Paul Saldana?

MR. SALDANA: I don't want to speak. I just want to speak on the record in favor of this project.

MR. JONES: So you shall. Kalinda Howe.

Kalinda Howe. David Marquez?

MR. MARQUEZ: I'd like to speak to the agenda item.

MR. JONES: Joy Horak-Brown.

MS. HORAK-BROWN: I'd like to speak to the agenda item, please.

MR. JONES: Thank you. Fernando Godinez.

MR. GODINEZ: I'd like to speak to the agenda item.

MR. JONES: Frances Teran.

MS. TERAN: I'd like to speak to the agenda item.
MR. JONES: Jay Stewart.

MR. STEWART: With your permission, Mr. Chairman, I'd like to speak on the appeal that I'd write your board.

MR. JONES: Thank you, sir.

A.V. Mitchell.

MR. MITCHELL: I'll wait for the agenda item.

MR. JONES: George Fuller. George Fuller.

MR. FULLER: Yes, sir. Chairman Jones, ladies and gentlemen of the board, I appreciate the opportunity to speak to you about a matter in our community.

My name is George Fuller. I'm the executive director of the Texas City Housing Authority. My purpose in being here is to ask you to reconsider the award of tax credits for the Village at Morningstar, Project Number 03-189, a 78-unit senior-housing development in Texas City.

Last month, Mayor Garza was here at the meeting, and he visited with you all concerning this. The mayor and I would like to remind you that this project scored the highest in Region 6, and the third-highest in the state, although we're competing against a large area of Region 6. So it's a very difficult way to have to compete.

This housing is desperately needed by the
citizens of our community. I am the director of the housing authority. I have a lady that calls me on a monthly basis on a personal note. She lives in the clustered-style housing with a lot of children running around. She's raised all her children. She needs a quiet place to live, and we need this very bad.

If we can't get it this time around, we would ask that you would give us the forward commitment for 2004. I'd be glad to answer any questions.

MR. JONES: Thank you. I appreciate it, Mr. Fuller.

Jaime Navarro.

MR. NAVARRO: Hi. It's Jaime Navarro, thank you. Sir, I'm representing Representative Joe Deshotel. He's not able to be here right now, and I'm just wanting to read this letter into the record, please.

MR. JONES: Thank you.

MR. NAVARRO: Regarding TDHCA Project Number 03-064, the Stone Hearst Project in Beaumont, Texas.

"Dear Ladies and Gentlemen, Thank you, the board members and staff of TDHCA for serving the state. I'm here to speak in strong support for this application of Stone Hearst Townhomes Development for my city of Beaumont, Texas.
"This application was board-recommended to be underwritten during June 25, 2003, meeting. I thank you for that, your amendment to the motion, Ms. Anderson, and I thank this board for passing it.

"Stone Hearst is a proposed new 144-unit two- and three-bedroom townhome community located in the key area targeted for revitalization by the City of Beaumont.

"The immediate area is 39 percent poverty rate, and there are 20 to 25 percent substandard houses in this area. It is located to two major highways north of IH-10. Excuse me. The traffic pattern in this area is excellent for downtown proximity. Construction is planned to be on 25 acres.

"Since 2001, the City of Beaumont has invested significant time and resources to affirmatively bring this development to our community. We realize that their support and mine are vital to this application's success.

"Accordingly, this application is documented within the city's Resolution Number 03143, dated July 15, 2003."

There is a copy enclosed also, and I think someone had read that earlier. "As stated, it has much strong support. This is the third time that this proposed development has been in front of this board, and we do not
understand why it has not been approved by you.

"Stone Hearst was submitted as a 9 percent tax credit application in 2001, was not underwritten, and did not receive an allocation. The developer submitted this application as a 4 percent bond in 2002, and received an allocation. He had 120 days to close.

"Four working days before the board meeting was --" Excuse me. "Four working days before the board meeting for final approval, underwriting issued a report that the capture rate exceeded TDHCA's cap of 25 percent. In the developer's market study, there was no documentation to show that the rate was only 18 percent.

"TDHCA said it was 31 percent, and recommended not to fund the project. Simply, the developer did not have enough time to defend its position and meet the closing deadlines. At that time the developer had spent $240,000.

"We are now in the 2003 allocation round. Stone Hearst received the highest score in the region, and it did not receive the recommendation from the staff that it be funded. Why? Because the staff elected to allocate first priority set-asides before allocating for general set-asides. Is that good?

"I respectfully request that if consideration
is to be given to 2004 forward commitments, that the Stone
Hearst Development be included. Our city wants and needs
this developer and this project. Therefore, please give
my city and this developer this allocation.

"Sincerely, Joseph D. Deshotel, State
Representative, 22nd Legislative District." Thank you,
Mr. Chairman.

MR. JONES: Thank you, Mr. Navarro. I
appreciate it.

Cleola Williams.

MS. WILLIAMS: I'd like to defer to the agenda
item.

MR. JONES: Thank you.

John Long.

MR. LONG: I'll do the same.

MR. JONES: Cynthia Bast.

MS. BAST: Mr. Chair, I have a -- I have
items -- I have agenda items that I will defer upon both
of those.

MR. JONES: R.J. Collins. Mr. Collins?

VOICE: He stepped out.

MR. JONES: Okay. I'll defer him to the agenda
item. Mr. Earl Harris.

MR. HARRIS: Mr. Chairman, I'll go now.
MR. JONES: Thank you. Are you Mr. Collins?

MR. COLLINS: Yes, I am.

MR. JONES: Thank you. We just did. I apologize. Yes, sir?

MR. HARRIS: To the members and to the president of the board, I'm here representing Yorkdale and the Acres home community in general.

We had someone from our organization that was trying to build a project in our community, a low-income project. That number is 03-236. And he was sent information prior to coming to this meeting, to the board members, so they'd have this when they speak today.

This proposed project and the person who said he was a developer -- he came to Acres Home Community, he may have brought a few other people in Acres Home, and they oppose it.

When we came to testify before you on the 25th of last month, he said he had the approval from the community. And that's not true. We have letters, and we have already filed this to the office that it's not a true statement. The people in Acres Home Community and the Yorkdale addition did not approve what he said to you in the meeting on the 25th of June.

I think that anyone come to the board meeting
and make a false records and present it to you should not be accepted as true information from the people around the community. And also -- he also stated to you that he had recommendation from our -- Sheila Jackson Lee, our 18th district representative. And that wasn't true.

He also stated that at that meeting on the 25th, that he had recommendation from our district city council lady. That was not true, and they sent you letters to the effect that she said, No, that was not what she recommended. He recommended that he go to the community and speak to the people in the community, that perhaps they'll get permission to build this low-income unit in our community.

My understanding that the unit is 126 units, and they sold some proceeding next to -- by the community, which is Yorkdale. And we have had a real good community for the past many years. You haven't had any major problem, and I think that if you had given this organization the tax credit -- I hope you would ask some questions, because I'm not halfway through what I wanted to say, but however, we want you to refuse it -- to give us organization tax credit, because they don't want this unit in our community. Anybody have any questions?

MR. JONES: Yes, are there any questions?
MR. HARRIS: Just one.

MR. JONES: Thank you, Mr. Harris. You're very eloquent.

MR. HARRIS: Okay. We do it -- let me say it and I'll be through. We did bring some more people from our community to speak, and they will be speaking.

MR. JONES: Thank you, sir.

Bruce McDonald?

MR. McDONALD: Pass.

MR. JONES: Brian Cogburn.

MR. COGBURN: Pass till the agenda item.

MR. JONES: Ruby Mosley?

MS. MOSLEY: Some of these items -- the agenda item [inaudible].

MR. MCDONALD: Debra Forbes?

MS. FORBES: Good morning. My name is Debra Forbes. And I grew up in community Acres Home. I'm speaking on Project Number 03236. And I grew up in Yorkdale community, and the last couple of years I've returned there. And I have here to oppose the new low-income housing that's being proposed.

Mrs. Whiteside -- can you stand, Mrs. Whiteside? Her property is right in the back of that low-income housing. And they have a lot of elderly in our
community, and as you know, statistics show that in low-income housing crime go up, and as Mr. Harris has said, we've had a very good, clean, quiet community.

We have a low-income housing across the street, less than a mile, or half a mile from this proposed new project. And it's not good. And we don't want it right in our backyard, where the crime rate will increase. And that's all I have to say, is that we oppose. We are definitely against that low-income housing coming into our neighborhood.

MR. JONES: Mr. Bogany?

MR. BOGANY: I have just one question. Have you opposed any other projects in the community?

MS. FORBES: I've only been back in my community the last couple -- two years I've returned. And I've just found this out about this.

MR. BOGANY: Okay. Because there is another new project that's just come on board in your community. And I was just wondering. And I'm going to be asking that same question of everybody who comes up, have you opposed the other project?

MS. FORBES: I don't know about it.

MR. BOGANY: Okay. Thank you.

MS. FORBES: Okay. Thank you.
MR. JONES: Thank you so much.

Irene Mathis.

MS. MATHIS: Good morning.

MR. JONES: Good morning.

MS. MATHIS: I am here to oppose the apartments also, because they're moving in Little York. And those apartments were bringing in narcotics, gangs and undesirable tenants. What I would like to see built there would be homes. Homes that people would have to pay for and not rent. And when you build a home and purchase a home, you're going to take pride in it.

But these apartment people -- they do not take pride in apartments. And we have a highly restricted deed asset division. And we want desirable people in our neighborhood.

MR. BOGANY: I have a question.

MR. JONES: Yes, Mr. Bogany.

MR. BOGANY: Do you -- there are other projects -- I think there's a couple of them up and down Little York. Did you guys oppose any of those?

MS. MATHIS: No, they were not there when I moved out to --

MR. BOGANY: How long have you been in the community?
MS. MATHIS: About 15 or 16 years.

MR. BOGANY: There is one really nice project -- probably one of the nicest -- any apartment project I've ever seen there that I was at. And there is another one down on the corner of Little York. And I don't know if it was Wheatley or one of those streets there, that's really, really nice.

So I'm just curious as everybody else comes up --

MS. MATHIS: No, they're not a part --

MR. BOGANY: Well, I'm familiar with your community. I may not know that exact street, but there are other projects in your community that have been built recently. And so my question is, have you all opposed any of those projects?

MS. MATHIS: Those of us --

MR. JONES: Excuse me. Excuse me. If you could -- questions are being addressed to the speaker. And the speaker is certainly entitled to answer them. And then any other people that speak thereafter -- they can answer any questions they want to answer or that are addressed to them. But if the audience would refrain from speaking, we would appreciate it. Yes, ma'am?

MS. MATHIS: Those apartments are some miles
from us.

MR. BOGANY: Okay. Thank you.

MS. MATHIS: Thank you.

MR. JONES: Erma Jefferson.

MS. JEFFERSON: Good morning to the board. I'm Erma Jefferson, and I am here to speak against -- I repeat, against -- 03236. And I will answer the question up front: The other projects that you were speaking of are not directly affecting Yorkdale, White Oak community. We are here really opposing this particular project because it is directly affecting our single-family deed-restricted area.

We want to keep it the same as it was when I grew up there. I moved in there as a 14-year-old with my parents. And now I'm living there in the Yorkdale area, and I have my daughter there.

I want the same simple, quiet trafficless area as I grew up with. You know, we are a loving community. We're a close-knit group there in the community. We don't have a lot of -- we don't have any gang activity that we know of. We don't want that.

We don't want what that type of project would bring possibly, the additional noise, traffic, and the fact that apartments don't really -- people don't really
have any real commitment to maintain their area as someone
that is not tax-exempt.

If you pay taxes in an area, you're going to
look after the property. And someone saying that they're
going to start paying taxes 30 years from now -- I don't
think their interest is the same as mine. We don't want
it, and we expressed that to the entity that came before
us on the 24th of June.

We expressed it. We don't know why that person
would say on the 25th that we were for it. We are against
it totally.

MR. JONES: Excuse me, Ms. Jefferson.

MR. SALINAS: Did you have a public hearing,
staff? Did staff have a public hearing in this area? How
many people opposed it?

MS. BOSTON: Yes. We were there on the 25th --

MR. JONES: If the staff member who is being
asked the question could approach the podium and answer
the question. Thank you.

MS. BOSTON: We hold hearings across --

MR. JONES: Please state your name.

MS. BOSTON: I'm sorry; Brooke Boston of the
Texas Department Of Housing.

MR. JONES: Thanks, Brooke.
MS. BOSTON: We hold a series of hearings across the state. They are not development-specific. People can come and speak about any of the developments that are up for application.

MR. SALINAS: But didn't you have one on the single -- on this certain project?

MS. BOSTON: No. On the 9 percent credits, we do not do development-specific hearings.

MR. SALINAS: Do you have any zoning in that area?

MR. JONES: It's in Houston.

MS. BOSTON: I'm not sure.

MR. SALINAS: It's in Houston. I should know better than that.

(Laughter.)

MR. SALINAS: There's your answer right there. Houston. No zoning.

MR. JONES: Thank you, ma'am.

MR. SALINAS: Thank you.

MS. JEFFERSON: Thank you.

MR. JONES: Any questions? Hearing none, I assume we're ready to go on. Thank you so much. Joseph Agumadu.

MR. AGUMADU: Mr. Chairman and members of the
board, my name is Joseph Agumadu. I am here actually representing the developer. And let me say -- I state for the record that I'm -- you know, I'm sensitive to the concerns of the neighborhood. We don't take it for granted at all. That's why the meetings are being called for and being held.

And we did -- have been heard in the past. On the 24th of July, after the last public hearing, after the meeting here and everything was held, in that meeting some members of the group support, some move not have it, no matter what you do. So it takes time to address some of their concerns.

Let me also say that there are some other homeowners association -- few of these member -- of the members here, actually the ones that are close to the project -- the larger bodies of homeowners association that we've also met. Some of them have sent letters of support.

The -- excuse me for just a -- [indiscernible] we met. They are essentially are in support of this project. The Acres Home Super Neighborhood -- they sent a letter of support signed by their president. And I may mention also in this meeting that was held, the biggest concern is that these projects will bring crime, and that
you'll lower their property values.

As big a concern that is, that has not been stated a truly substantiated stat. We are sensitive to that. But we want to be able to talk through some of those things.

After the last meeting, we agreed to meet again. Since then we have a letter of support from the county judge. The letter is here. Also read that. We have a letter of support from some other elected officials, specifically I have a letter of support from Ms. Sheila Lee Jackson.

We have a letter from the City of Houston Mayor. And I'll read that to your record. Eleven of July, TDHCA Number 03236. "On behalf of the citizens of the City of Houston, I wish to thank you, the board, for your consideration and acceptance of the above-referenced tax credit project at your recent meeting of June 25, and for the support you have given Houston over the years.

"This development is consistent --

MR. JONES: If you could conclude, sir.

MR. AGUMADU: Thank you. Thank you. Just to kind of say that in conclusion, that this project has received recommendation from the staff. It is, in short -- it is financially feasible. It has a competitive
score in its region.

And the City of Houston has a six-year credits -- the capital, the most of the communities in its region. And the basis for the opposition is fairly unsubstantial -- it's really unsubstantiated statistically.

MR. JONES: Thank you, sir.

MR. AGUMADU: Thank you very much.

MR. JONES: Ms. Anderson.

MS. ANDERSON: Mr. Agumadu, your first meeting with the members of the neighborhood was on June 24. Is that correct?

MR. AGUMADU: It was the developer that I went through. It was --

MS. ANDERSON: Is that the first time the developer's representatives met with the members of the community, was on June 24?

MR. AGUMADU: I'll have to clarify that information. But there has been information out of that there was a meeting called and there was a meeting held. And since then it was under an agreement. I'm not sure of the date, because I'm speaking on behalf of the developer. But that's -- my agreement was reached that day to meet again. And since then I was at a meeting on the 24th of
July.

MS. ANDERSON: Right.

MR. AGUMADU: And beyond that, which day, I would to meet again.

MS. ANDERSON: Okay. And then in the transcript from our meeting on the 25th of July, you are quoted in the transcript as discussing that you have achieved this agreement. But I have two notarized affidavits from two individuals, Mr. Ben Mask and Mr. Charles Ingram, stating that there was not -- they have attested that there was not an agreement reached in the meeting on the 24th.

MR. AGUMADU: I think for the record, I think we might -- it might be a misunderstanding. See, there was an agreement to meet again.

MS. ANDERSON: You -- this transcript says, "We came to an agreement where we agreed to work together."

MR. AGUMADU: To meet again.

MS. ANDERSON: That's not what this transcript says.

MR. AGUMADU: I'm here -- it's -- quoting what I said.

MS. ANDERSON: Mr. Agumadu, we also have a letter from Congressman Sheila Jackson Lee about this
project, dated the 29th of July, that says, "Concerns of this neighborhood organization citizens council should be addressed before any decision is made and/or funds are expended for this project."

Does that sound like a -- that doesn't sound like a letter of support to me.

MR. AGUMADU: Well, they -- there has been a letter of support from her. And I am also saying that as people -- and I know the position of some of these. And since then, also there is a letter from the mayor of Houston.

MS. ANDERSON: Yes, but did you just tell this board that you had a letter of support --

MR. AGUMADU: From Sheila.

MS. ANDERSON: -- from Sheila Jackson Lee?

MR. AGUMADU: There is support from her going backwards. I am not aware of the letter of the 29th from her.

MS. ANDERSON: I know. But when you just testified a major statement to us, did you just state that you had a letter of support from Sheila Jackson Lee?

MR. AGUMADU: I'd have to verify that. I'm submitting the information that was given to me.

MS. ANDERSON: Okay.
MR. AGUMADU: The staff who had the information. Yes, we had a letter of support from her.

MS. ANDERSON: And that's what you just told this board. Right?

VOICE: And we did.

MS. ANDERSON: Okay. And are you aware, sir, of the provisions in the Qualified Allocation Plan that deal with disqualification when fraudulent information is provided to this department?

MR. AGUMADU: Fraudulent information?

MS. ANDERSON: This is a -- this is with regard to my previous question about your testimony to us in June, that we came to an agreement where we agreed to work together.

MR. AGUMADU: I don't remember saying that we came to an agreement. What I said that we came to -- we went to a meeting, and we agreed to meet again to work together.

MS. ANDERSON: Thank you, sir.

MR. AGUMADU: Sure.

MR. JONES: Any further questions? Thank you, sir.

MR. AGUMADU: Sure.

MR. JONES: I would -- excuse me. You can sit
down. I hesitate to make a comment, but I would like to make one comment. There has been a statement made -- and everybody is entitled to say anything they want to about statistics always showing that tax credit developments give rise to increased crime.

I think that may well be a misconception. I have read many studies that are fairly well done that would not prove that. And so I guess I just can't let that statement go without responding to it.

Mr. Martin Paredes?

MR. PAREDES: I will wait for the agenda item.

MR. JONES: Darrell Jack?

MR. JACK: Thank you for allowing me to speak.

While we're on this topic of Little York Villas, I was the market analyst that performed the market study for this project that proved up the demand for income-restricted rents and residences in this neighborhood.

Besides that, I think I'm intimately qualified to speak about the neighborhood. I've actually managed over quote, over a 13-year career in property management at least four projects in this neighborhood.

Now, I understand the concerns a little bit expressed about the neighborhood. This isn't an area that people typically would want to live in along Little York.
The -- Little York is really the southern boundary of a very affluent subdivision called Inwood Forest.

There is no easy way to get to Inwood Forest, except to go through crime-ridden areas. Out of these four projects that I've managed over the years, one was so deplorable that it looked like it had been bombed. It looked like Germany after World War II.

I've been shot at. I've had residents murdered. I -- there is numerous gangs up and down Little York and the other streets. So some of the things that have been said are not true.

This is an area of Houston that for years -- when I started managing properties there in the early '90s, it was a drug-infested area. This is -- this property is going to offer a different product.

You know, I think the other tax credit properties in the neighborhood, they're managed, you know, differently than what we would typically call slumlords. You know, I have to really believe that this project is going to offer something to the neighborhood that is not presently there in any quantity.

To say that this project is going to be a detriment to the neighborhood -- you can't say that with a straight face. This property is heavily wooded. It's
been fenced off, primarily because of the drug dealings that go on in the unseen areas in the neighborhood.

This is going to clean up that area of the city, that particular plot. It sits right across from a city park that, you know, is going to offer amenities to the residents.

MR. JONES: I need you to conclude, sir.

MR. JACK: I really advise you to give serious consideration. This is a project that should be done.

MR. JONES: Thank you.

Mr. Michael Thibodeaux.

MR. THIBODEAUX: Good afternoon, everyone.

MR. JONES: Good afternoon.

MR. THIBODEAUX: My name is Michael Thibodeaux.

I'm the Super-Neighborhood President of the Acres Homes area. Also I'm the vice president of the Acres Homes Citizens Council.

Now, we did have a meeting on this project. And there was a lot of things that was said that was, no, we wasn't for the project. And then also we agreed that we would talk again with him and try to see can we work something out.

By talking with him, we found out that he is a person that is willing to work with the community. Now, I
feel that an apartment project or townhouses or something like that would be a great asset to the community under good management.

I don't believe that any type of project that has management that goes bad is because they're -- I feel that the reason for a project to go bad is because the management is bad. If the management is good, I feel that, Hey, this project would be good.

He stated that he would have police officers in the project. Okay. Now, if he has that, I believe that it's going to work out fine. He also stated that he would go and he would build a fence that would separate the Yorkdale subdivision from this project, leaving no access going to that subdivision. And I believe if he'd do that with a masonry fence with no openings in it, that it would also work pretty well.

So all of that and talking with some other civic club presidents -- I know I see some of my colleagues are here now. But talking with some other civic club presidents, they feel the same way that I do, that we can't be biased towards this man because he wants to build some apartments.

I believe that we should give him a fair chance. I believe that with good management that this
project can work, and that's what it's all about, good
management, and that will keep the drugs out along with
police that's being in that area. Thank you.

MR. JONES: Mr. Bogany?

MR. BOGAN Y: I have a question for you.

MR. THIBODEAUX: Yes, sir.

MR. BOGAN Y: How many Low Income Housing Tax
Credit Programs are in your community right now?

MR. THIBODEAUX: In the area, I believe there
is, you know, two or three. Now, some of these areas we
are having a problem with some of the apartments. I
believe, like I said, because of the managements under it.

MR. BOGAN Y: Okay.

MR. THIBODEAUX: If they change the management,
I believe everything will work out.

MR. BOGAN Y: Okay. How close are these -- the
other projects to this particular --

MR. THIBODEAUX: I think in a radius within a
mile or three miles.

MR. BOGAN Y: Okay. Thank you.

MR. THIBODEAUX: Thank you.

MR. JONES: Thank you. That then concludes the
public comment today, with the exception of those who
defered. I do have a couple of letters. The first one
is from Senator Gallegos. And he's requested I read this into the record.

"I am writing to express my support for Jefferson Davis Artist Lofts, Development Number 03-011. And I urge the Texas Department of Housing and Community Affairs to make a commitment of Low Income Housing Tax Credits to this venue by funding this project. TDHCA will help to preserve and rehabilitate a historic structure that was built in 1925 as Houston's first public hospital.

"The building has stood vacant for over 20 years, unfortunately becoming a magnet for trespassing and vandalism. There is wide community support for the redevelopment of this building as affordable housing, which is located in a diverse community just northwest of Houston's central business district.

