TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

9:30 a.m.
Thursday,
December 11, 2003

Waller Creek Office Building
Room 437
507 Sabine
Austin, Texas

COMMITTEE MEMBERS:

BETH ANDERSON, Chairman
C. KENT CONINE
VIDAL GONZALES
SHADRIX B. BOGANY
NORBERTO SALINAS
PATRICK R. GORDON

STAFF PRESENT:

Edwina Carrington, Executive Director
David Gaines
Chris Wittmayer
Sarah Anderson
Brooke Boston
Eric Pike
Ruth Cedillo
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**EXECUTIVE SESSION**

**OPEN SESSION**
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MS. ANDERSON: Call to order the December 11 meeting of Texas Department of Housing and Community Affairs. Our first order of business is roll call. Beth Anderson, Chair, is present. Mr. Conine?

MR. CONINE: I'm here.

MS. ANDERSON: Mr. Bogany?

MR. BOGANY: Here.

MS. ANDERSON: Mr. Gonzalez?

MR. GONZALEZ: Here.

MS. ANDERSON: Mr. Gordon?

MR. GORDON: Here.

MS. ANDERSON: And Mayor Salinas.

MR. SALINAS: Here.

MS. ANDERSON: So we have a quorum, we have six present and no absent.

The first order of business is public comment.

The Board solicits public comment at the beginning of the meeting and also provides an option for you to instead deliver your public comments at the appropriate agenda item that is your interest.

And I have a number of witness affirmation forms in front of me. Is everyone that would like to give public comment provided our desk with a witness affirmation form? Great. Then as we go through these,
you can tell me if you prefer to speak now or at the agenda item.

The first witness affirmation form I have is for State Representative Ken Mercer.

MR. MERCER: Good morning. If you can bear with me on me -- well, it sounds better on a microphone, my voice.

I'm Representative Ken Mercer from northwest and southwest Bexar County. And first, Beth, thank you for your new leadership role here, for the Board here. Present thoughts are with you; it's going to be a great year.

I represent my constituents from primarily southwest San Antonio today. And I want to stress most importantly they all agreed we had to have -- we have a clear need for affordable quality housing in Bexar County.

To be clear, we have that need, we have a need to follow the process and make sure it's all agreed upon. In fact, we even have -- the developers are listening and we even have schools and communities who want to work with you to bring more projects to Bexar County where we have the definite need for more affordable housing.

But they are stressing today that they have a process they want to make sure we follow. In the letter I just passed on, it's a letter of opposition that I'm
supporting with my community, and I have the support of the impacted ISD, which is Southwest ISD. You should have a letter from the superintendent of there. I'll refer to part of that in a second.

The impacted homeowners association, the Southwest Community Association -- primarily Indian Creek and Sky Harbor -- the impacted council district. Richard Perez, Councilman Perez, may be here today. He said there's a 70 percent chance he'd come here in person and testify also in opposition to the extension. And we also have the word of the previous letter from Commissioner Robert Tejeda, Commissioner, District 1.

So right here we've got the big four. If you add number five, state representatives supporting our community all in their opposition. I'll share with you why they're opposing.

A couple of comments I'll refer to quickly before I get into a quick history of the neighborhood, from the superintendent it said, "The applicant has not been forthcoming with information for the school district in a timely fashion." That's just a comment from the superintendent, his letter dated the 8th of December.

And the community association, again, they said -- they feel they have been targeted, harassed, because they are a concentrated poor community, a
And let me explain. This is a community that always -- we were there last Saturday for the Blue Santa parade, the police officers. A community I applaud, a community who took it back. A community who -- Sky Harbor and the area around there was known for years for the gang problem, the drugs, the assaults at the schools, the assaults of the elderly, drive-by shootings. Everything you could imagine was happening in the area of concentrated poverty. And what they call themselves, the term for themselves is the working poor. The people that are working, not for a handout, but a hand-up to better the community.

And I want to stress that this community here -- and they're here today to talk to you also -- there's at least four here to speak to you today. They're people who held their hands together. They put their shoulders to the wheel together, and they stood up together and they -- as we say in Spanish, they said, Ya basta, ya basta, no mas, no mas. Enough is enough, and no more.

And basically, they work with the police officers hand in hand. They threw out the gangs, the drugs. They took the community back. They know that they are a poor community, but they're working hard, have a lot
of great pride and respect for who they are. So this is a community we can applaud.

However, as you saw in homeowners letter, they feel they are being targeted again. They're saying, we need more affordable housing, but if you put several more hundred families in this same unit, we're competing for the same jobs, the same services.

And again, my schools and my community are unique. I know you hear throughout the state the NIMBY -- not in my back yard. This is not a NIMBY situation. This is a community that said, we'll work with you to help plan in the future. The schools want to educate the children. They want to have it in their plan of local bonds and make sure that the schools are built, and are hiring teachers in a timely manner. They want to do their best job. They've been asking to work with that.

And in the opinion of superintendent, in the opinion of the schools -- and, I'm sorry, the homeowners -- that has not happened.

Again, I gave you the brief history. Last August the homeowners association -- the impacted homeowners -- I stress that. It bothers me when I see letters of people who are not even impacted in the area writing letters. This is the impacted homeowners who are unanimously against the extension of the project.
The impacted school district, at their school board meeting -- again, unanimously. At that time, even last October, which was the zoning commission -- again, unanimous. And then there were extensions that were passed for over and over. And without fail, those extensions were given. That's just the history of that.

The people of the community have an honest distrust and concern of elected officials, and you can probably understand that. I'll tell you one quick one.

One former city councilman who told the community several times before how he supported their opposition. He understood that we need more affordable housing, but we need to work and build it around the area, not in the same area, to give them the chance to grow and prosper the way they want. And he was very open about his support. And all of a sudden, he flip-flopped. He said based on new information, which he just did not share.

A lot of questions concerned about that. A long story short, that city councilman last Christmas was given a brand new pair of matching silver bracelets by the Texas Rangers.

I just want you to understand the distrust the community has. And they're up here now, because I'm trying to prove to them the process does work. And if you work that process, and you will listen to them, and will
hear their concerns.

Again, in the past, every extension has been granted. We understand that. It's past history, but today they're asking for one more extension. And my purpose, my job, is to represent my people, my community. And again, we're five-fold: the affected homeowners, the affected school district, the city councilmen, the county commissioner, and myself are all asking you, please do not extend. Let's win back the confidence of the homeowners. That the process does work, that they are being heard, and let's deny this extension. Thank you.

MR. CONINE: Madam Chairman, may I ask a question?

MS. ANDERSON: Sure.

MR. CONINE: Representative Mercer, thank you for being here today. Appreciate your interest in this agency and the programs and the projects.

I'm sure you're familiar with the Community Reinvestment Act and the encouragement of financial institutions to invest in your local community with various projects. And I guess my question to you would be, what should we -- it's just not quite that simple. What should we say to the financial institutions who will receive Community Reinvestment Act credit for funding this particular project, and the syndicators who have already
purchased the credits? The financial commitment they've
already made -- what should we tell them?

MR. MERCER: Well, I know that the credits are
your decision -- where they go back. They're your
decision, whether they stay in Bexar County or someone
else. That's not my job. I'm not going to micromanage.
You decide what's best for Texas, what's best for Bexar
County.

But I know that at this point we follow the
process, and there has not been strong support. There has
not been strong support, we've known this since last year,
last fall. And we're still going through the process.
And all I know is I'm representing my people. I'm telling
them, you're going to come and talk, I said, well, I'll be
glad to come and join you. My job is to represent you,
and they're asking again, this is the process.

And the other question would be, well, what is
the purpose of having hearings if it's already been
decided? And I believe it's not been decided. It has not
been decided. We're going forth. But the credits will
come back, and it's your decision, your board, as to how
those will be reallocated. Is that proper?

MR. CONINE: Well, I guess my point is, the
banks have already bought the land, they've already funded
a lot of the money allocated to this project on the
predication that the credits would be there. And now to take them away, you know, after the fact, so to speak, you're still left with a financial institution that has some exposure. And I just wonder what your comment to them would be.

MR. MERCER: Well, I think the comment is the primary work of the community and with the developer, and see what happened, what was missed. The comments I'm getting here, they're saying that the community and the district, they have not heard anything. They have not been communicated with.

And their biggest concern -- and I think the financial institutions want to make sure we have a viable, long-term contract. If we're not getting communication beforehand, we're not getting communication during, then how are we supposed to believe that once it's built and up there, that we'll be able to partner our work together.

But that's what I'm getting from the comments from the homeowners, and I think the financial institutions would want a viable project that's going to be there. And as a student project manager, I know where we're at in the project. I know where there's a go/no-go decision. And today is a go/no-go decision for the board.

MR. BOGANY: Madam Chairman, I have a question for Representative Mercer. I appreciate your being
here --

MR. MERCER: Thank you, sir.

MR. BOGANY: -- And your comments. Is it a concentration of units in this neighborhood, or is it an overconcentration? I mean, I just -- I'm listening, but I'm listening for something to tell me why the people are against this project. Is it assuming that crime is going to come if it goes there? To me, the school district's jobs are to educate whoever comes there. So that's there in.

But I'm concerned whether or not -- it seems like they've taken back the neighborhood and turned it around. And what I've heard in your comments, and I'm reading the letters, is that they think by putting affordable housing there, it's going to go back to where it was before. And I'm just wondering, is there a concentration in the neighborhood right now?

MR. MERCER: They feel they've worked so hard, and they've asked openly -- the community and the school districts -- to work with all developers and help even -- you know, programs that are nearby, they've been asking them part of that, and the comment they had, they feel they've been left out again. They feel because they're a working poor group, that nobody cares about what they think.
And they're saying -- and the schools, too -- are saying, we don't want to know in August that we have 300 more kids in there. Because they want to educate them. But they're responsible for hiring new teachers, portable buildings, or by law, having to transport you across the county to somewhere else if they're not ready.

And that's part of the process, part of new legislation. We're just asking to work as a group, to come together. Now, people can still say no, it goes forward, if they've been communicated. But they've been left out of the process. And that's the feeling right now, that they've been concentrated and targeted before. They've come back, concentrated, targeted, come back. And they're saying, why do you keep picking on us? We're doing a great job. We want to help. We need more affordable housing, but can we follow a process to bless our community?

MR. BOGANY: Thank you.

MR. SALINAS: Excuse me. Did this budget go before the city council? What's the process that they've taken in San Antonio.

MS. CARRINGTON: The particular development that we're talking about, Mayor, is a 2002 allocation of tax credits out of the 9 percent tax credit round, and it was allocated in July of 2002. And then they have met
some milestones throughout that process. So it did have -- it has gone through the necessary processes at the City of San Antonio.

And what has happened now is that there was a deadline of November 14, where the development had to meet a requirement called the Start of Substantial Construction. And they did not meet that deadline, and they did not request the extension in a timely manner. So this is a tax credit deal that's about a year and a half old.

MR. SALINAS: But did the city council give them approval, permits?

MS. CARRINGTON: Yes, sir. They do have the necessary approvals with the City of San Antonio.

MR. SALINAS: They had public hearings in San Antonio?

MS. CARRINGTON: I would think that someone who's representing the developer could better answer that question.

MR. SALINAS: Okay.

MR. MERCER: I would say that was -- I mentioned five people. Now I have six. Your own staff actually recommended to decline.

MS. CARRINGTON: Yes, we did.

MR. MERCER: Thank you.
MS. CARRINGTON: That is in the board book.

MS. ANDERSON: Any other questions?

MR. GONZALEZ: Yes, sir. You had also indicated some opposition before on the Western Hills Apartments. I believe they're in San Antonio. Can you explain what that is?

MR. MERCER: On the Western Hills? Can you refresh my memory on that?

MR. GONZALEZ: There has also been a letter where there was opposition to Western Hills Apartments there in San Antonio also.

MR. MERCER: Is that in the --

MR. GONZALEZ: I received a letter I guess dated in October.

MR. MERCER: Oh, okay. I know what you're saying now. We do send letters out opposing or in favor of, and basically, when a development comes by we do two things. We talk to the community involved, and we talk to the school board. And we say, this has come up -- have you been talked to? They say no. We notify they haven't been talked to. We wait a period of time, go back to the community and school board. And we support our community.

If we feel that when an application comes by, and they have not even talked to the school to let them know this is coming up, maybe you need to work on floating a new
bond for a school, whatever -- well, we do a no-response. A positive response is, yes, you talked to them. And even if the school board and community don't agree, we say you called the process. You talked to the school board and community. When we send a letter against that, that's when it happens. When we call the school board, they have not been talked to, we wait a period of time, we go back and they still have not been part of the communication thing, that's a vital link in building a strong buy-in to the community, and a strong, viable product. So that's when we write a letter of opposition, yes. Thank you.

MS. ANDERSON: Any other questions for the representative?

(No response.)

MS. ANDERSON: Thank you very much, sir, for being here.

MR. MERCER: Thank you all.

MS. ANDERSON: The next witness, James Dodds.

MR. DODDS: Good morning. I'm James Dodds. I'm general counsel and chief of staff for State Representative Ruth Jones McClendon. And she has sent a letter on Agenda Item number 10, and I would simply like to read that into the record. Representative McClendon said:
"Dear Board Members: Thank you for allowing me to comment on the application for extension of commencement of substantial construction for the Heatherwilde Estates Apartments in San Antonio. There has been substantial local opposition to the Heatherwilde project for years. Many extensions have been granted, but there is substantial opposition to this application for extension. The application should be denied. The credits in the project should be allocated back to San Antonio, and should be put into the current round of projects. There are projects in San Antonio that are ready to go right now with local support and financing. San Antonio needs the housing. Thank you for your careful consideration in this matter."

Are there any questions?

MS. ANDERSON: Thank you very much for your testimony.

MR. DODDS: Thank you.

MS. ANDERSON: Mr. Tom Utter?

MR. UTTER: Good morning. Madam Chairperson, members of the Board, Ms. Carrington's staff, my name is Tom Utter. I'm special assistant to the city manager in Corpus Christi. I am here today because Mayor Lloyd Neal is not able to come because of other business. But he did ask me to come and read into the record a letter on Item
10. Not the same Item 10 that the previous speakers -- this is on the Holly Park Apartments in Corpus Christi.
And I also have some other comments. But I'd like to read that letter into the record.

"Dear Ms. Anderson and members of the Board: I am writing to request the Board's favorable consideration of a request for extension for commencement of substantial construction for the subject project. I have only recently become aware that the developer on this project mistakenly failed to timely submit a request for extension by a few days. While I can personally testify to the city itself is that a number of projects that were delayed over the summer and fall due to extremely wet weather, I am very disturbed that the developer failed to timely request this extension, and I can assure that I have conveyed my disappointment concerning that failure. Unfortunately, a recision of the tax credits for this project will eliminate the project's 172 units from being available to our lower income citizens.

"Some of you may remember that I provided testimony before this Board in support of this particular project. This project is an absolute perfect infill project, and is located in a locally designated redevelopment area. The 172 units would substantially assist the city in its housing goals. While I have
watched this Board and this administration of the TDHCA, together with the assistance of the State Legislature the last session, we have a coherent housing program for the state. The absolute enforcement of a penalty for this error by the developer will result in hardships for many in Corpus Christi for years to come.

"The question before you is not one of whether a project qualifies or doesn't qualify, whether the project is correctly located or not, or any one of a number of mirrored issues. It is simply a question of a deadline missed by several days that this Board in its wisdom can rectify. I solicit your kind consideration."

And it's signed, Lloyd Neal, Mayor.

Mayor Neal and the city council has undertaken for a number of years a very aggressive housing program in Corpus Christi. And I don't think we've turned down any housing anywhere. We have a large number of lower income families, particularly large families, and we've been very aggressive in terms of seeking assistance. And this administration and this Board has been very helpful in that regard.

This particular project is not located in an impacted area. It is located in an area, for those of you familiar with Corpus Christi, just south of South Padre Island Drive, which is our large commercial area. It is a
perfect infill project, as the mayor said in his letter, because it has all of the city infrastructure. It's got bus routes, everything, and it's vacant property. There is really no local opposition. The redevelopment area -- it's really called a redevelopment development area. It's not under state law, but it's locally designated. Did have a public hearing when we designated that area, and we've been seeking this project for I guess about four or five years. It's been several applications. And I can assure you that the mayor did transmit to the developers his displeasure for missing it. I happened to be there at the time when he made the telephone call.

We would solicit your approval of this extension. This particular developer has built other units in the city of Corpus Christi, and has done a very fine job. Unfortunately, the developer did miss the time by I think about three days, but we would solicit your approval.

I stand ready to answer any questions you might have.

MS. ANDERSON: Questions? I'm sure I speak on behalf of our Board when I thank you again for the lovely hospitality that we enjoyed in Corpus Christi last year when we had our board meeting there.

MR. UTTER: Yes, ma'am. And I would be
remiss -- the mayor said we'd love to have you back.

MS. ANDERSON:  Mr. Don Jones?  Mr. Chris Richardson.

MR. RICHARDSON:  Good morning.  My name is Chris Richardson from Houston, Texas.  As some of you know, I've enjoyed working with the department for a number of years now in affordable housing.  And I've witnessed a growing tension with the communities and developers as we all struggle to provide Texans with quality affordable housing.

Based on the new rules, the community support has become one of the most important and difficult steps in providing tax credit or affordable housing. The challenge we face is how to achieve community support that not only satisfies the community, but also the developer and this agency.

Last week I withdrew an application for Sundown Village in Katy, Texas, despite considerable efforts to get the community behind Sundown Village. In this effort, we still had significant opposition, even though we had a number of people in support of the project also.

We learned quite a few things from our opposition, and some of the main points I'd like to identify. Number one, the community organizations are very difficult to find. You know, we've checked with the
mayor's office, the county clerks, the cities, and there
are not very many of them that are registered. A number
of the people that were in opposition to our Katy project
felt we should go door to door and knock on all the doors
to let everybody know what we planned.

You know, we must find a way for the developers
to be able to accurately locate the community
organizations and quantify how much opposition they can
be, if they're not registered.

Number two, when it comes to support from
elected officials, we found that a number of officials in
the Katy area basically philosophically opposed the tax
credit -- giving a credit to a C corporation to invest in
affordable housing. It wasn't necessarily the
attractiveness of the property, or who they served,
supposedly. But we've got to come up with a way that,
these are the rules, these are the laws that we're faced
with, that we're working under, we can get support from
the agency to move forward if the project qualifies.

Sundown Village is in Congressman John
Culberson's district. He was very much in opposition to
our development for reasons stated above. But Congressman
Culberson is not on the notification list this year, and
is still not on the notification list for next year. And
I'm not saying that he shouldn't be informed. I've met
with Congressman Culberson myself, and reviewed. He appreciated that sincerity, but he is still basically in opposition of the program, just like his predecessor, Bill Archer.

Another issue that we found is a little difficult in areas where we're at over 100 percent of area median income, is our market studies need to be weighted towards individuals who are most likely to rent, and not necessarily people that are maybe over 100 percent of area median income. The way the department underwrote initially our project, it's too weighted and just takes the population in general, and it makes common sense that these studies should be focused on persons who are most likely to rent.

In a general sense, the same misperceptions of what we all do regarding affordable housing still exists. The negative perception of affordable housing contributes to all the opposition, and it's going to be a core problem in the next couple of years for developers and this Board. This core problem, if overcome, can make our efforts more successful over time.

And finally, I am pleased to report that next week in Katy we're sitting down with the opposition, and they've told us that they have locations that they would support multifamily affordable housing in the Katy area.
So we hope that's successful.

It's my personal hope that this effort will provide south Texans with affordable housing. Thank you.

MS. ANDERSON: Mr. Donald Jones.

MR. JONES: Madam Chairman, if I could address the action items at that time.

MS. ANDERSON: Thank you. Mr. Dick Hatfield?

MR. HATFIELD: Yes, if I could address it at the time. And I'm just here if there are questions or if there is any additional information that you need.

MS. ANDERSON: Thank you. Mr. Jesse Seawell?

MR. SEAWELL: Seawell. Yes, ma'am, you got it right.

MS. ANDERSON: How are you this morning? I remember meeting you in Dallas.

MR. SEAWELL: Good morning, Madam Chair, members of the Board, and Ms. Carrington. Ms. Anderson, I met you at the public hearing in Dallas. It's good to see you again. You told me there that you'd listen to me this time, so I thank you all for letting me present my concerns.

My name is Jesse Seawell. I'm the executive director for Ability Resources, Incorporated, a small non-profit 501(c)(3) organization in Fort Worth. A.R.I. was
established in 1991 to provide affordable housing accessible to very low-income individuals with disabilities, and is a CHDO for the city of Fort Worth, Tarrant County and the State of Texas. We're a small non-profit, but I think we're doing pretty good work.

Over the past twelve years, A.R.I. has received funding of over $3 million to develop 102 residential units for members of the targeted population. A.R.I. has been funded through the HUD Section 811 program, the Housing Trust Fund of your department, and the CHDO funds from the city of Fort Worth.

Presently A.R.I. is developing Willow Bend Creek Apartments, a multifamily residential project featuring 87 units for persons with disabilities and 14 units for members of the mainstream population. This project is the first truly integrated housing development using Section 811 funds for individuals with disabilities living alongside tenants without disabilities. HUD has awarded A.R.I. the necessary Section 811 funds, and A.R.I. has just received a contract from your organization that includes CHDO funds to construct non-811 residential units.

In fact, out of 27 applicants across the state, A.R.I. received the highest score in the state. HUD was pretty good.
HUD Section 811 projects have historically been just for individuals with disabilities. Recent actions by the U.S. Supreme Court, the Congress, the governor of Texas, and the President of the United States, has resulted in the wish for Section 811 projects to be integrated with other units like -- tenants without disabilities. This project is really the first one in the country that I've found so far that is using this -- is trying to be integrated like this.

HUD is still working out the details for development of such a project. Guidelines are expected in this year. The simple fact of the matter is that neither HUD nor TDHCA have ever been involved in a housing project using 811 funds for the accessible units, and TDHCA funds for the other units to create an integrated living environment. We've been doing an excellent working arrangement with TDHCA staff so far, and agree on most of the questions concerning funding of the project. However, I do have some concerns about TDHCA's -- your approach to this new project.

TDHCA rules need to be developed to fit projects that combine Section 811 units with mainstream units to form an integrated facility. Current TDHCA rules simply cannot be used for such an integrated project, since no similar projects exist. For instance, the TDHCA
rules should be revised to include the fact that HUD does not allow any revenue after operating expenses for 811 projects. Retirement of debt must be predicated on the non-811 units revenue, as no revenue will be available from 811 units to fund loan repayment. Based on HUD awards the Section 811 -- or is it a grant?

To their credit, TDHCA underwriters have agreed to adjust their project revenue estimates based on this principle, but the rules need to be permanently adjusted to fit this situation.

Current rules state that developers' fees are to be included as part of a loan. However, if the CHDO contracts the developer to complete the project, the developer's fees are paid to the developer without any repayment required. The funds provided in the loan to CHDO must be paid by the CHDO from project revenue.

It's our feeling that when a CHDO is also the developer, the developer fees should be created as a grant, not requiring repayment. The CHDO has the same kind of overhead for developer as a for-profit developer, and will use the fee to cover other operating costs. Some estimated conservative fees to be profit, but that does not reflect the actual use of the funds by CHDO non-profits.

A.R.I. construction estimates currently exceed
the amount allowed by TDHCA underwriting. A.R.I. considers these estimates accurate since they were obtained from both the contractor and independent estimates. We would like the TDHCA to be open to change in the contract award. If we can find no qualified contractor that will agree to build the project for cost estimated by TDHCA underwriters, we don't really have any final plans in place right now, so you can't really do a firm estimate without plans or specs.

The TDHCA staff is going to work for A.R.I. to resolve most of the problems with A.R.I. funding that have occurred to date. I thank them for the cooperation. I'm asking TDHCA staff to continue to work with us to create a mutually acceptable contract to help develop the Willow Bend Creek Apartment. Working together, we can provide high quality residences in which individuals with disabilities can live in the most integrated community setting possible, as intended by U.S. Supreme Court in its Olmstead decision. Thank you for your cooperation.

MR. CONINE: Ms. Carrington, could we get a staff response memo to his letter? Would you mind? Sometime in the future, would you mind doing that, please?

MS. CARRINGTON: Yes, sir, we will.

MR. SEAWELL: I am meeting with Ms. Carrington tomorrow at 10:30, by the way.
MR. CONINE: You can help her craft the response.

MS. ANDERSON: Thank you.

Brent Stewart, I have your form, and we will call on you only for questions. I appreciate that, Brent.

And at this juncture, I did not impose a time limit, but at the beginning of the meeting today, we hate to do that, but I would just -- so that we don't have to do that, I would just ask you all to limit your comments, because we have a number of witness affirmation forms. We do want to hear from everybody. And if we get to a situation where we have to then impose a time limit if we don't have things moving along. So I appreciate your cooperation with that.

Kelly Mullane?

MS. MULLANE: Yes, I would like to present at Action Item 5.

MS. ANDERSON: Very good. Thank you.

Elizabeth Mueller?

MS. MUELLER: Good morning. My name is Elizabeth Mueller. I'm a research scientist at the University of Texas. My main areas of research are housing and community development. And as some of you know, I've been a participant in the Texas Housing Forum, which has brought together a diverse group of people from
around the state interested in affordable housing issues.

And I wanted to talk to you today about something that's emerged from that -- the Texas Housing Research Consortium -- introduce that organization to you and present our testimony on the implementation of Senate Bill 1664, which is Item 9 on the agenda.

The Texas Housing Research Consortium has been established to facilitate production of independent, rigorous research on key affordable housing issues in the state. It's governed by a broad-based steering committee representing the key stakeholder groups concerned with affordable housing issues in the state. Among these are nonprofit and for profit producers of affordable housing production, residents of affordable housing, advocates who work on their behalf, community institutions concerned with housing needs, governmental officials who administer housing programs, and residents of communities where housing developments have been proposed or located. And I've attached a list of the current numbers to my testimony.

We believe this organization offers several important benefits to the state that are particularly relevant now. First it will act as a clearinghouse for key data and research on affordable housing issues --

MS. ANDERSON: Excuse me. Can I ask you to --
we have some sound problem. Can you speak up just a little bit for the benefit of the folks in the back of the room? Thank you.

MS. MUELLER: Okay, I'll try to do that. It will act as a clearinghouse for key data and research on affordable housing issues in Texas. We will work to provide access to this information through online databases when possible to facilitate future research. It also will offer a process for setting parameters for rigorous research and for judging research proposals by drawing upon the expertise of experienced researchers from university-based research centers around the state.

By drawing upon these seasoned researchers who have no direct stake in the outcome of the research, we hope to ensure that the results are seen as unbiased. I think this is really critical as we consider issues that are highly charged, such as the impact of affordable housing on surrounding property values and other measures of quality of life.

We also will work to build a community of researchers interested in housing issues and housing research. At present, there are few university-based researchers that focus on these issues, although I think there are many who might be interested if we could engage them in discussion about it.
We propose to hold annual meetings that will focus on key research findings and debates, and bring together academic researchers, policymakers, along with housing producers and residents. While the consortium will be housed at the University of Texas at Austin in the School of Architecture, it will bring together researchers from universities around the state.

We believe that using a university base offers several advantages. First, it offers a neutral location for discussions of policy options and research strategies. It also offers the infrastructure for housing and sharing data and research. And it's a natural vehicle for building a network of researchers.

In addition, the School of Architecture at the University of Texas offers a budding community of architects and planners that are concerned with affordable housing policy and design issues. And I've attached a letter of support from Dean Frederick Steiner of the School of Architecture.

We'd also like to offer our input on the research priorities for the coming year for the use of this money. Based on research that we did over the past year to try and gauge what the participants in the Texas Housing Forum thought were the key issues, we strongly support placing priority on research into the impact of
affordable housing development of various types on
surrounding properties and on the neighborhoods where they
are located, and on documenting housing needs in Texas at
the state and local levels.

We spent the past year designing an
organization aimed at producing precisely the type of
research that we think Senate Bill 1664 is intended to
yield. We have put together a process aimed at
facilitating production of independent, rigorous research,
and generating thoughtful ongoing discussions about
housing issues among key stakeholders and researchers.
And we would like to offer our help as TDHCA moves forward
in making this research a reality.

We are exploring with TDHCA staff ways that we
might assist them in implementing the bill, including
assisting in the identification of appropriate research
methodologies to get at these issues, coordinating
outreach and solicitation of proposals from qualified
researchers, assisting in evaluation of RFP responses to
guarantee that research meets the highest standards, and
disseminating the results of research through annual
meetings of academics, citizens and public officials, and
we look forward to continuing these discussions.

MR. BOGANY: I am glad you guys have put this
together. I think it's long overdue. A couple of
comments I had. I honestly -- I heard your comment that you wanted to have a steering committee, a wide base. But I don't see a realtor on your committee. I don't know how you can talk about affordable housing without talking to a person like a realtor, where the tire meets the road. I don't see a commercial realtor here on your list, someone who is dealing with land acquisition and apartments and things of that nature.

And I would highly recommend that you have someone like this on here just for the point of information, just the point of having access to MLS information, or access to how long it takes to get land and the acquisition for multifamily or -- and if you could just help us with this NIMBY idea, I think you paid your way. You know, I'm tired of it. And so I just hope that you can help us with this, and I think that should be your first priority, is to turn this NIMBY thing around. Because I think that's the major challenge. That's the most -- that is what's going to sink affordable housing. Nothing else. The funds are there, the need is there, and if you can help us with NIMBY, we can get some people that are actually out there and there's a business on here that, even though they're for profit, they still bring a valuable piece of information of where the community is going and what's going on.
You know, I hate to say this, but the realtors may even start the NIMBY thing. I don't know. My thought is that they should be on here so you have commercial groups who may be able to give you some information that you may not see because they see it from a profit side.

MS. MUELLER: I appreciate those comments. The steering committee -- this is our initial steering committee, and part of our goal in the coming months is for us to try and add and fill any gaps that we see on the committee at this point. But we'll definitely think about that.

MR. BOGANY: One suggestion I'll make: Texas Association of Realtors has just set up a housing initiative committee, and they have a chairman of that committee, and I would probably call Benny McMahan, who's our chairperson over there, and get him involved and see if he can recommend -- because we're looking at the same thing. And it may be a great time to get someone like that, to see if they can get a volunteer to come over and work with you.

MS. MUELLER: Okay. Thank you.

MR. CONINE: It probably won't surprise you, Ms. Mueller, that I'll echo my friend's comments here on the building side as well. I know you've got a couple of them on here, but there are a couple of trade groups
floating around that do considerable research in this area. And I would encourage you to take a look at them.

I also seen an absence of the financial community on here, both the syndicators and the lenders. You know, most people fail to realize that all this money has to be paid back in form or fashion, and I think it's critical to the process of how to balance the financial underwriting considerations with the community needs.

MS. MUELLER: Yes.

MR. CONINE: And that marriage needs to take place, and if you're going to do something like this, you need to make sure that they're at the table as well.

MS. MUELLER: Yes, we're working on that. We just aren't there yet.

MS. ANDERSON: Other questions for the witness? Thank you very much.

Maria Gonzales?

MS. GONZALES: I'm going to wait until the item comes up.

MS. ANDERSON: Maria Magallanez?

MS. MAGALLANEAZ: I'm going to wait.

MS. ANDERSON: Dale Armwood?

MR. ARMWOOD: I'd like to defer until the action item.

MS. ANDERSON: Two names on this form, I think.
Seth Crone and Becky Newman?

MR. CRONE: Madame Chair, Board, Your Honor, Ms. Carrington. My name is Seth Crone with the Institutional Trust Services of J.P. Morgan. I have here with me Becky Newman in our municipal services/debt services area.

We have an important announcement. Since your last board meeting, we have closed on the corporate trust book of Bank One, so they are now our employees, and they consolidate our lead as the largest trustee in Texas, and an overall debt in the United States and in the world. We're bringing over Jeff Saliveria [phonetic] and most of his entire group will be preserving the specialty groups that they have, and serving both multifamily and single family housing. And we're just thrilled that we're able to continue commitment to this business as it does consolidate with tremendous resources. And Becky and I are part of 760 institutional trust Texans in this area. And we're welcoming our new partners, and we look forward to continue working with you.

Becky does work and serve. She's committed to housing. She serves on your accounts. And she also -- in her backyard, she has a beautifully maintained affordable housing facility. So she is committed. And we thank you for this time today.
MS. ANDERSON: John Shackelford?

MR. SHACKELFORD: Good morning, Madam Chairman, members of the Board, and Ms. Carrington. My name is John Shackelford, and I represent Heatherwilde Estates Housing, L.P., the owner of the Heatherwilde Estates Apartments project. And I'm here to speak on behalf of that project to obtain your approval to the extension for commencement of substantial construction.

Before doing so, and giving you reasons why I think it merits favorable consideration, I would like to first address what Representative Mercer said, if I may, for just a moment.

The issues that he presented and the concerns that he expressed, we appreciate, and we respect those. But all those issues and those concerns were addressed to this board last year prior to the allocation of tax credits for this project. And we don't think at this time it's germane for that particular issue, but we understand that it's part of the process, and we respect that.

But I'd just like to remind everyone that this board had an opportunity to review all of those issues, those concerns, and came to the collective determination that this project merited moving forward and receiving an allocation of tax credits.

As far as why we're here today, I don't offer
as an excuse, only an explanation. The developer and the owner miscommunicated between themselves as to who would be responsible for filing an extension request before it was determined to be necessary. They dropped the ball. Again, I don't offer it as an excuse, only an explanation. Both also thought they would -- where the status of the project was, that they had satisfied the condition for commencement of substantial construction. Again, they were mistaken as to what the standard is, because there has been considerable amount already done on this project by November 14, 2003.

I'd like to point out to you the owner has invested already in this project over $2 million. This project -- the status of construction, which has been under way for some time on a pre-development and pre-construction process, we have at this point, as of today, concrete poured for a drainage channel. We had to already install a 600-foot off-site water main sanitary sewer line. Sanitary sewer lines onsite are being installed right now. Fill material is being brought to the site. Foundation slabs are being staked, and forms are being constructed.

So there's a lot of work already going forward on this project. We have not been dilatory. The reason for why we were unable to meet the November 14 deadline
for commencement of substantial construction were delays
due to uncontrollable events caused by the City of San
Antonio.

The City of San Antonio was prepared to approve
our plat back last summer. In fact, my documents were
ready to go to close this deal June 26. And at that time,
we contemplated a septic system, and the city urged us to
change over to a city sanitary sewer system. And upon
consideration and reflection, we determined that it was in
the best interest of the project to do that.

By doing that, though, that caused some delays
and having to go back and research the feasibility, change
the plans. Then we had to acquire an easement across some
property that's owned by the United States government.
Lackland Air Force Base is there, and we thought they'd
abandoned the property, so we had to go through obtaining
approval from Air Force Base to obtain the easement. And
then after we got them convinced that they still own the
property, then we had to get an authorized representative
of the Air Force to sign off on the document that the
title company would approve.

So it's been one issue after another that we've
had to overcome all these different hurdles. Once we got
through all that -- and that process literally took us
from June to October -- we then went in for our plat
approval. The plat got approved unanimously by the City of San Antonio.

So despite what Representative Mercer said, I think we do have support from the city, because we got approval of our plat unanimously. The Urban Affairs Committee, an ad hoc committee of the City of San Antonio, approved, waiving all impact fees with respect to that project. Again, I think that's further evidence the city supports this project.

And also, we had to go in previously and get a zoning change for our specific use of this property. And the zoning request was approved unanimously by the city council. So I think there's abundant evidence to demonstrate that we do have city support for this particular project.

So here we are. Construction is under way. As of right now, we've got over $2 million invested in this project to date. And the reasons for the delays were beyond our control. Other things I'd like for you to consider is this project has met carryover. We have consummated our interim construction loan with J.P. Morgan Chase. This project, as well, is right next to Lackland Air Force Base, and I think it's common knowledge that the Department of Defense is determined that they no longer want to be in the housing business, that they are seeking
to privatize housing. We think that will be beneficial to this project, being right next door.

Also, it's been announced that Toyota is going to be building a manufacturing plant in San Antonio. This project is within a mile and a half of that plant site, so several hundred jobs will be coming on line. We will be the closest affordable housing project to that location. Kelly USA, which is a supplier to Toyota, is also going to be building a plant. So again, additional employees will be there, so we think we satisfy a need.

This project is in the southern portion of San Antonio, but the city council has determined there is a significant need for affordable housing in this area, and we think we provide that.

So for all these reasons, we think it's important for you to understand that my client is committed to the process, they have exercised good faith in trying to go forward, get their construction done as diligently as possible. For reasons beyond their control, the soonest they could get building permits issued, going through the process we have with acquiring the easement, the government, and everything else was just last Thursday. And since that time, we have mobilized our subs and everything is proceeding as quickly as possible. And today we're pouring one of our foundations. We anticipate
by January 1, having 50 percent of our foundations poured, which would satisfy the standard for commencement of substantial construction.

And some other items I'd like for you to consider in connection with this request.

MS. ANDERSON: If I can ask you to wrap it up.

MR. SHACKELFORD: Thank you. Last year, the Board had 18 requests for retroactive extensions, and all 18 of those requests were approved by the Board. We ask that we be treated similarly, because the Board took action last year. Thank you very much.

MS. ANDERSON: Thank you. Questions?

MR. SALINAS: Did you have a public hearing when you got zoned? When you went before the zoning board?

MR. SHACKELFORD: Yes, sir, before zoning. That's an open public hearing.

MR. SALINAS: What was the outcome of the public hearing?

MR. SHACKELFORD: The city council voted unanimously in favor of changing the zoning to accommodate the use.

MR. SALINAS: Was there any opposition there?

MR. SHACKELFORD: Yes, there was.

MR. SALINAS: So they still voted in favor?

MR. SHACKELFORD: Yes. Any other questions?
MR. CONINE: Mr. Shackelford, when was the construction loan closed on this project?

MR. SHACKELFORD: It was before June. It was probably May or the early part of June, was when we closed our loan transaction.

MR. CONINE: Okay, thank you.

MS. ANDERSON: Mr. Dario Chapa?

MR. CHAPA: I want to thank you all for letting me speak. My name is Dario Chapa. I'm the chairman of the board of the Bexar County Housing Authority. I am here to speak for the Heatherwilde Estates extension, TDCA 02075.

In considering the extension for Heatherwilde, I would respectively request that you take into account the accomplishments we have made.

Now, I was appointed to the board of directors by the commissioner from this area, where the housing is. He hasn't asked me to resign, so I'll take that as a plus, that he knows I'm in favor of this development, and our authority has voted for it.

Our mission is to provide, simply, affordable housing to the people in Bexar County. Of 113,000 people who live in this area, there's only 389 units -- rental units. There's hardly any units in this particular area, but there's only 389 rental units, housing rental units,
that are affordable.