"It is my hope that the department will provide the last piece of funding needed to make this unique project a reality. The commitment of tax credits from the TDHCA will help leverage over 3.9 million in other funds, including 1 million in historic tax credits, and 1.2 million in private foundation dollars.

"Please do not hesitate to contact me should you require further information."

And next, I have a letter from Representative
Terry Hodge, that she's requested me to read into the record.

"I am writing to express my full support of proposed plans to revitalize the Frasier Court Housing Complex in southeast Dallas, Project Number 03-097.

"As an advocate for affordable housing for senior citizens and low-income families, I have firsthand knowledge of the need for a project of this magnitude for this community.

"The Dallas Housing Authority recently received a $20 million HOPE 6 grant from the U.S. Department of Housing and Urban Development. These funds are part of a $60 million revitalizer plan for Frasier Courts, Frasier Courts addition, and the immediate surrounding neighborhood.

"To leverage the HOPE 6 funds, Frasier Fellowship L.P. submitted application to the Texas Department of Housing and Community Affairs for low-income housing tax credits.

"Unfortunately the request for funding was not granted. However, funding for this project will allow the revitalization in a severely depressed public-housing facility. It will provide for the construction of a total of 76 units, recognizing this project scored a very high
ranking in regional request for funding.

"I respectfully request the board's strong consideration to place this project on the forward commitment list for funding. Questions may be forwarded to my district office concerning this project. Your consideration of this request is greatly appreciated."

Okay. Ada Jones? You filled out a witness affirmation form?

MS. JONES: Yes, I did.

MR. JONES: Okay. For some reason I didn't have it. Please speak to us.

MS. JONES: Okay.

MR. JONES: And then when you get through, if you would, fill out another form. Somehow we've lost it.

MS. JONES: Okay.

MR. JONES: But they're now in three figures, so we have a lot of them up there.

MS. JONES: Oh, okay. Thank you. First, I want to say what -- good morning.

MR. JONES: Good morning.

MS. JONES: And I heard the mayor. He was telling you first about the Creole food, to come to Beaumont or wherever. I would just like to invite you to

Houston, because my husband makes the best barbecue. A
small-mouthed man can eat it; you know, that's how good
his barbecue. Now, I can go on with my --

MR. JONES: Can you give me the name and
address?

MS. JONES: Okay. I will.

VOICE: You don't say that right at lunch time.

MS. JONES: I'm the president of the
[indiscernible] Civics Club, and I'm very much against the
Little York Villa Apartments that's want to be built. I
am experiencing -- for years I have been experiencing
trouble with the apartments that's near me, which is
Copper Tree. I signed papers and they was going to grant
in order to make the apartments better. And guess what?
Those people are still left, and they've got more
managements there.

I take chances on paying police, you know,
throughout the neighborhood. And I would police the
storefront, and also our police are overworked because of
the problem in those -- you know, over there with those
apartments.

I'm very much against it. I would like to see
how this would be fair. We have CDC that's building
homes. Let them build homes there. Give children a home
atmosphere. Give them a backyard to play in, and not a
small courtyard or up and down stairways to play on.

We just don't need that. They have a small porch. Let them build homes there. Don was talking about how affluent Inwood was, about the big houses. You all do have expensive houses, too. I don't put them -- you know -- you know about our neighborhood. So don't just skip you all building right into Inwood. We don't want the apartments there.

I can tell if the -- who want to build apartments where they can go and buy some property, and Liberty is -- like 203,000 acres for sale there. And that would make a good place to build these apartments. And I can give them the direction to Liberty and tell them how to purchase that. They need apartments down there. We don't want the apartments. Okay.

MR. JONES: Thank you, ma'am.

MS. JONES: Okay.

MR. JONES: Any questions? Thank you so much.

MS. JONES: Okay.

MR. JONES: All right. And then, unless there has been -- what's that? All right. You're tired of waiting. Okay. I would like to recognize Eric Opiela and Beau Riefhauser, from the Urban Affairs Office. There you all are. Thank you all for being here.
You're so good to be consistently with us. And let me tell you, I appreciate that. I really do. Lisa Gonzalez -- I believe she left the room. She works for the governor's office. It was a delight to meet her. And we're so glad she's with us.

And Don Jones here from Representative Mercer's office. Don? Well, Don was here. All right, Don. Good to see you. Thanks for being here. I also need to thank Senator Shapleigh's office for the use of this room. Am I doing everything you're telling me to do?

MS. CARRINGTON: Yes, sir.

MR. JONES: All right. Thank you. I want to make sure I don't get in trouble. I get a less than an A grade. I'm not going to get anything but a C there. Next we have Item Number 1 on our agenda. I believe we've already gotten to Item Number 1.

(Laughter.)

MR. JONES: Item Number 1. Board members, what's your pleasure?

MR. CONINE: Move for approval of minutes.

MR. BOGANY: Second.

MR. JONES: We have a motion made and seconded. Is there any discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say
aye.

(Chorus of ayes.)

MR. JONES: All opposed, Nay?

(No response.)

MR. JONES: Motion carries. We will then turn to Item 2 of the agenda, which will then turn us right back to everybody who deferred to the agenda, so this is a big stack, guys.

Mr. Martin Paredes.

MR. PAREDES: Good morning, sir, and good morning, board. Thank you for allowing me to speak this morning. I'm here to speak in opposition to the Suncrest project.

Basically I'm looking more for clarification than -- or more information on -- according to the Texas Administrative Code Section -- or Part A, "An application will be ineligible if a member of a development team has been," or if, in part 3, "subject to enforcement action under state or Federal Security law, or subject to an enforcement proceeding from any government entity."

And then part one of that, "fraudulent information, knowingly false documentation, or material representation has been provided in the application or other information submitted to the department."
Upon reviewing the application by -- for Suncrest, I noticed that the applicant of Part B of the disclosures marked No for "Has been delinquent on federal or state debt." Number two, "Been delinquent on filing any federal or state returns." And both of those were marked no.

And I have here some notice of federal tax liens for Mr. Ike Monty, who signed on behalf of that project. So my question basically is, is the application -- you know, subject to this disclosure? Has -- he -- should he have disclosed this information to you? And if he did not, why not?

MR. JONES: I'll tell you what. During the -- can I ask you a question, sir?

MR. PAREDES: Yes, sir.

MR. JONES: I guess your employer was the El Paso Tribune?

MR. PAREDES: Yes, sir.

MR. JONES: Are you here in the course of your employment, or are you here just as a citizen?

MR. PAREDES: Correct. As a private citizen.

MR. JONES: Okay. Thank you, sir. I think that question probably is best answered by a general counsel? Correct? And we will probably -- since you've
raised the question, I'm sure the board members will want an answer to it, and we'll attempt to find that.

MR. PAREDES: Thank you, sir.

MR. JONES: Thank you. The only way -- Mr. Conine, your suggestion makes a lot of sense to me, that we take up first those individuals who would like to speak with regard to the appeals. Unfortunately, I can't tell that from these forms and the way they're filled out.

So what I would like to ask is those individuals who would like to make public comments concerning the three appeals -- four? Excuse me. Concerning the four appeals that are listed on Item 2(a) of the agenda, if they would please now come forward and speak. Does that make sense?

If you wish to speak to the four appeals that we have on our agenda for 2(a)(1), would you please come forward now, and if you'll form a line, we'll let you speak to those appeals.

MS. CARRINGTON: And Mr. Chairman, for clarification, when the agenda was posted, there was one appeal that had not been received by the agency. You know, your agenda is posted one day prior to the board book being posted. And so there was a fourth appeal that came in that was timely filed.
MR. JONES: Okay. Come on down. We don't bite. I promise. Yes, sir. You can go first.

MR. MARQUEZ: Thank you.

MR. JONES: Thank you.

MR. MARQUEZ: Good morning. I feel like I'm preaching to the choir, but my name is David Marquez. I'm here on Palacio del Sol, Project 03-207. And we're here to appeal staff's recommendation of not putting us on the at-risk set-aside.

I want to read something to you real quick. It says, "More than 1 million federally subsidized housing units are at risk due to expiration of federal subsidies and use restrictions, aging and deterioration, the need for debt restructuring and local market conditions."

Mr. Conine, this -- I picked this up at -- in Dallas at the Southwest Managers. I think you were one of the presenters. And the Southwest area has lost 42 --

MR. JONES: Then? That was your first mistake.

MR. MARQUEZ: I was there, too, though. And we've actually lost 4,200 subsidized units in the last three years here. What I would also like to read real quick is the definition of an at-risk development.

"An at-risk development receives" -- and this is under the Texas Government Code, "receives the benefit
of the subsidy in the form of a low market interest rate
loan, interest rate reduction, rental subsidy, Section 8
housing assistant payment." Then it goes on to name the
FHA sections, Section 221(d)(3), Section 236, Section 202,
Section 101, and Section 8, additional assistant program
for housing developments with HUD-insured and HUD-held
mortgages.

The Palacio del Sol, which is a 23-year-old
project, has both. They have already come to the end of
their term for 20 years of their Section 202 project,
their loan, rather, and they also have at risk the Section
8 contract.

And so we have appealed this to the staff. And
they responded in saying that under the QAP 49.3, that we
had to rehab existing units. And so then we went back and
researched it under the 49.3 and found out that it said
the same thing as the law.

So what we're asking for today is because we
feel that we qualify under two sections. If you could
give us a definition, or if you could put us back on the
at-risk set-aside.

MR. JONES: Thank you, sir. Mr. Bogany?

MR. BOGANY: I'd like staff to give us their
opinion and their thoughts on that appeal.
MR. JONES: Okay. Staff, who his going to respond? Tom? Brooke?

MR. WITTMAYER: I'll take it.

MR. JONES: Chris. I know you.

MR. WITTMAYER: Chris Wittmayer, the General Counsel of the Department.

MR. JONES: Did you get your assignment a moment ago?

MR. WITTMAYER: Concerning this at-risk development, looking at the QAP, the staff reviewed Section 49.3 at 12, 49.3.29 and 49.7(b)(3). And (b)(3) discusses that the at-risk set-aside involves the preservation of the development.

The situation with this development is they propose demolition down to the dirt. And their analysis is that if they preserve this site and build a new development on this site, that that would be within the at-risk development. We don't interpret the QAP to that effect.

And really, we see that their proposal is little different than any development for new construction on any piece of dirt. That's our analysis.

MR. JONES: Thank you, sir. Further questions for the board? Yes, sir?
MR. GODINEZ: Mr. Chairman, members of the board, I'm here in support of Palacio del Sol. I'm Fernando Godinez --

MR. JONES: Thank you.

MR. GODINEZ: -- with the Mexican-American Unity Council. I'm speaking with regards to the Palacio del Sol, Project 03-207. And what I have is a letter from State Representative Michael Villarreal in support of our project.

"Dear Mr. Jones, This letter is being submitted in support of the application submitted from the Mexican-American Unity Council for the reconstruction of Palacio del Sol in the at-risk category under the 2003 QAP. MAUC submitted the application to TDHCA on February 27 for the purpose of reconstructing the senior HUD 202 project located in Downtown San Antonio.

"Palacios currently consisting of 106 units and is home to 106 low-income, minority, elderly of which 98 percent are Hispanic. Due to the age of the facility and the original construction, rehab is not a financially feasible option.

"Palacio del Sol is a 20-year-old development located in Downtown San Antonio in close proximity to amenities such as health centers, shopping and banking."
Many of the elderly residents have called Palacio home for more than 50 years. The project has become dated, and the frequency of repairs and the cost of repairs is putting the project in jeopardy.

"The project has reached a point of diminishing returns and mortgage space with few options related to preserving the affordability of the elderly housing units."

"MAUC has made the decision to attempt to preserve the affordability of the development, but is doubtful that this can be done without the awards of the tax credits. MAUC investigated the requirements of the QAP prior to the submission of the application. Due to your resources involving the preparation of such application, MAUC will now have submitted an application that did not meet the requirements.

"In response to the department's failure to categorize MAUC's application under the at-risk category, extra reviews have been sought and received from [indiscernible] Company and Cynthia Bast, attorney at law.

"They have concurred with MAUC's response to the QAP under the at-risk category. It is important to bear in mind that Palacio del Sol currently receives project-based Section 8 assistance from HUD, which will be lost if a development is simply closed due to its physical
condition and the inability to renovate the project to
provide basic amenities, such as air-conditioning to our
low-income elderly.

"This was translated in a loss of 106
affordable housing units for the City of San Antonio,
which is already experiencing a large deficit of
affordable housing units across the board.

"It is my understanding that MAUC has exhausted
all other administrative remedies --

MR. JONES: If you could conclude, sir.

MR. GODINEZ: Thank you.

MR. JONES: Thank you. I appreciate it. Thank
you so much. Yes, ma'am.

MS. TERAN: My name is Frances Teran, and I'm
the president and CEO of the Mexican-American Unity
Council. And I have a letter of support here from Senator
Van de Putte, and I'd like to read that into the record.

MR. JONES: Thank you, ma'am.

MS. TERAN: "Dear Mr. Jones, This letter is a
request to the board of directors to strongly encourage
the staff of the Texas Department of Housing and Community
Affairs to include the application submitted by the
Mexican-American Unity Council, Inc., for the
reconstruction of Palacio del Sol in the at-risk category
under the 2003 Qualified Allocation Plan.

"The Mexican-American Unity Council submitted its application on February 23, 2003, for the purpose of reconstructing the senior HUD 202 project located in Downtown San Antonio.

"Palacio currently consists of 106 units, and is home to 116 low-income minority, 98 percent Hispanic elderly. Due to the age of the facility and the original construction, rehabilitation is not a financially feasible option.

"The Palacio units consist of 539 square feet of living space, do not have central air-condition, and maintenance and replacement costs exceeding $4,500 per unit per year.

"In addition, due to safety codes imposed by the City of San Antonio, window air-conditioning units sufficient to provide comfort and safety are not allowed to be installed in the units.

"In a city where temperatures and heat indexes reach in excess of 100 degrees for days at a time, real life-and-death situations arise. The Mexican-American Unity Council is currently faced with the option of obtaining tax credits to reconstruct the complex, and in the process, add an additional 94 units in an effort to
provide additional affordable housing units to the 300-plus individuals on a waiting list, or consider selling the property, valued at over $3 million, or to convert the property for commercial use, resulting in the loss of affordable units currently receiving project-based rental assistance from HUD.

"The Mexican-American Unity Council has made a decision to maintain the affordability of the development, but will not be able to do so without the award of the credits. The decision to submit a tax credit application was made only after the Unity Council reviewed the rules and regulations, received expert interpretation and advice, and made a determination that the redevelopment of the project would preserve the affordability of the much-needed units in the west side of Downtown San Antonio.

"The loss of the project-based assistance --

MR. JONES: If you could conclude, please, ma'am.

MS. TERAN: Okay. "The loss of the project-based assistance from HUD would be a permanent loss, as HUD is not issuing project-based awards any longer. It is important to note that HUD supports the action of the Unity Council in the redevelopment of this project."

Thank you.
MR. JONES: Thank you, ma'am. For some reason I can't find your witness affirmation form either. So if you would fill out another one, I would appreciate it.

MS. TERAN: Okay.

MR. JONES: Thank you. I apologize for the inconvenience.

MS. TERAN: You called it earlier.

MR. JONES: I did?

MS. TERAN: Yes, under the --

MR. JONES: Okay. Well, I'll look for it again. Thank you.

MR. SALINAS: Would they have to go into a partnership with the private sector and you all go ahead and renovate, or -- I mean -- would you all have to go into a joint venture with the private sector?

MS. TERAN: Yes.

MR. SALINAS: Have you done that in --

MS. TERAN: In the application? Yes, sir.

MR. SALINAS: Could I ask the staff why it wasn't considered? Or -- because -- how could we help them by -- yes, well, I've got your --

MR. MARQUEZ: May I make one correction, sir?

MR. SALINAS: Yes.

MR. MARQUEZ: The application and previous
participation is in the Mexican-American Unity Council. They are 100 percent of the GP. We brought a construction company to do --

MR. SALINAS: But you know that you have to reapply, or -- simply because you're not at the at-risk. Did you understand why you were not recommended?

MR. MARQUEZ: Well, because it is a conflicting definition. The department deems it as a rehab-able unit. We deem it as preserving affordability, because it clearly states that if you lose your HUD contract, or if you lose your Section 202, or you can prepay it, then you qualify. And I don't think that's much for interpretation. That's why we're here. So --

MR. JONES: Thank you.

MR. WITTMAYER: The final interpretation, of course, of the QAP, is up to the board. But it is the staff's view that demolition down to the dirt is not preserving a development within the meaning of the QAP in the at-risk set-aside.

I will note that this may be an excellent proposal, competing in the other set-asides. I believe they'll score fairly well, and would be in the upper part of the waiting list. I believe that's correct, Brooke, in their competition in the other set-asides.
MR. MARQUEZ: If I can make one addition. Forward commitment would be better than the waiting list.

(Laughter.)

MR. SALINAS: I think we need to hear the appeal, and then we'll probably -- I would probably recommend that we do a forward commitment to you all later on, if that's okay with you.

MS. TERAN: That's perfect. Thank you.

MR. MARQUEZ: Thank you.

MR. JONES: Next, Mr. Stewart.

MR. STEWART: Yes, sir. Are we debating the appeal at this moment, or this public comment on this deal?

MR. JONES: This is public comment on the deal, but it's hard to tell, isn't it? The Chair is doing a very poor job.

MR. STEWART: I make that question because I may not be able to stay within your allotted time limits.

MR. JONES: I'm sorry, Mr. Stewart, but you're going to have to do your best.

MR. STEWART: Would I have another chance to argue on the --

MR. JONES: I've been in court a lot of times, and the Judge told me that he's going to give me a lot
less time than I needed, and I've had to live with it.

MR. STEWART: Will I have an opportunity for public comment and also to argue the appeal?

MR. JONES: No, you will not.

MR. STEWART: Okay. Should I choose now?

MR. JONES: Yes, choose now and go for it.

MR. STEWART: I think I vote to argue the appeal.

MR. JONES: This is your opportunity right now.

MR. STEWART: This is it.

MR. JONES: This is it right now. Your argument will be presented during the time of public comment on Agenda Item 2(a)(1).

MR. STEWART: Very good.

MR. JONES: Thank you.

MR. STEWART: Mr. Chairman, members, Ms. Carrington, my name, for the record is Jay Stewart. I'm an attorney here in Austin representing the developer in the Green Briar Village Development in Wichita Falls.

That project number is 03-104. I will do my best to stay within the time limit. The -- my client did register. His name is Randy Stevenson. And if I would -- with your permission, if I do run into his time, I'm sure he would be willing to give that time to me.
MR. JONES: We'll certainly do that, sir.

MR. STEWART: This project was denied underwriting for one issue, its long-term feasibility. The underwriting staff has stated that the -- in year 25 of this project out of the 30-year pro forma, long-term feasibility may be in question.

How do you determine what long-term feasibility is? It's an analysis of what's called the debt coverage ratio, DCR. DCR is calculated with -- by an accounting calculation of NOI -- net operating income divided by annual debt service.

We know what the annual debt service is, because that's what the lender tells us what it's going to be. No question, no debate on that. The -- so we look to the denominator of that equation. Net operating income -- income was not an issue with underwriting. So we jumped to expenses. Total estimated expenses is the debate in this appeal.

The staff has reviewed and -- the application, and I assume has reviewed all of their database-derived information, and have come up with a total estimated expenses that ends up challenging the minimum threshold of 1.10 in year 25 of the project.

This is not year five of the project, not year
ten, 15, or 20, but year 25 of the project. We don't believe that this is reasonable. We believe the project will not go broke in year 25. We think it's -- this is a fundable project, and would encourage your support for it.

The expenses used were somewhat from the application. However, when I looked to the Rule 1.32 that governs -- (d)(5), which governs your expenses calculation, the highest reliability for a new development, which this is, is the database-derived estimates for expenses for the region.

And that -- if you take that information for Region 2, which this is in, you end up with an amount of net-operating income that when you divide that by the annual debt service, the DCR -- the debt-coverage ratio, is well above the minimum threshold of 1.10 throughout all 30 years of this project.

I don't know where the staff came up with their estimate of expenses, because I'm real concerned that when you calculate what they have estimated for year one of the expenses versus what the database-derived required number is, you end up with a differential of 10.4 percent.

In the rules, you're only allowed a 5 percent deviation between your expenses and what the database shows. So by the very terms of using the higher numbers
in the -- my underwriting, they are well above what they would even consider reasonable.

So I would encourage you to look, and follow 1.32(d)(5), which concerns expenses. You'll see database-derived estimate as the first consideration. Then you have a IREM analysis, which is the Institute of Real Estate Management, again, an objective standpoint that you view analysis.

Then you drop down to some issues of market analysis information from the application can then be considered if decided to be -- or other documented sources. But the key here is that the objective calculation of estimated total expenses is clearly one from the database-derived estimate. And I'm almost finished.

MR. JONES:  If could conclude your --

MR. STEWART:  Yes, sir.

MR. JONES:  You've used up Mr. Stevenson's time, too.

MR. STEWART:  I need to learn to talk faster.

MR. JONES:  There you go.

MR. STEWART:  We believe that if this department would utilize their own information, this project is feasible throughout the 30 years, and it can be
approved.

Last point, last year I was before you all on a different project and argued to try to use independently -- not your numbers from the Swift and Marshall residential handbook, but some numbers that we had come up with -- this is another developer, come up with on their own from real purposes.

You all denied me because you wanted to use the objective Marshall and Swift. I'm here today to say you are exactly right. Let's use your database-derived estimated expenses, and this project will be feasible.

MR. JONES: Yes. And -- you know, you probably were better off if you had stopped at your time.

(Laughter.)

MR. JONES: Mr. Bogany.

MR. BOGAN: I have a question for staff. I was looking at the numbers that they presented to us. And it shows that the net income -- you know, to start off in year one at 150. Operating income started off at 158,453, and by year 30, it dropped down to 80,795.

And between year 20 and year 30 it dropped almost to -- almost $50,000. And I thought that was kind of strange. Why would it drop so much by year 30, between year 20 and 30? Have you seen this at all? This is what
was given to us, underwriting analysis.

    MS. CARRINGTON: Tom, would you please go to
    the microphone and take your material with you?

    MR. JONES: And be a good boy.

    MR. BOGANY: Tom, you want to just take this
    one here?

    MS. CARRINGTON: I imagine his --

    MR. BOGANY: Does Tom have a deadline on
    speaking?

    MR. JONES: It sounded like you were in trouble
    there, Tom.

    MS. CARRINGTON: No, I just don't want him
    talking from his seat.

    MR. GOURIS: I'm Tom Gouris, Director of Risk
    Analysis. I believe I have that -- those in the board
    package, and I saw that this morning.

    The issue of contention here is what -- what
    underwriting does is we look at our database, our other
    tools, and we try to validate the applicant's information.

    In this case we did. And in fact, we're using
    the applicant's information and the applicant's operating
    expenses to determine what the feasibility of the
    transaction is.

    We felt comfortable with the operating expenses
that they provided. On a line-by-line basis, we were able
to get to our database and our other tools, get to their
number and say, hey, their number is reasonable. It's
realistic for this project. So we actually used their
calculation.