Twenty-three percent of the people in this area live below poverty. I'd like to say that there was some people that said there was not a communication or an attempt to bring in the people from the area into the process. I went to many of their meetings. In fact, I was restricted to less than a minute to speak, but now I'll try to express what we were trying to do.

Some of them came to our board meetings, and we asked them to speak and to have input. And they never did. They just wanted to see what we were doing and how we were voting. But several members of our board attempted, and went to their meetings, to all these organization meetings, and we were always, Okay, time's up, you know, with less than a minute to talk.

We've done everything the QAP calls for. We've jumped through every hoop. The city council has approved it. The Zoning Commission approved it 9-0. The Ad Hoc Committee of city council voted to waive the impact fees. The Planning Commission approved it unanimously. And I see no reason why, after all our work and effort and commitment and expense, that we should not be allowed to continue. We've already got the permits, and we already started pouring the slabs.

The City of San Antonio has an onerous process
of getting permits. And now with the new tree restrictions, we had to tag an identifiable 2,500 trees, and that took a long time.

But I ask you respectfully to please extend our extension so we can complete this process. Thank you very much.

MS. ANDERSON: Questions?

MR. CONINE: Mr. Chapa, how many people are on your board?

MR. CHAPA: Five.

MR. CONINE: Five. And you are in the ownership structure of the project?

MR. CHAPA: Yes, sir.

MR. CONINE: Okay, thank you very much.

MS. ANDERSON: I have a question for you also, sir. Did you or others from the Housing Authority meet with Dr. Pete Anthony, who's the superintendent of this affected school district?

MR. CHAPA: No, we met with some of the principals and we met with some of the representatives. But I personally, or any member of the board, did not. Some of the team did meet with the superintendent of the board. And they did send representatives to city council when we were trying to get the zoning. And we got to meet them there -- the representatives of the superintendent.
He himself never attended the city council himself.

MS. ANDERSON: Okay, thank you.

MR. CHAPA: Thank you very much.

MS. ANDERSON: Mr. Carlos Madrid.

MR. MADRID: Madam Chair and Board members,

first of all let me apologize. I've got a cold, so if I
don't make any sense, just holler at me. I'll go over the
information again.

MS. ANDERSON: Just stay close to that
microphone for us so that those in the back can hear you
as well, sir.

MR. MADRID: We'll try to do that. My name is
Carlos Madrid, Junior. I'm the vice chair of the Bexar
County Housing Authority. I'm a strong advocate of
providing decent housing for the less fortunate of our
community.

And with all due respect to Mr. Mercer, I wish
to share with you the following information. I've been a
commissioner for approximately four years. And I was
appointed by the County Judge, Nelson Wolff. The judge
stands behind the Board on all of our endeavors in
providing housing, affordable housing.

When this project was presented to us, the due
diligence was put into motion. And I'm here to report to
you at the expense of being redundant that the Bexar
County Court approved it, the city council also approved it unanimously, and there was no objections to it, the Planning Commission approved it.

I also would like to share with you that we only had one objection, and also we are in the same position as this Board represents -- that if you have too many objections, that we need to scrap the project.

But we only had one objection. And this lady went to the board -- and it was some time ago, and I really cannot share with you the specifics, other than that it was just not good for that area. That's all. Just one person.

Considering the positive finding and the approval of the County Judge, and his Court, Bexar County Housing Authority agreed to become a partner on the project. And because of my background, which I'm president of a design build firm, I was appointed to monitor the progress of getting the project off to the point where it is right now. I was monitoring the design disciplines, the city staff, as far as the permitting process was concerned, and the planning process. It was not an easy job. I stayed on top of it, so I think I can speak with a little bit of intelligence as to where the problems were.

And I was to report back to the board if there
were any significant problems that the board needed to know that would cause problems, legally or otherwise. So I feel I can speak with knowledge at the problems at hand.

As mentioned, in hearing problems associated with the planning process, of which they've already been discussed with you. However, a significant aspect was a tree ordinance of the City of San Antonio project. And what I would like to do is just I would like to open this up just to give you an idea of the 2,500 trees that the city stayed on back of us that we could not cut.

So this was a very time-consuming process, because the permitting process -- if this particular section holds it up, it cannot move forward. So the planning process was at a standstill until we satisfied the city that we were going to save a certain percentage of all the trees on this site.

Ladies and gentlemen, it is going to be a beautiful project. Being design discipline process, I can show you, if you all can see this, that that is going to be the project.

And what I tell people in my position as a commissioner, that if you were to take this project -- literally, if you could lift it up and put it in a very highly sophisticated area of the City of San Antonio, it would blend in. The city is also imposing restrictions
that we don't have to put any landscaping, they want for it to look like it's the old country style type of an area.

So I'm responsible to my board -- Bexar County Housing Authority Board -- and I'm also responsible to my community, of which I'm very active in. So I am here to ask you to please reconsider this. We have spent a lot of time, a lot of effort, and not to mention the money that the people have spent in getting it up to this point. So I thank you for the opportunity to express my feelings and to -- read this report with y'all. Thank you, folks.

MS. ANDERSON: Thank you.

Mr. John Longoria?

MR. LONGORIA: Members of the Board, thank you for your work and time to listen to us. I appreciate the opportunity.

My name is John A. Longoria. I live at 1807 Peterson, San Antonio, Texas, which is in the south side of Texas. My wife and I have raised five children, and we've lived all our lives in south San Antonio. I'm here strongly in support of the Heatherwilde extension that they've applied for.

As you see me, I'm in my 24th year in elected public office. Nine of those years were in Bexar County Commissioner's Court. The last two of those, I was County
Judge. In January of this year, I retired from State Representative District 117 after ten years of service. I was not able to continue my campaign for reelection because of heart problems.

Having said that, you have already gone through the difficult process of deciding whether Heatherwilde was a worthy development. You made that decision, and I strongly support it and Senator Frank Madla and I strongly supported it at the time, and continued to support it, at the time that this was approved by this Board. This was July 2 of -- in July, rather, of 2002.

I want to address several points, and I'll try to be as brief as I can, although most elected officials are not given to being brief. I don't envy your having to sit hear and listen to some of us.

First of all, we have a significant need for quality housing in south San Antonio. Period. How do we address that? Hopefully, we address it with quality developments, and I'm here to say to you that I have personally toured -- not promises, and not words, not paper -- but I have personally toured the developments that these developers have produced. Mayor Miller from Dallas -- I'm sure if you take the time to talk to her, will strongly support the Southwest Housing, who was one of the primary people involved in this development.
That doesn't say anything by itself, but let me tell you, the community is strongly in support of this program, this development. And I understand that there is at least one group -- whether I agree with them or not is not the point, I respect their right to be heard -- and they have gotten my successor, Mr. Mercer, to come in here and speak against Heatherwilde.

Let me make several things clear. First of all, I want to balance fear with facts. Fact number one: there's a fear expressed that the schools will be negatively impacted. Well, one of the conditions for the continued tax credits -- in writing, it is a condition -- that if you live there, you have to qualify to live there, number one. And if you have children, they must maintain a 95 percent attendance record in school. Does that negatively impact or positively impact? Obviously, with ADA, the monies for children, that has a significant positive impact. So I think that the negative impact on schools fear is not substantiated by the facts of this development.

Crime. You need to know something about this.

The gentleman -- Mr. Bogany?

MR. BOGANY: Bogany.

MR. LONGORIA: I'm sorry. That happens to Martinez, Rodriguez, Longoria --
(Laughter)

MR. LONGORIA: I apologize for that incident of personal embarrassment.

You mentioned NIMBY. There is a lot of that, and this specific area is probably about 85 to 90 percent Hispanic, and most of them poor. But they're poor with dignity and they work hard. They deserve quality housing.

In order to qualify to live in this development, you cannot have any felony convictions, period. If you do, you cannot live there.

Number two: if you had any drug offense -- one joint of marijuana, which is very common now among young people -- one joint of marijuana, a misdemeanor, minor, does not allow you to live in this housing development.

So where is the fear of all these criminals -- those people who will live there, who are going to bring crime back into the neighborhoods, all this graffiti and crime? The facts do not bear out that fear.

What about schools? This development requires, and is committed in writing as part of their conditions, that they will provide after school care. They provide a computer lab for children. They provide tutoring. They have a program that involves a -- they call it IDA. The residents can put money into a savings, and it's matched two to one by the development and the programs and monies
that are available to it. And that money is earmarked for
either purchasing homes -- which is encouraged, and they
provide classes for home buying -- or you can take it into
education, and it's matched.

This is quality. This is the --

MS. ANDERSON: Sir, I need to ask you to begin
to wind it up.

MR. LONGORIA: Thank you, ma'am. Senator Madla
and I support this. As you look at me, I am the chairman
of the board of the Bexar Metropolitan Water District. I
just had the honor of being elected to that. I've
regained my health. There's no telling what else I'll do
in the future, but at this time, I would say this to you,
too. As far as impacting property values, the average
cost for these units -- $80,000. The housing in that
specific area is way below that. So this has a positive
impact.

Folks, match facts with fear. You've already
made the decision approving the whole development, and the
tax credits. You're being asked to reconsider that.
Okay. The Board has to make its own decision there. But
look at the facts. Consider the fear.

People have the right to be fearful. But this
is not the kind of housing and development that is harmful
to the neighborhood. I wouldn't support it if it was. I
strongly support this. This is quality. This is an improvement for our community, and the history is that 75 percent of the residents are going to be already from that area. They're going to be leaving substandard housing. It's going to be an improvement in their quality of life and their housing need.

And I appreciate the time that you've already given me. We need affordable housing. This does not have the stigma -- the NIMBY stigma -- that many people are fearful of. This is a positive thing. And if they look at the facts, and look at the thing from the ground -- that they've already done the history of things, not just words -- this is a good program. Thank you, ma'am. Thank you, board member.

MR. CONINE: Mr. Longoria, I appreciate your comments. And as a board member, I'm having a hard time reconciling your comments with Representative Mercer's comments. Have you had a chance to visit with him about this?

MR. LONGORIA: When I supported him for election -- and he's from an opposite party -- I supported him, and I made known to him at that time that I strongly supported this program. He makes his own decisions, and I respect that. But since he was elected, I have not talked to him about this. He has not talked to me either. And
he lives totally across town. I live in the south side of
the area. Not in the immediate neighborhood, but my
lifetime has been out there.

As a commissioner, as a state representative
for that area, and now as I continue as an elected
official, I care about that community. That's been one of
my biggest efforts, is development in south side, and I
can tell you that housing is a very significant need.
School and education is a very significant need.

This development is a positive effort in those
lines. And I know people fear it. People are always
afraid. If you'll allow me one thing. In 1985, I was the
commissioner that brought in CDBG into Bexar County. I
went in and faced some of the north-side communities which
are very much affluent. And one of the cities voted
unanimously against my proposal, telling me in my face,
You just want to bring in those big fat welfare mamas with
twelve kids into our neighborhoods. And I'll never forget
that until I die.

This is not that kind of program. It is not
that way. It is a positive, caring program that provides
schooling, tutoring, computers. Good things for the
neighborhood and for the people that need it.

MR. CONINE: Thank you very much.

MR. LONGORIA: Thank you very much.
MR. SALINAS: I just want to relate that we respect the decision of the mayor and the city council that made the decision, and the planning and consulting. We merely respect what they do. And my position is that is what we need to do. We need to give out an extension. We will. I think the public hearings and these arguments need to be left to that community. It's already been approved. I just don't think that we should have a problem with this item.

And those building permits, and those public hearings are always held at the local communities, and this is where it's got to be voiced. And we've had other problems with other communities, and we've been able to let them decide. I think this project has already been decided by the people that govern the city of San Antonio. So I want you to know that you've got my support for this project. And I don't want you to think that we are going to leave the people that are carrying the weight with the project already started. And I don't know why the contractor did not extend the application or the extension in time.

But this is not a game, you know. We made a commitment for San Antonio, what we did. And if there is a good reason why they took their time, I don't have any problems doing the extension. I'm not about to leave
anybody hanging, especially the community that supported
the community and this project.

MR. LONGORIA: Thank you, sir. For the record, in case it has to be said, I have absolutely zero
financial or any other kind of interest, other than
personal concern, in this development or any other
development.

MS. ANDERSON: Thank you for your testimony.

MR. LONGORIA: Thank you for listening.

MS. ANDERSON: Bobby Leopold?

MR. LEOPOLD: I'd like to wait for the agenda items.

MS. ANDERSON: Okay. John Pitts?

MR. PITTS: Good morning, Madam Chair, board members. My name is John Pitts. I'm an attorney with the law firm of Akin, Gump, Strauss, Hauer and Feld.

I am here not to speak for or against Item 10, the Heatherwilde development. And it's a very hard act to follow what you just had. But I only desire to speak today about what would occur if you did reject the extension, and what would occur with the tax credits, if those tax credits are to be reallocated.

I am here representing the Villas at Costa Verde. This is a development that was approved by the city council, approved by the mayor, et cetera. It was
submitted in 2002, resubmitted in 2003, and is the only project for that region that remains on the waiting list. Awarding these potentially returned credits to the Villas at Costa Verde accomplishes several important policies of this Board. One, it preserves a regional distribution of housing funding. The potential failure of the Heatherwilde development should not penalize the awarding of credits -- or the allocation of the credits -- between all of the regions, and penalize Region 9 -- what was then called Region 8A. If these credits are returned to the 2004 pool of credits and split between all of the regions, Region 9 will lose approximately 80 percent of these credits.

Second, rewards a developer who has been working with the community. The Villas at Costa Verde is widely supported within the community by neighborhood associations, city, mayor, city council members, and other political leaders in the community, including the state representative and state senator.

Number three, awards the partnering and leveraging with local funding sources. The city has awarded this development $1 million of HOME funds, and has recommitted this amount to the developer. I ask you to please use your discretion today to preserve the policy of this board regarding allocation of credits to regions, and
if you do decide not to extend the extension, to consider
the Villas at Costa Verde. Thank you.

MS. ANDERSON: Thank you.

Jim Meyers?

MR. MEYERS: Madam Chairman, ladies and
gentlemen, my name is Jim Meyers, and I have no idea what
I'm going to say. Following Mr. Longoria is like being
Alka Seltzer after a good meal.

I would like to tell you that I've lived in
this area for 32 year. I'm president of the local
homeowners group known as PACE -- People Active in
Community Effort.

I first was made aware of this project over a
year ago. I brought along a letter of support that I read
at that time from Senator Madla. All the issues that I
was prepared to discuss with you today have already been
discussed. If I were on the opposite of this issue, the
questions I would ask, and have asked, is, is there a
need? And it's a resounding yes, as Mr. Longoria has
already stated.

Will this project pay its share of school
taxes, which was addressed at the school board. Now, the
answer is a resounding yes. It will.

The next issue would be, is there a quality of
construction? I traveled up to Dallas when this first got
started over a year ago, went through about four or five different projects, including senior home developments. We're tremendously impressed with not only the quality of constructions, but the amenities that the project has to offer for after school hours for the children and their tutoring, their very extensive computer program, their labs.

Most children who get into trouble get into that trouble when they leave school, before their parents come home. This project provides tutoring for the children, it provides a very extensive computer lab. And so, in my estimation, it is a win-win situation. It's beyond my comprehension how anyone can say that they are in favor of affordable housing, to look at this project and be opposed to it. I think the question here today is rather academic.

I'm not very knowledgeable about tax credits and bond issues. However, I have a firsthand knowledge of poverty, the distress that it creates, and the need for good, quality housing. And it is further acerbated by the fact that Toyota is building right in our backyard. Kelly USA, where I served on the board of directors, has converted from a closed Air Force base to where it now employs 12,000 people.

So the need is there. Your decision, I'm sure,
is whether or not to extend the tax credit. But so much work has been done. All the committees have been met with, the city council. I've attended so many meetings, I feel like I've become a zoning attorney. But the zone requirements have been met. The city council meetings have been attended, the tax issues have been addressed. And I can't add anything else, because everything I was going to say has already been said.

But I will leave you with this comment by Mr. Tip O'Neill. "The true measure of a society is how it cares for the very young and the very old." And I believe this project will fit right into that category.

And in closing, I will give you a quote from my boyhood hero and my former Commander in Chief, Harry Truman, who said "Always do what's right. It will gratify some people and astonish the hell out of the rest."

(Laughter)

Thank you very much for your time and your favorable consideration. Thank you.

MS. ANDERSON: Thank you, sir. Any questions for the witness? Thank you so much.

MR. MEYERS: Thank you.

MS. ANDERSON: Okay, I have six more witness affirmation forms. I think that's all on that particular topic. And I've got some board members that are almost
ready to take a break, but I'm going to try to hold us here to try to finish this original public comment period. So I ask you again to be kind to the board in terms of the length of your comments.

The first form I have is for Kelly Elizondo.

MR. ELIZONDO: Madam Chair, members of the Board. Thank you for the opportunity to address you here today.

I'm going to read my comments that I brought. I think it will be briefer that way, and I'll cover all the points that I want to make sure that I want to cover with you.

My name is Kelly Elizondo. My business address is 5815 West William Cannon, Suite 105, Austin, Texas. I am the managing general partner of H.K. Housing Partners, a limited partnership developing Holly Park Apartments in Corpus Christi.

Holly Park Apartments is a 172-unit development comprised of two- and three-bedroom fourplexes located at 3330 Holly Road, which is being developed using a 2002 allocation for tax credits. Construction and permanent financing is being provided by PNC Bank. The equity is being provided by PNC Multifamily.

I put together a red notebook for you to give you an overview of some of the issues and will provide you
greater detail of the items that I'm going to cover here.

H.K. Housing Partners is requesting an extension of the substantial construction completion deadline established for the tax credit program. Unfortunately, our request for that extension was submitted after the established deadline due to an administrative error on my part.

As a retired public official, I understand the dilemma and can only apologize for that oversight. I will note that this is my third major development in Corpus Christi, and that I have always been timely in the past on meeting any and all benchmarks, and I hope to always be timely in the future.

In this case, our extension request is predicated on extraordinary weather that we received in Corpus Christi. Our site received over 40 inches of rain during the summer and fall. And basically we couldn't get around and do the heavy work that we needed to do.

We're very proud of our site. It's located in a designated redevelopment zone close to many amenities and on two major thoroughfares. Beyond those advantages, though, the site is very flat, minimizing the cost associated with a topol [phonetic], but conversely, the lack of slope delayed the drying process. Eventually we couldn't rely on age alone, and we had to pump out the
That being said, we do believe that the Holly Park we completed will be a significant relief to the city. For the record, the project is significantly under way. Initial permitting has already been granted, and much of the infrastructure in terms of the water, sewer, stormwater drain system for the development is substantially complete.

The framing of the foundations is under way. We have several photographs in the notebook that we've created for you that clearly indicate that the progress that we're referring to here is in place, and is a fact. We've spent over 21 percent of our total development cost, and we spent over $1 million in hard construction cost. The construction is evident. It is substantially under way, and as speak today, I have lots of people on the site digging trenches and putting in forms and finishing up.

Also present today is Nicole Flores, who is a PNC multicapital who can provide you the lenders' perspective. And we also have Ms. Dykema, who is the architect for the project. And she can certify to you the rate schedule and our current condition.

Some of you have had the opportunity to visit some around the state, Corpus Christi, when the TDHCA had its board meeting. And I was real proud of the fact that
you took time to visit and you became familiar with it. I assure you the same quality and care is being used in the development of Holly Park.