Had we used ours, we would have been -- we
would have -- I think our expenses were just shy -- a shy
higher, but within a fair -- very small margin, so it
would make it fairly irrelevant.

To answer your question, the reason why the NOI
appears to decline is because our pro formas are based on
a model that says we're going to increase income at 3
percent and expense at 4 percent. And so -- pardon me --
my undergraduate degree was in economics, so I always have
to do this as a chart, if I could.

If I could have a chart that -- the rate of
growth is faster for expenses than for income. And
therefore, at some point, with this modeling technique,
it's going to -- expenses are going to overtake income.

The hope is that that happens sometimes way
outside of the 30 years, and that's kind of the
conventional methodology, that there is enough cushion for
the project to remain feasible if that happens sometimes
under the -- sometime outside of the 30 year.
Our rules require us this year to identify transactions that don't meet that 30-year feasibility test as unfeasible, and that's what we did in this case.

MS. CARRINGTON: Okay.

MR. BOGANY: One last question.

MR. JONES: Certainly, Mr. Bogany.

MR. BOGANY: The Marshall and Swift expense report or whatever that you guys are -- so staff has the discretion to use either one -- the developer's number or that -- those numbers?

MR. GOURIS: Marshall and Swift is used for costs -- for development costs. We -- for expenses, which is the issue here, we use our database, which is derived from other developments in the area. And we also look at the Institute for Real Estate Management.

We'd also look at their information and see what specific issues with their transaction might cause us to adjust our estimate -- or just a blanket estimate. For example, it may be an all-bills-paid transaction, which would encourage us to show higher utility costs, because the landlord's paying for the utilities, or other issues, such as that may cause us to deviate from the flat TDHCA database.

One other issue on the TDHCA database is that
we look at both a per-unit and a per-foot number. I think the appeal talks to just a per-unit overall number. We also look at per-unit, per-foot on a line-by-line basis, not on the overall basis.

So those are some of the reasons why there is a difference here.

MR. BOGANY: Thank you.

MR. JONES: Mr. Conine?

MR. CONINE: We used the three and 4 percent consistently for all projects?

MR. GOURIS: Yes, sir.

MS. CARRINGTON: Yes, sir.

MR. CONINE: And so anything that's very tight at the beginning is bound to cross out there shorter-term than something else?

MR. GOURIS: Yes, sir.

MR. CONINE: What -- is there a calculation on the income side, like miscellaneous income, that might be in dispute that would lead him out past the 30-year threshold?

MR. GOURIS: I don't believe so. Another part of the problem with this transaction, as far as trying to show additional income or trying to make some adjustments -- though some would help, in this case, we're
at exactly 1/30 debt coverage at the front end.

So if there was more income -- net operating income capacity, it would have to go to serve additional debt, or we would represent that it would have to serve additional debt, which --

MR. CONINE: It would create the same problem.

MR. GOURIS: -- would have -- could have the same problem.

MR. CONINE: So why aren't all the projects crossing in year 25?

MR. GOURIS: Well, in this case it's because of the ratio of expenses to income. If we could change that ratio -- in this case it's 73 percent, and that's extremely high. There is very -- they are -- economic -- mathematically I don't believe that at that level of expense to income, anything would survive the 30-year test.

Now, I'll throw one other piece of information is -- and that is there are sometimes situations where there is mitigation for this issue, or that income/expense ratios are this high, and we can find that there is mitigation like in a USDA transaction, for example, or those project-based rents where the rents are being monitored, and the income and expenses are being monitored
on an annual basis.

You know, that provides the mitigation. In this sort of situation where there is no outside monitoring to ensure feasibility, there is no way for us to characterize this as possibly being feasible, or likely being feasible.

MR. CONINE: Okay.

MR. JONES: Further questions?

MR. STEWART: May I respond, Mr. Chair, briefly?

MR. JONES: Briefly.

MR. STEWART: The applicant's pro forma submitted in the application certainly did not show the DCR -- debt coverage ratio falling below 1.10. The reason that these higher expenses did not fall below 1.10 is because we had some assumptions that underwriting denied us.

One was a restructuring of the debt in year 18, which the lender had approved. And that you can restructure these debts out to 50 years pursuant to your rules. So that certainly should have been allowed. But that's why taking the higher numbers that are in the application -- if you would have -- if they would have taken our assumptions, then the DCR would have stayed
above the 1.1. 

So the applicant didn't submit information that showed that the debt coverage ratio fell below 1.1.

MR. JONES: Thank you, sir. I appreciate it, Mr. Stewart. Mr. Stevenson? I'll give you 30 seconds if you want it. I hate to just see you lose it all to your attorney.

(Laughter.)

MR. CONINE: They normally do anyway.

MR. JONES: Conine loves lawyers.

MR. STEVENSON: Thank you for the time, members of the staff and board. My name is Randy Stevenson. I would submit to you that I do think that, you know, that our case is a good case for funding.

I would also submit to you that this Region 2 is severely -- and I repeat, severely, underpriced. So if you would, please consider our application.

MR. JONES: Thank you, sir. Michael Gilbert. Mr. Gilbert. I believe you want to speak to an appeal. Is that correct?

MR. GILBERT: Yes.

MR. JONES: Okay. Thank you.

MR. GILBERT: Michael Gilbert. I'm speaking on behalf of Meadows of Oakhaven, Pleasanton, Texas --
Pleasanton Apartment Ventures.

MS. CARRINGTON: Mike, I'm sorry. Can I stop you for just a moment? And I'm --

MR. GILBERT: Sure.

MS. CARRINGTON: I apologize. Board members, this is not a tax credit application that's on the agenda that Mike is speaking to. It is Item 2(a)(3), which is on page 4 of your agenda, which is a request for an additional extension of deadline to close construction loan for Meadows of Oakhaven.

MR. JONES: Okay. Let's wait on that. I'm sorry, Mr. Gilbert. Your deal said 2(a)(1), which is why you've been called.

MR. GILBERT: Thank you.

MR. JONES: And I understand that's 2(a)(3). Okay. No problem. Anybody else that wants to make public comment or argument, whatever you want to term it, regarding to appeal, which is Agenda Item 2(a)(1)? Anybody else? Going, going, gone. Okay.

VOICE: Where does Number Item 03-236 come up?

MR. JONES: I think that is 2(a)(2). 2(a)(2).

So not yet. All right. So we will then turn to the board. We have heard a public comment. We will turn to the appeals.
Ms. Carrington, does staff wish to make a report concerning the appeal?

MS. CARRINGTON: Thank you, Mr. Chairman. Yes, we do.

MR. JONES: Can I make a request?

MS. CARRINGTON: Yes, sir.

MR. JONES: If you would take them up individually, and then give the board an opportunity to act after the staff makes their recommendation, I'd appreciate it.

MS. CARRINGTON: Yes, sir. Thank you.

MR. JONES: Thank you.

MS. CARRINGTON: I'm going to try to navigate the board through the material that you have in front of you, because it is in two books today.

As I mentioned just a few moments ago, the agenda that was posted on the website had only three appeals. That was Ryan Crossing Villas, Bluffview Villas, and Palacio del Sol.

The fourth, which is Green Briar, SWHP, Wichita Falls, Limited Partnership, was the fourth that was added timely. If you go to your second book, which has the Multifamily information in it, you have a tab that says Tax Credit Appeals.
The first one in front of you is Green Briar Village. You have heard the testimony on this. You have heard the staff's presentation. As Mr. Gouris did mention, 2306.1711 of our statute requires the department, as we underwrite 9 percent transactions, to look at a 30-year feasibility for each of these transactions.

And one comment I do feel is worth making. We certainly acknowledge that in this particular transaction, that in year 18, the lender was proposing to restructure the transaction. Since we have a requirement to underwrite for 30 years, required by statute, then we're going to be doing that based on the information that we have at the time.

Staff has provided for the board an underwriting report on this transaction, and the discussion that was just had relates really to page 5 of the underwriting report. Staff is recommending that this application -- that this appeal be denied.

MR. SALINAS: What's the number of the appeal?

MS. CARRINGTON: The number of the tax credit application is 03-104, and it is the first one behind the tab in your second book that says Multifamily Appeals, or Tax Credit Appeals. I'm sorry.

MR. JONES: We have the recommendation of
staff. Questions, motions?

MR. BOGANY: So moved to the board.

MR. JONES: We have a motion that I interpret
to be a motion to approve the recommendation of staff --

MR. BOGANY: Yes.

MR. JONES: -- and deny the appeal.

MS. ANDERSON: Second.

MR. JONES: Motion's been made and seconded.

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

(A chorus of ayes.)

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

(No response.)

MR. JONES: The motion carries.

Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Chair. The
second appeal to the board is Tax Credit Development
Number 03-138, which is Ryan Crossing Villas. And it is
behind your blue page in your book.

This application was requesting a reinstatement
of a total of 14 points. We have identified for you where
the points were deducted from this application. And we
are not recommending that this application be reinstated.
   We are recommending that the appeal be denied.

   MR. BOGANY: So moved.

   MR. JONES: We have a motion to accept the recommendation of staff that the appeal be denied.

   Second?

   MS. ANDERSON: Second.

   MR. JONES: Motion's been made and seconded.

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

   (A chorus of ayes.)

   MR. JONES: All opposed, nay?

   (No response.)

   MR. JONES: Motion carries.

   Ms. Carrington?

   MS. CARRINGTON: Thank you, Mr. Chair. The third development is 03-164, Bluffview Villas, the third item in your book.

   This one was to be located in Brenham. There was a deduction of eleven points that was deducted from this application for a variety of reasons. We are not recommending that these points be reinstated, and we are recommending that this appeal be denied.
MR. BOGANY: So moved.

MR. JONES: Okay.

MS. ANDERSON: Second.

MR. JONES: We have a motion that the appeal be denied, and it's been seconded. Further discussion, questions, comments by board members? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)

MR. JONES: Motion carries. Ms. Carrington?

MS. CARRINGTON: The fourth, 03-207, Palacio del Sol, to be located in San Antonio -- you have heard the discussion on this transaction. The staff recommendation that is in your book is that the appeal be denied for this transaction.

MR. SALINAS: Ms. Carrington, is there any -- this is a 202 project that has been there for 20 years. I think it would be wise for this board to work with these people and give them a -- probably in September see if we could give them a forward commitment so they could start from scratch and -- you know, they've been very, very dedicated to the elderly in that area.
I would think that they scored high, and I would ask the board and the staff to consider a forward commitment in September and not right now. So I agree with the denial right now, but I think we should work with them and try to see if we can give them some forward commitments in September, being that it's a -- it is a 202 project that was awarded to them 20 years ago, and they've been there for the longest time.

And HUD -- they have a good track record with HUD. So I would think that for one, to reorganize with them.

MS. CARRINGTON: May I say from a staff standpoint on this transaction that this was a real struggle for us.

MR. SALINAS: Yes.

MS. CARRINGTON: We -- it was a real struggle for us. And we had some very interesting internal discussions about this particular transaction. We believe that we did interpret the QAP directly. But we also recognize the value of this transaction.

MR. SALINAS: And it would not be a bad project for anybody to do a transaction on, simply because of the property value in that area of where they're at. And I would make the motion to deny, but with a condition that
we would ask the staff to consider them for a forward
commitment in September.

    MS. ANDERSON: Second.

    MR. JONES: We have a motion from the mayor.
It's seconded by Ms. Anderson. Further discussion,
questions, comments?

    MR. BOGANY: Would you repeat the motion?

    MR. JONES: I think the motion -- and I'll try
to repeat it to make sure that the mayor agrees that I've
got it right, and Ms. Anderson agrees that I've got it
right.

    It's a motion to deny the appeal, but also
asking staff at the same time to consider a forward
commitment at later board meetings.

    MR. SALINAS: It would be in September. I
would ask that it be in September of this year.

    MR. JONES: In September of this year. And
that's the motion that I believe is on the floor, and that
has also been seconded. And it's also the motion that
we're debating at the present time.

    Further questions, comments, arguments about
the motion? Hearing none, I assume the board is ready to
vote. All in favor of the motion, please say aye.

    (A chorus of ayes.)
MR. JONES: All opposed to the motion, say nay?
(No response.)

MR. JONES: The motion carries. I believe, then, that that would conclude Item 2(a)(1) on the agenda. Is that correct?

MS. CARRINGTON: Yes, sir.

MR. JONES: What I would like to do, with the board's permission -- we have -- we still have a lot of business to do today. We have over probably around 30 people yet to speak to us.

My suggestion would be that we try to break. And we might as well do that early, since we've kind of come to a stopping place as well. It's late. We try to break as briefly as we could for lunch.

Do you think we can shoot at being back at 12:30 or 12:45? Is 12:30 okay? Anybody object? We'll shoot be back at 12:30 and get started again. We'll be adjourned until 12:30.

(Whereupon, at 11:55 a.m., the meeting was recessed, to reconvene this same day, Wednesday, July 30, 2003, at 12:30 p.m.)
MR. JONES: I now call back to order the meeting. We will start again, and we will receive public comment on Item 2(a)(2) of the agenda.

The first thing I will do will note that I have received a letter from State Representative Ruben Hope in support of the Cricket Hollow Apartments application.

This will become part of our record. I won't take the time to read it, but I will submit to each board member to read at this time.

With that, the next speaker will be Diane McIver.

MS. MCIVER: Hi. I'm Diane McIver. And I'm here in support of the Village at Morningstar, which is a 78-unit senior project, 03-189, in Texas City.

And just briefly, we've got wonderful, strong support for this particular project. Our trust application -- whereas our tax credit application scores 98, our trust application is the highest scoring in the entire region, and third highest in the state.

We do already have our supplemental financing in place as it relates to about 25 units of project-based Section 8 from the Texas City Housing Authority. And my
real appeal to you today is that with the exception of the rural set-aside, all recommendations in Region 6 are in Harris County.

And there is -- a lot of those are senior units. There is 400 units of senior housing proposed for the Harris County. There is 182 in Fort Bend. And this is an area that in the last couple of years has already had 600 units of just senior housing.

Whereas, we are looking for 78 units of senior housing, and Galveston County, in the entire history of the Tax Credit Program, has only had 32 units of senior housing. So Texas City is your classic exurban. I know that the board does not need to consider exurban this year. But I'm asking you to.

And I'm asking you to use the powers that the board has, of geographical distribution to either award an allocation for this project this year, or to forward fund it for 2004. And it only takes $416,000 in tax credits.

MR. JONES: Is that so?

MS. MCIVER: That's my request of the board. Thank you very much.

MR. JONES: Did you want to bring up that word? MS. MCIVER: The exurban?

MR. JONES: All right. LaTonya Collier.

MR. LONG: I would like to give my time to Cleola Williams.

MR. JONES: Okay. Ms. Williams?

MS. WILLIAMS: Good afternoon.

MR. JONES: Good afternoon.

MS. WILLIAMS: My name is Cleola Williams. And I'm the chairperson for our new CDC. I'm the chairman of the board. And I'm here on behalf of Item Project Number 03-011, the Old Jeff Davis Hospital.

Our new CDC is a nonprofit organization founded by residents of Houston's Washington Avenue area to develop affordable housing. Not only are we talking about affordable housing, but we want to preserve the historic aspects of our community.

This is my community. Not only am I chairman of Avenue's board, but I'm also vice president of the civic organization. So our community is fully in agreement with the preservation of this beautiful structure.

Old JD was built in 1925 as Houston's first hospital for poor people. Since that time it's been used as a clinic, a residential treatment facility, and for storage. For the last 20 years, the building has stood
vacant and neglected in the very heart of our community.

This is a place, as a child, that I used to run around and look up at these buildings. A friend of mine lived right there next to it. It's a beautiful old structure.

What we're trying to do -- three years ago we began working to acquire this building from the -- from Harris County, and transfer it into affordable housing for low-income people. We and our partner, Art Space Projects, have already raised over $1 million of private foundation funds for this effort.

We thank the department staff for recommending that tax credits be awarded to our projects. I think that to talk more about it, we have a letter that came from Representative Jessica Farrar. And I'd like to read it to you since I have John's time.

MR. JONES: Certainly.

MS. WILLIAMS: This is to Mr. Michael Jones, Board Chair, and Ms. Edwina Carrington, Executive Director.

"Dear Mr. Jones and Ms. Carrington, I'm writing to express my appreciation for the excellent work of the staff of the Department of Housing and Community Affairs in reviewing the application for Low Income Housing Tax
Credit for Development 03-011, The Jefferson Davis Artist Lofts.

"Under the department's Qualified Allocation Plan, this development was awarded a score of 105 by department staffers. It was the highest score awarded in Region 6. The highest score demonstrates that the development meets the priorities established by the department through the QAP.

"In addition, the development fulfills several of the evaluation factors established in the QAP. It is located in Houston's Enhanced Enterprise Community, with a qualified census tract, and it provides for accessible housing for a mixed-income population.

"The redeveloped building will include 27 units affordable to households earning less than 30 percent, 40 percent, 50 percent and 60 percent of median income, as well as seven market-rate units. Four of the units are reserved for the disabled.

"I've been a strong supporter of this proposed development since it was first brought to my attention over three years ago when the co-developer, Avenue Community Development Corporation, was working to acquire the property from Harris County.

"By awarding low-income housing tax credits to
this development, TDHCA will help to preserve an important historic building while providing needed affordable housing in a part of Houston where low-income families are being forced out by skyrocketing rents.

"The First Ward neighborhood where the development is located is on the edge of downtown Houston, where affordable housing is being demolished to make way for luxury apartments and townhomes. I urge the TDHCA board to support the recommendation of their staff and award low-income housing tax credits to this development.

"Respectfully, Jessica Farrar, State Representative, District 148." I want to thank you for your time. I want to thank you for your consideration. This is such an important aspect to our community. If we don't preserve the historic aspects of communities, they will certainly disappear from the area.

Almost all of Houston, especially in the urban areas, we've got townhomes and luxury apartments. And the people who used to live there, even those whose children had been left, don't have that anymore.

MR. JONES: Would you conclude, please, ma'am?

MS. WILLIAM: What did you say?

MR. JONES: If you could conclude, please, ma'am. Your time's out.
MS. WILLIAM: I'm just going to conclude, because I have concluded. I thank you for your time.

MR. JONES: I appreciate it.

MS. WILLIAM: Please give your consideration to this project. Thank you very much.

MR. JONES: Thank you so much. Our next speaker, if we turn back again to the issue of Suncrest Townhomes. Mr. Monty, if you could, I do have a question for you. I know you already spoke, but I have one question.

The allegation has been raised here today about a fraudulent filing with our department. And I would like to give you -- just ask you to please respond to that.

MR. MONTY: Thank you, Chairman Jones.

MR. JONES: Thank you.

MR. MONTY: Ben Sheppard contacted me from the department last week for the items that were brought up earlier today. And we resubmitted the exact documentation that we submitted July 31, 2001. So the department has all the documentation that this associates us with those allegations.

MR. JONES: Okay. Thank you, sir.

MR. MONTY: Thank you.

MR. MONTY: (Brother) They are also not true.
It's a two-year-old tax lien that involved my mother. So it didn't involve Ike. But I just felt compelled, because I'm her son, too.

MR. JONES: I gotcha. We all defend our mothers, don't we? Either that or we lose our heads. I've got a mother, too.

(Laughter.)

MR. JONES: Cynthia Bast, please.

MS. BAST: Good afternoon. I am Cynthia Bast of Locke, Liddell and Sapp. As you know, we represent and work with Investment Builders on the Low Income Housing Tax Credit matters. I appeared before you at the last board meeting to support the Suncrest Townhomes project, and I am doing so again.

We have heard people this morning use the word "clustering." But no one defines what it is. As Mr. Conine adeptly pointed out, there is a difference between tax credit housing and public housing.

If you want to compare an apple to an apple, we looked at TDHCA's tax credit inventory on your website. We found 54 total projects in El Paso, and four on the west side. We looked at total tax credit units on the west side, and they were consistent with the population of the west side of El Paso overall.
Mr. Monty has noted that in other tax credit properties in the west side area, they have waiting lists of over 100 people. At the last board meeting, you heard from a tax credit tenant from a west side project, who talked about how much she enjoyed her home and her neighborhood.

The Suncrest Townhomes project is designed to serve tenants of a variety of incomes, including market rate tenants. I think you could call that anti-clustering.

If there are concerns about safety, Mister -- and Mr. Gonzalez, you did mention the bus situation -- Mr. Al Velarde of the housing authority is here to answer questions about that, or any questions you have for the housing authority.

But I have a July 9 El Paso Times newspaper article with a quote from the Sun Metro director, indicating that the buses resumed services to the Carousel [phonetic] neighborhood in April, and that he has had no complaints from drivers.

Investment Builders and the housing authority have prepared a competitive tax credit application containing many desirable elements, including a joint venture, units for residents of a variety of incomes, and
a townhome design that has proved marketable.

They followed the process. Staff has followed its process and has recommended this project for an allocation based on its objective scoring and ranking system. Now we ask you to complete the process and support staff's recommendation.

And before I step away, I'd like to say one more thing. Of course I am hired to be here to represent Investment Builders today. But I have been working with this group for over eight years, the longest I have represented any developer client.

I am proud to say that Investment Builders is a client, because of the good work that they do in El Paso.

Thank you.

MR. JONES: I'd just like to say this. I've been on this board for nearly eight years, and I think, Mr. Conine, you're to be congratulated. That's the first time I've heard that a board member made an adept comment. And surely no one's ever said that about me.

Congratulations, Mr. Conine.

MS. BAST: And I'm so glad it's on the record.

Thank you.

MR. JONES: Keith Puhlman.

MR. PUHLMAN: I'm just here to support the
project, and available for any questions on the Suncrest Townhomes.

MR. JONES: Thank you, sir. I appreciate it.

Vince Dodds.

MR. DODDS: Same with me, Mr. Chairman. I'm here to support the project.

MR. JONES: Thank you.

MR. DODDS: And any questions you might have.

MR. JONES: Alfonso Velarde.

MR. VELARDE: Thank you, Chairman. Thank you, board. I'm -- I guess I was just going to answer some questions if you had them. But I do have a couple of issues that I would like to provide some clarification on.

And the first issue certainly is our commitment to this project.

Certainly we are in a very precarious position, where we have -- we are committed to this project back in January. We researched, we studied, we looked into the project. We held public hearings. And we felt back in January and through the process that this was a very good project.

Understandably, we had a change in city administration, and then there was some opposition afterward. However, we committed both -- as far as a
business, but also legally, to become involved in this partnership. And of course, today we are faced with having to be here.

But the fact of the matter is, is our opinion has not changed. We still believe in this project, and we certainly believe that we'll put this project through, and we're going to see a lot of people in El Paso are going to be very pleased and very happy with the final product. And the housing authority certainly intends to do the best that it can to make sure that this project is completed.

Another issue I wanted to bring up is the issue over the notice to resolution in increase our board. The question was asked, does HUD approve of this.

And the answer to that is no. HUD did, in fact, try to call -- see the city's legal advisors prior to this resolution taking place to oppose and to tell them that this was not appropriate.

At this time, we have continued to be -- to talk with HUD, and we do believe that if, in fact, the mayor does appoint the additional six board members, HUD will be sending a letter similar to one that they sent to San Angelo back in October of last year, where the San Angelo City Council attempted to increase the board for the same reasons, and we believe HUD is going to oppose
this. In fact, we know that HUD will be opposing this.