And I also had -- and as mayor, I can tell you that receiving a call from the mayor's office saying, what are you doing, or, why didn't you do this right, is not a lot of fun, and I apologized to the mayor and I assured him that we would do our best to do what we needed to do to carry out this development for the city.

MR. SALINAS: You're talking about your mayor, right?

MR. ELIZONDO: Right, the mayor of Corpus Christi.

(Laughter)

MR. ELIZONDO: Receiving a call from the mayor of Corpus Christi, who is a retired military official, telling you, why didn't you meet this deadline, was not a lot of fun, but yet at the same time, he's always been supportive of our efforts.

I ask you to grant TDHCA project number 02107, the extension requested, and I apologize to you for the work that I've caused you. Thank you for your consideration.

MS. ANDERSON: Thank you.

MR. SALINAS: You know that the staff's
recommending against you on this.

MR. ELIZONDO: I understand.

MR. SALINAS: The mayor is going to be real upset.

MS. ANDERSON: Nicole Flores?

MS. FLORES: Good morning, Madam Chair, Mr. Vice-Chair, distinguished members of the Board, new Board members -- Delores -- staff, Ms. Carrington. My name is Nicole Flores. I'm very pleased to be here this morning and speak to you on behalf of PNC Bank. For the record, the bank's local offices are addressed at 6209 Ledge Mountain Drive here in Austin.

I'm speaking today in support of the extension request relative to the date for commencement of substantial construction completion for TDHCA project number 02107. This project is the Holly Park Apartments in Corpus Christi, a project we at the bank have affectionately termed Lake Holly for the last five months since its closed construction loan.

PNC Bank has a substantial role in this project, having arranged for the syndication of the tax credits, as well as providing both the construction and permanent loan financing. To date, PNC has arranged for the construction on closing in June of this year, along with admission of the special limited partnership, an
installment of initial tax credit equity in the amount of $1.4 million.

In addition, construction loan proceeds in the amount of $1.2 million have been disbursed to the partnership for work completed to date. Over $2.6 million totaling 21 percent of the development cost for the project have been expended to date.

PNC employs a third-party construction inspection firm, Betzler [phonetic] Construction, to provide regular progress and draw assessment visits to the project site. Mr. Dave Betzler, president of Betzler Construction, was at the site on June 30, July 30, September 3, October 1, November 5, and December 3, to assess the construction progress for the monthly draws.

Following Mr. Betzler's last site visit on December 3, the site construction progress was approved at 12-1/2 percent, and showed significant progress toward completion of the underground utilities and foundation form work. Mr. Betzler's previous reports indicate that heavy rains during the course of some site inspections and site conditions remained unsuitable for preliminary construction activity.

I'm fortunate to have immediate family in the Corpus Christi area, so beyond my role at the bank, I've had the opportunity to visit this construction twice since
the construction commenced. On both occasions, there were torrential downpours which flooded many streets throughout Corpus Christi. In visiting the site, there was no activity. I was frustrated, as a lender of this project. I wanted to call the developer, I wanted to yell and fuss and scream. There was no one to blame. There was no one to blame but Mother Nature for the delays at the site.

I had a lengthy meeting with the developer and the development in October. We spent the day together regarding overall progress and the need for revised schedule that would meet the timelines of all parties involved.

Mr. Elizondo and Ms. Dykema, the project architect, provided me with substantial evidence of the rain delays outside of the instances where my inspectors and I had personally witnessed substantial torrential rains at this site. In addition, the development team presented a coherent plan for regaining the time on the project's schedule. Since rains in Corpus have ceased in the last few weeks, the site has become buildable we have witnessed significant progress, evidenced by substantial completion of the site utilities and installation of foundation forms. I understand the contractor will be pouring foundations in the next few days.

As the finance partner in this transaction, we
have strong confidence in the capabilities of the
development team to complete this project on a timely
basis. I urge you to not slow the progress of this
development.

Our most recent market updates earning special
visit in October indicate that among affordable projects
in Corpus Christi, the occupancy rate exceeds 96 percent.
There are waiting list at several of the other tax credit
properties currently in existence in that city. We would
believe there is a great need for additional quality
affordable housing in Corpus Christi.

Please support the request of this applicant to
extend the deadline for commencement of substantial
construction. Thank you for your time this morning, and
I'm happy to answer any questions.

  MS. ANDERSON: Thank you.
  MS. FLORES: Thank you.
  MS. ANDERSON: Ms. Dykema?
  MS. DYKEMA: Good morning. I'm Bibiana Dykema.

I'm a principal with Dykema Architects in Corpus Christi.
I've been practicing there for 25 years. And we have
experienced tremendous rainfalls. We actually -- I hate
to say this with Kelly in the room -- but we love them,
because we went through terrible droughts, but we have
gotten the rain we want, and we don't want any more rain.
And I have many projects that this has impacted.

This construction team -- the superintendent and the project manager -- are all very committed. During all this rain, they've given me 80 percent of the submittals, so we've gotten that all out of the way. They kept producing more and more work to try to keep going.

So my only concern is now they're going to be going so fast that I'm going to be out there every day. But we're pouring foundations next week, and progress is speeding along, because we've had about a month without rain.

So I'm very confident in the team, and I just wanted to relay that to you -- that it's now making great progress, and we're hoping that maybe the rain will let up for the next six months or so. Any questions?

MS. ANDERSON: Thank you very much.

MS. DYKEMA: Thank you.

MS. ANDERSON: Bob Sherman. Mr. Sherman, do you want to testify now, or for the --

MR. SHERMAN: No, I filed that form just in case Kelly needed some support, so there's no reason for me to speak now.

MS. ANDERSON: Okay. Thank you.

I have a form that -- it's someone that supporting an Arlington project, Item 6(c)(1), a person
that lives in Dallas, but there's no name on this form.

MR. FISCHER: It's me, Bill Fischer. I'll speak at my item, Parkview Townhomes.

MS. ANDERSON: Oh, okay, Bill. Tom McMullen.

MR. MCMULLEN: Madam Chairman, honorable members of the Board, distinguished staff, good morning. My name is Tom McMullen. I'm the developer of the Kingfisher Creek Apartments here in Austin, and I'm not here to ask you to do anything here today, I'm here to thank you. I just wanted to take just one minute, not three, and thank you.

You heard our agenda item in March relating to a departmental deadline. You granted an extension, or some relief with respect that extension. And since that time, we have placed the project in service and have met all the department deadlines. And all I really wanted to say was thank you so much for recognizing that development is a series of hurdles. A lot of times things don't go the way you think, but together we solved this, and we very, very much appreciate it, and we're very grateful. Thank you.

MS. ANDERSON: Thank you, Mr. McMullen. We're going to take a short break, like a ten-minute break. But before we do that, I want to be sure and acknowledge -- you heard the testimony from Representative Mercer earlier.
this morning. We're also pleased to have his chief of staff, Don Jones, with us. We're pleased to have Jeremy Mazer [phonetic], Representative Caligari's staff member, as well as Beau Rothchild, who is the committee support member for the House Committee on Urban Affairs. Welcome to you all. Appreciate you being here.

We'll take a ten-minute break.

(Off the record.)

MS. ANDERSON: Okay, our next item of business, Item 1, is Presentation, Discussion, and Possible Approval of the minutes of the Board Meeting of November 14, 2003.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: We have a motion and a second. Any discussion? Hearing none, all those in favor?

(A chorus of ayes.)

MS. ANDERSON: Those opposed? Motion carries.

Item number 2 is the Appointment of Committees of the Board by the Presiding Officer. That would be me. I'm pleased to be here. I appreciate the Board's patience and their good will today as I, as well as the staff, work to try to begin to fill some very big shoes that were left by our former chairman, Mike Jones, who I think will be missed by our staff, and certainly by the Board.
And he left us many lessons, but he personally left me one valuable lesson, and that is that the need for our Board, from time to time, amidst all of our complicated rules that are established for very prudent reasons -- to also balance those rules against what Mr. Jones liked to call plain old common sense. And I think that was good advice that I've taken to heart, and I hope will continue to serve this Board and me well as we move forward.

I also want to welcome our new Board member, Pat Gordon from El Paso.

We're very pleased to have you join the Board, Pat. We're pleased to have El Paso represented on this Board.

(Applause)

MS. ANDERSON: I think Pat's esteemed legal background, as well as his personal background, bring an important new perspective to the Board, and I'm sure my fellow Board members who had an opportunity to meet him last month join me in welcoming him.

MR. CONINE: Speak. Does he want to speak?

MR. GORDON: How are you all doing? As you can tell, I've been pretty quiet this meeting. But I look forward to serving on the Board. I look forward to carrying on everything to do with the Board, and doing the
best I can. And I've got a lot to learn still, but I'll
do my best, and I appreciate everybody's support. I
appreciate everything Edwina has done for me. I've had to
learn -- had a crash course in a lot of things, and the
Board has been very supportive. And once again, I look
forward to serving and doing a good job the best I can.
Thank you.

MS. ANDERSON: Thank you, Pat. It is my
pleasure at this time to make committee appointments. We
have three -- traditionally have had three standing
committees here at the Board level that I think all have
an important role to play. And so I will discuss each of
those in turn.

Our Finance Committee handles a wide variety of
some of our financial issues. Vidal Gonzalez will chair
that committee. And then I've also asked Kent Conine and
Shad Bogany to serve with him on the Finance Committee.
And I'm going to use a little personal privilege to give
each committee just a brief charge.

Our Audit Committee, which I had the privilege
of serving on for the last couple years, has been very
active. That's good news and bad news. We needed to be
active, but the good news is, the committee and the
agency, with a lot of hard work from the staff, have come
a long way under the leadership of David Gaines in the
last two years, resolving a number of audit issues.

But it proved that an active committee can really provide the support to management in order to get some significant progress made. So I'm asking the chairman of our committees going forward to initiate an active agenda to make all of these committees very active components of our life here at the agency.

In the area of finance, we've talked for some time, and I hope that we will be able to pursue the notion of committee agenda around bond finance, review of all our bond finance. There have been tremendous changes, particularly in the mortgage market over the last year or so. With the interest rate environment we're in, I think a review of that would be very helpful to the Board.

In the area of Programs, I've asked Kent Conine to chair the Programs Committee. And Vidal Gonzalez and I will serve with him on that committee. And sort of the charge to that committee is that we get very busy following the last two sessions of the legislature, where there's been significant change to the underlying legislation of the agency that require a lot of rule-making and a lot of hard work on the part of our staff to make sure that we're complying with the legislative intent of those changes from the last two sessions.

And so perhaps we haven't spent as much time as...
we might looking individually at the programs of this
agency, and then sort of cross program at the functions or
the populations that these programs serve, whether it's
rental assistance or owner-occupied, at-risk rehab versus
new construction. So both sort of program silos and the
functional areas and a review at the Board level, with the
staff's help, I think may uncover some additional
opportunities that help us really target our resources
where the housing need really is. And so I look forward
to seeing the work of the Program Committee in that area.

The Audit Committee -- I've asked Shad Bogany
to chair the Audit Committee, assisted by Mayor Salinas
and Pat Gordon as members of that Committee. And I think
this Committee over the last couple of years, under
Vidal's leadership, has made huge strides as a Committee,
and certainly none of that would be possible without the
work of David Gaines, and really everybody on the staff
who had an audit-related issue or an information systems
issue that came under the Audit Committee's purview. But
I think there are some additional opportunities to
continue that good work.

And so I appreciate Vidal and Kent and Shad
each agreeing to chair these committees, and look forward
to, as I hope you will, participating in those committee
meetings as items of interest come up for you.
And I just want to say one other thing. It's been a long year. We've had a legislative session in Texas that always adds to the operational tempo in this agency. There were significant changes voted by the legislature and signed by the Governor in June. The staff has worked very hard to get all the proper rule-making in place so that our programs beginning January 1, 2004, for the tax credit cycles, and so forth, fully reflect those legislative directives.

And we've had a busy time with a lot of public comment on a lot of these rules. We've had some Board meetings in the last year that -- I want to say this one is -- I'm very pleased by the tone and the tenor of the public comment in the meeting this morning. There are some tough issues at play this morning that are in front of this Board, but the tone and the tenor of the public comment has been very civil and very constructive. And many of us know that that's a standard that sometimes our public comment doesn't quite reach.

And so I would ask that the tone and tenor that we've witnessed this morning be the model for us going forward. This is the season of peace --

(Laughter)

-- and so I would wish peace for each of you all, and that we have peaceful dialogue between ourselves.
We can be really tough on the issues, because we face tough issues together, all of us, as members of communities, as members of the development community, financial community, advocacy community, Board staff -- all of the publics that are interested in these topics. We can be tough on the issues, and still be soft and civil on the people.

And so that's my aspiration for how we will complete this Board meeting and enter in the new year together. And I appreciate my friendship and colleagueship with each member of this Board, and with the senior staff of the agency that I am privileged to work with. And I appreciate the committee members agreeing to serve on these committees going forward.

(Applause)

MS. ANDERSON: We turn now to Item 3, which is Presentation, Discussion and Possible Approval of several documents produced by the agency.

Ms. Carrington?

MS. CARRINGTON: Thank you, Ms. Anderson. I would like to also congratulate you as the new Chair of the Board of the Texas Department of Housing and Community Affairs. And I have been working on Madam Chairwoman, Madam Chairman -- I just, you know --

(Laughter)
MS. CARRINGTON: So I may slip a time or two. So thank you very much and congratulations.

MR. CONINE: How about Chair Mom?

(Laughter)

MS. ANDERSON: And welcome Mr. Gordon, also.

The first item for the Board's action this morning is the approval or consideration of approval of the 2004 State of Texas Low Income Housing Plan and Annual Report. This is a document that the Board approves on an annual basis, and you typically look at it in December of every year.

This plan is one of three that is produced by the agency. It's a comprehensive planning document. This one, the Consolidated Plan, which you're going to look at next, and the Strategic Plan, which is not on the agenda today. The SLIHP, as we call it, actually does four things. It has four capacities for the department. It provides an overview of our housing and housing-related programs and priorities. It outlines the state housing needs. It provides TDHCA program funding levels, performance measures, and reports on the department's activities during the preceding year.

We've highlighted for you on your summary page the major changes from the 2003 State of Texas Low Income Housing Plan and Annual Report. I think probably very
significant, of course, is the 78th Legislative Session overview. And then the last bullet, the Regional Overviews, now include available funding performance measures, anticipated allocations, in the various regions. And it also provides the comments from the Community Needs Survey and the Regional Advisory Committees. And this is the first time that we have been able to provide this information now on a regional basis.

There have been three changes since the draft plan went to the Board in September for you all's approval before it went out for public comment. And that is, we have identified a $3 million set-aside in the multifamily for the HOME Program that would be for the development of small units -- small numbers of units -- ten-, 15-, 20-unit developments. We made adjustments to the regional allocation formula and the affordable housing needs score, which you all approved at the November Board meeting. And then we made some minor language changes.

We do have, as is our practice, an Attachment A to this document that's a reasoned response. It's the public comment we received on the various components of the State Low-Income Housing Plan, and the staff's response to those comments.

And with that, I would ask the Board if they had any questions, and we are asking for your approval of
MR. BOGANY: So moved.

MR. GONZALEZ: Second.

MS. ANDERSON: We have a motion and second.

Discussion on the motion? Ready to vote? Hearing no discussion, all in favor say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed?

(No response.)

MS. ANDERSON: Motion carries.

The second document for your consideration is the 2004 State of Texas Consolidated Plan and One-Year Action Plan. This is the document that is required by the Department of Housing and Urban Development, and it describes the federal resources that will be available to the agency and actually to the state. It not only includes Texas Department of Housing and Community Affairs, but it includes ORCA, the Office of Rural Community Affairs, Texas Department of Health. It also outlines the method for distributing the funds.

And the funds in particular we're talking about are community development funds, CDBG, which go to ORCA; HOME Funds, which come to the department; the Emergency Shelter Program, ESG, which also comes to the department; and Housing Opportunities for Persons with AIDS, or HOPWA.
And those funds actually go to the Department of Health, but it is our agency's responsibility, since we receive the majority of the funds, to create this plan.

We've identified the capacities that the plan serves for the agency. On the second page, we have identified for you the summary of changes from last year to this year. And the one and only -- we've told you we've updated the HOME allocation based on legislative changes, and what that was, was the new discussion of urban, exurban, and then rural and then changes from when the plan went out for draft back last fall, to what you all are looking at today. Again, a reasoned response is provided for you.

This plan was one of 13 or so documents that the agency did have under consideration in our 13 public hearings around the state, and our consolidated public hearings. And as we've told you before, we had about 250 people in attendance at those public hearings.

MR. CONINE: Move for approval the 2004 Consolidated Plan.

MR. GONZALEZ: Second.

MS. ANDERSON: The motion is seconded. Any discussion? Hearing none, all those in favor?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.
Let's say congratulations to the Center for Housing Research, Planning and Communication. This is a good part of the work they do. Very major documents for this agency, so congratulations Sarah Anderson, the director, and your staff.

The third item for your consideration under this section is -- we are proposing an amended rule which would amend our existing public comment procedure. We currently have a rule addressing how the department will take public comment. As a result of Senate Bill 264, in particular Section 4 of that, that legislation says that the Board shall adopt rules governing the topics that may be considered at a public hearing. So what we are doing is amending our existing rule for public comment procedures, and we'd be calling it Public Comment Procedures and Topics at Public Hearings and Meetings.

You will see a list of ten of those items on your summary, and for your information, if these look fairly familiar to you, we did include those already. They have been included in the 2004 Qualified Allocation Plan as discretionary factors. So staff is recommending the adoption of the amended rule, and that rule is included in your Board Book.

MR. BOGANY: So moved.

MR. CONINE: Second.
MS. ANDERSON: We have a motion and second. Is there any discussion? I have one comment as a Board member to make on this, or suggestion to make. I think we've worked very hard. Those of you that were in this industry three or four years ago know that two sessions ago, one of the criticisms leveled at this agency was that we did not consider public comment. And so we have taken significant measures, which you heard again, this morning, to take public comment in a variety of public hearings.

I mean, I think the public hearing schedule continues to grow. We take public comment at the beginning of the Board meetings, we take it as an option at the agenda item. And so I think we have a commitment to not sort of limit and prescribe public comment. Quite the opposite -- we invite public comment.

It's my personal experience that to define something is to limit it. And so my -- I guess I need to figure out how to put this in the form of an amendment for the Board to entertain -- is that for the purposes of this draft proposed rule that's going to be published in the Texas Register, that rather than the language that's in the rule that takes the ten items that were legislatively defined and expands them to some number quite a bit larger than that, that for the purpose of the proposed rule, that we substitute the actual items in the legislative
language, and then we let the public comment period do its -- play its role and we see where that public comment takes us. And I would offer that as an amendment to the draft rule.

MR. GONZALEZ: Second.

MR. CONINE: Ms. Carrington, could you comment on the differences between the two, I guess? Why staff was recommending the verbiage that's in front of us.

MS. CARRINGTON: Mr. Conine, I will ask Chris Wittmayer, our general counsel, to respond to that.

MR. WITTMAYER: Chris Wittmayer, the department's general counsel. We first considered this new legislation in Senate Bill 264 when we were redrafting the 2004 QAP. There is a provision in the statute which says that -- well, the basic thrust of the statute -- it says that the rules must require the department to consider the following topics in relation to a proposed housing development. And the last item is, any other topic that the Board, by rule, determines to be appropriate.

So when we went through the QAP process, and we were putting it together, we thought that there were some additional topics we thought appropriate to add. It's entirely in the Board's discretion if we should go strictly back to the Senate Bill 264 language, and not
include any additional ones, and see how that comes out in the public comment, or to propose a rule which tracks what we have in the current QAP, and change it after or during the public comment period.