I wanted to discuss the Sun Metro issue. Ms. Bast just recently -- just now discussed this as well.

Crime in this particular area is not a problem. I will qualify myself here. I am recently retired from the El Paso Police Department as their spokesman. And I have been with them for 21 years.

I am now with the housing authority, working as their spokesperson, as well as their chief of security.

Back in March of this year, the issue about the Sun Metro did come up. One of our residents went to city council to question why bus service did not go into this area after dark.

This was a big concern to us, because this is one of our residents, and we wanted to find out. So we sat down with Sun Metro, but we also sat down with the El Paso Police Department.

MR. JONES: If you would please conclude. But I would like to hear you finish this.

MR. VELARDE: Okay. This -- we had a public hearing on this issue. And the police department provided statistics to us, in addition to our statistics, to show that crime was not an issue in -- for the bus service.

This issue was taken back by Sun Metro to the
Mass Transit Board; Mass Transit Board, consisting of City Council. And in their hearing, they found that crime was not an issue, and bus service has since resumed to that area.

MR. JONES: Mr. Velarde, could you tell me exactly what your position is with the Housing Authority of El Paso?

MR. VELARDE: I serve a dual purpose. I'm their spokesperson, and I'm also their chief of security.

MR. JONES: Would that be your title?

MR. VELARDE: My official title is, PIO, Public Information Officer, and acting Chief of Security.

MR. JONES: Thank you, sir.

MR. VELARDE: Thank you.

MR. JONES: Any other questions? Mr. Conine?

MR. CONINE: Yes. I asked Mr. Monty earlier about the temporary injunction that he has against your housing authority. Could you comment on that? And you know, from your testimony here, it doesn't seem like there would have been a need for Mr. Monty to do what he did. So I'm a little bit perplexed.

MR. VELARDE: Well, we were asked by the mayor to consider alternatives, either to move the location of the project, or even to pull out of this agreement. We
know that both of those options really would have resulted in this application being forfeited.

And because of the fact that we have been involved in so many hearings -- public hearings in El Paso, even here in Austin, and it had gotten to the point where the tax credits were already recommended, we had an obligation -- we had a legal obligation to continue with this. And we did know this, and we did advise the mayor that we had this legal obligation.

Unfortunately, because the mayor was asking us to back out of this project or to find an alternative which jeopardized this tax application, I believe Mr. Monty had no choice but to file this injunction in order to keep this partnership together.

MR. CONINE: It's -- are you on the board?

MR. VELARDE: No, I'm not board member.

MR. CONINE: You're not a board member. Okay.

So the -- so -- and your testimony was that HUD is not going to approve an increased expanded board.

MR. VELARDE: Yes, sir.

MR. CONINE: So the original board ought to be intact, I guess, or be there. So --

MR. VELARDE: Our original five-member board is still intact. Yes, sir.
MR. JONES: And those are the same guys that
were there -- have been there a while, right?

MR. VELARDE: Yes. This is the same board that
approved of our partnership with this -- with Investment
Builders.

MR. CONINE: So I'm confused why a temporary
injunction can -- can you help me with that?

MR. VELARDE: Well, the temporary injunction
that I -- how I have knowledge of the timing of it is
there was the -- the resolution was passed -- or not
passed, but was posted to announce that they were going to
hear or it was going to be heard in the city council
meeting that they were going to increase the board from
five members to eleven members.

And the resolution stated that it was going to
be immediate, effective immediately upon the city council.
And it was at that time that investment builders filed
suit and notified us that we -- they were filing this
injunction on us, so that we could not be separated from
this partnership.

It is my guess and belief that if there was an
increased board, that there would be -- there could be a
decision to have us back out of this by that board.

MR. CONINE: And how long do the current terms
of the current board members last?

MR. VELARDE: Two years.

MR. CONINE: Are they staggered?

MR. VELARDE: Yes. We have two board members who will be coming up -- will be finishing their term, our chairman and one of our senior board -- our board members in February. Three others have just recently been appointed. So I believe their terms expire in 2005.

MR. CONINE: So it's the current intent of the current board, under your testimony here today, that they're willing to be a full-fledged partner working together on a real estate development project?

MR. VELARDE: Yes, it is, sir.

MR. CONINE: Okay. Thank you.

MR. SALINAS: That is an appointment of the mayor only. Right?

MR. VELARDE: Yes. The -- each of our board members are appointed. The vacancies are appointed by our mayor.

MR. SALINAS: Not the city council?

MR. VELARDE: Not the city council.

MR. SALINAS: Okay. That's very important.

MR. VELARDE: Yes.

MR. SALINAS: The city council has nothing to
do with the housing authority, it's only the mayor?

MR. VELARDE: Yes, it's only the mayor who will

appoint the board members.

MR. SALINAS: So two are out and three are
going to stay. So you still have a majority there, so --

MR. VELARDE: Yes, there will still be three

board members from our original board. There will be two

board members in February.

MR. SALINAS: Okay. Thank you.

MR. JONES: Thank you, sir.

Bobby Bowling.

MR. BOWLING: Chairman Jones, I signed up for

both in favor of the projects that I'm presenting to the

board, and in opposition to the Suncrest Townhomes. I

would like to, with your permission, speak for three

minutes on each, or at least -- or get six minutes to

combine my testimony if you'd rather go that way.

MR. JONES: You can speak -- you filled it
twice. I'll tell you what I'll let you do. I'll let you

speak two minutes in opposition to Suncrest Homes and two

minutes in support of the other two projects that you're

speaking in support of.

MR. BOWLING: Okay. Thank you very much,

Chairman Jones. If you don't mind, I'd like to speak in
favor of my projects first.

MR. JONES: That would be fine.

MR. BOWLING: Okay. I have Diana Palms scoring 107 points this year, as the highest-scoring project in the State of Texas. I made that comment to you all last month. I understand how the set-asides work.

I would like to bring to your all's attention that this year there is a little bit of a change in policy in the nonprofit set-aside. Prior you've awarded ten, eleven, 12 percent to meet your federal 10 percent minimum requirement. This year, by my calculations, you have scheduled 18 percent of your allocation to nonprofit projects.

To me, that argument doesn't hold water that this was the second-highest-scoring project, and that's why it got squeezed out, Diana Palms. I think region by region -- I respect staff's decision, but I disagree with that. I think I have the three highest-scoring projects in the state. They are also, of course, the three-highest scoring projects in my region, and I think they should be funded.

Again, you all set up a scoring system that I adhered to better than any applicant in the state. I took everything into consideration. I did a good job. And I
also have a good track record. I'm new here. I've only
been in the program for about five years. But my track
record speaks for itself also.

I'd answer any questions if you have any for
the merits of my projects. Okay. If none, I'd like to
go --

MR. JONES: Did you have any, Mr. Bogany? I'm
sorry.

MR. BOGANY: No, I just had a quick question
for staff on their recommendation, why any one of his
three projects wasn't recommended. Was it an allocation,
regional, geographic dispersion? What was the deal?

MR. JONES: Brooke?

MS. BOSTON: I'm sorry. I didn't hear your
question.

MR. BOGANY: Brooke, what I was wanting to know
is why any of the three projects that he had that scored
so high -- why that he didn't get recommended for an
allocation? Was it based on geographic dispersal? And
what was your reasons behind it?

MS. BOSTON: Brooke Boston. All of the
developments that were recommended in Region 13 were to
satisfy set-asides.

MR. BOGANY: Okay.
MS. BOSTON: So after those were satisfied, unfortunately, there wasn't money left for any general.

MR. BOGANY: Okay. Thank you.

MR. BOWLING: And to wrap that up, my appeal to you for a solution to this problem would, again, be to ask that you forward-commit one or all of my projects, since they are the highest scoring in the state. And I've come into this weird gray area of being squeezed out with these set-asides.

Okay. Having said that, I wanted to bring to your attention a few things about my opposition to Suncrest Townhomes. And I don't have any problem with Ike Monty. And let me put that out on the record. Okay?

He's my competitor, and we're both developers. My problem is is that the housing authority has a $13 million contract in the tax credit project that they didn't allow anybody else in El Paso to bid on, ladies and gentlemen of the board.

Not just me as a builder and a developer and a competitor, but no other builder or developer in El Paso. What you've heard before you today is testimony from representatives of Investment Builders, paid individuals like Ms. Bast said.

I would encourage you to listen to what the
presentations were from the elected officials today. And I just want to regurgitate what you've heard from -- on this project, you have in the history of low-income housing tax credit projects in El Paso, the only project that's ever been opposed with a city council resolution.

You have on record in opposition Mayor pro-tem Cobos, Mayor Wardy, City Council Representative Cushing, State Representative Haggerty, State Representative Quintanilla, State Representative Pickett, U.S. Congressman Silvester Reyes, and two political bodies, the El Paso Independent School District, and the City Council of El Paso.

Nowhere else in the history of El Paso have you had this kind of opposition to a low-income housing tax credit project. There is definite concentration issues. I think you all have been prepared with some information that is erroneous.

And I wish I would have been afforded the opportunity to have, like, a hearing type of setting before this board where I could give you counterpoint to the information that you've been presented, because it's erroneous.

We were afforded that opportunity at city council in El Paso two months ago for an hour and a half
to two hours at the end of that. You have the result being that five-to-four vote with that resolution.

I don't know where you got that information. I asked Brooke in an email, or asked Jennifer in an email if I could send you all backup information on this situation in El Paso, all the dynamics of the housing authority, what's going on with our mayor.

And I was told, you know, within 24 hours, Now, Mr. Bowling, that would be a direct violation of ex parte communication. You cannot communicate directly with the board members. You'll just have to plead your case before them at the July meeting. And I'm fair game for that.

But you all have a lot of information about this project that to me --

MR. JONES: Your time's up. If you could conclude.

MR. BOWLING: Okay. In conclusion, I just want to remind everybody here that this is the most controversial project in the history of El Paso. The likelihood of this project making carryover is nil to 1 percent. There is going to be -- the lawsuits have just started being filed in this situation.

And if I could just real quickly read you the resolution as a point of reference, Chairman Jones, that
the housing authority adopted?

MR. JONES: Do we have --

MS. ANDERSON: Mr. Chairman, I have a question for him.

MR. JONES: Yes. Let's go to questions.

MR. BOWLING: Okay.

MR. JONES: Yes, Beth?

MS. ANDERSON: Yes. Mr. Bowling, my question addresses the issue of not being able to give us your point-by-point, et cetera. Did you bring that to us in a handout form today, as many of the people making public comment --

MR. BOWLING: Oh, yes.

MS. ANDERSON: -- have brought us a handout?

MR. BOWLING: Yes, ma'am. I've got folders that I can bring to you.

MS. ANDERSON: Well, this would be a time for us to have them.

MR. BOWLING: Okay. I'll present them to you. Let me go back and bring them forward. I'll do that.

MR. SALINAS: I think you're just going to have to give it to the -- actually, to our executive director, and we'll put them on file.

MR. BOWLING: Yes, sir.
MR. SALINAS: The other legal problem that you might have for this project -- you need to go to the Attorney General's office. We're not --

MR. BOWLING: I understand.

MR. SALINAS: You know where it is. You know, we could probably give you directions. It's very simple, you know. You all want us to do everything for you all.

There is laws that only the Attorney General can work on. I mean, we're here. We have staff, and pay a lot of money for our staff. And I think we have one of the best staffs ever. So you know, again and again, you know, public comments in El Paso, nobody in opposition.

Now all of a sudden we change the city council, and everybody is -- so you have a five-four vote. It's not even a unanimous vote. That's not here nor there. It's none of our business. You know, politics in this town takes care of itself.

So I would suggest that if you have problems with the contract, go to the AG's office. I mean, they are under so much guidelines if you're in the housing authority board. But they also can be looked at by the U.S. Attorney General.

So those are things that you need to address them. I think right now we have a recommendation, and
this is our job.

MR. BOWLING: I understand, Mayor.

MR. SALINAS: You know, and we're not going to get involved in any political suicide over there.

MR. BOWLING: The only reason I wanted to bring it to your attention is in light of this project's failure to potentially on carryover, because those suits will be filed and --

MR. SALINAS: Fine. And this is why they built the courthouse.

MR. BOWLING: I understand.

MR. SALINAS: I mean, I'm sure it's not there just to have it. That's why you have lawyers.

MR. BOWLING: Yes, sir.

MR. SALINAS: And they're going to make some money.

MR. BOWLING: Yes, sir.

MR. SALINAS: And it's not going to be our -- we're not going to be involved in that lawsuit. I guarantee that. We're not going to get involved. And this is why you have a bunch of lawyers in El Paso.

MR. BOWLING: Yes, sir.

MR. JONES: Thank you, sir. I appreciate it.

MR. BOWLING: The resolution? Chairman Jones,
it's just one sentence. The sentence is, "Now therefore be it resolved by the Board of Commissioners of the Housing Authority of the City of El Paso, Texas, that the president and CEO is authorized to develop a low-income housing tax credit strategy, and to enter into LIHTC agreements with appropriate public and/or private partners." This particular application and contract was never heard in a public hearing at the housing authority.

MR. JONES: Thank you, sir.

MR. BOWLING: Thank you.

MR. JONES: Mr. Bogany has a question.

MR. BOGANY: No.

MR. JONES: All right. No more questions.

MR. BOWLING: Okay.

MR. JONES: Okay. Our next speaker will be Theresa Caballero.

MS. CABALLERO: Good afternoon. May it please the board. My name is Theresa Caballero. And I've traveled 630 miles to address you here today. I am an attorney, and I represent Tropicana Homes as well as the Affordable Builders Council of the El Paso Builders Association.

And who are they? Well, they are five builders in El Paso who make up 60 percent of the affordable
building in El Paso, and I'm proud to represent them.

And I'd like to quote some really wise words
that were spoken here on June 25, 2003. "I don't believe
the Governor --

MR. JONES: Did Conine say this?

MS. CABALLERO: Pardon? You know the person
who said this.

MR. CONINE: Give her a chance.

MS. CABALLERO: "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 analyses" that are done at the request
of the developers. But sometimes what we're getting here
just deviates from reality." And that would be your --
those would be your words, Chairman Jones. And I
appreciate you for them.

(Laughter.)

MR. JONES: Yes.

MR. CONINE: Wise words.

MS. CABALLERO: I have sat on the board. And I
understand what staff recommendations mean. And I
understand what they are doing in the day in and the day
out of the grunt work. But as board members, you are
charged with making independent decisions based on the
facts presented to you.

And not to criticize staff, but staff makes the best decisions that they can based on the facts that they have at that time. And I'm afraid that staff did not have all the facts that you now have here today. So perhaps we should be more open-minded about considering some of the facts you've heard.

And those would be that three state officials are against this project, our U.S. congressman against this project, our mayor against this project. And it's not a four-to-five vote, Mayor Salinas. For that particular resolution it was a four-to-five vote.

But later on, it was a seven-to-zero vote to add six more members to the board to change how things are done down at the housing authority. That was a seven-to-zero vote.

And I'd also like to add that the previous mayor, under whom this project was approved without any sort of public announcement, was -- lost in a landslide. So people want things to be different in El Paso.

One of the questions that's come up here is, Well, how come nobody was at the public hearings? Well, let me tell you. The housing authority is required by law to post a sign at the physical location where this project
is going to take place to let everybody know that such-
and-such project is going to be built there.

If they have any complaints, call X, Y, and Z's
number. Guess what? They didn't do that. And you've
heard from a member who traveled the same 630 miles to
tell you nobody knew. But it's the same story. Well,
where were you? Where have you been? How come we never
heard from you before? That's why you have public
comment.

And your decision hasn't been made yet. And
that's why we're here today. I'd also like to add --

MR. JONES: If you could conclude.

MS. CABALLERO: Thank you, sir.

MR. JONES: Sure.

MS. CABALLERO: And if the board would allow me
just a little bit of leeway, I did travel very far to come
here. And I know that the opposition did too, and I ask
the same courtesy be extended to them.

That this lawsuit has been filed. And let me
tell you something. The presentation -- what I heard from
Mr. Velarde today is shocking. It's kind of like it's a
fake lawsuit that he and his outfit colluded with Mr.
Monty and his lawyers to contrive this lawsuit, but they
don't really mean it. They're not really adverse parties.
And I can assure you that when it comes out, because that's not what they're telling city council. Their attorney, Robert Blumenfeld, called city council in El Paso. We want out of this and we're trying to get out of this, and we're doing what we can do. That's what their attorney told our elected officials.

Crime -- crime is high in that area. You heard a letter from the police department. Charles Defoya [phonetic] who is the superintendent of EPISD, who runs the two schools in that neighborhood -- he wrote a letter saying, "As superintendent, it is with the concern of families in mind that I must speak out against the proposed new housing project, Suncrest Development."

Did you have this? I don't think so. And I would also like to add one more thing. On your own application, you asked applicants, "Has there ever been a federal tax lien filed against you? Check yes or no. And if yes, please explain."

I have here documents of several federal tax liens having been filed against Ike Monty. And one of them is Ike J. Monty, Inc., located at 8800 Yermoland Drive. That's his place of business. So having him and his brother stand there and say that's really my mother's deal? That doesn't quite meet the plain language of your
own rules.

And my client's just asking to -- for you all to apply the rules equitably. The rules should be the same for everybody. We are -- Martin Paredes from the Tribune wrote your legal counsel three weeks ago asking --

MR. JONES: Excuse me. I think you have a question for you. So please, with all your time, I'd like to get this done.

MS. CABALLERO: Yes, sir.

MR. JONES: Mr. Bogany?

MR. BOGANY: Yes, I have a question. You said something that the housing authority is not -- is going to back out this deal. Was it a witness affirmation from one of the housing, other than the first gentleman that we heard from? But it was another gentleman, I thought --

MR. CONINE: Sitting next to him.

MR. BOGANY: A gentleman -- I would like for him -- if he is with the housing authority, I thought --

MR. JONES: Who is here with the El Paso Housing Authority? Okay. If we could -- could you come to the podium, please, and state your name? I think Mr. Bogany has a question for you, and then I think he also probably wants to direct another question to the speaker.

Thank you.
MR. BOGANY: What's your role with the housing authority?

MR. DODDS: I'm the chief financial officer.

MR. BOGANY: Okay. Are you underweighted -- are you under the impression that they're -- you guys are going to back out this deal with Ike Monty?

MR. DODDS: No.

MR. BOGANY: Okay. Where did she get this information from?

MR. DODDS: I don't know.

MS. CABALLERO: I was at city council. I watched city council two weeks ago, and their attorney, Robert Blumenfeld, told city council that they were trying to get out of this contract.

MR. DODDS: Okay.

MS. CABALLERO: And that they couldn't --

MR. SALINAS: Mr. Chairman, I think this is getting out of hand, and we just need to hear -- give them two minutes, the way the rules are. And let's get on with the rest of the people that need to testify. We're not going to try this case here.

You know, I think that it's only proper to give everybody else a chance. I think we all know where we stand here. I think they have a problem in El Paso, and
they're going to have to solve that problem in El Paso.
We cannot solve it here.

MR. JONES: Certainly, Mayor, and I --

MR. BOGANY: Mr. Jones.

MR. JONES: If any board member has a question, I do want them to be answered.

MR. BOGANY: I just want to get a clarification of what I'm voting on and what I'm voting against. I really don't care what happens in El Paso regards to what your all internal fighting is. But if I hear -- I'm hearing lies or I'm hearing accusations --

MS. CABALLERO: That's true.

MR. BOGANY: -- then I just want some clarifications. You're the financial officer. I would assume you would know, you know, if they were trying to pull out of this deal. Am I -- and you just said that you wasn't trying to pull out this deal.

MR. DODDS: That's true.

MR. BOGANY: You're committed to this deal?

MR. DODDS: That's very true.

MR. BOGANY: Okay. That's all I need to know.

Thank you.

MR. JONES: Thank you, ma'am.

MS. CABALLERO: Sir, on your staff
recommendations --

MR. JONES:  Yes?

MS. CABALLERO:  -- it says --

MR. JONES:  We have run out of time.

MS. CABALLERO:  Okay.  I thank you for your
time. I ask you to consider the opposition and the fact
that -- the facts that the staff made its recommendation
on have changed.  Thank you very much.

MR. JONES:  Thank you so much.

Chris, if you would, you were going to address
that fraudulent issue for us. And since it's been brought
up yet again, if you'd do that quite briefly?

MR. WITTMAYER:  Chris Wittmayer, the
department’s general counsel. I have reviewed the
allegations of fraudulent information, the allegations
concerning the past tax liens. I've discussed this with
the Multifamily staff.

We've discussed the procedures and practices
that we use in the uniform application. And I'm
satisfied, based on my review, that there is no fraudulent
information that would disqualify this application.

MR. JONES:  Thank you, sir. Demetrio Jimenez.

MR. JIMENEZ:  Good afternoon, board. My name
is Demetrio Jimenez. I'm a former employee of TDHCA, and
also the executive director of a nonprofit called Greater El Paso Housing Member Corporation. I'm here in opposition to Suncrest Townhomes, Project Number 03-223.

Now, my experience -- my past experience in running nonprofits and soliciting letters of support from our elected officials was it's easy as submitting a suggested letter and having that letter returned verbatim.

Now, everyone is not involved -- including our elected officials, in the ins and outs of these affordable housing projects. Everyone is for affordable housing projects. Many of our elected officials, however, are not aware of the details.

Senate Bill 264 is going to change that. It will fully engage our elected officials so that we can get on with these projects and not bore the rest of the people here. We have seven letters of opposition to Suncrest Townhomes, including Representative Cushing.

If I may, Commissioner Bogany, I have two -- a letter -- a copy of the letter of Cushing, and he is opposed to Suncrest Townhomes, not for it. These letters are based on facts. The fact is that there is a concentration issue.

Senate Bill 264 also addresses this concentration issue. It will make a project ineligible if
it's located within one mile of a tax credit project.
This is not a mile from the -- a tax credit project.
We're placing a project across the street. There is
clearly a concentration issue.

Please, board, don't turn your back on the
spirit and intent of Senate Bill 264, which much -- which
you must abide by after September 1. There are thousands
of constituents who have spoken through their elected
officials in these seven letters. Please don't turn your
back away from the affordable -- from the families. Thank
you.

MR. JONES: I think Ms. Anderson has a
question.

MS. ANDERSON: Hi. I have a question about the
occupation that you have listed on the witness affirmation
form.

MR. JIMENEZ: I'll address that. Director of
Affordable Housing, and proud to say, employee of
Tropicana Building Corporation.

MS. ANDERSON: Okay. Thank you. And also,
when you were referring to Senate Bill 264, you understand
that that legislation is not in effect, and that this tax
credit round is not subject to those rules. And in fact,
their staff's working very hard right now to adjust the
QAP for next year so that it's fully compliant with all those legislative changes, but they're not in effect for this round?

MS. JIMENEZ: Commissioner Anderson, I'm fully aware of that. I would just suggest to the board that they look at the spirit and intent of that Senate Bill 264.

MS. ANDERSON: Well, I would argue that we can't change the rules when we have developers enter into a tax credit round last December and January, before anybody knew what was going to be in that legislation. It would be patently unfair to that entire development community to change those rules in the middle of a round.

Thank you.