I guess one concern I would have is there is a limitation in the law on what changes we can make after the public comment period. That is entirely in the Board's discretion to choose to amend the rule that the staff is putting before you as a possible proposed rule which we'll put out for public comment.

MR. CONINE: So the words that are proposed in the draft comments are right out of the QAP.

MR. WITTMAYER: Correct.

MR. CONINE: And the words that are on page 1 is right out of the legislation.

MR. WITTMAYER: If you'd like, I could go through each item and tell you what's --

MR. CONINE: No, that's not -- I can read. I can see here. The differences, you know, such as -- let's take Item 3 as an example. The compliance history of the developer, is what the statute says. And what the QAP now says of the compliance history, the applicant and/or developer. Slight modification.

MR. WITTMAYER: Right.

MR. CONINE: No real big deal, but picks up an...
extra entity, as opposed to what the statute did. I understand we did this in the QAP. In the QAP, are we still talking about public comment? In the QAP? Is that what we were addressing here? Or was this list a different list?

MR. WITTMAYER: In the QAP, since this rule says that the Board must consider these items, we thought it appropriate to make these discretionary items when the Board approves a tax credit development, or reviews a tax credit proposal for possible allocation of credits.

MS. ANDERSON: So there are discretionary factors in the QAP.

MR. CONINE: Okay. Do you understand what -- they're saying there's a mismatch now between the rule for public comment and what we voted on last month for the QAP. I guess what would happen in that circumstance is that if you're coming before us, you still got to meet the QAP, whether or not the rules of public comment. If you have a broader inclusion, I would think.

MR. WITTMAYER: It's not that big a problem if there's an inconsistency between the two rules. This just says that these are topics that the Board must consider at a public hearing. The QAP factors, which generally list the same items, are discretionary factors which the Board can use to choose to make a tax credit allocation and vary
from the scores which rank the various tax credit applications.

MR. CONINE: What you're suggesting, Ms. Anderson, is that we just follow the letter of the statute, see what shows up.

MS. ANDERSON: And see what the public has to say about the way we take public input.

MR. CONINE: Okay. That's all the questions I have.

MS. ANDERSON: Any other questions? Ready to vote? All those in favor, say aye.

MR. CONINE: What -- you're voting on the amendment?

MS. ANDERSON: Oh, I'm sorry. Yes, we are voting on the amendment.

MR. SALINAS: Is that recommended by the counsel, that we can do the amendment?

MR. CONINE: Well, I didn't hear him say we couldn't.

MS. ANDERSON: So is everybody clear on what we're voting on? Okay. Vote on the amendment. All those in favor?

(A chorus of ayes.)

MS. ANDERSON: Opposed? The amendment carries.

Now the vote on the main motion on the rule. Any other
discussion? All those in favor?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

Item number 4: Presentation, Discussion and Possible Approval of Final 2004 Application Submission Procedures Manual for Housing Tax Credits and Housing Trust Fund. Ms. Carrington?

MS. CARRINGTON: Thank you, Madam Chair. At the Board meeting last month, I remember that you all approved a draft of the Application Submission Procedures Manual, and it was a draft because we did not have the QAP finalized at that time, and yet we did need to put the development community on notice for the timelines and the requirements with the 2004 cycle.

This is a document that applies to both housing trust fund and housing credits, so we use it in two funding areas. And the draft that was taken to the Board in November is the same as this document that the Board is being asked to look at.

We made a few minor changes, yes. Some language -- yes. I didn't think it was anything significant. Okay, thank you.

So we made a few minor changes to the document. It does track all the requirements in the QAP, and we are requesting that the Application Submission Procedures
Manual for Tax Credits and Trust Fund be approved by the Board.

MR. BOGANY: So moved.

MR. SALINAS: Second.

MS. ANDERSON: There's a motion and a second.

Discussion on this item?

MR. CONINE: We're okay. You define minor.

(Laughter)

MR. CONINE: Come on up.

MS. BOSTON: Really?

(Laughter)

MR. CONINE: Just give me one example, just so I can see if your definition squares with mine.

MS. BOSTON: For instance, any of the changes that the Board made to the QAP, we made sure were integrated into the manual so the language tracked exactly. We also -- we used the manual also to guide the submission for bond applications, and so we added the section that actually goes behind each tab. Just little nuts and bolts stuff like that.

MS. ANDERSON: Any other questions for Brook? Any other discussion? All in favor of the motion?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MR. CONINE: Ms. Anderson, I'd like to thank --
since the subject is the Housing Trust Fund, I'd like to thank Gordon Anderson for having his cell phone on a few minutes ago, and having a $100 donation to the Housing Trust Fund. Appreciate you doing that.

(Laughter)

MR. CONINE: It's the season of giving. Thank you very much.

MS. ANDERSON: Item 5: Presentation, Discussion and Possible Approval of Programmatic Items.

Mr. Bogany?

MR. BOGAN: Okay. We've got several topics, and we're going to start off with the Release of Land Use Restriction Agreement for Central Plains Center. And I'm going to turn it over to Ms. Carrington.

MS. CARRINGTON: Thank you. Only the Board can authorize the release of a Land Use Restriction Agreement -- what we call a LURA. This is recorded. The requirements in the LURA are recorded in the property records of our tax credit developments, our tax credit and bond developments. In this case, this is a Housing Trust Fund award from several years ago, from 1992. So you all do not see these often, because we do not have too many requests to release LURAs.

This one was a very unusual circumstance with an entity called Central Plains Center that did receive an
award of $398,850 in Housing Trust Fund money; $298,350 was a grant, $100,000 was a loan. And what Central Plains Center did was purchase 13 single family residences, and they were housing individuals with disabilities. And they are located in -- they're spread out. They're spread out in seven of nine counties that this area serves. The Central Plains is located actually in Plainview.

The Department of Mental Health no longer allows them to lease units to clients that they are serving. And so they've been leasing these units to the public at large. It's not a business they're in to provide this kind of housing for individuals who do not have disabilities. And so they are asking of the department, and asking this Board, to be released from this LURA. And it is my understanding that if indeed the LURA is released, that they do have a buyer for the 13 houses, and will be basically getting out of this business, and that staff is recommending the release of this Land Use Restriction Agreement.

MS. ANDERSON: We do have an individual present here from Plainview to answer any questions if the Board has any questions.

MR. SALINAS: I move we go ahead and release.

MR. BOGANY: Second.

MS. ANDERSON: We have a motion and a second.
Any discussion? Hearing none, all those in favor?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MR. BOGANY: We have some single family home programs. We have the 2000 Olmstead set-aside awards totaling 469,000. I'm going to turn that over to Ms. Carrington.

MS. ANDERSON: I do have somebody that wants to speak to this item. Should we let them go ahead?

MS. CARRINGTON: Yes.

MS. ANDERSON: Kelly Mullane? Sorry if I messed that up.

MR. MULLANE: Good afternoon, Madam Chairman, Ms. Carrington, Board members. My name is Kelly Mullane. I am with Grant Works [phonetic], and I wanted to thank you for the opportunity to present you with a couple of letters of gratitude from communities that have been recommended for 2002-2003 funding. And also to say that I am looking very forward to implementation of this.

MS. ANDERSON: Thank you.

MS. CARRINGTON: Thank you.

MS. ANDERSON: Ms. Carrington.

MS. CARRINGTON: Thank you. The first item under the Single Family Home Program is the 2003 Olmstead Set-Aside Awards totaling $469,242.
The department has allocated $2 million toward populations that are served and addressed in the Supreme Court Olmstead decision. And what that Olmstead decision did was focus, or related to, deinstitutionalization of persons with disabilities. As a response to that, the department allocated two million to serve these populations. Our Governor also released an executive order on community-based alternatives for people with disabilities, requiring the Department of Health and Human Services Commission to work together to ensure accessible, affordable, integrated housing for people with disabilities.

We heavily, heavily marketed this NOFA. Staff tells me we probably more heavily marketed this NOFA than one in a long time. We sent out information to over 600 entities. We had three workshops -- Dallas, Houston and Austin. We believe our workshops were well-attended. We had representation from 35 interested organizations. We also had information on our website posted in the Texas Register.

What we are looking to award today is $269,242 in tenant-based rental assistance -- what we call TBRA. We had four applications, and we are recommending the funding of all four. We have project costs, and then a 6 percent administrative fee that brings us up to the
269,242.

What we are planning on doing -- we still have about 1.5 million remaining. And what we will be planning to do is have an open cycle for the remainder of these funds, because it is our intent to achieve success in allocating the full two million. And we have listed the three organizations -- this Affordable Housing Caring, Inc., in Bryan actually serves a large geographic area, and so they applied to serve persons with disabilities in two of the areas that they serve. Project funds and administrative funds are being recommended in these amounts for these groups.

MR. BOGANY: So move.

MR. GONZALEZ: Second.

MS. ANDERSON: We have a motion and a second. Are there any questions or discussion?

MR. CONINE: Ms. Carrington, what's the feedback, I guess --

MR. SALINAS: It's 469-.


MR. SALINAS: You said 266-.

MS. CARRINGTON: Oh, I'm sorry. $469,242.

Thank you.

MR. CONINE: They like that admin fee to add in there.
You said it was heavily marketed, I think was the word you used.

MS. CARRINGTON: Yes, sir.

MR. CONINE: And, you know, we sit on this Board and hear a lot from the disabled community, yet we're not getting all the funds used up. And I guess I'm curious what some of the feedback was to the process.

MS. CARRINGTON: I'd like to ask Eric Pike, who's the director of single family, or Sarah Anderson -- they're discussing it.

MS. (SARAH) ANDERSON: There are actually several circumstances associated with this money. Number one, as you know, HOME funds are very difficult to administer for newer organizations. It tends to require a little bit more sophistication. In some cases, the organizations that are interested in applying for these funds have had some capacity issues, and there were also some issues associated with administrative funds.

It's not just like going out and using it, going to a general population, and trying to give out vouchers. It's much more complicated. There are relocation issues associated with this. It's sort of a new beast for the agency to be dealing with something as complicated. It's going out and finding people in institutions, putting together their local support
services, finding the accessible housing. It just is very complicated. And this is the first time that we have had this forward, and there's a learning curve on both sides, to be perfectly honest.

We've been working with a lot of people in the disability community, have identified what some of the shortfalls are. I have a request in to Health and Human Services for additional administrative money to cover the relocation side, the cost there, because that seems to be where the organizations are having the difficulty. And in most cases, it takes a full-time employee just to go out and take care of -- even before they issue the voucher -- to take care of the people that they're trying to serve.

So it's just a little bit more difficult than what we've -- a regular rental assistance program. I have made it clear to the disability community that, while they have traditionally been very good at coming to us and asking for the money, now they need to get out into the field and be putting the partnerships together. I personally don't care who administers it as long as the people in the end are being served.

I think that initially they were looking at this as a capacity-building effort, and our job to build their capacity. And I've made it very clear that there are existing capacities in the field. They need to be
putting that together, and I think we've made our point clear. I think as we do an open cycle, we'll be much more successful in getting the funding out. And I would urge the Board to give us a little bit more time with this. This is not only in response to the federal Supreme Court decision, but actually two executive orders from the Governor's Office -- one from the previous governor, and one from this one.

We do have charges to continue to work with public housing authorities and to provide this service, and I would hope you would give us a little bit more time to work through the issues.

MR. CONINE: Is this the result, Ms. Anderson, of an all-year effort, or is this -- when did we do the NOFA?

MS. ANDERSON: The NOFA went out -- it was due on the 31st, first of October. We had a lot of people show up -- I think they said almost 50 organizations showed up at the three workshops. It's just that when the numbers -- when they tried to figure out the numbers, they were always coming up short on the front end in needing administrative monies to do the relocation side, which is outside of our purview.

And the Health and Human Services Commission has a little bit of money to do promoting independence. I
sit on an advisory committee over there. I've asked for about $160,000 to go towards this for separate administrative purposes. And I'm hoping that will make the difference.

MS. ANDERSON: I have one question. What is the length of time -- you know, we said we're going to serve five families, and it's $67,000. Is the thought that these are renewable, but then these -- our applicants, our grantees -- then come back and renew these? I mean, you know, it's not a bottomless pot of money. So --

MS. (SARAH) ANDERSON: The thought in this case, and as was outlined in the NOFA, was the HOME funds are intended to be a bridge towards either self-sufficiency or using local Public Housing Authority funds. So as we outlined in the NOFA, as they undertake this, the intention is that they should be working with the Housing Authority to get them on the list there and absorbed.

We do have some vouchers that -- we're in a pilot program with HUD -- that in the event that the term of their contract runs out, we certainly don't want to pull money and have somebody thrown back into an institution. So we do have some flexibility with some vouchers that we have that we can -- in the event that
they can't get the Housing Authority to absorb or take on someone, that we will be able to continue that bridge until such time that they do.

Believe me, everyone will be working with the Housing Authorities, and we do have the flexibility for someone to come back and reapply, and to start the clock ticking. But these are two-year grants -- really 30 months to expend. So it shouldn't be an endless --

MR. CONINE: And the open cycle will take care -- the unused funds this year will roll into next year and will be an open cycle related to this program. Is that what you're advocating?

MR. PIKE: Right. Eric Pike, Director of Single Family Financing. We are looking to make the open cycle available sometime in January. And Sarah and her group has been very instrumental in working with me and my staff. This is very much a collaborative effort. We've worked with Health and Human Services on this. There's been a committee that was formed to get input from that organization. They've helped us to get this information out.

I think, like Sarah said, it's going to take a little time for folks in the industry to figure out how to best put these deals together. And I think in time we'll be able to get all of these funds out the door.
MR. SALINAS: How much funds are you all talking about?

MS. (SARAH) ANDERSON: It's $2 million for this year and $2 million for next year. And the intention of this was -- I suppose you could say, in a way, capacity building, in that our hope is that the organizations that get involved will then have the ability to come back and go through our regular funding cycles, once the set-aside -- sort of build that institutional knowledge on how to work with HOME funds.

MR. SALINAS: And the Relocation?

MS. (SARAH) ANDERSON: The Relocation part -- Health and Human Services and the Department of Human Services works on that side, and we're -- it's just sort of a new initiative and it's taking a while to get things up and running, identifying people. And it is difficult in a lot of cases, because our HOME funds have to go primarily to rural areas, finding housing stock that is accessible, in addition to finding the support services that they need. It just takes a little bit longer.

MR. SALINAS: Do you have problems in the rural areas?

MS. (SARAH) ANDERSON: Yes. Obviously, the majority of the people end up in many cases in the metropolitan areas simply because that's where the
services are. There certainly is desire for people to be able to remain in the rural areas and not have to move.

MS. ANDERSON: Any other questions for our staff members?

(No response.)

MS. ANDERSON: Thank you both.

We have a motion on the floor. It's been seconded. Any other discussion?

(No response.)

MS. ANDERSON: All in favor, say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MR. BOGANY: The next topic is Single Home Program Awards totaling $6,663,361 utilizing deobligated funds. And I'm going to turn that over to Ms. Carrington.

MS. CARRINGTON: Thank you, Mr. Bogany. Items 2 and 3 both relate to allocations of deobligated funds, deobligated HOME funds within the department. You all may remember last month you awarded about 13.8 million in deobligated funds in the Home Program, and we used those for disaster relief.

What staff has been doing over, I guess, probably, the last nine months to a year -- and staff is the staff in Portfolio Management and Compliance. They have been working to look at our HOME commitments and our
HOME dollars to determine how many of those are actually being utilized, and how many of those dollars can be deobligated. And we have identified about $21 million, I think, in deobligated funds that you've done 13.8 million in disaster, and then we have several more -- as you can see, 6 million and 9 million that we're asking you all to consider today.

We believe that we are about at identifying everything that's been in the department that should be deobligated. One of the issues with these deobligated funds is, once you have identified that they are to be deobligated, then at least on these dollars, HUD has a February 28 deadline of next year that these funds to have to be committed.

You all will remember that the Board did adopt in January of '02 a deobligation policy. And we have provided you a copy of that policy on both Agenda Item B-2 and B-3.

The first item that we are asking you to consider is the completion of funding for 33 developments that were partially funded last summer in the cycle for HOME awards. We did not have sufficient funds to fund everyone that requested an allocation, and then there were some that were only partially funded.

And so what this item would do would be to take
all of those activities, all of those applications from last summer, that were partially funded -- and there were 33 of those -- and this would fully fund those applications. And the total amount would be $6,663,261. That is the total you can see down at the bottom of your summary page. That does include $256,280 that are in administrative fees, making your six-million-six total.

And the staff believes that it is Item E on the policy that was adopted by the Board that says, Other projects uses is determined by Executive Director and/or Board, including the next year's funding cycle for each respective program.

So staff is recommending the full funding of these 33 applications, and we have provided a list behind your summary page of those applicable applications and which region they are located in, and also how much they were previously funded at, and what this will bring them up to.

MR. BOGANY: So moved.

MR. GONZALEZ: Second.

MR. SALINAS: These are all HOME funds, first-time homebuyers?

MS. CARRINGTON: Yes, sir. These are all HOME awards, and there's actually two activities that these applications will be undertaking. One of them is Owner-
Occupied Assistance, which is a rehabilitation program for people who currently own their homes, and then the other is Homebuyer Assistance, and that is our down payment assistance for first-time homebuyers. So those are the activities that these 33 groups are undertaking.

MR. BOGANY: So would it be in, like, City of Carthage, City of Emory? So this would be just in those areas?

MS. CARRINGTON: Yes, sir.

MS. ANDERSON: Any questions from the Board?

MR. BOGANY: Just one more. In regards to the rehab, are we going to have something set up where we have -- that's where the inspection process that we talked about, where somebody from this department would go inspect and see if the house has been taken care of on a rehab loan?

MS. CARRINGTON: Yes, sir. All of that was consolidated into the Portfolio Management and Compliance Division, and so they do all of the inspections, tax credits, bonds, home, and also construction draws.

MS. ANDERSON: Other questions? I have one question about this list. This probably would have been a better question to ask in July than today. But I see the Travis County HFC on here, and I'm just wondering if Travis County is a nonparticipating -- I'm just trying to
understand why an urban area is on here.

MS. CARRINGTON: I'm sorry, Eric. What was the response? Come to the mike.

MR. PIKE: Travis County is not a participating jurisdiction. You would think it probably would be because in most people's minds, it is considered urban, but officially it is a non-PJ.

MS. ANDERSON: Okay. Thank you, Eric.

MR. SALINAS: What was the reason?

MR. PIKE: They are -- HUD makes those determinations, and under HUD guidelines, they are a nonparticipating jurisdiction.

MS. CARRINGTON: And I probably don't know their guidelines, but their formula -- because HUD does allocate by formula -- I think Texas has like 29 participating jurisdictions.

MR. SALINAS: Urban counties?

MS. CARRINGTON: They're not necessarily urban counties, but they are counties that meet a variety of different criteria. I mean, they're going to be urban counties, but then it may be some others that are or are not, depending on what the criteria is.

MS. ANDERSON: Any other questions? Thank you, Eric. Or discussion on the Board?

Are we ready to vote? All in favor of the
motion?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MR. BOGANY: So does that motion take care of two and three?

MS. ANDERSON: No, sir. Three is different.

MR. CONINE: We got more money left over to give away.

MS. ANDERSON: We have more money left over.

MR. CONINE: Tis the season of giving.

MS. ANDERSON: This is, as was evidenced earlier by the testimony, this is certainly some allocations that many of these communities were not expecting, and we did call all of them to let them know that these were being considered on the Board agenda. And all of the communities are extremely delighted that they are now being either fully funded or considered for funding because they didn't make the cut.