MR. JIMENEZ: Representative -- I'm sorry, Commissioner Anderson, the spirit and intent is the concentration issue, pure and simple.

MR. JONES: Thank you, sir.

MR. JIMENEZ: I appreciate it.


MR. MITCHELL: No comment, thank you.

MR. JONES: All right. Congratulations. Mr. Conine? Thank you, sir. Brian Cogburn?

MR. COGBURN: We'll let Bruce McDonald speak.
MR. JONES: Gotcha.

MR. MCDONALD: Hi. My name is Bruce McDonald. And I was asked by the city manager of City of Willis to read you this letter from the mayor.

"Dear Chairman Jones and board members, I am unable to attend Wednesday's board meeting. However, on behalf of the City of Willis, I'm writing to communicate our support of the Cricket Hollow Apartments. This is our third consecutive year to participate in [indiscernible] location.

"Our city has invested significant time and resources to firmly bring this development to our community. We realize that our support is vital to this application. Accordingly, the application is documented in the City of Willis Resolution dated in January, and letters from the mayor and each city councilman unanimously committing our broad community support and need to have the Cricket Hollow Apartments.

"Northern Montgomery County's affordable housing need is critical, especially as it relates to Willis. Willis is in a district experiencing rapid growth and economic growth. We are separate and distinct from Conroe, Houston, and Harris County.

"In our opinion, our housing needs are more
acute than others in competing markets. We are concerned
that over half of our existing housing is classified as
inferior quality to be occupied.

"Furthermore, our current housing supply is
inadequate in quality to serve our existing residents.
Willis does have housing --

MR. JONES: Sir, cool I ask you for --
everybody has got a copy of this, and we've probably all
read it now.

MR. MCDONALD: Okay.

MR. JONES: Do you mind if we make it part of
the record --

MR. MCDONALD: Okay.

MR. JONES: -- and move on, because we are in a
time crunch?

MR. MCDONALD: Okay.

MR. JONES: Thank you so much.

MR. MCDONALD: You bet.

MR. JONES: We appreciate it. Brian Cogburn?

MR. COGBURN: Good afternoon, Chairman Jones,
and members of the board.

MR. JONES: Thank you.

MR. COGBURN: If there was ever a community
that could justify and warrant the absolute necessity for
tax credits to finance its affordable housing needs, it is the City of Willis in northern Montgomery County.

The City of Willis has actively and affirmatively participated in the tax credit application process to address its acute affordable housing shortage. Community leaders have demonstrated a tremendous public support through City of Willis Resolution Number R03-0121, letters to the department and at public hearing attendance.

This is the third year that the Cricket Hollow Apartments has not received a tax credit recommendation as a result of inability to score the high points reserved for urban areas.

The application has a respectable 98-point score. A score to achieve a successful staff recommendation is just an incremental two- or three-point difference. The QAP has an affordable housing needs scoring component as a part of the scoring. The City of Willis has an affordable housing needs scoring component score of 12 points, as compared to virtually all non-Houston Harris County cities, which scored 17 points.

What is more, high demographic areas of Harris County, such as West University Place and Piney Point Village, scored 17 points. If Willis had had the same
five-point advantage as Harris County, we would have scored 103 points, making it the second-highest-scoring application in Region 6.

From a different analyst perspective, please notice that there are eight applications that have scored lower than Cricket Hollow. These lower-scoring applications that recommend to receive tax credit allocations, because they are -- qualify as statewide special interest set-asides, even though their allocation percentage is overweight Region 6 to the detriment of new construction family development such as Cricket Hollow.

In fact, Region 6 has only one new construction family development recommended to receive a tax credit allocation.

We would appreciate the board considering the issues of geographical dispersion, serving more families for fewer credits, revitalization of local needs. The regional allocation formula was established to avoid concentrating tax credit allocations in large areas such as Houston and Harris County.

In Region 6, other than the rural set-aside --

MR. JONES: If you would, sir, please conclude.

MR. COGBURN: Okay. So in conclusion, we would ask that the department, in the spirit of regional
allocation, request the board look past the pure score
evaluation to exercise its fiduciary discretion to correct
the existing disproportionate allocation, and to award tax
credits to the City of Willis, where there is broad
community support, a scarcity of existing housing, and
enormous need for new and affordable housing in a
community that's never received significant tax credits in
the past.

MR. JONES: Thank you.

MR. COGBURN: And just to give you a visual, I
brought the charts that shows the City of Willis has over
half of its housing is classified as deteriorated or
dilapidated.

MR. JONES: Thank you, sir. Ruby Mosely.

MS. MOSELY: Thank you, Chairman Jones, and to
the board. I also am opposing the Little York Villas
Apartments. I've lived in Acres Homes since 1949. There
is a complex right across the street where this one is
scheduled to be constructed. We have a park there that's
called Little York Park.

We already have acquired $249,000 to construct
a larger park and increase the park there with three
ballparks in the community, so that our children will have
places to stay. It has not been a month ago that from the
present apartment complex that are there, that police were
down there at our request because of children in the
community right there in the park where it is now at
Little York Park, trying to play soccer, and the guys from
the apartment next door to the park were over there
playing cowboys and rangers and cops and robbers.

The boards that are there to divide the
apartments and the park don't hold bullets. As fast as
the manager put the boards up there, they are now down so
that they -- the people can walk through to the park
rather than going around Little York and coming back in.

Yes, there are some other apartments down there
that are not in that vicinity. One is just east of I-45.
Very beautiful constructed, that's not in Acres Home.
There is one that's on West Montgomery and North Rosslyn
that is very beautiful and constructed. But they are not
in that particular area where we are working and trying to
maintain a decent community and keeping crime down.

We have a gentleman 80 years old that is in the
hospital in a coma right now, who have owned a grocery
store in the community over 50 years, were robbed and
beaten. Saturday morning at five o'clock, another young
man was shot in the back right at Wheatley on West
Montgomery.
MR. JONES: Your time's up, ma'am. If you would conclude.

MS. MUSTILY: Okay. Thank you, but we're asking you, since we are the taxpayers, and we're the person that have to live there, please consider the fact that we need a safe, decent, and sanitary community.

MR. JONES: Thank you, ma'am. Terry Campbell.

MR. CAMPBELL: I will pass.

MR. JONES: R.J. Collins.

MR. COLLINS: Mr. Chairman, ladies and gentlemen of the board, my name is R.J. Collins, and I reside at 8455 Lyndon Lane here in Austin.

I want to speak on behalf of TDACH [sic] 03-064. It's called Stone Hearst. It's presented by Stoneway, Limited. We've heard from a number of speakers already today in favor of this project. I just want to put one thing into the record that I feel strongly about why I'm here.

This is basically the third time we've been before this board on this project. We also were here once before on a -- with the Bond Program. We didn't make it.

But I want to make sure that the board understands we're asking for a forward commitment on this project, and that the capture rate, according to the underwriting, and our
market, has now fallen from 31 percent down to 7 percent,
showing a strong need in the Beaumont area for a project
of this type.

We appreciate what you are going through today,
and we look forward to working with you in the future.
Thank you very much.

MR. JONES: Thank you, sir, Mr. Collins. I
have a witness affirmation for somebody that I called
earlier, apparently, had resubmitted another one. LaTonya
Collier? Yes.

MS. COLLIER: I'm donating my time.

MR. JONES: I'm sorry. I can't allow that.
Mr. Thibodeaux has already spoken, and so I'm sorry, it's
too late. Would you like to speak yourself? Okay.
Thanks.

With that, that's all the public comment that
we have on Item 2(a)(2). I will turn things over to Ms.
Carrington for staff's recommendations.

MS. CARRINGTON: Thank you, Mr. Chairman.

MR. JONES: You have two minutes.

MS. CARRINGTON: That's fair. In your book,
behind the tab that says Tax Credit Awards, there is a
memo to the Board of Directors. There has been one
change, one slight change in the list that the board
approved on June 25.

There was an appeal that was made to the
Executive Director that created a change in the
recommendation in the amount of tax credits. And that was
for the Villas of Leon Valley, which is in Region 9.

We increased their tax credit allocation
recommended amount by $4,372. With that said, there were
no additional changes to the list. On the second page of
this memorandum, at the time the board book went up on the
website and was distributed to the board members, at this
point we had received opposition letters on two
developments after the June board meeting, not before,
which is a typo there.

One opposition letter from Pinnacle Pointe
Apartments, and also one on Little York Villas. Obviously
from the time of that June 25 board meeting, and
specifically, as of today, you all have seen a multitude
of letters, both in opposition and support to a variety of
the different developments. And most of those have been
spoken to or read into the record.

Staff did, as board directed, underwrite
additional six developments. Those are listed for you on
page 2 of your memorandum. We did underwrite them. That
has not changed staff's recommendation.
What you have before you today is a recommended allocation amount of $38,098,599, which would leave a balance of $39,325 in the allocation amount for Low Income Housing Tax Credits for this year.

After this memorandum, after page 6 of this memorandum, there is a chart which looks like the chart that you all saw on your June 25 meeting. And it's the list of those developments with the score, with the region, with the set-aside, that staff is recommending.

MR. JONES: I'd like to ask the General Counsel a question, if I could. And it's pretty specific, I hope.

In particular, I won't address to any particular development, but if I were to come to the conclusion that due to the controversy surrounding a particular development, both legally, politically, community-support-wise, and everything, that it looks like to me I had severe doubts whether or not this development is ever going to be done finally at the end of the day, and obviously these tax credits are precious because we're turning down people at the same time we grant them, would that be a valid reason for me to vote against a particular recommendation of staff under the QAP and under our legislation?

MR. WITTMAYER: The board has limited
discretion in deciding to make the tax credit allocation decisions. And I believe that this would be within the discretionary factors that the board can weigh in making its decision. Yes, sir.

MR. JONES: The next question I have is pretty specific, too. And it would be if I disagree with the staff's conclusions with regard to concentration, and come to a different conclusion based upon the evidence I've heard, based upon the public comment I've heard, and would then decide to make a change of staff recommendation, for that reason, would that too be within my discretion as a board member?

MR. WITTMAYER: I believe also that the board members do not check their brains when they come on the board, and that --

MR. JONES: That's subject to debate.

MR. WITTMAYER: -- and that they can find good cause and discretion to consider that factor. Yes, sir.

MR. JONES: Right. Thank you, Chris. I appreciate it. You've answered my question. Further questions, comments, proposals?

MR. CONINE: Is she going to read all that stuff into the record, and --

MR. JONES: Are we going to read all that stuff
into the record?

MR. SALINAS: I think we read it the last time we had --

MS. CARRINGTON: We did.

MR. SALINAS: -- a meeting, right?

MR. JONES: Do we have to do that again? I mean, we have it in writing. Can't we make it part of the record from the writing?

MS. CARRINGTON: Only if you all tell me we have to.

MR. JONES: Do we have to read it --

MS. CARRINGTON: Or do it.

MR. JONES: Okay. No. I would prefer that we make it part of the record with regard to the instrumental, put it as part of the record in writing. I don't see any reason to reading it.

PROJECTS LOCATED IN REGION 1       CREDIT RECOMMENDATION

03140    Park Meadows Villas       $737,372
03016    Amarillo Garden Apartments $265,490

PROJECTS LOCATED IN REGION 2       CREDIT RECOMMENDATION

03066    Anson Park                 $561,000
03158    Red River Senior Village   $402,507
<table>
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<tr>
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<th>Project Name</th>
<th>Amount</th>
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<tr>
<td>03258</td>
<td>Mira Vista Apartments</td>
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<td>The Pegasus</td>
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<td>03081</td>
<td>The Senior Apartments at Curtis Wright Field</td>
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<td>03039</td>
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<td>Summit Senior Village</td>
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<td>Cedar View Apartments</td>
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<td>Village of Kaufman</td>
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<td>Cole Creek Apartments</td>
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<td>Cedar Ridge Apartments</td>
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<td>Pebble Creek Apartments</td>
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<td>Fox Run Apartments</td>
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<td>03136 Tigoni Village</td>
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<td>03067 Tuscany Court</td>
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<td>03190 Westview Ranch (prev. Comal Ranch)</td>
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<tr>
<td>03265 Riversquare Apartments</td>
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<td></td>
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<tr>
<td>03257 Caney Run Estates</td>
<td>$704,038</td>
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<tr>
<td>03162 Pinnacle Pointe Apartments</td>
<td>$871,732</td>
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<tr>
<td>03249 The Palmas Apartments</td>
<td>$41,006</td>
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<tr>
<td><strong>PROJECTS LOCATED IN REGION 11</strong></td>
<td><strong>CREDIT RECOMMENDATION</strong></td>
<td></td>
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<tr>
<td>03013 Casa Aguila Apartments</td>
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<tr>
<td>03036 The Galilean Apartments</td>
<td>$1,200,000</td>
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<td>03035 Rio De Vida Apartments</td>
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<td>03029 La Villita Apartments</td>
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<tr>
<td>Project Number</td>
<td>Project Name</td>
<td>Cost</td>
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<tr>
<td>----------------</td>
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<tr>
<td>03248</td>
<td>La Casita del Valle</td>
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<td>Las Brisas Apartments</td>
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<td>03002</td>
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**PROJECTS LOCATED IN REGION 12 CREDIT RECOMMENDATION**

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<tr>
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**PROJECTS LOCATED IN REGION 13 CREDIT RECOMMENDATION**

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<tr>
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<th>Project Name</th>
<th>Cost</th>
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<td>Suncrest Townhomes, Ltd.</td>
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<td>03220</td>
<td>Desert Breeze, Ltd.</td>
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<td>03222</td>
<td>Whispering Sands Townhomes, Ltd.</td>
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<td>03134</td>
<td>Lilac Garden Apartments</td>
<td>$685,609</td>
</tr>
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<td>03003</td>
<td>Mission del Valle</td>
<td>$160,782</td>
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MR. SALINAS: I'll go ahead and move for the recommendation of the staff.

MR. JONES: Okay. We have a motion that staff recommendation be approved. It has been seconded?

MS. ANDERSON: Second.

MR. JONES: Been seconded. I think Mr. Bogany was first.

MS. ANDERSON: Sorry.

MR. JONES: No problem.

MS. ANDERSON: Sorry.

MR. JONES: Don't worry about it. Further questions, comments, discussion? Are we ready to vote?
MR. CONINE: No.

MR. JONES: No, we're not. Okay. We're not ready to vote.

MR. CONINE: I don't think so.

MR. JONES: Okay.

MR. CONINE: Not yet.

MR. BOGANY: I have a question.

MR. JONES: Yes?

MR. BOGANY: Let's just say that we vote on a staff recommendation, and later on the neighborhood group or whatever, files a lawsuit to stop that project, and eventually the developer says, Hey, I'm not going to do that. What happens to those tax credits at that point? Do we lose those for that year?

MS. CARRINGTON: May I respond?

MR. JONES: Yes, you sure may. Yes, please do, Ms. Carrington.

MS. CARRINGTON: Mr. Bogany, if the credits are returned before the end of the year, then those credits would go to the next development on the waiting list in that region.

If the credits, for some reason, are not returned in the year in which they are allocated, as long
as they are returned back to the department within a two-
year period of time, then the credits, beginning January 1
of next year, would go into the pool of larger credits
that we have to allocate.

MR. BOGANY: Okay.

MR. JONES: We're going to take a five-minute
break. We have a couple of board members that want to
study some things before they ask for objections.

MR. SALINAS: The chairman, motion is seconded
on that. I would ask for the question and the vote.

MR. JONES: Okay. We have somebody asking for
the question. Mayor, the only thing I'd point out, Mr.
Conine has asked for a few minutes to study something
before he discusses it.

MR. SALINAS: Well --

MR. JONES: Okay.

MR. SALINAS: I will think it would be very
unpopular for us to have a motion and a second and then go
on and talk about it and then come back to vote.

MR. JONES: No, no one's --

MR. SALINAS: I will not stand from this
position until we vote. Up or down, and I think this is
something that we have to do today.

MR. JONES: Well, we certainly will do it
today. And we certainly aren't going to go out and talk about it.

MR. SALINAS: I mean, I don't want to have a motion and a second, and then just go out and recess and talk about it and come back and vote. I think that's very improper. Then the AG's office are going to probably look at us.

MR. JONES: The suggestion was not that we go out and talk about it at all, Mayor. Mr. Conine just wanted to study something. But Mr. Conine, we will wait for him to make comments.

MR. BOGANY: Mr. Chairman, [indiscernible].

MR. JONES: Yes.

MR. CONINE: That will give me some time.

MR. BOGANY: Mr. Chairman?

MR. JONES: Yes?

MR. BOGANY: Are we voting on the whole set as a proposal?

MR. JONES: We're voting on the whole set as --

MR. BOGANY: We're not going from region to region? We're just voting on the whole set?

MR. JONES: We're going on the whole recommendation, as I understand the motion, unless I misunderstood the motion.
MR. BOGANY: Okay.

MS. CARRINGTON: That's the motion.

MR. SALINAS: That's the motion.

MR. JONES: That's the motion that's on the floor.

MR. SALINAS: Anything happens later on that we have some tax credits left over, then we can come back to the staff and we can allocate the next in line.

MS. BOSTON: May I ask a question?

MR. JONES: Yes, Brooke?

MS. BOSTON: Is the -- are you voting on just the list and then you're going to take the waiting list separately?

MR. JONES: Yes.

MS. ANDERSON: Yes. After that. The motion does not include the waiting list.

MS. BOSTON: Okay. I just wanted to make sure.

MR. BOGANY: Mr. Chairman?

MR. JONES: Yes?

MR. BOGANY: I have a question.

MR. JONES: Certainly, Mr. Bogany.

MR. BOGANY: On the El Paso deal to Brooke.

MR. JONES: Hey, Brooke?

MS. BOSTON: Yes, sir?
MR. BOGANY: The -- Mr. Cobos gave us a map here. And I'm assuming this map is of the west side of El Paso, and that we talked about the east side of the El Paso. That's not on this map. This is just the west side. Am I correct?

MS. BOSTON: I haven't seen the handout.

MR. BOGANY: Okay. I'm sorry.

MR. BOGANY: The other question in regards to that, I also noticed that it was zoned for apartments. I don't know if you can answer this question. But I'm just talking now.

And it was zoned for apartments. So there's going to be apartments there. So opposition of the school is going to be the same thing. The apartments are going to be there. You know, it just seems as though the opposition here seems to be more because it's a Low Income Housing Tax Credit Program, because it's zoned for apartments already.

MS. BOSTON: It is zoned.

MR. BOGANY: So we're not -- I mean, the City of El Paso said they want apartments there. They want that concentration or cluster, whatever they want to call it, because they've already said they want apartments there.
And I don't really see any difference between market rate apartments and the tax credit programs that we're doing. I'm just talking to Brooke now.

MS. BOSTON: Yes, I mean, it is zoned for multifamily, so --

MR. BOGANY: All right. And is that a west side, the map which --

MR. SALINAS: Mr. Chairman?

MR. JONES: Yes?

MR. SALINAS: It's a local issue. If the City of El Paso wants to change the zoning, they can do so. By doing that, I don't think it's very proper for us to deny any kind of buildings or credits simply because we have problems in El Paso.

I think the zoning is there for us to approve. You know, the QAP says that. And we're always taking that point, that as long as the cities have zoning for these kind of projects, we would support those projects.

Now the cities have the authority to do changes within their own planning and zoning. But until they do those changes, I think we we're liable by our QAP to do that, to award this project.

Now, it's different in Houston, because Houston don't have any zoning at all.
MR. JONES: Thank you.

MS. BOSTON: It does deal with the west side on
the map. And I just gave Mr. Bogany a map of the city.

MR. BOGANY: Okay.

MS. BOSTON: And for comparative purposes.

MR. BOGANY: And so the 9 percent -- actually
only 9 percent of the public housing here on the west
side -- so the remaining of the units -- even though we've
got a -- some units -- six units here, the remaining is on
one side of town, the east side of town, the majority of
it?

MS. BOSTON: That's my understanding.

MR. BOGANY: Okay.

MR. JONES: Mr. Conine.

MR. CONINE: I'm ready to vote.

MR. JONES: Okay. Ready to vote? Okay. Any
further questions, comments, discussions on this issue?
Is everyone ready to vote? Hearing nothing, I assume we
are. All in favor of the motion, please say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: The motion carries. Ms.
MS. CARRINGTON: Mr. Chairman, the next item for the board's consideration will be the approval of the waiting list. If you will go back to the memorandum of the board that immediately is after the tab that says Tax Credit Awards. On page 3 -- actually on page 4 of this memorandum, there is a region-by-region analysis or recommendation for developments for the waiting list.

This waiting list, you'll remember, is for any credits that would be returned to the department between now and the end of December. And I can go down through these region by region, and list the project numbers and names, which I would suggest we do --

MR. JONES: Go right ahead, please.

MS. CARRINGTON: -- since we have not read them into the record.

MR. JONES: Please come to order. Thank you.

MS. CARRINGTON: In Region 1, there is no waiting list recommendation for Region 1, since all eligible and feasible applications are recommended for an award.

In Region 2, there is no waiting list recommendation, since all eligible and feasible applications received an award.
In Region 3, there are two recommendations for waiting list. The first one is The Reserve II at Las Brisas, which is Project Number 03-094, and a credit amount of $822,062. The second one on the waiting list recommendation is Frazier Fellowship, 03-097, $452,374 credit recommended amount.

In Region 4, two applications for the waiting list, Waterford Place, 03-195, credit amount $369,494. Victoria Place, Phase 2, credit -- Project Number 03-235, credit amount $362,988.

Region 5, Timber Village, Project Number 03-117, credit amount $578,303.

Region 6, Alta Reed Apartments, Project Number 03-108, credit amount $1,200,000. Sunset Plaza, 03-130, $575,723. Samaritan Village Apartments, 03-129, $422,499.

Region 7, no waiting list recommendation, since all received -- now, Region 7 was Austin. Last year we received forward commitments. There was no credit dollars available for this year, for '03.

Region 8, Nolan Creek Trails, 03-019, $634,816. Bluffview Villas, 03-164, $488,246.

Region 9, Palacio del Sol, Project Number 03-207, credit amount $1,173,902. The Villas at Costa Verde, 03-031, $1,122,531. Ryan Crossing Villas, 03-138, credit
$907,828.

There were no -- there are no waiting list recommendations for Regions 10, Region 11, Region 12.

Region 13, waiting list recommendations, Diana Palms, 03-024, credit amount $211,474. Tropicana Palms, 03-022, $660,083. Capistrano Palms, 03-023, $660,083.

Mr. Chairman, that ends the recommendations for the waiting list.

MR. JONES: Yes, ma'am?

MS. ANDERSON: I move to table any construction of a waiting list until this board -- and in order to explain why I'm proposing this motion.

You know, I think the board may well want to consider forwards on some of these, you know, very deserving projects. And yet, not every project that we might want to consider for a forward commitment, including some where we had very eloquent testimony this morning, have been underwritten for financial feasibility. So we can't sort of look at the whole portfolio of forwards today.

In addition to that, as has been mentioned several times, House Bill 264 changes a number of the guidelines and rules. And so if we're going to have a forward list that's in sync with those rules, the staff
needs, I believe, a little more time to look at what's left that might go on a -- you know, a forward list that would be subject to those rules.

And I've had conversations that, you know, maybe we could do that as soon as the September board meeting. So therefore, I would -- that's why I have moved that we table any construction of a waiting list until we can have a forward commitment discussion, which I'm assuming would happen in September.

MR. GONZALEZ: Second the motion.

MR. JONES: We have a motion to table any action on a waiting list that's been made by Ms. Anderson and seconded by Mr. Gonzalez.

Further questions, comments, discussion?

MS. CARRINGTON: I had a motion --

MR. JONES: Yes, I think that both Ms. Carrington and Brooke would like to comment.

MS. CARRINGTON: Ms. Carrington wants to comment --

MR. JONES: Unless the board members object.

MS. CARRINGTON: -- because Ms. Boston has her hand up.

MR. JONES: Okay.

MS. BOSTON: Thank you. Section 2306.6711
actually requires that we approve the waiting list at the
same time as the credits. And I know last year we did it
a month late, and that was an error. And I apologize.

    MS. ANDERSON: I want to amend my -- may I
attempt to amend my motion?

    MR. JONES: You sure may.

    MS. ANDERSON: Then I will accept this
recommendation from the staff as the waiting list, but I
do not accept their request that they will not have to
come back to the board each time before they make -- that
we had this discussion last year, that I will, for legal
reasons, accept the waiting list today. But that if
you -- if a credits are returned, that the staff brings
those -- brings back to the board to our attention the
next deal on the waiting list for endorsement or for
approval.

    MS. BOSTON: And if I could clarify it also.
There was one component of the waiting list that was for
the Rural Set-aside that didn't get read in. And I do
just want to mention that if credits are returned in the
rural area that would have made it go under, we'd like
that to be considered as part of the preliminary waiting
list as well.

    MS. ANDERSON: So that we would be compliant
with the set-aside?

    MS. BOSTON: Correct.

    MS. ANDERSON: Okay.

    MR. JONES: Can you add that, Ms. Carrington?

    MS. CARRINGTON: Yes, I can. And let me read those for the record, since there are two of those rural set-aside. It's on page 3 of your memorandum.

    Victoria Place, Phase 2, Project Number 03-235, credit amount $362,988. And Bluffview Villas, which meets rural. It's also been named as another -- in another region also, 03-164, $448,245.

    MR. JONES: Let's make sure we all understand where we stand procedurally with that having been read into the record. As I understand it, Ms. Anderson is withdrawing her motion to table.

    Ms. Anderson has made a new motion that the waiting list be approved as presented by staff, subject to the requirement that if any credits are actually awarded from the waiting list, that can only be done with approval by the board. Is that your motion?

    MS. ANDERSON: Yes, sir.

    MR. GONZALEZ: And I'll second it.

    MR. JONES: Motion's been made and seconded.

    It was seconded by Mr. Gonzalez. Further discussions,
questions, comments? Hearing none, I assume we're ready
to vote. All in favor of the motion, please say aye.

   (A chorus of ayes.)

   MR. JONES: All opposed, nay?

   (No response.)

   MR. JONES: Motion carries. We then turn to

   Item -- I think it's 2(3)? Is that right? 2(3)?

   2(a)(3). 2(a)(3), which is a Request for Additional

   Extension of Deadline to Close Construction Loan for

   Meadows of Oakhaven Apartments.

   We have two people that would like to speak to

   that, Ms. Bast and Mr. Gilbert. Could I suggest this?

   Let's hear staff's recommendation, and then to see then if

   you all need to speak. If you all need to speak, I

   promise I will allow it. Staff's recommendation on it?

   MS. CARRINGTON: Thank you, Mr. Chairman.

   Behind the tab that says Tax Credit Extension, Tax Credit

   transaction from last year -- they are requesting an

   extension of the close of their construction loan, which

   was -- their deadline was July 13, 2003.

   The QAP for the year that governs this said

   that there will be one 30-day extension for the close of

   the construction loan. That one 30-day extension has

   previously been granted, and the developer has asked for
another extension on closing the construction loan. And
staff is recommending that the -- based on the QAP that
the appeal be denied -- that the request be denied.

MR. JONES: Okay. With that in mind, Ms. Bast?

MS. BAST: Thank you. My notes here say Good
morning, but I guess that was optimistic.

MR. JONES: Yes, that was.

MS. BAST: Good afternoon. I am Cynthia Bast
of Locke, Liddell and Sapp. I have been asked to speak on
behalf of Pleasanton Apartment Ventures, L.P., which was
the recipient of tax credits for the Meadows at Oakhaven
Project in Pleasanton in the 2002 tax credit application
round.

As indicated by Ms. Carrington, the partnership
did request and receive a 30-day extension on the
construction loan closing deadline. The original request
for extension was based on certain delays imposed by
requests for additional third-party reports from the
lender and investor, as well as delays by certain third-
part professionals in the performance of their tasks.

These delays were not directly within the
control of the partnership. The original 30-day extension
was insufficient for the completion of these items.

So that you know where the partnership is now,
they have received the professional reports they needed. They are within days of finalizing the construction contract, and are prepared to move forward. That will help them get to having a construction loan closing if the July 13 closing deadline can be extended.

With an extension, the partnership believes it can close the construction loan as required, meet the November deadline for substantial construction commencement, and then meet the final deadline for placement in service.

One thing I want to note to you all that I do think is important. This project came off the waiting list in 2002. It came off the waiting list in October. So that essentially cut about two-and-a-half months out of -- off of the development timeline vis-a-vis where this project is compared to the other people who were in the 2002 tax credit application round.

So if the extension requested today is granted, the project would essentially have the same development timeline that the other people in the 2002 round had.

MR. JONES: Your time is up.

MS. BAST: Oh, thank you. We do recognize that there is a 30-day extension in the QAP, but we hope that Section 49.13 of the QAP, which gives the board the power
to approve extension requests, will give you some
discretion in this effort, and we thank you for your time.

MR. JONES: Thank you. Mr. Gilbert?

MR. GILBERT: Mike Gilbert. I'm an officer of
the general partner of the partnership of Pleasanton
Apartment Venture, L.P. Mr. Chairman, directors, I'd like
only to add to what Ms. Bast says. That we have had --
since 1995, we've had three allocations. This would be
the fourth.

On those previous allocations, we have had
extensions. In 2000 we had an extension until September
13 to close our construction loan. We met that deadline.
In 2001 we had an extension to October 28, and we met the
deadline, and have performed so far on all those
allocations.

We're presently under construction. We have a
property in Pasadena which was extended to October 28 in
the year of the allocation, and we are performing on that
construction right now on a timely basis.

And I appreciate your consideration.

MR. JONES: Thank you, sir. And that's all the
public comment we have on this agenda item. We've had
staff recommendation. We have public comment. What's the
board's pleasure?
MR. CONINE: May I ask a question?

MR. JONES: You certainly may.

MR. CONINE: Ms. Carrington, do I understand the ramifications of this would be that this project will not go forward from this point forward?

MS. CARRINGTON: It is my understanding that they have not yet closed the construction loan. Is that correct?

MR. GILBERT: That is correct.

MS. CARRINGTON: And so the construction loan has not closed. The deadline was July 13. So if the board does uphold staff's recommendation to deny the appeal based on the 30-day extension allowable in the QAP, and only one 30-day extension, then these credits would be returned to the agency, and would be put in the pool for this year for any developments that would come off the waiting list, basically.

MR. CONINE: It seems rather harsh, having this project come off the waiting list, although I'm -- you know, I have a history of advocating deals getting going, getting going quick so we can get units in service. But this one here seems to me if it did come on line in October to be -- and in fact, if they've got hundreds of thousands of dollars expended at this point --
And what I'm hearing is we've got pretty much everything ready to go now that -- from an engineering and planning standpoint. I'm going to move to grant the 60-day extension.

MR. SALINAS: Second.

MR. JONES: We have a motion made and seconded.

Mr. Bogany had a comment. No, he does not. Excuse me. Motion's been made and seconded. Any further discussion? Hearing no discussion, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)

MR. JONES: Motion carries. Then we'll turn to Item 3 of our agenda, I believe. Mr. Bogany, but before we do, do you want to go ahead and take public comment on Item 3?

MR. CONINE: How many do we got?

MR. JONES: We've got two.

MR. CONINE: Yes.

MR. JONES: Joy Horak-Brown.

MS. HORAK-BROWN: And also Mac Fowler is.

MR. JONES: Is he -- he's the next one. So Mr. Fowler, if you come on down here next.
MS. HORAK-BROWN: Good afternoon. I'm Joy Horak-Brown, and I'm the Executive Director of New Hope Housing, Inc., and its subsidiary, NHH Canal Street Apartments, Inc. And I'm here today together with my board chair, Mac Fowler, to speak on behalf of the Canal Street Apartments.

NHH Canal is a community-based nonprofit CHDO.

And thank you very much, Mr. Gonzalez. I see that you found our package. I think that each of you have one that looks like this in your board book.

We have an eight-year solid track record of developing and operating housing for adults who live singly on an extremely low income. We develop and operate supportive housing.

We established a model, in fact, in the State of Texas for this type of housing stock. And Mac Fowler is going to speak with you today about a fine opportunity that I'm going to want to visit with you about perhaps over several months for TDHCA to leverage a product that stabilizes lives of the poorest among us, and of many challenged citizens. And we're located, as you may see in your book, in the City of Houston. Mac Fowler.

MR. JONES: Mr. Fowler?

MR. FOWLER: Good afternoon. I'm a civilian.
I've been here all day watching this. And it's always --

MR. JONES: So am I.

MR. FOWLER: Well, you've got a little different title, Mr. Commissioner. It's always interesting to come to Austin and watch this -- these various processes. This is New Hope's first time to apply for a -- let's call it state money for this sort of housing.

As Joy said, we have been in operation for about eight years. We've got 186 units. Think college dorm room with a private bathroom. We've got a new project that would be about 133 units over on Houston's east side. If you've been to the original Ninfa's Restaurant, it's one block down from that, and then between Canal and Navigation.

We target a very low-income resident, an adult who is choosing to live singly. Ninety percent of the residents in this Canal Street development would be 30 percent or less of median income.

I guess the issue that I'd like to raise would follow on the conversation I heard this morning, or the testimony I heard this morning about the Wichita Falls project, and this issue of trending.

Our rent is right at $300 a month, all bills
paid, to an individual who is living in this sort of housing. Our margin is about 10 percent, more or less. $270 a month, or about what our expenses are to run this sort of facility.

It doesn't take a graduate economist to pretty quickly see that if you trend our expenses -- if you trend a 10 percent margin, 4 percent costs, 3 percent revenue, in about ten years, your costs will break even.

Now, the way we deal with that is our mission -- we have little or no debt. Our mission is to supply this kind of housing at minimum cost, not to make a profit. We are --

MR. JONES: Your time, sir -- if you could conclude.

MR. FOWLER: To conclude, we're a board of civilians, and we're not in this business to make a profit. And the way we fix this problem is we raise the rent. So at the end of ten years, we would raise the rent enough to cover our costs.

So we would ask that the board direct the staff the way that the Federal Home Loan Bank of Atlanta directed their staff, which has awarded us a half a million dollars for this project, to figure out how we could deal with this trending issue so that some of this
money could go to this sort of project. Thank you.

    MR. JONES: Thank you.

    MS. CARRINGTON: Thank you.

    MR. JONES: Mr. Bogany, I'll turn Item 3 over to you. We're through with public comment.

    MR. BOGANY: Okay. The Presentation, Discussion and Possible Approval of Programmatic Items.

    I'm going to now turn it over -- this is the HOME Program. And also recommendation for the list of applications, Housing Trust Fund. And I'm going to turn this over to Ms. Carrington.

    MS. CARRINGTON: Thank you, Mr. Bogany. To shift gears, we're going to talk about the HOME Program and the Housing Trust Fund Program. And that is behind the tab in your book on HOME Awards.

    The staff is recommending six HOME Rental Preservation Awards. You will remember that what we are awarding today is a double cycle of HOME funds. We did not allocate HOME funds last year. So as you are looking at the numbers this year, this is a double cycle of HOME funds.

    The board, a couple of years ago, directed us to look at identifying funds in the HOME Program that would be eligible for -- to for-profits. We looked --
took a look at our legislation.

    We have programmed that money into
preservation, which is one of the purposes in our statute.
    And the amount that we have available on this double
cycle is $4 million that is in the HOME Rental
Preservation Award category.

    There are six we are recommending today. These
six total the amount of $1,615,000, leaving us still
approximately 2.4 million to be allocated or to be
utilized out of this set-aside.

    All of the six developments that we are
recommending these HOME awards are older RD deals, Rural
Development Transactions. All of them are also receiving
an award of Low Income Housing Tax Credits. And so what
we are doing is combining the tax credits and the HOME
funds to be able to make these transactions in the rural
areas feasible.

    Behind your memo to the board, there is a list
of the six developments that we are recommending for
approval today.

    MR. BOGANY: I'd like to move that we accept
staff's recommendation.

    MR. JONES: We have a motion to accept staff's
recommendation.
MS. ANDERSON: Second.

MR. JONES: Seconded by Ms. Anderson. Further questions, comments, discussion?

MS. ANDERSON: I have just a quick question for Ms. Carrington, which is --

MR. JONES: Sure. Yes.

MS. ANDERSON: -- do we do another round yet this fiscal year? Do we put it in the bucket with next year's money? How do we -- since we have a balance remaining?

MS. CARRINGTON: Staff is taking a look at that along with our legal department. As mentioned by Don Currie earlier this morning when he was discussing the CHDO set-aside and not having sufficient applications for that CHDO set-aside, it's also a concern for us in this preservation and this Multifamily preservation.

The board will remember that you adopted a rescue policy -- a rural rescue policy for these RD transactions. And so if we can do this through the HOME regulations and the consolidated plan, then we potentially are going to be looking at having some kind of an open cycle that would allow us to allocate on a first-come-first-serve basis.

We still don't have the answers to exactly
mechanically how we go through that, but --

MR. JONES: We have a motion on the floor that's been made and seconded. Further questions, comments, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, Nay?

(No response.)

MR. JONES: Motion carries.

MS. CARRINGTON: The next item on the agenda, 3(b), is the staff recommendation for the Housing Trust Fund Awards. Again, behind the tab in your book that says Housing Trust Fund.

We received 30 applications for the Housing Trust Fund money this year. The application submission date for those was February 28, '03.

You also may remember that that was the deadline for the applications for the Low Income Housing Tax Credit Program also, in our attempt to be able to combine funding or facilitate it for developers who needed allocations of Trust Fund to make a tax credit transaction feasible.

Staff is recommending 13 of the developments. Eleven of the 13 are also developments that have been
awarded Low Income Housing Tax Credits. And the total amount that we are recommending today is $3,724,741.

MR. BOGANY: I have a question.

MR. JONES: Yes, Mr. Bogany?

MR. BOGANY: Ms. Carrington, I noticed on the list of ones that we're approving or attempting to approve, Kingsland Trail Apartments, Village of Morningstar. Are these funds that will -- I noticed on the other end we were -- they were not getting Low Income Housing Tax Credits.

So how do these -- are these funds going toward them still? Are these funds will not be used unless they get Low Income Housing Income Tax Credits?

MS. CARRINGTON: Mr. Bogany, I'll ask Brooke Boston to answer that question.

MS. BOSTON: You'll notice that they are not recommended for Housing Trust Fund. And the reason why they're not recommended for Housing Trust Fund is because they're infeasible without the credits.

So if, for some reason -- earlier in the meeting for credits, if you all had put one of those other ones on the list, then we would have recommended that they be added to this list. But they kind of have to go hand-in-glove.
MR. BOGANY: Okay. So I guess I'm confused now. But to give an example, of Kingsland Trail Apartments. We're -- they're requesting 336. So this is -- what I'm looking at is the staff recommendations on page 4 and five of the small book.

MS. BOSTON: Sir, I don't have a small book.

MR. BOGANY: Okay. Well, I guess my confusion is is that if there are -- if we -- if they don't get any tax credits, why are we recommending them to have those Housing Trust Funds? Or we are just doing this in the point that if they get the Low Income Housing Tax Credits, they'll have this part here already?

MS. BOSTON: We aren't recommending them for Housing Trust Funds. The list --

MR. JONES: They're on the list.

MS. BOSTON: Okay.

MR. BOGANY: I don't understand the list either.

MS. CARRINGTON: There are -- and staff apologize for the confusion. What we have done on all of our applications today -- we provided for the board on the list of tax credits that's on your agenda -- we provided a list of every tax credit application that came into the agency.
So this is every application that came into the agency. We did the same thing with the list of Multifamily. We did the same thing with the list of Trust Fund.

MR. BOGANY: Okay.

MS. CARRINGTON: And the reason we do that is because if we only post the agenda with the ones that we're recommending, if you all wanted to recommend something other than what staff recommended, it wouldn't be on the list.

MR. BOGANY: Okay.

MS. CARRINGTON: So if you go to the other book that has the tab that says HTF Awards, there is the staff memo, which is the one page that says we're requesting -- we're recommending 13 developments.

MR. BOGANY: We're --

MS. CARRINGTON: And then the --

MR. SALINAS: In the big book? Can you read them out for the record?

MS. CARRINGTON: Yes, sir. I will. It's the Multifamily Programs Board Book.


MS. CARRINGTON: The big board book. The big
book. And it says HTF Awards. It's a tab about halfway back. There is the memo from staff saying how many requests we received, and what we're recommending, noting that we didn't receive any applications for Regions 1, 10 and 12.

MR. JONES: Are the recommendations?

MS. CARRINGTON: Yes, sir.

MR. JONES: Okay. Does everybody have that?

MS. CARRINGTON: I don't think everybody -- okay. So while the list that was on the agenda listed everyone --

MR. SALINAS: Everyone.

MS. CARRINGTON: -- it's not the recommended list. The recommended list is in the board book behind the tab that says HTF Awards. And Mr. Bogany, if you -- would you like me to read them in the --

MR. CONINE: I haven't found the chart yet. I'm still looking for the chart. It's sort of by region, you mean? Because these are the only ones that -- these are the ones that were not done in that region.

MS. BOSTON: The first page in there is just nonprofits. And then the second report is --

MR. JONES: Ms. Carrington, if you would read the recommendation into the record, please.
MR. SALINAS: Yes, that would clarify it for me.

MS. CARRINGTON: Okay. I'm going to make sure that I'm reading from the right list.

MR. JONES: Hey, there's an admission of --

MS. CARRINGTON: I know. I understand that.

The first one on the recommended list -- the first two are Trust Fund only. I mentioned that eleven out of the 13 were tax credits also.

We have two that are allocations only of Housing Trust Fund. And one of those is Project Number 03-818. It's in Region 3. It's the Estates of Bridgeport. And the amount of Trust Fund recommendation is $477,998. The next one is Project Number 03-820. It's in Region 7. Villa Elaina. And that recommended Trust Fund amount is $116,743.

Then in Region 9, Bentley Place, 03-828. That recommended amount is $525,000. All three of those were needed to meet the nonprofit set-aside.

Then the next group of recommendations, 03-805, Region 3, Willow Bend Creek Apartments. The credit amount -- Trust Fund amount is $218,171.

MS. BOSTON: Edwina?

MS. CARRINGTON: What?
MS. BOSTON: I think you might be looking at a different --

MS. CARRINGTON: Okay. Then I'm confused, too.

MS. BOSTON: The first report has -- is sorted by the ones that were awarded, and those that weren't. And if -- so above the line is the awarded, and below is the not.

MS. CARRINGTON: Then Ms. Boston, would you please read them so that I don't make another mistake?

MS. BOSTON: Yes, ma'am.

MS. CARRINGTON: Thank you.

MS. BOSTON: Sure. I'm just going to go straight through in region order. 03-822 is called Anson Park. It's in Region 2. And it's getting $375,000. 03-830 in Region 3, Cedar View Apartments, $140,000.

03-818, Estates of Bridgeport in Region 3, $477,998. 03-804 in Region 4, Churchill at Longview, $350,000. 03-809, Cole Creek Apartments in Region 5, $50,000. 03-825 in Region 6, Reading Road Apartments, $350,000.

03-824, Region 6, Villas at Park Grove, $175,000. 03-824, The Peninsula Apartments, Region 6, $525,000. 03-820, Villa Elaina in Region 7, $116,743. 03-810, Stone Ranch Apartments in Region 8,
$136,000. 03-821, Tuscany Court in Region 9, $329,000. 03-828, Bentley Place Apartments in Region 9, $525,000. And 03-813, La Villita Apartments in Region 11, $175,000.

I apologize for the confusion of the report.

MR. JONES: Just so that the record is clear, the staff's recommendations are those projects that have just been read by Brooke Boston. Right? Everybody's in agreement on that? And any other attempts that have been made on the record so far to give a list --

MR. SALINAS: I would suggest the next time you just put the ones that are recommended, not any -- not all the list that you all are considering, but only the ones that you are going to fund.

MS. BOSTON: Okay.

MR. SALINAS: I mean, even you guys are confused. You know, just give us a list of the ones that you are recommending for funding so we won't have to go through this any more. If you look at this --

MR. JONES: And just for the record, any other discussion that's been had about proposed lists was not the staff's recommendations. It's only what Ms. Boston said. What's the pleasure of the board?

MR. CONINE: Move for approval.

MR. BOGANY: Second.
MR. JONES: We have a motion that the list be approved as presented, and it has been seconded. Further discussion, questions, comments? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, Nay?

(No response.)

MR. JONES: Motion carries. Ms. Carrington?

Mr. Bogany?

MR. BOGANY: We have 3(c)(1), Cedar Cove Preservation Recommendation, Sealy, Texas. And I'll let staff give us an overview.

MS. CARRINGTON: Thank you, Mr. Bogany. This is the last tab in the Multifamily book. And the tab is titled Cedar Cove. You will remember that we have a Junior Lien Program, where we have programmed $4 million of those funds for a preservation incentives program.

We have a development, Cedar Cove, in Sealy, Texas, that has requested funds from our Junior Lien Preservation Program. And the amount that it's -- on the second page there is a description of this development. It's a 54-unit development. It's an older USDA Rural Housing Services transaction.
And the award amount that the staff is recommending is $200,000. If the board does decide to make this award today, the funds available out of this preservation incentive program for the Junior Lien Funding will be $122,700.

For the board's information, in the background memo to the board we have included the list of awards that have previously been made out of this amount of funds.

MR. JONES: Do we have staff's recommendation? Approving?

MS. CARRINGTON: Yes, sir. I'm sorry. Staff is recommending approval of the $200,000 to Cedar Cove.

MR. CONINE: Move to approve.

MR. BOGANY: Second.

MR. JONES: Motion's been made for approval. Seconded by Mr. Bogany. Further questions, comments, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, Nay?

(No response.)

MR. JONES: Motion carries.

MR. BOGANY: 3(d)(1) is Single Family, Year 2002 through 2003 Single Family HOME Programs for
Homebuyer Assistance, Owner Occupied and Tenant-based Rental Assistance. And I'll turn it over to Ms. Carrington to give us the ones that are -- we're looking for approval on.

MS. CARRINGTON: Thank you, Mr. Bogany. You all may put aside your big book now, the one that says the Multifamily Programs. We're now into the Single Family. And this is Item 2(d) on your -- is that right? No.

MR. BOGANY: 3(d)(1).

MS. CARRINGTON: 3(d). Thank you. I think I lost my agenda. Please wait just a moment, Mr. Chair.