And that's what Item 3 is. There are 25 applications that were in the round that fell below our cut-off. And we have picked up -- we went down to pick up all applications now that scored 111. I think our cut-off before had been 113. And so what we've done is been able to pick up an additional 25 applications for a total of $9,080,240.
Again, the staff's recommendation comes under Item E of the deobligation policy approved in January of last year. And if the Board does approve this today we will have funded 204 of the 344 single family applications during the HOME cycle, and that will total $67,758,021 in HOME funds for this year.

And there is a chart with the communities that will be receiving the award. All of these are OCC, which is owner occupied, which is the rehabilitation program on owner-occupied housing, and you can see the amount of the awards on your chart also.

MR. SALINAS: So is that the ones we turned down the last time?

RUTH CEDILLO: The previous one.

MR. SALINAS: The previous one?

MS. CEDILLO: Yes, sir.

MR. SALINAS: But that should take care of -- okay.

MS. CARRINGTON: Glad you asked me.

MR. BOGANY: I'd like to move that we accept staff's recommendation of the single family home program awards totaling $9,080,240 utilizing deobligated funds.

MR. CONINE: Second.

MS. ANDERSON: We have a motion on the floor. It's been seconded. Discussion, questions?
MR. CONINE: Eric, did you call Home Depot and Lowe's and told them who's coming?

MR. PIKE: I think we're going to stimulate the economy, that's for sure.

MS. ANDERSON: I have a question. It's an allocation question, Eric, please. You know, we're proposing to make these payments, and I understand that it was done on a sort of a score -- 111 points or above.

MR. PIKE: Correct.

MS. ANDERSON: And we're really just covering applications in six of our 13 Uniform State Service briefings. And knowing how interested all of our community around Texas is in serving -- trying to understand the thinking behind that, why we didn't follow our regional allocation formula, how far we would have had to go down point-wise to get something closer to an RAF distribution. If you could address that.

MR. PIKE: Right. We did consider that, obviously, and had some discussion at our ERAP meeting regarding it. The thought process was that we met the requirements of the regional allocation formula during our regular '02-'03 cycle. There was also some thought given to the fact that these are deobligated funds. They've already been disbursed once regionally.

Another thing that we looked at was we took the
dollars that we had available and ran it through the regional allocation formula. And what was happening is that, in some regions, based on the limited amount of dollars that we had available, we were going to end up with scenarios where we would have another series of partially funded projects -- you know, where someone had asked for maybe $250- or $500,000, and we were only going to be able to give them 30- or $60,000.

And we just felt that we didn't want to go there. It muddies the issue. It's difficult, obviously, for us to administer, and there would have been some communities that would have wanted to have given those dollars back.

So we adopted a method of statewide, is what we looked at, and took the highest ranked projects and funded down, like Ms. Carrington said, to 111.

Obviously, there are some regions that did not receive funding in their area. Several of those -- one in particular, Region 11, which is far South Texas -- if you remember, we utilized all of those dollars that we had during the '02-'03 cycle that we awarded in July.

We had a number of applicants, but we didn't have an overabundance of applicants. So that would be one region that would not have appeared on here even if we had used a regional allocation formula. So that was our
thinking on that issue.

MS. ANDERSON: Okay. I can understand that we went through the RAF once and these funds came back in. But without belaboring the point, I mean, they came from somewhere. I can understand not wanting to partially fund awards like we did in July. I agree that's cumbersome, it's disappointing to the communities, it's harder for them to work with the money and harder for us.

But since you used scoring on a statewide basis, I'm interested in knowing what the results would look like if you had used and funded $9 million, split it up on an RAF kind of basis, and then fund the highest-ranked applications within each region.

MR. PIKE: We did do that.

MS. ANDERSON: Okay.

MR. PIKE: I mean, obviously, it's not in here for your review. But we did do that analysis, and I don't recall exactly how much would have gone into each particular region.

But we did look at the fact that we were going to be left with a number of communities that would have been partially funded. And we -- I wouldn't say we received negative criticism, but there was a lot of disappointment in the regular cycle when we were only able to partially fund some of the projects. So we just felt
that that was somewhere that we didn't want to have to go with these dollars.

MS. ANDERSON: Okay. Maybe I'm missing something. How would we end up with partially funded projects if we just took the highest -- you're saying that $9 million divided 13 ways -- the highest-scoring project in a given region would be asking for more than $700,000?

MR. PIKE: No, I may have misunderstood you. It's possible that --

MS. ANDERSON: Why would we --

MR. PIKE: So you're saying basically we maybe --

MS. ANDERSON: Take the highest scoring --

MR. PIKE: -- could have been able to fund --

MS. ANDERSON: I'm just -- we're just having a discussion, right?

MR. PIKE: Yes. We could have looked at that and perhaps funded a project in each region -- say $500,000, if that was the amount that they were requesting. That's the maximum amount they can request. And in doing so, we would still have probably had some dollars remaining. In other words, if we had funded one project in all of the regions -- we have 13 --

MS. ANDERSON: You'd have some balance.

MR. PIKE: Yes, we have 13 state regions.
Obviously Region 11 didn't have an applicant to fund, because we had already funded all those, so there would have been twelve that would have potentially gotten a project in each region. And then I believe -- although I don't have my calculator with me -- but we would probably have had a little bit of dollars left over.

MS. ANDERSON: I guess I'm still left with the question in my mind, why didn't do it that way -- to spread the money throughout the state.

MR. CONINE: I think, just from my perspective, if the city qualifies for applying for it, and they don't use it, then why should they get it again, basically is what he's saying.

MR. SALINAS: They might not have the initiative of doing it. There's a lot of cities that don't spend their money.

MS. ANDERSON: Right, but what I'm hearing him say is there would have been a fundable project in each region. And so it wouldn't have been the city that gave the money back before, right? That created the 9 million. It wouldn't be Marshall, it'd be Sulphur Springs, or, you know --

MR. PIKE: My planner just came up and told me some additional information that I hadn't thought about.

MS. ANDERSON: Okay.
MR. PIKE: If we had done that, particularly in Region 4 -- Region 4 spans the area from Texarkana to Tyler, Longview. There's a number of small communities, if you've ever driven through there. Every five miles down the road there's another community. So we had an abundance of applications from that region, and they all score very close, if not the same points.

And so what she was just telling me was, in that particular region, if we had made dollars available to Region 4 -- say 5-, $600,000 -- there were four or five communities that had the same score. So we would have had to have split that four or five ways. It's not so simple as you've got one highest score in each region.

In other words, you might have two or three that all scored 112 points, so you've got to take your 500,000 and split it three ways.

MR. SALINAS: So what do you do with that region?

MR. PIKE: Well, the way we chose to handle it is, we funded everybody that was at 111 points and above, and if there were three or four communities that scored 111 points, they all get full funding.

MS. ANDERSON: Without regard to region. I mean, they use scoring instead. And I'm just asking why.
MR. PIKE: Any other questions?

MS. ANDERSON: We have a motion and a second. Any other questions of Eric or anyone else?

Thank you, Eric. Any other discussion?

(No response.)

MS. ANDERSON: Hearing none, we're ready to vote. All in favor, ayes?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MR. BOGANY: Our last program is the Multifamily Home Program, an award in the amount of $999,999 for Bethel Senior Housing.

MR. CONINE: We need to see if they can get a change of name for this project.

MS. ANDERSON: I have a Robert Chavira -- are you here to speak to this item?

It says 5(c)(1), but I think that's a different --

MR. CHAVIRA: It is related to this particular item. Not exactly the action item, but there is a relation. I'll be very brief.

For the record, my name is Robert Chavira. I'm representing Housing Plus, a 2003 CHDO applicant for a development known as Star Village Apartments in San Benito, Texas.
The Star Village Apartments was one of the ten applicants -- can you all hear me? It's one of the ten applicants that met the minimum threshold requirements, and was one of the six that was denied funding.

Since that approval date, of the four that were approved in September, there have been two appeals subsequently that have been approved. Star Village Apartments will be appealing a staff decision to deny our funding again to the Board in the next Board meeting, so I'm here just to inform you that we look forward to presenting our case at that particular time. Thank you very much.

MS. ANDERSON: Thank you.

MR. BOGANY: Ms. Carrington, would you take it from here?

MS. CARRINGTON: Thank you, Mr. Bogany.

At the November Board meeting, the Board did approve an appeal of Bethel Senior Housing. And the action that the Board took in November was to actually approve their appeal. And so what they're doing -- what we're doing -- is coming back to the Board today for the actual allocation of the HOME funds multifamily, out of the CHDO set-aside, and the amount that the development was requesting is $999,999. And if the Board does approve this allocation today, then we will have allocated for
this year out of the Multifamily CHDO HOME fund
$6,247,961. It will still leave us about $8.8 in
multifamily CHDO funds that we will also be utilizing
through an open cycle.

MR. CONINE: Move for approval.

MR. BOGAN: Second.

MS. ANDERSON: Questions, discussion? Hearing
none, all in favor of the motion?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries. At
this point, we're going to adjourn for a pretty quick
lunch break. I suggested 20 minutes. Mr. Conine thinks
we can eat faster than that.

MR. CONINE: No, I thought you said in 20
minutes.

MS. ANDERSON: No.

MR. CONINE: If you're talking about the time
for lunch -- I think some of the staff have prepared
lunch, and I want to savor it as long as I possibly can.

MS. ANDERSON: So what's the Board's pleasure?

MR. CONINE: It's up to the chairman, or
chairperson, or whatever you are.

MS. ANDERSON: Let's try to reconvene in half
an hour in respect to our --

MR. CONINE: That'd be great.
MS. ANDERSON: Okay? Ten till?

(Off the record.)
A-F-T-E-R-N-O-O-N  S-E-S-S-I-O-N

MS. ANDERSON: We are ready for Item 6, Presentation, Discussion and Possible Approval of Financial Items.

Mr. Conine?

MR. CONINE: Thank you, Madam Chairman.

MS. ANDERSON: Watch it.

MR. CONINE: Excuse me. Investment Policy update. Are you going to do this, Ms. Carrington, or do you want to let one of our illustrious other folks do it?

MR. CONINE: I'm going to start, and then if the Board has questions, Byron Johnson is going to respond.

MR. CONINE: Where is Byron?

MS. CARRINGTON: Byron is in the back of the room. He has slipped in.

MR. CONINE: Oh, there he is. Okay.

MS. CARRINGTON: Present and accounted for. So are you ready for me?

MR. CONINE: Yes, ma'am. Go ahead.

MS. CARRINGTON: Okay, thank you.

MR. CONINE: You're up.

MS. CARRINGTON: The Board approved the investment policy in June of 2003. You all approved that investment policy on an annual basis. What we are asking
you to do is approve an amendment, or an amended
investment policy, that includes required ethics and
disclosure for financial advisors and service providers.

So basically some additional reporting
requirements for outside service providers of the agency.

And this is required by some legislation passed last --
in the 78th session. It was Senate Bill 1059. And we did
provide you all a copy of the investment policy, and this
is a new Section VIII, Roman numeral VIII, to the
investment policy, and staff is recommending approval.

MR. BOGANY: So moved.

MR. SALINAS: Second.

MR. CONINE: Are we sure that's not an
oxymoron?

MS. ANDERSON: Which?

MR. CONINE: Ethics and financial advisors and
those sorts of things.

MS. ANDERSON: I certainly don't believe that's
an oxymoron.

MR. CONINE: Okay. That's the only question I
had, Madam Chairman.

MS. ANDERSON: We have a motion, second. Any
other questions or discussion? Hearing none, I assume
we're ready to vote. All in favor of the motion, aye.

(A chorus of ayes.)
MS. ANDERSON: All opposed? Motion carries.

MR. CONINE: Next to the multifamily division, we have some bond trustees.

Ms. Carrington?

MS. CARRINGTON: Yes, sir. In April of last year, the Board approved an RFQ, Request for Qualifications, to add trustees to our list for multifamily bond issues and/or refunding. We published the RFQ in the Texas Register, the Bond Buyer and the Texas Marketplace. And we received proposals from three institutions, and staff is recommending two of those three institutions based on experience. And the two that we are recommending to be added to the list are Wachovia Bank and Bank of New York.

The list currently includes Wells Fargo Bank, Bank One and J.P. Morgan Chase. And those will stay, although as you heard this morning, Bank One is now part of J.P. Morgan Chase. So I'm going to guess basically we will be at four trustees for our multifamily developers.

MR. BOGANY: So moved.

MR. GONZALEZ: Second.

MS. ANDERSON: Motion is on the floor and it's been seconded. Is there any questions or discussions?

MR. BOGANY: I have one, and it's kind of off the record. Did Bank One -- did Chase just buy --
MR. CONINE: Just the trustee services.

MR. BOGANY: Oh, okay.

MR. CONINE: Don't start a rumor.

MS. CARRINGTON: No, you haven't missed anything huge, Mr. Bogany.

(Laughter)

MS. ANDERSON: Any other questions or discussion? Hearing none, I assume we're ready to vote. All in favor of the motion say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

I do have one person for public comment on Item 6(c)(1). Bill Fischer?

MR. FISCHER: Good afternoon, Madam Chairman, Board members. I'm Bill Fischer. I'm here on behalf of Provident Realty, who is the developer of the Parkview Townhomes known as Providence at Rush Creek in Arlington.

First of all, happy holidays to you all.

Just three or four things I'd just like make sure are on the record. This was a process that we have a lot of public input. We pursued this property as a planned development, even though it had some multifamily zoning on it. That brought in all of the local elected officials, including the mayor and the city council members, both the person in our district as well as the
at-large city councilmen.

We had several meetings with the neighborhood groups. We met with all of the state officials, state representatives, state senator. And we utilized the 2004 sign requirement in the neighborhood to ensure that there wasn't any misunderstanding about exactly how we were financing our development.

We actually got some pretty good support from the neighbors because they gave us additional units on the site in exchange for some screening, landscaping, exterior finishing improvements that they felt were important in their neighborhood. We had no opposition at the TEFRA hearing, and we passed the local planning and zoning in Arlington 8-1 and city council 9-0. So we certainly have local support for the development, and we ask for your approval on the credits and the bonds today.

MS. ANDERSON: I also have -- just for the information of the Board, we have Brent Stewart here to speak to 6(3)(c) if there are questions.

MR. CONINE: Madam Chairman, we have I think three projects here to approve for a 4 percent tax credit application. Ms. Carrington?

MS. CARRINGTON: Thank you, Mr. Conine. All three of these for your consideration right now are all 4 percent developments with the Texas Department of Housing
and Community Affairs as the issuer. And the first one is Parkview Townhomes, which is located in Arlington. It's 248 units, two series of bonds on this transaction, 15 million that would be tax-exempt, 1.6 million that would be taxable. The interest rate on the tax-exempt bonds is 6.6, and it's 8.5 on the taxable.

These bonds are unrated and unenhanced, and they'll be privately placed with Charter Mac [phonetic], and they do have a 40-year term on the bonds.

If you would go to Tab 5, the underwriting report on this transaction indicates a credit allocation amount of $714,733.

We have on all three of these transactions that you're being asked to consider conditions from both the Real Estate Analysis division of the agency, and also we have conditions from the Tax Credit Allocation side of the agency.

There is the transcript of the public hearing.

Behind Tab 7 is a color map, Mr. Conine, that shows the location of the development and other housing in the area.

And with that, staff is recommending approval of this transaction, and with the resolution that is attached to it.

MR. CONINE: Move for approval.

MR. BOGANY: Second.
MS. ANDERSON: Been moved and seconded to approve the awarding of tax credits and issuance of bonds for Parkview Townhomes.

MR. CONINE: There's probably a resolution number we need to attach with that. Did you --

MS. ANDERSON: 0391 is the resolution number.

MR. CONINE: Thank you.

MS. ANDERSON: Uh-huh. Any discussion or questions? Hearing none, I assume we're ready to vote.

All in favor of the motion say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

The second development for your consideration is Timber Ridge II Apartments. It's to be located in Houston, 124 units, two series of bonds, $7 million on the tax-exempt series, 500,000 on the taxable. Tax-exempt bonds are going to carry an interest rate of 5.75 initially, and then fixed at 6.75, and 8 percent interest on the taxable bonds. These will be privately placed.

The term on the tax exempt is 32-1/2 years, and 15 on the taxable bonds.

I would like to make a correction at the bottom of the page behind Tab 1, where it says Board Approval Memorandum. Your resolution has the ownership of this entity correct, but the borrower entity is actually Big
Horn [phonetic] Limited Partnership, which is a Texas Limited Partnership whose general partner is Blazer Residential. So I did want to that to go into the record, even though the resolution is correct.

Staff is recommending, behind Tab 3, a credit allocation in the amount of $477,964, and this is the amount of credit that was requested by the applicant. Again, conditions by the tax credit area on page 2 of 2, and the underwriting analysis is behind Tab 5. And those -- the conditions on the underwriting analysis are also on page 1 and 2.

And staff is recommending approval of this transaction with the map behind 8 and a copy of the public hearing transcript behind Tab 9.

MR. GONZALEZ: So moved.

MR. BOGANY: Second.

MS. ANDERSON: We have a motion and a second.

Discussion? This would be, I think, Ms. Carrington, Resolution number 03-93.

MS. CARRINGTON: Correct.

MS. ANDERSON: I see we're ready to vote. All in favor of the motion?

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MS. CARRINGTON: The third one for the Board's
consideration with TDHCA is the issuer is Century Park Townhomes, to be located in Austin. It's 240 units on the tax-exempt bonds. It's an amount of $10,400,000. The tax-exempt bonds, 2.6 million. These bonds will be publicly offered. And on the tax exempt, they're going to have an initial variable rate of 2.83, then it will be fixed at 5.75.

The amount of credit that the agency is recommending is behind Tab 3, and that credit allocation amount is $638,507, which is also the amount of credit that was requested by the applicant for conditions listed on page 2 of 2, from the housing credit area, and the underwriting report is behind Tab 5, with also three conditions. Public hearing transcript is included along with the map, and staff is recommending the allocation of credits to this transaction.

MR. GONZALEZ: So moved.

MR. BOGANY: Second.

MS. ANDERSON: The motion and a second.

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

(A chorus of ayes.)


The next item is Item number 7, Presentation, Discussion and Possible Approval of Housing Tax Credit
Items. The first item is Waiting List for Housing Tax Credits for the Balance of the Year 2003.

Ms. Carrington, would you --

MS. CARRINGTON: Thank you. Behind Tab 7(A) there is a memorandum from staff to the Board. And what we are requesting is approval of a final waiting list of the 2003 Housing Credit program. This list will represent those applications that will be offered credits in the event that credits are returned to the department between now and December 31. In July you all approved $38,098,599 in credits to 68 developments. You also approved at that time a waiting list. And you also made the stipulation on that waiting list that if any development was awarded credits off that waiting list, that it would be approved by the Board.

So obviously we are now at December 11, and we do have a period of time between now and the end of the year where we're not going to have another Board meeting. And what we are asking for the Board to do -- the authority that staff is asking today is for you all to give us the ability to allocate any credits that would be returned between now and the end of the year.

I'd like to ask Brooke Boston to come up and to go over our methodology on what staff is recommending. We've also, as Brooke is coming up, we've also received
some credits back. Northline [phonetic] Apartments, which was Region VI, returned its allocation of 347,203, and we had one that you all may remember. You partially funded back last summer the Reserve II. So we used the balance, or used some of those credits, to fully fund Reserve II, and we still actually have a balance now. We still have $214,200, which is available in Region VI.

With that, Brooke, I'd like you to go through what we have on the waiting list, and our methodology and what we're looking at.

MS. BOSTON: Okay. The waiting list, essentially, is similar to what you approved at the July Board meeting. We did go through, and any development then ended up being given forward commitments at the September Board meeting has been backed out.

I do want to point out we show on here, Region 13, Diana Palms, as being the first one in that region. And they already did get a forward commitment. So actually it would go down to the next one. That was just an error on my part.

We point out in here that if the credits come back from the 2003 ceiling -- so basically it's one that we approved in July -- that we would go through this list. We also point out, though, that if credits come back from any other year, which would include any activity on the
extensions that have been discussed, that actually we
would go by the highest-scoring deal on the listed -- not
by region. So in that case, right now the two highest-
scoring deals are in Region 13, and then the third-highest
scoring is Frazier Fellowship in Region III.

Any item that is on here -- if we were to get
credits back at any time in this month after today's
meeting, we would continue to make sure that it met
previous participation review by compliance, that it has
been underwritten. We would issue a Commitment Notice,
and then the applicant would be obligated to carry over by
December 31.

I also just want to point out, obviously the
credit amount numbers are not always going to match up
with what people have applied for. And so our approach to
this is that we would go to the first person in an area
and ask them if they want to scale back and if they could
carry over by December 31.

For instance, if the list is approved, I'll be
calling the first person on the list in Region VI, even
though their application amount is 1.2 million and I only
have 200,000 available there, I would at least give them
an option, but it would be at their discretion.

Any questions?

MR. CONINE: One or two. Why the difference in
the redistribution of the credits from '03 versus previous years? What's the thought process here?

MS. BOSTON: Well, because -- it's actually just kind of the precedent that we've had. There's nothing that -- there's no rule or regulation that requires that. I mean, we could definitely try and make things go back to the region.

What tends to happen is, over time, whether things go through carryover or when they go through 8609 and we cut credits a little bit, we're looking at such small amounts it doesn't make sense to try and give it back to a particular region.

And the other reason, I think, is just because the waiting list expires on December 31. And so when it expires, we wouldn't really have the ability to go back to a prior year. So, for instance, now that the credit for '02 expired, if we had '02 credits come back, there's not really any applicants who were in that competition with them who are still in the running.

MR. CONINE: No, but if you follow the bouncing ball logistically, '02 credits who get turned back really go in the pool of '03, and all the projects kind of sitting there waiting on them have been subjected to the '03 rules and regulations, which would be different in the allocation process. And that's why I was trying to
understand the difference.

MS. BOSTON: I mean, it makes sense. It could be handled either way.

MR. CONINE: All right. Let me ask the question in a different way. Let's just assume -- you said there was $200,000 sitting there ready to go now. If 2 million just magically appeared, tell me the priority of this, because I read it three times and I can't figure out whether the rule has a set-aside priority before the region, or if the 2 million has to come from the specific region.

MS. BOSTON: And the 2 million is not from 2003? It's from a different year?

MR. CONINE: Either or. I really --

MS. BOSTON: Okay.

MS. CARRINGTON: Well, it does make a difference, though, as to whether it's current year or prior.

MR. CONINE: Let's say it's '03 to begin with.

MS. BOSTON: Okay. If the '03 credits came back, we would look to see where they were returned from, what region.

MR. CONINE: From the region. Or the set-aside?

MS. BOSTON: If they were rural, we would go
down to the rural waiting list.

MR. CONINE: Okay.

MS. BOSTON: If they were anything but rural, we would go directly to the region and offer it to the first person on the list.

MR. CONINE: Okay. And if you use up -- say that region was Region X, and there's nothing sitting there, where does it go next?

MS. BOSTON: At that point, we would try and find someone in the state who could carry over by December 31, and we would go by score. We would take the --

MR. CONINE: By score.

MS. BOSTON: Highest score statewide.

MR. CONINE: So now let's go -- under your proposed plan, let's say it's an '02 credit that comes back. What would happen?

MS. BOSTON: We would just purely go by highest score statewide, and we wouldn't look regionally. And if for some reason the credits weren't expended by December 31, IRS allows us to carry them over to the following year after September. And so in that case, we could roll them into next year's credit ceiling if someone couldn't use them, and then they would be augmented to the $39 million that we would have, and then divided up regionally.

MR. CONINE: Is there a motion on the floor
yet?

MS. ANDERSON: No, there's not.

MR. CONINE: Okay. That's all of my questions.

I was going to offer up an amendment once we get a motion on the floor.

MS. CARRINGTON: I think one other -- probably two other points that are worth noting in the write-up, and that's if someone is willing to take a partial allocation, it's important to note that we're not offering to fill the remainder of that allocation with a forward commitment -- that the Board has taken action on the forward commitment and that they are set for next year.

MR. CONINE: In other words, if they take the 200, but they needed 500, they'd better not count on 300 coming automatically?

MS. ANDERSON: That's correct. And then I think the other is, as we've noted there in the third paragraph, is that when we offer these credits, we are looking for the developer to be able to submit to us a carryover package by December 25, basically, December 26, because staff will need that period of time between the 26th and the 31st to be able to review and do a Commitment Notice.

MR. BOGANY: And if we don't use these tax credits, just roll over to next year.
MS. BOSTON: Correct. And they would basically be rolled into the entire ceiling, and then divided up according to the formula.

MS. CARRINGTON: And the waiting list, of course, then goes away.

MR. BOGANY: All right. I'd like to move that the Waiting List for Housing Tax Credits for Balance of Year 2003 be approved.

MR. CONINE: I'll second it.

MS. ANDERSON: The motion is seconded.

Discussion?

MR. CONINE: I'd like to offer up an amendment, if I might. I think that if prior year credits come back, I think they ought to be subjected to the same rules of the distribution game, if you will, that we currently -- even though they were under a different year and under different circumstances, they're going to end up going to projects that were under the '03 rules. So I would amend the staff recommendation to take prior year credits and have them subject to the same regional allocation distribution as '03 credits.

And I'd also like to amend the motion to ask the staff if this does happen, and the staff has to pick a project, that they'd give the chair and the vice-chair a call just to review the process and review the procedure,
and who gets it and who doesn't, just so the rest of the Board will know that somebody was there watching staff. That's my amendment.

MR. GONZALEZ: Second.

MS. ANDERSON: We have an amendment on the floor that's been made and seconded. Discussion on the amendment, questions on the amendment? Hearing none, I assume we're ready to vote. This vote is on the amendment. All in favor of the amendment, say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? The amendment passes.

Now, we have the main motion on the floor for the approval of the waiting list, subject to the amendment from Mr. Conine, and it's been seconded. Questions about the main motion? Discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

Item B. This is Issuance of Determination Notices on Tax-exempt Bond Transactions with Issuers other than TDHCA.

Ms. Carrington?

MS. CARRINGTON: Thank you. We have three of these proposed developments. And the first one is Primrose Skyline in Houston. We actually -- two of these
developments are acquisition rehab, one of them is new construction. Primrose Skyline is new construction. Sterlingshire Apartments in Houston is an acquisition rehab. Bayou Willows Apartments is an acquisition rehab.

MR. CONINE: Easy for you to say.

MS. CARRINGTON: Sorry. Two of them with Harris County HFC is the issuer, one of them with Houston, HFC is the issuer. We do have credit allocation amounts recommended on each of these. In times past, we have taken them as a group. Madam Chair, may we take them as a group, or would you like us to do them one by one?

MS. ANDERSON: I think we can probably take them as a group if that's the pleasure of the Board. We do have someone here available to answer questions on the second development in Longview, just so you know if you have questions about that one.

MS. CARRINGTON: Well, then, Primrose Skyline. Staff is recommending a credit allocation of $882,436. Sterlingshire Apartments, $341,421. Bayou Willows Apartments, Pasadena, $308,203.

MR. BOGAN: So moved.

MR. GONZALEZ: Second.

MS. ANDERSON: There's a motion on the floor, it's been seconded. Questions or discussion?

MR. CONINE: We don't need resolution numbers
on any of these, do we?

    MS. ANDERSON: No, sir. It's the tax credits only.

    MR. CONINE: Okay.

    MS. ANDERSON: I just have a couple of questions about the first development. One is I noticed in the underwriting report that the owner of the general partner -- the staff has recommended as a condition acceptance of the evidence of previous participation of that owner of the general partner. Do we know if we received that evidence, or would we not expect to receive that evidence at all until after the Board took action?

    MS. CARRINGTON: We will certainly expect to receive it, and I don't know if we have yet.

    Brooke, can you respond to that?

    MS. BOSTON: I can definitely go check to see if we have. Generally we do receive it before the application, or with the application. It is a little uncommon for it still not to have come in, but I think we just didn't want to hold up the entire approval on that.

    MS. ANDERSON: Okay.

    MS. BOSTON: But if it were to come back that there is any material noncompliance, obviously we wouldn't issue them a Determination Notice. But I can call staff real quick.
MS. ANDERSON: No, that helps me understand the process. And I think that's it. Thank you.

Anyone else on the Board have questions?

There's motion been made and seconded. Hearing no request for discussion, I assume we're ready to vote. All in favor of the motion say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

Item 8: Presentation, Discussion and Possible Approval of the Report from the Audit Committee. Mr. Gonzalez? Did I miss something?

MR. CONINE: 7(c).

MS. CARRINGTON: 7(c): Proposed Amendments to Tax Credit Projects.

MS. ANDERSON: Oh, I'm sorry.

MR. CONINE: No problem. There's a few folks that were waiting for that.

(Laughter)

MR. GONZALEZ: If you want us to, we'll go on, though.

MS. ANDERSON: No, I don't think I'd -- Sorry. So Ms. Carrington, would you take us through these proposed amendments?

MS. CARRINGTON: Thank you. We will go through these proposed amendments one by one. The first one is
Heatherbrook Apartments, which is located in Houston. This is an '02 tax credit allocation, and what they are requesting is a site plan amendment. And the reason for this site plan amendment is outlined for you in the explanation. Staff is recommending that this amendment be approved. It would not have changed or altered the recommended amount of credits in this particular transaction in '02. Therefore, staff does recommend the granting of this amendment.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: We have a motion on the floor, it's been seconded. Questions? Discussion? Hearing none, I assume we're ready to vote. All in favor of the motion say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no. Motion carries.

Item 7(c)(2). Ms. Carrington?

MS. CARRINGTON: The second amendment for the Board's consideration is Churchill at Longview Apartments located in Longview. This was a 2003 tax credit allocation, and what they are requesting is an increase in the acreage, and therefore an amendment to the site plan, a site increase from 10.6 acres to 11.48 acres. And staff is recommending that this site plan amendment be approved.
We have noticed in the staff recommendation that the grant amendment as requested subject to any conditions stated in the underwriting addendum. When you do look at the underwriting addendum, there are no additional conditions that have been identified. So staff is recommending approval of this site amendment.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: It's been moved and seconded to approve this motion for Meadows Place Senior Village. Any discussion or questions from the Board? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no. Motion carries.

MS. CARRINGTON: The third amendment for your consideration is Meadows Place Senior Village Apartments. This is a 2003 tax credit allocation. It's located in Fort Bend County. And the common area on the developments was increased from about 34,500 to 36,900 square feet. And they also have changed the building configurations from three-story buildings -- two buildings have been changed from a three-story building, and a four-story building to two two-story buildings. So we're still getting the same number of units, but there have been some
changes in the square footage in the common areas as a
result of the change.

This change would not have altered the
recommendation of tax credits by staff, and we are
recommending approval of this amendment.

MS. ANDERSON: Before we go further, I need to
amend the record, or correct the record, that that last
motion that I said was about Meadows Place was actually
about Churchill at Longview. And I need to let you all
know that the Board has a bet up here about how
expeditiously I can run this meeting, and I'm just
obviously cratering under the pressure.

(Laughter)

MS. ANDERSON: So I apologize for that error on
my part, so now we've just heard Ms. Carrington's
recommendation about Meadows Place Senior Village. What
is the Board's pleasure?

MR. CONINE: Move for approval.

MR. GONZALEZ: Second.

MS. ANDERSON: We have a motion and a second.
Any discussion about this motion? Questions? Hearing
none, I assume we're ready to vote. All in favor of the
motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no. Motion carries.
Now, Agenda Item number 8: Presentation, Discussion and Possible Approval of the Report from the Audit Committee. Mr. Gonzalez?

MR. GONZALEZ: Thank you, and I'd like to call David Gaines up, please.

MR. GAINES: Madam Chairman, members of the Board, Ms. Carrington. We met this morning at Audit Committee, and we had three agenda items in addition to the approval of the last minutes. We discussed a recently released HUD report on the Section 8 program called Rental Integrity Monitoring Review. There were several findings, five different findings. Was generally receptive to those recommendations and is in the process of implementing those.

We discussed the status of the central database. A couple of significant accomplishments relating to that as the contract system moving into production, and the compliance monitoring and tracking system being fully deployed for our external business partners.

We discussed the immediate plans, plans for the immediate future on that project and then we discussed the status of the prior audit issues. Management continues to work through prior audit issues as implemented -- a handful -- and continues to work on balance.
And I'll be glad to go into any further details
at the pleasure of the committee.

MR. BOGANY: Do we need a motion to accept?

MR. GONZALEZ: Yes.

MR. BOGANY: I move that we accept the Audit
Committee Report.

MR. SALINAS: Second.

MS. ANDERSON: The motion is seconded to
approve the Audit Committee Report. Discussion,
questions? Hearing none, I assume we're ready to vote.
All in favor, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no. Motion carries.

MR. GONZALEZ: I did want to -- as outgoing
Audit Committee chairman, I did want to recognize David
and his staff, and Edwina's efforts, because I think
they've done an excellent job this year, and I really
appreciate all the work that you all have done.

MR. GAINES: I appreciate the committee and the
Board's work.

MS. ANDERSON: Thank you. Next on the agenda
is Item 9, Discussion of Senate Bill 1664, Research and
Information Programs.

Ms. Carrington?

MS. CARRINGTON: Senate Bill 1664 was passed by
the 78th Legislative Session, and the effect of this bill
is, it provides resources to TDHCA to establish an
affordable housing research and information program in
which the department will contract for four items that are
identified for you: periodic market studies to determine
the need for housing; research for effective affordable
housing research, and affordable housing design and
development; and public education and outreach.

We have had -- throughout the summer and fall,
staff has had the opportunity to attend various trade
association meetings, and Ms. Anderson participated in
such a meeting, I think, in October, where the
requirements of Senate Bill 1664 and how the department
thought they might utilize these funds, was discussed.

And we've taken those opportunities throughout
the summer and fall to discuss with constituents,
advocates and others how we might best structure the
utilization of that money.

We have provided for you an Attachment A that's
about a page and a half that outlines the public comment
that we have received to date. And what we're asking for
today is really just a discussion. It's an informational
item for the Board. It's direction from the Board, if you
all want to give us some additional direction, and
certainly invite you all to be involved in this process,
and how we do design, the kind of information we're going
to gather, what our methodology is going to be.

And this is the item earlier today, when yo all
heard from Elizabeth Mueller at the University of Texas --
this was the item that she was addressing.

There is a note down at the bottom of this page
that we discovered about a week and a half ago. The
funding -- the way this money is generated -- is the
applications to the Bond Review Board, which, of course,
have already happened this year, the applications for
multifamily financing, and the developers are required to
submit a $5,000 application fee that goes to the Bond
Review Board. And then $4,000 of that money is supposed
to come to TDHCA.

So with the applications that the Bond Review
Board received this year, actually the amount of money
that should be coming -- will be coming to TDHCA -- is a
little over $744,000.

However, even though we have this statute,
there was no contingency rider that was associated with
the funding, so TDHCA is working with the Bond Review
Board and the Legislative Budget Board to get the budget
execution for the funds to actually get from the Bond
Review Board over to TDHCA.

MS. ANDERSON: Thank you, Ms. Carrington. I'm
remiss once again here this afternoon. We do have one
individual to give public comment on this agenda item,
John Henneberger. Where's your tie, John?

(Laughter)

MS. ANDERSON: Session's over, you left your
tie.

MR. CONINE: We went to a fund-raiser the other
night. You got plenty of money. You could have gone got
a haircut, or something.

(Laughter)

MR. HENNEBERGER: Just as long as you don't
fine me and make me pay for the trust fund for not wearing
a tie, okay?

(Laughter)

MR. CONINE: No, but if his cell phone goes
off, I can promise I'll tag you on that one.

MR. HENNEBERGER: In the interest of helping
the Chair make her bet, I just wish to submit these
suggestions about priorities for research, and thank you
very much.

MS. ANDERSON: Questions of John?

MS. CARRINGTON: May I give Sarah Anderson an
opportunity to say anything she might want to say?

MS. ANDERSON: Absolutely.

MS. (SARAH) ANDERSON: I'm going to keep my
mouth shut so we can move forward.

MS. ANDERSON: Okay. As you said, this is an information item, and you will continue to keep us posted as plans develop.

MR. CONINE: Well, if you don't mind, Madam Chairman, I'll make the same comment I made earlier, which may be repetitious, but I think is important: that there is a fiscal responsibility involved with a lot of what we do here. And I don't know that it's not on this list, but I don't know that it is on this list, and I'd just like to point that out and make sure that those considerations and factors are weighed into the research that we end up doing. That's all.

MS. ANDERSON: Okay.

MS. CARRINGTON: And we can call you when we read the transcript and say, Huh?

(Laughter)

MS. ANDERSON: The next items on the agenda are the report items in the Executive Director's Report.

Ms. Carrington?

MS. CARRINGTON: Okay. On the first item on Potential Return Credits on Suncrest Townhomes, it is our understanding that there are potential settlements at work in El Paso to resolve some lawsuits on Suncrest Townhomes, and we will keep you all apprised of that as it does
proceed.

We would like to announce that the Governor did approve the 2004 Qualified Allocation Plan. It was signed by the Governor on December 1 of this year, and the Governor did not make any changes, so the plan that was signed by the Governor was the plan that was adopted by this Board.

You all had asked us -- you may remember that we did homebuyer assistance calculations back in the summer. We realized that none of our applicants would be eligible for the full $10,000, and so we made that adjustment really during the middle of a cycle. And so what we've done is taken a look at how many would have been impacted by the change going up to $10,000. They're eligible to go to $10,000. They still have to deliver the same number of units that they said they were going to deliver, so they really have an option as to whether they want to use that or not. So you all asked us to come back with that. We did.

The Audit Committee heard this morning on the status of the Family Self-Sufficiency Program, that that plan has been sent to HUD. It was sent to HUD in November. It outlines what we've been doing, what we plan to do with the Family Self-Sufficiency Program in Brazoria County, and perhaps to use that as the model for the other
areas that we administer the Section 8 program in.

On our federal legislation on HR 284 and 595, the legislation is not going to go anywhere this year. However, Texas now has the largest percentage of co-sponsors as we've ever had before. I think we're at 69 percent on co-sponsors. And so I would like to thank Mr. Conine with his work that he does in Washington through the homebuilders. It certainly benefits TDHCA.

And Michael Lyttle and Christopher Ptomey, who have worked diligently to get this co-sponsor list up. And I think we reported it to you a couple of months ago.

We've had some who've never co-sponsored, like Sam Johnson, and maybe one other who have never co-sponsored tax legislation. So they signed on. We're very pleased.

We released about $45 million in 4.99 percent money out of our Single Family Mortgage Revenue Bond Program. Now, that is unassisted. In other words, meaning we don't have any down payment assistance with that. There certainly are other entities out there that do have down payment assistance, so just because we didn't build it into a program, doesn't mean that they might not be able to receive that down payment assistance someplace else. But 4.99, we're expecting that to fly off the shelf.