MR. JONES: Here you go. Let me give you mine.

MS. CARRINGTON: Okay. Thank you very much.

MR. JONES: No problem.

MS. CARRINGTON: Then what are you going to do?

MR. JONES: Then I'll be sharing.

MS. CARRINGTON: Okay. Have you found it?

MR. JONES: This one?

MS. CARRINGTON: Yes, that's it. Three -- number 3 -- oh, here they are. Here I am.

MR. JONES: Okay.

MS. CARRINGTON: Okay. Thank you very much.

3(d)(1). Executive Director is the last one to get there.

A double round of funding in the HOME program,
as I previously mentioned. We had approximately $80 million that was available in this combined 2002/2003 cycle. What staff is recommending today is a total of $51,783,395.

We received 377 applications for the eligible activities in the Single Family Program funded through HOME. Those eligible activities are Homebuyer Assistance, which you call HBA, Owner Occupied, Tenant-based Rental Assistance and Special Needs Set-asides.

What staff is recommending today is an allocation to 344 -- no, I'm sorry, to 176 of those total 344 applications. We have broken down for the board the amounts in each of those categories in Homebuyer Assistance and Owner-Occupied and Tenant-based Rental Assistance, and also in Special Needs.

On the second page of the memo to the board, we have included the grand total recommendations, which include the Rental Housing Development, which you have -- the Rental Housing Development Awards. And we've also included a regional map for the board.

And with that, I think I'll ask Eric Pike to come up. If you all have any specific questions about these particular awards for the HOME Program and our Single Family activities.
MR. JONES: Before that, do we hear the recommendation on the table? Everybody understand it?

MS. CARRINGTON: I'm sorry. The recommendation of the staff is that the 176 applications that are listed in your book for the variety of activities be approved by staff -- be approved by the board. Sorry.

MR. JONES: That's the recommendation of staff. Do we have any questions -- specific questions regarding the recommendation?

MR. CONINE: Yes.

MR. JONES: Mr. Conine?

MR. CONINE: Did you say we had 80 million available, but we're -- staff's only recommending 51 million?

MR. PIKE: That is correct, sir.

MR. CONINE: Did I misunderstand that?

MR. PIKE: No. According to our funding plan, to be exact, we have 77.6 million available. We are recommending 51.7. The large difference between those two figures represents a lot of the CHDO dollars that have not been awarded yet. Those are going to be awarded by Brooke's shop in September, I believe.

That figure totals about 12 million. We also have an Olmstead Population Set-aside, which is $2 million
that we have not awarded yet. We will be doing that soon, this fall sometime. We also have some funds remaining on our Contract for Deed Conversion Set-aside. There is dollars that were left over from the Preservation set-aside that you all approved today.

So when you take all of those into consideration, they total the difference there between what we're recommending today and the total amount that's available.

MR. CONINE: So we'll see the rest of it before the end of the year?

MR. PIKE: Correct. Uh-huh.

MR. JONES: Thank you.

MR. BOGANY: Next question?

MR. JONES: Yes, Mr. Bogany?

MR. BOGANY: Mr. Pike, in regards to -- we had a couple of public comments in regards to CHDO reserve funds and unused funds. And that basically one of the comments were that if a CHDO received funds and never got their project off the ground, that those funds basically are -- goes back into the till, and never gets back to those who are actually using the funds.

Is it possible for us to change that so the funds are being used, and if you've got organizations that
are being successful at using the funds and they run out of money, and then having it sit at another organization who is not using them, is it any -- like, we do on the Single Funds mortgage bond revenues, where they move money around depending on the limit.

MR. PIKE: Right.

MR. BOGANY: Can we do the same thing with the CHDO funds?

MR. PIKE: Well, typically what happens is any contract that's not moving their money -- our Portfolio Management and Compliance Division would move to deobligate those funds, just like they would on any of our HOME contracts.

And then once that action has occurred, those monies are reprogrammed, and we would be required to spend it on another CHDO-eligible activity. So those funds do come back in and do get put back out, if you will.

MR. BOGANY: Well, you were here when public comments, so what were they talking about?

MR. PIKE: I stepped out. And I didn't hear all of Mr. Currie's comments. I know he had some comments regarding -- I think it was sort of like having an open cycle, perhaps. Ms. Carrington, you maybe can elaborate.

MS. CARRINGTON: That is correct. Since the
department historically has had a difficult time in having enough applications from the Community Housing and Development Organizations that would score high enough for us to award funds to them, then he is recommending since it basically is not competitive that it be on an open cycle.

And we are certainly taking a look, as I mentioned a little while ago, we're taking a look at how we award funds, what our cycles look like, because our goal obviously is to allocate the funds. Allocate the funds to organizations that we believe can develop the housing.

And so if we can do that better, rather than through the existing rules and mechanisms we have, then we're going to work to do that better.

MR. BOGANY: Okay.

MR. SALINAS: So we are going to be awarding some more CHDOs in September? Or --

MS. CARRINGTON: Yes, sir. You will see some more HOME award recommendations at the September board meeting.

MR. SALINAS: Yes, but they -- some of them have not met the threshold, or -- like Mr. Currie's.

MS. CARRINGTON: Now, Mr. Currie's application,
along with the application for the City of San Benito, which I know that many of you all have received letters on -- the issue on both of those particular applications -- our rules say that the applicant must have expended 50 percent -- at least 50 percent of the fund in the last award that we have made to that development.

And we even go so far as to say if we have a draw request in house, and that draw request is properly supported, that we will include that as part of their 50 percent expenditure.

MR. SALINAS: Well, according to somebody here, they did.

MS. CARRINGTON: And we understand that. And what we're going to do is go back and take yet another look at how we have calculated and make sure that indeed that we have calculated that correctly.

MR. SALINAS: Okay.

MS. CARRINGTON: But on both of those, Mayor -- now, those were applications for this round, not in the CHDO. But they were applications for this round of funding, and are not being recommended based on not meeting that 50 percent expenditure. But we are going to have additional funds.

MR. SALINAS: In September.
MS. CARRINGTON: And we will take a look at the San Benito situation.

MR. PIKE: Correct. And I would just like to clarify that that 50 percent expenditure requirement must be met by the application deadline due date, which in this particular cycle was April 2.

MS. CARRINGTON: Second.

MR. SALINAS: Yes. And I understand that. But sometimes we need to use a little bit of common sense. You know --

MR. PIKE: I agree.

MR. SALINAS: If they have proved that they have expended or sent vouchers to expend more than 50 percent, I mean, why can't we just go ahead and help them out?

MR. PIKE: Ms. Carrington and I are in the process of reviewing that, Mayor Salinas.

MR. SALINAS: You know, we really wanted to get that.

MR. PIKE: And we just -- this week has just been a very hectic week for both of us, and we haven't had time to get together and discuss it. But we will be doing that and making a decision.

MR. JONES: Beth?
MS. ANDERSON: Yes, sir. And I want to say, I appreciate your diligence on it, and I understand why you wouldn't want to put more money out in a -- to a recipient who you are -- you know, who -- I mean, the reason for the rule is so that we know that they're spending the money down, so you don't end up having to deobligate it later. So --

MR. PIKE: Correct. I would like to point out one thing, just a slight typographical error, I guess you could say. On the list of recommendations that we're making, under Owner-Occupied Assistance, just for the record, I would like to state that application 2003-177 is listed as the City of Merkel. That should be the City of Celeste.

It does appear in our spreadsheets as the City of Celeste, and also on the score list that was put on our website. So it's accurate in two places, and inaccurate in one. So I want to clarify that for the record.

Also, I wanted to speak to the fact that we are recommending in addition to these awards, 4 percent administrative funds. And on the CHDO recommendations that we're making, we are requesting approval of a 5 percent for operating expenses.

And that 5 percent is contingent upon the
applicant submitting an approved budget and with
supporting documentation. So I did want to add that on
before you guys take any action.

MS. CARRINGTON: Thank you, Eric.

MR. JONES: So we do have staff's full
recommendation?

MR. PIKE: I believe so.

MR. JONES: That would be a yes?

MR. PIKE: I've learned to say never.

MR. JONES: Never say never. Yes and no. That
would be yes. Thank you. We have staff's recommendation.

Further questions?

MS. ANDERSON: I have a question.

MR. JONES: Yes, Ms. Anderson?

MS. ANDERSON: The 4 percent and 5 percent
administrative -- are those the same percentages that were
in place in the last round, which was approximately two
years ago?

MS. CARRINGTON: Two years ago.

MR. PIKE: Yes, ma'am.

MS. ANDERSON: Okay. Thank you.

MR. JONES: Further questions? All right. We
have staff's recommendation. We've had time for question.

What's the board's pleasure?
MR. CONINE: Move for approval.

MR. BOGANY: Second.

MR. JONES: Okay. We have a motion under Mr. Conine that the recommendation of staff be approved. We have a second by Mr. Bogany. Further questions, comments, discussion on the motion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: Motion carries.

MS. CARRINGTON: Mr. Jones?

MR. JONES: Yes.

MS. CARRINGTON: One comment I would like to make -- one followup. On the awards on Tenant-Based Rental Assistance Awards that you all have just made, we will be having a series of implementation workshops in August related to these awards.

So our goal is to get our subcontractors off on the right foot as they begin the utilization of these funds.

MR. JONES: Very good. 3(d)(2), I believe.
Mr. Bogany?

MR. BOGANY: Award of Disaster Relief Funds for the City of Mathis. And a good explanation from Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Bogany. In January '02, the board adopted a deobligation policy -- deobligation for the use of HOME funds. There was a disaster that occurred last year, June 28 to July 7 for 35 counties in South Texas, excessive rain and flooding.

In May of this year, TDHCA received an application for disaster relief from the City of Mathis, which is one of the areas in this 35-county region. The City of Mathis is requesting $514,800 of funds that would be used to reconstruct or rehabilitate nine units that were affected as a result of this disaster, and staff is recommending approval of these funds.

MR. BOGANY: So moved.

MR. GONZALEZ: Second.

MR. JONES: We have a motion that staff's recommendation be approved, and a second, I think, by Mr. Gonzalez. Further question, comments, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)
MR. JONES: All opposed, say nay?

(No response.)

MR. JONES: Motion carries.

MR. PIKE: Ms. Carrington, I have one point of clarification.

MS. CARRINGTON: Yes, sir.

MR. PIKE: On the HOME awards -- in regards to -- just to clarify and get it in the record. On the 5 percent operating expenses for the CHDOs, that can be 5 percent, or $50,000, whichever is greater.

I'm sorry, 5 percent operating expenses. Okay.

50 percent or $50,000. I just want to clarify that.

MR. JONES: Is this going back to --

MR. PIKE: This is going back to the --

MR. JONES: 2(d)(1)?

MR. PIKE: Correct.

MR. JONES: Okay. I think we need to vote on that recommendation, then, since it wasn't included in the original recommendation of staff.

MR. PIKE: Okay. I apologize for that and I want to clarify it.

MR. JONES: Is there a motion on that.

MR. GONZALEZ: So moved.

MR. JONES: Okay. Mr. Gonzalez has moved. Is
there a second?

    MR. BOGANY:  Second.

    MR. JONES:  Seconded by Mr. Bogany. Further
discussion of that motion to approve that recommendation
from staff? Hearing no further comments, I assume we're
ready to vote. All in favor of the motion, please say
aye.

    (A chorus of ayes.)

    MR. JONES:  All opposed, nay?

    (No response.)

    MR. JONES:  The motion carries. Thank you.

    MR. PIKE:  Thank you.

    MR. BOGANY:  The Office of Colonia Initiatives.

    And I'll let Ms. Carrington go through the awards.

    MS. CARRINGTON:  Thank you, Mr. Bogany. By
legislation, the department is required to fund three
million per year in what's called our Owner/Builder Loan
Program.

    That money comes -- this year, 1.2 million is
coming from the Housing Trust Fund. 1.8 million is coming
from the Junior Lien Single Family Mortgage Revenue Bond
Program. The Owner/Builder Program requires that the
maximum amount that TDHCA can award is $30,000 per unit.
The total amount, or the total cost of any one unit in the
Owner/Builder Program is $60,000.

The department is required to set aside two-thirds of this money, $2 million of available funds for owner/builders whose property is located in economically distressed areas, EDA counties, and the other one-third, one million, is available to nonprofit certified owner/builder programs statewide.

If you will turn the page from the memo to the board, there is a staff recommendation to request approval of three million from the Trust Fund and the Junior Lien Program that would go to fund the Fiscal Year 2003 Texas Bootstrap Loan Program, or the Owner/Builder Program, two-thirds of which would go to EDA applicants, and one-third would go to statewide applicants.

And there are a total of six of them in the board's materials. And I can read them if the board would so desire, or --

It is the Community Development Corporation of Brownsville, and the recommended award is $998,400. The Community Action Council of South Texas, $441,600. Housing Authority of the City of Donna, $624,000, and the statewide applications, Paris Living/Paris Habitat for Humanity, $156,000, Fort Worth/Garland/Waco/Denton Habitat for Humanity, $468,000, Dallas Area Habitat for
Humanity, $312,000, totalling $3 million.

MR. JONES: Thank you.

MR. BOGANY: So move.

MR. SALINAS: Community Action Council of South Texas -- where is that from? What's their address?

MS. CARRINGTON: Susana, the mayor has asked where the Community Action Council of South Texas is located?

MS. GARZA: Good afternoon. They're located in Starr County.

MR. SALINAS: Thank you.

MS. GARZA: If you'd look at the second page, and we have a breakdown of where a lot of the applicants are located.

MR. SALINAS: Okay.

MR. BOGANY: I'd like to move that we accept staff's request.

MR. GONZALEZ: Second.

MR. JONES: Okay. We have a motion we approve staff's recommendation by Mr. Bogany. And it was seconded by Mr. Gonzalez. Further questions, comments, discussion on the motion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)
MR. JONES: All opposed, nay?

(No response.)

MR. JONES: Motion carries. We will then turn to Item 3(f). Mr. Bogany, we have one person who would like to speak to us about that. Mr. Albert Magill. Brave man.

MR. MAGILL: Maybe, or not too bright. I don't know which. Just one comment. The rules have just been established on the Bond Program. And I know it's an emergency action. But there wasn't a whole lot of notice or public comment regarding these.

And after reviewing them, I had some concern with the signage and whether they'd meet zoning issues in various cities, and the selection criteria and the point scores, and wondered whether or not there was going to be any additional public hearing on these, whether they affect just the upcoming round in 2004, and you know, just would respectfully request that there be more public input on this before it was ratified. Thank you.

MR. JONES: Thank you, sir.

MR. CONINE: Could we get a comment on that from staff?

MR. JONES: You certainly may. Ms. Carrington?

MS. CARRINGTON: Yes, sir. What the board is
being asked to consider today is the publication of emergency -- one emergency rule that would address the department's procedures for the receipt of applications for inducement for developments that would then go to the Bond Review Board for the lottery for '04.

What you have in front of you is actually three rules that will be repealed with one emergency rule that we are proposing. The reason it is an emergency rule, and the reason it is such short notice is that developers will be applying to the agency on the 2nd of September to be able to be eligible to participate in the '04 lottery, which the lottery will actually be in October, with the reservations being allocated the 1st of January.

It's July. It's the end of July. So the department was -- has a need -- must get rules in place that would comply with the new legislation that takes effect on September 1. So with that, I am going to ask Chris Wittmayer to come up. And we are prepared -- Chris is prepared to point out --

MR. JONES: I hate to do this. There is one more person that has to make public comment. And this is it. Mr. Fisher?

MR. FISHER: Yes.

MR. JONES: Would you like to make public
MR. FISHER: Is this the agenda item now?

MR. JONES: It is the Bond Rules. It is the agenda item. Yes.

MR. FISHER: Okay.

MR. JONES: Yes, you are barely on time, sir.

MR. FISHER: Okay.

MR. JONES: Well, nobody else has filled out a witness affirmation form. And the Chair will close public comment at this time, which I've already closed it several times today, so --

MR. FISHER: I thought it was for the agenda item where I signed up earlier. Just real quick, just some comments on the proposed Bond Rules I'd like you to consider.

First of all, there is a reference in the list that requires the zoning to be in place at the time of your preapplication. And with the limits that have been imposed by the State Legislature for local involvement in these developments, many of them I think are zoning cases that are actually beneficial to the process, where everyone in the community is weighing in on everything from building design, et cetera, and affirmatively passing it.
So I'd ask that as long as there is a valid zoning application in place that really allows for more public participation, that the project shouldn't be penalized simply because somebody had zoning ahead of it.

Just a technical correction, too. It says on the Selection Criteria of the Proper Zoning for MF, the design criteria now allows for townhomes and single-family design. So as long as we have the appropriate zoning in place for the particular development --

The proximity to community services and amenities is a one-mile ring. And I'm not sure about your house, but I would certainly consider my grocery store and bank to be convenient if it's within a few miles. So I'd ask you to consider expanding that amenity ring to something more consistent, I think, with a neighborhood ring, which is about three miles.

There are negative points for certain factors, being near a junkyard, an active railroad track. And I would ask the board to consider substantially raising those. You know, we're not getting a -- we're getting one letter of opposition from one of your elected officials is minus-one and a half, and you know, being next to a junkyard is minus one.

I'd ask you all to consider, you know,
dramatically increasing those to penalize the developments as they're you know, sorting themselves out. I would think something more along the line of five points as opposed to one might be more appropriate.

As far as the local funding commitment, I'm assuming that it is consistent with your previous rules, which is as long as there is a valid application pending for the funding.

If the rule is that the funding already has to be in place, then I'd ask that those points come out, because I think at this point passing the rules and having to have a funding commitment in place for a development that you're getting ready to propose is virtually impossible.

So those would be my comments on your Bond list.

MR. JONES: Thank you, sir.

MR. FISHER: Thank you.

MR. CONINE: Can I ask a question?

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

MR. CONINE: Mr. Fisher, would it inhibit your ability as a developer to put a project or two or three or for however many you want to do into this year's -- this next year's Bond Allocation Program if we were to postpone
this decision to the August 14 board meeting?

MR. FISHER: I think the development community
would rather you take more time with the rules if the time
frame is very tight as it is.

MR. CONINE: Yes. This is a lot to swallow, and I'll have to admit, not reading this section word for
word before I got here with all this stuff that we read --
and I think it's really important that we look at a
version of this that would be, you know, underlined or
comparing the existing rules to the new rules so we can
see what's changed in the document.

I'm used to getting those sorts of documents to
review. Is there -- would there be a problem, Counselor,
in getting that done?

MR. WITTMAYER: I believe there isn't. It's
basically a whole new rule. We're repealing three rules
and replacing it with one rule.

MS. ANDERSON: So are we going to have public
hearings on these rules? Or is it just going into the
Texas Register? How do we address Mr. Conine's concerns,
which I share, that we need more than a discussion about
this on a brand new rule starting at 3:00 in the afternoon
after the kind of days we've had? But I understand that
you also have legal requirements to publish.
MR. WITTMAYER: What we're most concerned about is the timeline that we have to meet in order to meet the deadlines of the Bond Review Board. As Ms. Carrington said, we are anticipating -- we are planning a September 2 preapplication deadline.

And we feel that we very quickly need to put the rules in place that will apply to that preapplication. That is the purpose for the emergency rule.

Now, at the same time, we are also proposing the adoption of an identical rule as we are proposing that for public comment. It is conceivable that if we get public comment, let's say in the next two weeks before the next board meeting, that we could repeal the emergency rule that we adopt today, and adopt a new rule at the next board meeting in two weeks.

MS. ANDERSON: It seems to me there is another moving part here, and that would be the September 2 deadline on the preapp. That we might collapse some of the staff review time, because we are on an emergency basis, where we ought to take that out of everybody's hide.

MR. WITTMAYER: Are you suggesting that we delay the September 2 deadline?

MS. ANDERSON: I'm all -- I'm saying it is
another one -- it is another variable that we might have
the potential to move.

MR. WITTMAYER: We'd previously set the
deadline in August, and we pushed it back to September 2
thinking that was about as far as we could go. But I'll
ask Brooke to address the concerns of scoring the
applications in an even shorter time.

MS. BOSTON: And it's not just having it scored
in time for the lottery, but we actually take it back to
you all at our October meeting, which is the second
Thursday.

So by doing it the second -- and that's having
time to get it on the web -- adding scoring for the first
time ever, you're giving us less than 30 days as it is.

MS. ANDERSON: Right. The end of September.

MS. BOSTON: Yes. I think it would be a true
hardship on staff to do it any shorter time than what
we're proposing.

MS. CARRINGTON: Well, I think it would be
almost impossible for us to do it. We have no idea how
many applications we'll receive. We may receive ten. We
may receive 100. And we have to score them. And we're
going to be underwriting. So for -- amount -- financial
feasibility. So --
MR. WITTMAYER: We certainly appreciate the shortness of the time available to review this and implement it. But because of the new legislation and the Bond Review Board's deadlines, we felt that this was the best we could do under the circumstances.

MR. JONES: Okay. And I think that Ms. Anderson and Mr. Conine have valid points there. The only other option -- Lord knows I'm the one that hates them the most, would be to have another board meeting. And you all are having the person say that's an option to you that hates it more than the rest of you.

MS. ANDERSON: I mean this is really important. It's a major change in how to run the 4 percent program.

MR. WITTMAYER: Yes, I --

MS. ANDERSON: And --

MR. WITTMAYER: Should I go forward with the presentation, and then you can make a decision at the conclusion of the presentation?

MR. CONINE: No, I'm of the firm belief that we need to have a public comment period ahead of time, rather than do this overlapping, maybe repealing emergency. If the rules change 30 days from now, the guys who submit and go out and acquire land and lay out a project -- you can just throw it out in the trash.
So it's just as much a disservice to them as it is to those who may be affected by the new rules that would change 30 days from now. So I -- let's just do it right, you know. I don't see an emergency status here.

The development community has testified that they can probably take care of it within their time frame. Staff's going to be stressed. I understand that.

But because of the legislation that was passed, and because of the time that's needed, and because I think the input from the development community is needed on a variety of these issues, and it will give me more time to read and study it, I think that's probably what I'd like to see happen.

So I'll move that we table this until our next board meeting.

MR. JONES: We have a motion. Do we have a second?

MS. ANDERSON: Second.

MR. BOGANY: Second.

MR. JONES: Motions --

MR. CONINE: Can I add a caveat to that? And we will have a public comment -- or a public -- what do you call them? Meeting?

MR. WITTMAYER: Public hearing.
MR. CONINE: Public hearing. Excuse me. Thank you. That shows you how tired I am.

MR. JONES: Yes.

MR. CONINE: Between now and our next board meeting on this subject.

MS. CARRINGTON: Okay.

MR. CONINE: Are we going to discuss that?

MR. WITTMAYER: It will not be -- it takes 50 days to do a nonemergency rule, with 30 days of public comment. We could schedule something independent of that process under the Administrative Procedure Act, and just invite public comment on this rule through an open mike, or an open meeting type of situation. But we cannot avoid this situation of having a nonemergency rule, because it takes fully 50 days to implement that, which we don't have.

MR. JONES: Mr. Bogany?

MR. BOGANY: I mean, would we be violating anything if we went back to the developers that this rule is going to apply to and just invite three or four of them in to sit-down and just talk about it?

MR. WITTMAYER: Well, it's been posted on the website for this meeting. It had seven days prior to this meeting to review it. If we considered it again in two
more weeks, we'll certainly encourage them to provide
their input, and also we can schedule the separate meeting
to solicit their input and bring it back to the board in
two weeks.

MS. CARRINGTON: I think what we will schedule
is an open forum, as we have done to solicit public
participation, as we do in our Low Income Housing Tax
Credit Program. It cannot be a public hearing, but we
certainly can have an open forum.

And we will invite everybody, and anybody that
wants to come. It will be an open meeting to solicit
comment on the proposed -- can I say the proposed -- will
we say the proposed rule? We'll figure that out.

MR. WITTMAYER: Yes.

MR. CONINE: Proposed emergency rule.

MR. WITTMAYER: Proposed emergency rule. Yes.

MS. CARRINGTON: We'll figure that out.

MR. CONINE: Next month it will be an
emergency.

MS. CARRINGTON: Yes, it would.

MR. WITTMAYER: It will be a real emergency
next month.

MR. JONES: Okay. We have a motion on the
floor. It's been made and seconded. Further discussion,
questions, comments? Hearing none, I assume we're ready
to vote. All in favor of the motion that we take no
action on this matter and deal with it at the next board
meeting, say aye.

   (A chorus of ayes.)

MR. JONES: All opposed, say nay.

   (No response.)

MR. JONES: Motion carries. Mr. Bogany, I
think you're through. Is that right?

MR. BOGANY: Yes, sir.

MR. JONES: Okay. We will turn to Item 4 on
our agenda. Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Chairman.

We're asking your approval of a memorandum of
understanding between the Texas Department of Housing and
Community Affairs and the Texas Commission on Human
Rights. This is behind Tab 4.

   Section 2306.257 of the Government Code
requires the department to notify the Texas Commission on
Human Rights if we determine that a program participant
may have failed to comply with state or federal fair
housing laws.

   Our division of Portfolio Management and
Compliance, as they are doing reviews -- as they are doing
on-site reviews of our Multifamily developments and our single-family developments, they look for compliance and accessibility requirements of the Fair Housing Act.

And this memorandum will basically allow us to report those events or those complaints to the Texas Commission on Human Rights. And then the Texas Commission on Human Rights would have the ability to actually investigate the complaint.

A copy of the MOU, which is only a one-pager, is in your book, and has been signed by the Texas Commission on Human Rights. And we --- staff is recommending that the board authorize TDHCA to sign this memorandum of understanding also.

MR. BOGANY: So moved.

MR. GONZALEZ: Second.

MR. JONES: Motion's been made and seconded approval of staff's recommendation. Do we need further questions, discussions, comments? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)

MR. JONES: Motion carries.
MS. CARRINGTON: Thank you.

MR. JONES: Item 5.

MR. CONINE: It comes to me, I guess, huh?

MS. CARRINGTON: I think so.

MR. JONES: It says your name here.

MR. CONINE: I get to do some Single-Family Bond Finance business this afternoon, too. Ms. Carrington?

MS. CARRINGTON: Thank you, Mr. Conine. The next three items are related to our Single Family Mortgage Revenue Bond Program. The first item is the application to the Bond Review Board for the department's amount -- or the department's set-aside for Private Activity Single Family Bonds. The full amount that we are requesting from the Bond Review Board is $161,171,208.

We will be converting a portion of that, 60 million, into our Mortgage Credit Certificate Program. The balance of that amount, $101,171,208, will be for conversion at a later date into below-rate market -- below-market interest rate mortgages for Single Family.

There is a resolution. It is Number 03-060, and staff is recommending that the board authorize the application to the Bond Review Board for Private Activity Bond Authority for our Single Family Program.
MR. CONINE: Move staff recommendation.

MR. BOGANY: Second.

MR. JONES: Motion's been made and seconded for the approval of this resolution. Further questions, comments, discussion?

MR. BOGANY: I have one.

MR. JONES: Yes, please.

MR. BOGANY: One question, just a general question. Please hear it. Ms. Carrington, once -- how do we go about soliciting out-of-state mortgage companies and brokers to use these funds?

How do you go about getting them to -- do we have a list that we call people that have signed up before? Do we -- how do we go about getting people to use these funds?

MS. CARRINGTON: Mr. Bogany, as Byron Johnson is coming to the microphone -- is coming to the microphone, I will tell you that staff has already started talking about how we market a mortgage credit certificate program.

This department has not done MCCs in many years, and so we have -- our Governmental Affairs area has contacted the Texas Association of Realtors, and we are gathering some information that has been provided
previously to realtors on what is a mortgage credit
certificate, and how is it utilized, and how does it
benefit the borrower.

So that's a new piece that we're already
looking at for this program. But Byron, you want to
address the solicitation and the participation of the
lenders who will then be doing that?

MR. JOHNSON: Yes. Byron Johnson, Director of
Bond Finance. To start out with, the -- we cannot direct
potential borrowers to a particular institution. The --
what we can provide is a list of institutions who are
interested in working with potential borrowers.

So what we will do -- Bond Finance Division and
the Single Family Lending Division have met with a
couple -- a consultant, and we've talked with investment
bankers about helping us recruit lenders to participate.

We're going to issue an RFQ, hire a consultant
to assist us with developing a program, and the Single
Family Lending Division, along with Bond Finance will go
out and recruit lenders. We will start with our list of
lenders from the Single Family Program, and go from there.

MR. CONINE: About how many mortgage companies
does that include right now? Just a rough guess?

MR. JOHNSON: Right now it's about 40 to 45
lenders, with approximately 400 -- 350 to 400 branch offices in the state of Texas.

MR. BOGANY: My question is that some of the small lenders or small mortgage bankers get an opportunity to get some of these funds, too, versus having all the builders get the funds, and then you can only use the funds if you use their mortgage company, and only if you're buying one of their homes?

So I guess what I'm trying to do is trying to get it out to -- so it's put out that anybody who wants to participate at least will have an opportunity to participate.

MR. JOHNSON: We can post an invitation to participate in all the various -- I guess, newspapers, the Market -- Texas marketplace, and what-not. We will develop a marketing program to advertise that we are doing this. So anyone who is really interested in participating can, you know, just submit the credentials and participate.

MR. JONES: Think we can send a notice over to the realtors, see if we can get them involved in this program?

MS. CARRINGTON: That is a discussion that we've already started having on that. And I think it's
important to note that for the first time in a long time,
this 60 million is not actually going to be funds that a
lender is going to access.

These are the mortgage credit certificates,
where the borrower receives a credit on the mortgage
interest that they pay on annual basis. So first time in
a long time we've done MCCs, and it's a mechanism we're
using since we've gotten caught in an interest rate
environment with dropping interest rates. It's kind of
our --

MR. BOGANY: Yes. I think it's a great
program. I applaud staff for coming up with it. And my
just -- my only concern is that -- I don't want to use one
lender's name, but I want to be able to choose from like,
a bond program 59 in Houston. I only know one lender who
is doing it, and I don't particularly want to use that
lender.

So my thought is to make sure that everybody
else -- at least let them know that we've got this new
program, the MCC in the state, and that if you want to be
a part, you can sign up. I just hate to see it all at two
or three of the top big lenders, and all these small guys
who are doing most of the loans are not able to
participate.
MR. JOHNSON: I understand. And we will advertise and market it to statewide, to all of the lenders.

MR. BOGANY: Okay. Thank you.

MR. JONES: We've got a motion on the floor that's been made and seconded. Further questions, comments, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All oppose, nay?

(No response.)

MR. JONES: The motion carries. 5(a)2)?

MR. CONINE: The Resolution Authorizing the Expansion of our Single Family Mortgage Revenue Bond Funding -- Refunding. And Ms. Carrington?

MS. CARRINGTON: What the department is asking for is the expansion of TDHCA's existing commercial note paper program to include this 101 million that we just mentioned for Volume Cap Authority Warehousing.

The resolution that you have states the authority that has previously been given to the department in the amount of commercial paper, which right now is at $75 million, to include this 101 million that we will be warehousing out of our '03 Volume Cap Allocation.
What we are requesting is authority up to 200 million in commercial paper authority. Staff is recommending that. With this, I'll ask Byron Johnson to add anything that may need to be added.

MR. JOHNSON: Yes. And we are also asking to expand the authority to issue the commercial paper for a different purpose.

Previously the program was exclusively for the purpose of recycling prepayments. Now we're looking to warehouse volume cap. That -- to take the volume cap, the 161 million, break it up to 101 and 60. 101 million would be stored until next year. And this is a mechanism for storing it.

As we noted, it will save us about $200,000. Typically you go through investment bankers to issues convertible option bonds. This eliminates that process.

MS. CARRINGTON: And we would also extend the expiration date --

MR. JOHNSON: Yes.

MS. CARRINGTON: -- of our current authorization.

MR. JOHNSON: Yes.

MS. CARRINGTON: Okay.

MR. CONINE: From what to what?
MR. JOHNSON: From December 31, '04 to December 31, '07.

MR. CONINE: Okay. Mr. Chairman, I move -- the staff recommendation and it's tied to Resolution 03-061.

MR. GONZALEZ: Second.

MR. JONES: Motion's been made and approved for recommendation by Mr. Conine, seconded by Mr. Gonzalez. Further questions, comments, discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)

MR. JONES: Motion carries. Item 5(a)(3).

MR. CONINE: Firms Recommended to Provide Co-Management Investment Banking Services for the Department. Ms. Carrington?

MS. CARRINGTON: Mr. Johnson?

MR. CONINE: Mr. Byron?

MR. JOHNSON: Thank you. The department currently -- well, in 2001 we issued an IFP for investment bankers; we hired 12 firms. Since that time, our volume cap has grown. We went out earlier this year with an RFQ. We hired two more firms for our co-manager pool. We have...
two pools, a senior manager pool, and a co-manager pool.

We would like to expand the co-manager pool so that we can create three teams of six firms. We are -- hired two additional firms earlier this year, and we would like to have four more to particularly help us in -- with selling bonds to retail investors.

Most of the firms we have now in our pools are more geared toward selling bonds to institutional investors. By selling bonds to retail investors, we may realize a lower cost of funding. So the firms that you have in front of you, those recommended firms, all have substantial retail operations.

MS. CARRINGTON: Mr. Johnson, would you read those firms that we are recommending, please?


MR. CONINE: You interviewed all these firms and talked to them after they submitted their RFQs, and they're ready to go to work?

MR. JOHNSON: I did not interview them in person. I have spoken with some of their firms that we believed on the criteria -- the response to the RFQ they submitted.
MR. CONINE: You've got individual contact names from each of these firms, that people are --

MR. JOHNSON: Yes.

MR. CONINE: -- assigned to cover the department?

MR. JOHNSON: Yes.

MR. CONINE: Mr. Chairman, I move staff recommendation for the addition of these four firms.

MR. BOGANY: Second.

MR. JONES: Motion's been made and seconded.

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

(A chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)

MR. JONES: Motion carries. Item 4(e) -- no, excuse me. 5(b).

MR. CONINE: 5(b). Third Quarter Investment Report --

MR. JOHNSON: Thank you.

MR. CONINE: Thank you, Mr. Johnson. I assume Mr. Dally is going to do the investment?

MS. CARRINGTON: Mr. Dally is going to do this.
And if I may, as we begin the last part of our agenda today, I would like to commend the Multifamily Finance Production staff and also the staff of Single Family Finance Production.

I don't know if the board has added up the dollar amounts of the recommendations that you all have made today, and that staff has made today. In the Multifamily area, the tax credits were in their area, Trust Fund was in their area, and the Multifamily Preservation. That is all with a new division that was created and opened their doors basically on March 1 of this year. It's a huge job. And they're working on a draft QAP. In the Single Family area, that was a newly constituted division. And they have taken up 300 and some odd applications and processed Single Family awards.

And I would, just from a personal standpoint, I mean, this staff has just performed exemplarily.

MR. CONINE: I agree with you, Ms. Carrington. I think a round of applause would be --

(Applause.)

MR. CONINE: Thanks to everyone here in the room, who staff-wise had participated in that.

MR. DALLY: Good afternoon, Mr. Chairman, board
members, Ms. Carrington. Under Tab 5(b)(1) is the Third Quarter Investment Report. This is for the period ending May 31, 2003.

This is a representation of about $1.3 billion portfolio of investments that we have with the department. The new activity over this last quarter, where we issued about four new Multifamily Bond deals at about $55 million. We also had purchases in our Single Family of mortgage-backed securities of about $15 million.

We're also seeing a significant activity in maturities on those mortgage-backed securities. That's the refinancings, where people are paying off their old mortgages and those come in and then pay off our securities.

Overall, the market value of our portfolio decreased about $332,000. However, it is still $37.6 million market value above par. And that's indicative of the fact of the interest rates environment.

And this, I will point out, is before the new backup of rates. So -- and May 31, the rates on the ten-year Treasury note were still on the decline. So when we come in next quarter, some of this market value will shrink some more at August 31.

Are there any questions with regard to the
report?

MR. JONES: Thank you, sir.

MR. CONINE: That concludes my report, Mr. Chairman.

MR. JONES: Thank you, Mr. Conine. Thank you, Mr. Dally. All right. We're on Item 6. Mr. Gonzalez.

MR. GONZALEZ: What we've been waiting for.

MR. JONES: I think, too, is this it?

MS. CARRINGTON: Yes, sir. This is it.

MR. JONES: Item 6 is it. Bring us home.

MR. GONZALEZ: Okay. Mr. David Gaines.

MR. GAINES: Good afternoon, Chair.

MR. JONES: The board likes you.

MR. GAINES: Beg your pardon?

MR. JONES: Nothing.

MR. GAINES: Sort of liven things up a little bit. As I was taking a break and coming back in a few moments ago, I ran into a lady walking in. And she's asking what was left. And I mentioned the Single Family Bond Finance and then some from the Investment Officer. And I mentioned the Audit Committee.

And she says, Oh, no. And I said, Watch it, because I'm the director of Internal Audit. And while we walked in, I'm not sure I understood her, but she -- I
think she said, Well, you watch it, I'm Meg Conine. And so --

(Laughter.)

MR. GAINES: So -- and that concludes our report. Unless you --

MR. JONES: I move that we --

MR. CONINE: I would suggest you heed her advice.

MR. JONES: I wonder what she was here auditing.

MR. GAINES: Yesterday we had a -- I think a real productive Audit Committee meeting. The longest one I've been in. It started at 12:30, and it concluded right at 3:30. You anticipated three hours, and we were right on.

Mr. Conine stepped in today -- I mean, for the day, as a member of the committee, and we certainly appreciate that. I spent a little bit of time today -- at one point I was asked what's going on, and I said, I'm not sure. I'm trying to reduce my three-hour meeting down to 15 minutes, and I'm not sure the board will have the patience for that after today. But I'll certainly try to keep this brief.

The first tab behind your materials, Tab 6, is
the Tab A, and it's the status update of the HOME Program Monitoring Report that came out in November 2001. And basically there was eight issues. Four of them have been resolved.

Four the department continues to work on relating to inspections to internal compliance with construction standards and compliance with model energy codes is the most significant aspects of that.

Most of my understanding with discussions management's had with HUD, HUD is really encouraging strongly that we solve these issues within the next six months. I'll be glad to address any questions on that.

In that case, Tab B relates to a very favorable report on the department's administration of a contract with the Resolution Trust Corporation to administer -- excuse me, to ensure compliance of the Affordable Housing Disposition Program.

Tab C relates to a review of the department's administration of the State Energy Conservation Office contract for the purpose of funding emergency efficiency measures. The review is critical of the department's administration of the contract, and its communications with SECO.

Most of the problems noted, for the most part,
were under the previous organization, and the department responded with a new reorganization, that it believed it had effective communications in place, and that the issues brought up in the report were being addressed, if not already addressed.

Management, I believe, has an appointment with the SECO office on August 4 for further discussion and coordination. And we feel confident going forward that that program will be administered appropriately.

Under Tab D, relates to a letter of notification of a Section 8 review that's currently in progress, expected to be completed this week, possibly today with an extra conference tomorrow, and a report will be released on that within 30 days of their exit, at which time we'll bring that report back to you at the next meeting.

Behind Tab E is a report recently released by the State Auditor's Office. It's a report on the department's community affairs programs. It was released in June of this year. We had the auditor, Rachel Cohen, come over and speak to that report.

The objectives of the audit were to determine whether subgrantees were spending program funds for eligible services to eligible individuals, determine
whether the department disbursed funds according to
program objectives, and if all available funds were spent
to maximize service delivery.

The audit noted several exceptions relating to
eligibility -- exceptions related to providing allowable
cost-effective services, exceptions relating to unmet need
for housing as it relates to the Section 8 Program, and
exception relating to an energy audit software that was
procured, and we [indiscernible] software. There was a
couple of other minor technical -- technology issues. An
exception relating to not having processes in place that
show target populations are served.

Management is in general agreement with the
report, and is generally receptive to the recommendations
and has implemented, and has indicated that they would
implement those recommendations.

And the balance of your materials, Tabs F
through L really relate to the department's response to
their report, and its intended actions in regard to that
report.

Basically, there is a memo immediately
following the agenda for Tab 6, and this memo touches upon
the -- while the department has implemented several of the
SAO recommendations and is in the process of implementing
the remainder, that these materials were compiled in an attempt to fully disclose the status of the department's monitoring processes and trials relating to these programs subject to audit.

The materials, as well as the remainder of the materials are also being presented and are compiled for reference purposes to the board, and to provide this [indiscernible] to the board and to others that the department takes the SAO report and any advice from audit oversight agencies' reports very seriously, and its monitoring responsibilities very seriously as well.

The materials were compiled to provide a basis for management to thoroughly assess the current state of the program's monitoring functions, and to provide assurances that the department is currently taking many measures to minimize its risk as it relates to the performance of subrecipients, and also identify opportunities or vulnerabilities that the department has relating to its processes.

They are quite extensive. However, this level of detail is not overwhelming. It's necessary to have a full understanding of what is and what is not happening within the monitoring functions and within the program areas of the department.
We visualize, in fact, other program areas are already compiling similar information for the purposes of recognizing what this report has to say, not only to the Energy Assistance Programs, but to the other programs as well.

With these materials, we in management will be able to identify vulnerabilities in our processes, weaknesses, be sure we've got the holes filled where there's gaps. And I'll be glad to address any questions in that regard. There is a lot of material here, and with for the sake of brevity, I think I'll just open it up.

MR. GONZALEZ: Any questions? I do want to thank David Gaines and the project leaders, Ruth Cedillo and Bill Dally, and all of the staff for all the work that they did.

We got a very good package. We've got a lot of work ahead of us, but I do want to thank everybody for their efforts. And Edwina, and Delores also. I wanted to make that --

MR. CONINE: Edwina, do you want to comment on management's approach to responding to these reports? I think it's important for the board to hear some of what you said yesterday.

MS. CARRINGTON: The department takes the
findings in the State Auditor's Office report very seriously. While as David said, we generally agree with them, we want to make very clear that we have processes and procedures in place to monitor our subgrantees.

I think what this report showed to us was that there were some areas where we have weaknesses, and we have taken this opportunity to very thoroughly look at the processes and procedures, not only in the Community Affairs and the Weatherization area, but as David said, one of the charts that he's developed, we are looking at carrying that agency-wide.

We will continue to improve what we do with this department. We look at these audits as an opportunity to show us where we're weak, and give us basically our road map -- our blueprint of where we need to go and how we need to get there.

We did have tremendous amount of cooperation from staff. I know, Vidal, You've already mentioned Ruth and David and Bill Dally. Ruth really took this on along with David Gaines, and because of the two of them and the staff in Community Affairs, we were able to have a volume of information that you all have today.

We recognize that the important thing is what we do with this. What we do with this. And we consider
this a starting point for improving our processes, improving our procedures, and making sure that when we allocate funds to these subgrantees, that it is done in a manner that they are accountable, and that they are responsible, and that we can report that also to outside auditors or internal.

MR. GAINES: Yes, ma'am.

MR. GONZALEZ: Thank you, Mr. Gaines.

MR. GAINES: Thank you.

MR. JONES: Thank you, sir. Executive Director's Report?

MS. CARRINGTON: Notable, the Manufactured Housing Division, which is the division within TDHCA, on Monday of this week was required to -- or did RIF 18 employees out of their division. The other divisions of TDHCA are not going to be required, due to financial constraints. We are not looking at laying off anyone in any other part of TDHCA.

But Manufactured Housing did take a substantial hit as a result of the budget reductions. And so they had 87-and-a-half employees, and they have now reduced that by 18 employees.

MR. CONINE: Are they taking a hit due to the market? I keep hearing that that part of the industry is
somewhat on its tail and under stress.

MS. CARRINGTON: No, sir. It had to do with the amount of revenue that they were anticipating that they would be collecting in the way of federal funds. And that was -- we believe, and I think they believe that it was an amount that is probably not realistic for them to be able to collect.

And indeed, with that not coming back to them in the way of inspection fees, it's going to -- it creates a budget issue for them, I think, of about 1.2 million. Is that right, Bill?

And Manufactured Housing does have not only -- they're on the tenth floor of our department. They have staff in Austin. They also have staff around the state that does inspections. And a good number of those employees that were RIF'd on Monday are employees that are around the state with a minimal effect on those that are in the Austin area.

MR. JONES: Thank you, ma'am. I -- we don't have a need for Executive Session, right?

MS. CARRINGTON: No.

MR. JONES: I don't believe we do. In that case --

MR. GONZALEZ: Mr. Chairman?
MR. JONES: Did I miss something, Penny?

THE REPORTER: Just verifying.

MR. JONES: Okay.

MS. CARRINGTON: The General Counsel is on the other side of Penny.

MR. CONINE: Wait a minute. He's got one.

MR. JONES: Sure.

MR. GONZALEZ: Do we need a motion to approve the audit reports?

MR. WITTMAYER: Yes.

MR. JONES: We've got a motion -- so moved by Mr. Gonzalez.

MR. BOGANY: Second.

MR. JONES: Mr. Bogany seconds it. We had a motion on the table to approve the Audit Committee Report -- the Audit Report. Excuse me. Further discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay.

(No response.)

MR. JONES: The motion carries. I think it's time to entertain a motion to adjourn.
MR. CONINE: So moved.

MR. SALINAS: And the findings -- we will get something --

MS. CARRINGTON: Exactly.

MR. SALINAS: -- in writing on things that we have to correct in the findings on the Audit Report?

MS. CARRINGTON: Yes, sir.

MR. SALINAS: Can we get a copy of all those things that we have to correct?

MS. CARRINGTON: A final document.

MR. SALINAS: We certainly don't have it [inaudible].

MS. CARRINGTON: No, we put it in that book.

MR. CONINE: Here's one right here. No, you've got to keep yours, Mr. Chairman.

Move for adjournment, Mr. Chairman.

MS. ANDERSON: Second.

MR. JONES: Motion's been made and seconded. Any further discussions? Anything else we need to address? I hear nothing so we'll vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)
MR. JONES: We adjourn.

(Whereupon, at 3:40 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF: TX Dept. of Housing and Community Affairs Board

LOCATION: Austin, Texas

DATE: July 30, 2003

I do hereby certify that the foregoing pages, numbers 1 through 291, 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.

08/13/2003
(Transcriber) (Date)

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