The Commercial paper program looks like it's
going to happen. Staff has worked diligently for about the past month. We did get three proposals and get providers, and I think we're looking to resolve any remaining issues and settle on who that provider will be next week, I think the 15th of December.

And the result to the agency of using a commercial paper program, as opposed to using the convertible option bond, is going to be about $350,000 savings to the agency. So we believe that was a significant amount of money to go through this exercise. That's it.

Oh, one more thing. I forgot to mention last month we have two women in our agency who have both been accepted into the 2004 Leadership Texas Program. We had two women who applied, and we had two women who were accepted. And being a graduate of the '91 class of Leadership Texas, I am delighted that Brooke Boston and Sarah Anderson are going to be new members of the class.

(Applause)

MS. ANDERSON: Questions for Ms. Carrington?

I think we determined that we don't need an executive session -- not ever having -- is that all I'm supposed to say? We'll just go on to the next agenda item?

MR. WITTMAYER: Yes, ma'am.
MS. ANDERSON: Okay. So we'll not have an executive session. Don't have to read all those paragraphs of things. We're ready for Item number 10: Presentation, Discussion and Possible Approval Request for Extensions for Commencement of Substantial Construction for Two Tax Credit Developments.

Ms. Carrington, we do have some more public comment on Heatherwilde Estates. Bobby Leopold? Not here. Dale Armwood?

MR. ARMWOOD: Good afternoon Madam Chair and Board. My name is Dale Armwood. I'm a retired Chief Master Sergeant for the United States Air Force, and I live at 9023 Old Sky Harbor, which is in Sky Harbor, which right next door to the proposed Heatherwilde Estates. And I come to you today as a resident of Sky Harbor to tell you how I feel about it.

I understand that it's already been approved and that you have no other recourse but to go on with it. But I would like you to understand how the people of Sky Harbor view it.

I want to say first off that we are not against low-income families. We are low-income families. I've lived in Sky Harbor for 20 years, and I've seen the neighborhood go up and down and up and down. I've tried to be instrumental in the upward mobility of Sky Harbor.
We've had graffiti, we've had everything in there.

Forty-eight percent of the Section 8 Housing is in our section, in Section 2. And we have had it really hard trying to keep our neighborhood safe and sound and a good place to be. And so we sort of feel like Sisyphus trying to push this boulder up this mountain, because every time we get to a place where we say, Hey, we have a fair and safe neighborhood at this time, something happens. It seems like we become a dumping ground for projects that other people don't want.

And right next door to me, the house next door to me has his estate operating house for children with slight mental disabilities. A house right behind me is the same kind of house. The house catty-corner to me is the same kind of house. We have inculcated that into our neighborhood, we have learned to work with that, and we have -- those children, you would never know they were there, but I'm telling you, because they do things like clean up the neighborhood. And they do all the kinds of things that the rest of the people in the neighborhood do.

Now, the reason I am here to speak against Heatherwilde is because, from its inception, I've been listening to them talk about different things they're going to do and they're not going to do. And I find that they speak with forked tongue. I don't think it's fair
for them to arbitrarily come and say, Hey, give me a waiver for this or an extension for that, and they automatic get it. Because I think you people ought to know that they have heretofore abrogated their responsibility to do what is expected of them, like submit plans.

And like they have said that they would not impact the schools. They will impact the schools. We'll have more families there. There is already Sky Harbor Elementary -- I don't have children in school, but I'm very active with the school. But last year in grades 1-5, we had over 800 children in this little teeny school, Sky Harbor Elementary. And this development will do nothing but make the student-to-teacher ratio even higher than it is now. And we try to make sure the kids get a good education.

And I think that the people from Heatherwilde have not been totally aboveboard and conscious of the social impact and the economic impact of what their development is going to have on this little neighborhood. They have -- because they're a tax-exempt organization and they do not pay school tax, then that increases my school tax, which I don't think is fair. I don't think I should have to subsidize things that I don't even want in my neighborhood, and have no say-so on whether they're in
my neighborhood or not.

So I come to you solely as a citizen trying to impress upon you the need for these kinds of things to be done prior to the approval of things like the Heatherwilde Estates. And I thank you for your time and courtesy.

MS. ANDERSON: Maria Magellanez?

MS MAGELLANEZ: I want to interpretive for my Spanish. I want to do little bit English.

(Speaking through translator, Ruth Cedillo.)

Good afternoon. My name is Maria Magellanez. I'm here to speak about my community, District 4. I live in the area of Sky Harbor four blocks from the proposed project.

I am against your giving this project another opportunity because I have four children who go to school in the four schools in the area. I see the situation in the school where they have excessive number of children. In each class they have 22 children. In addition, they have children in the cafeteria who are studying. I am one of the volunteers who go to the school to assist with the children and I see the situation. That is my area.

I understand Mr. Longoria said that he wants a stable community, but most of us have to work two jobs in order to make our living. Sometimes we do not have enough to pay our bills -- our electricity, our water. We're not
in a position to be spending the money that we have on the schools.

This project is going to affect us more than we're already being affected by the schools, because we need additional schools because they're going to bring additional children. And what is going to happen, we're going to have to pay more taxes for additional schools. When they realize that the schools are full and then we're going to have to pay additional taxes for the additional schools.

My disappointment is that now they are able to get the dollars that they need for this project. Mr. Salinas told me that this project would have to be given the opportunity as other projects. But I believe that all of you vote to make this decision. And I believe that if you don't listen to us when we come here, what is our word when you don't listen to us when we come here?

Who is going to listen to us in our area when you've already made the decision? The problem is that it's in our district where we live. I have lived there 13 years and that's where my children are going to grow up. And that's where they are going to go to school, and what is the example that we're going to give our children? What is the vote that I am going to make when a decision is going to be made whether it is approved or it's not
I believe that we have word also, that we can give our opinion also, because we are the ones who are affected, not the ones who are receiving the project, or receiving approval. We're the ones who live in the area.

And before I finish, I would like to say this: and if I had to tell my neighbors that the decision that is made here, I believe that we're not counted in that decision that is made, because we're not heard. Thank you.

MS. SALINAS: I would like to respond because she mentioned my name. She asked me to translate and I said no. My whole theory here is that we do not run for election office in San Antonio. And her, really, representatives are the people that run for office in San Antonio, which is Mayor Garza and the Commissioners. And those are the people that make those decisions on these projects.

I mean, I hate to be put in a position where we decide their zoning and their destination. This is not our position. Our position is, do we want to give that developer the opportunity to -- I mean, he was only ten days late. I mean four days late.

Now, it's hurting to find out that these contractors do not want to follow the rules and put us in these situations, because it would have been very, very
simple if the contractor would have done his job. If Mr. Elizonda would have done his job in Corpus Christi, it would not put us in this position with these people thinking that we are going to solve all their problems in San Antonio, when they need to go ahead and go register to vote and get the mayor from San Antonio out of office and the Commissioners who are really responsible for this problem.

Now, why should we be put in that position? I run for office in my town, and the people in my town make me accountable for only my city. And we have an opportunity here to deal with the contractors. And I feel sorry for the contractor, but I'm also upset at them because they should know the rules.

I hope we can go ahead and do this, and do the exception of giving them an opportunity and extension, but I hope that staff can go ahead and talk to every contractor from now on, not to make these mistakes and not to put us in this position. Because it's really sad for them to think that we are the ones that are going to decide the zoning.

And by golly, we know we work -- go through zonings. We went through the problems in McKinney, and we went through the problems in Katy, and we went through the problems all over the state of Texas. We had good
discussions, but for them to think that we are the ones that are going to decide the fate of their community is terrible. I'm not going to translate that. Do you want to?

I just want to make myself clear that we're not in a position where we decide their zoning and their -- I mean, I'm sure Mayor Garza is a wonderful man, and he's done a good job in San Antonio. Why they approved this project, I don't know. But it's something that they have to look at themselves.

MS. ANDERSON: We have another witness, Bobby Leopold.

MR. LEOPOLD: Thanks for giving me this opportunity to speak on behalf of the extension.

As you heard over the day that we've had a lot of positive points as to why we should continue, and I just want to hit on a few points as to how much we've already invested into this project, over $2 million.

There was a comment that was made earlier, that the taxes are going to go up. We're in agreement with the school district, that we signed a pilot program with them, and that we're going to be actually paying taxes, even though by law we are exempt because of the Bexar County Housing Authority. Excuse me for my voice.

The main reason -- early today, Mayor, you
asked why did this even happen. And it was two things that actually happened. It was miscommunication and misunderstanding. I was under the indication that the Bexar County Housing Authority was actually going to take part if we needed an extension on it. He was under the impression that P&L Development, Bobby Leopold, would take on their responsibility.

So after all we had invested into the property and everything, we thought -- I thought, actually, because I misunderstood continuing of Commencement of Substantial Construction. I actually thought we had actually reached that threshold.

Last month, one of our contractors came in and he indicated to us that we needed to be on an extension list. So that's when we actually had a contractor actually file for us to go for extension. So that's how it happened. I misread it. I thought we had reached the threshold of Commencement of Substantial Construction.

Once again I'd like to confirm that we have already spent over $2 million on this project, and I apologize for misreading and misunderstanding for the extension. As you can tell, everything that we have already done, from all the testimony today, that we have completed and we are going to move forward on this project. We will see it come to fruition.
any questions?

MS. ANDERSON: Any questions?

MR. SALINAS: I would just like to hear from Edwina, because her recommendation is not to do the extension.

MR. CONINE: She'll get to that in just a second, I think.

MS. ANDERSON: Yes. We have to have the rest of the public comment on the agenda item before we have discussion.

MR. SALINAS: But do you have some more?

MS. ANDERSON: Yes, there are more witnesses.

MR. SALINAS: Okay. I'm sorry.

MS. ANDERSON: Are there any questions for Mr. Leopold?

Thank you for your testimony, sir.

Maria Gonzales?

MS. GONZALES: Good afternoon, and thank you for having me speak a little bit on behalf of our neighborhood. I'm Maria Gonzales and I live at 5934 Lovers Way. I've been a resident of that neighborhood for 20-some years. I'm a single parent. I work very, very hard to maintain my household. I have two jobs just to keep up with my house and my truck, and whatever little nice things that I have, and to make sure that my son has
the education that is needed.

And I am a little disappointed because I believe they have already had enough. And they know the rules, they know when they're supposed to be applying, so I believe that why should all the people that are supposed to be educated and know their dates and their times that are up, why should they continue being given another extension?

You know, I feel that they're not telling the truth, because if I heard right, they said that they had already made some slabs or something, put some foundation out there. That is not true, because I live there, I go by all the time. Last month, there was hardly anybody working there. There was only two cars with two males there. And they were parked there. Most of the time they were just -- I mean, every time I would go by, they were either fixing their flats during working hours. They were eating their lunch, even breakfast, you know, and I was going through there, even back and forth, just checking it out.

I have not seen any semi trucks with no cement going by there. Yes, I saw that they cleaned up a little bit, maybe put a little bit of flags here and there. They have also -- I have seen that they have put some water pipes or service pipes, or something like that. If they
were really interested in our community, they would be
doing more and making sure that they were doing something
to better our community. You know, Quick, let's do it.
And we have so much time to do this. They seem to be
interested, they say, but they haven't showed me yet.

And like I say, I'm very disappointed that they
didn't come to us when they were supposed to come. I know
that this city already passed it, but they did it the
wrong way. They did not hear us. They did not voice that
we had over 2,000 signatures, and we were let known just
last August that this was going on when they had applied
two years ago.

I mean, they did it underhandedly and
crookedly. They had people that they had in their pocket.
I would accuse probably Kiki Garza -- is that his name?
Oh, Kiki Martinez. Yes, he had first said no, it wasn't
good for our neighborhood, and then he said yes, it was
good for our neighborhood. So you begin to wonder once a
sheriff comes along and handcuffs him and knows what he
did was dirty and maybe accepting a little bribe here and
there.

So I feel that for our children and our people
in the neighborhood -- we are low income, and I do not
object to low income housing there, but I do object that
they continue to throw all this kind of unwanted projects
that are not wanted somewhere else, when we need jobs. We
need clinics. We need more things for our community,
instead of bringing more low income people that are going
to come over here, and where are they going to put us? At
a lower bottom of the totem pole.

So therefore, you know, I hope -- I don't know
how this works -- I hope that you all are not like Mr.
Salinas, that had already made up his mind that he's going
to pass this, and that's what he told us outside. I'm a
little disappointed at him, because I feel that it should
be a group decision. And I feel, and I hope that just one
person did not influence every one of you up here.
Otherwise, I have wasted my time coming here and believing
that you all are going to give us a chance to speak and to
voice your own opinion on this. And thank you so much.

MS. ANDERSON: Thank you.

MR. SALINAS: Again, let me say something on my
behalf. They asked me how I felt about this. I felt that
we needed -- that we've had other people that had gotten
extensions before. This is why I get so upset at
contractors. And somehow the staff is going to have to
get -- or Kent. I mean, look at the situation that we're
in right now. We take a break and they asked me, and I
said, well, I don't think I'm going to be able to help
you.
We get 1,500 kids a year in our area, in our schools, and we don't say no. We are about three miles away from Reynosa Tamaulipas, Mexico, and we get kids every, every year. And we just don't say no. And I'm sure El Paso and the Border areas.

I don't see how two- or three hundred more kids is going to bother their school district. We have the biggest problem in the Valley, in the Border area. We go ahead and say yes to those kids, whoever wants to come to school. I don't understand some of the school districts, some of these people that do not want to accept any more.

But that's beyond our control. My problem here was that I took a break and I said that I couldn't help them. I could not translate and I could not vote in favor because I understand, being a contractor myself, the commitment that the contractor and Mr. Elizondo and Corpus have already made. But I do get upset at the contractors not doing what they're supposed to do. If they had just taken their time and been here five days earlier, we would not be here answering any questions and being accused of me making up my mind before time.

And I don't know what you guys are going to do. I'm only one vote. And maybe we should send the contractors a message, not give them a continuation and not give them an extension, and maybe everybody will learn
from now on. But it's going to cost these people a bunch of money.

Now, you all decide. I just think we all just need to use a little bit of common sense, that what we did in Dallas about those people that kept their application late in our office -- remember? -- and we used some common sense and we gave a lot of opportunity to get those applications in and approve those applications, in that meeting we had in Dallas.

But it seems to me that developers or contractors are to blame here. I just felt that I had to say this.

MS. ANDERSON: Okay. I have a witness affirmation form from Donald Jones.

MR. JONES: Madam Chair, with your permission, I'll defer my comments to -- I believe you have one more of Representative Mercer's constituents here, so I'd like to help you win your bet. I think I'll help you win.

MS. ANDERSON: Thank you. But they did sort of like challenge me, but we're going to take the time we need to do. I don't want anybody to think we're not going to be here and take the time we need to do this right. But thank you, Mr. Jones.

Carole Abitz?

MS. ABITZ: There's some checks up here, if
anybody wants them. Madam Chair and Board, my name is Carole Abitz. I've lived in Sky Harbor for 23 years. I'm here to represent the Southwest Community Association, which is the neighborhood association in which this project is. And we ask you not to grant yet another extension to the tax-exempt Heatherwilde Estates project.

We're not here trying to re-argue the entire zoning issue, but we did understand that the Board had not yet made its decision on the extension. We oppose the Heatherwilde Estates project for a number of reasons, and only last went to our city council to fight the zoning. We submitted a petition with a total of almost 1,497 signatures opposed to this. We feel it's a further concentration of poverty in an area already concentrated in poverty.

Other than what Dale mentioned, 48 percent of the city's Section 8 housing is in our area. Other than the state homes she mentioned, just in the last two years, there's been an infill of 256 TIF homes in our area, and we're still trying to assimilate those people into our community.

With all of those things, we've continued to function as a community working to incorporate the new people and slowly improving the quality of our life. We feel that the further concentration of Heatherwilde...
Estates will further destroy our community.

I've probably gone door to door to more homes in our area over the last ten years than anybody. And each time I go, I find more and more people who have given up and are moving out, because every time we, the community, think we're making progress, some well-meaning, I'm sure, government agency, comes in and plucks in a project.

All through these many months of these processes at the various levels of government, we the citizens have been bypassed and ignored to the greatest extent possible. While the developers seem to get extension after extension, we have never had an extension.

The councils and boards at the various levels of government have also received false information and incomplete information upon which they had to base their decisions, and that continued again today.

You should know that Mayor Garza opposed the project when it went before council for zoning, and our new councilman is opposed to this extension, Councilman Perez. The Bexar County Housing Authority Board Executive Director just recently resigned because of impropriety issues, and we note that you had a letter here from Mr. Chapa, the Chair of the Board, stating his support for granting the extension.

With all of the recent problems with that
board, I kind of doubt that the Board has time to make
that a formal action, so I suspect it's only Mr. Chapa's
opinion. But remember, it was Mr. Chapa who testified to
this Board in July of 2002 that the community thought this
project was much needed. The community didn't find out
about this project until the next month.

Our county commissioner, Mr. Tejeda, who named
to that board -- Mr. Chapa said he named him -- his
representative on that board is Lupe Torres, but when I
became aware of Mr. Chapa's letter to the board, I called
his office yesterday, Commissioner Tejeda. He's out of
town, but I asked him to write another letter opposing
Heatherwilde, which he has done since he learned of it,
which was in August or September of 2002. His staff
contacted him out of town, and he said he asked me if I
would record for the Board his continued opposition to
this project and to the extension. And if you want to
verify that, his office number is 210/335-26111.

In order for these developers to get council
zoning approval last January, they promised many things to
council, yet we don't see that they've worked to fulfill
their promises. In fact, it's just the opposite. They
promised to pay their fair share of taxes and other
expenses, yet we learned just recently about their
application for tens of thousands of dollars in waivers.
for water and sewer impact fees. We're the ones who have
to pick up that difference, and despite the comments of
Mr. Chapa's letter to you, as of yesterday it was our
understanding that that was still not a final decision by
the city.

They promised council they would be good
neighbors to the existing community. Do you consider
expecting all of us current rate payers to pick up the tab
for their for profit development as good neighborly?

They continue to put their construction trailer
and run their heavy equipment up and down the former Air
Force railroad right of way as if it were their own
property. In fact, they cited the problems of the Corps
of Engineers for this abandoned right of way as their
reason for an extension request.

We think that's bogus. That's not even their
property. They didn't have to wait for anything from the
Corps of Engineers. They should be putting the sewer and
water utilities on their property.

We are the ones, our association, the ones who
contacted the Air Force nine years ago, asked them if they
still used that railroad spur. We worked with them to get
them to remove the tracks. And we worked with the city,
we put it into the May '99 bond issue to have that whole
right of way, three miles, made into a hike, bike and
nature trail.

When council approved the zoning for this project in January, one of their requirements was for the developer to make a contribution to help pay for some of the cost of this trail, but once again, the developer is not following through with his promises. In fact, it now appears they are going to try to claim this right of way as their property. Is that good neighborly?

Now, I said before there has been a lot of misinformation again given today here. But I want you -- and I'm just going to point out a few of them, but I hope you're not distracted by some of the comments that have been made that imply that we are against one thing or another. We didn't make those comments. The previous speakers made those comments.

Somebody said, first of all, there were never any public meetings on this prior to August of 2002, after you people approved it. None. Somebody said this plant was within a mile and a half of Toyota. Well, the last I heard, it was 17, 20 miles or more unless they moved the site or they moved Toyota.

Mr. Chapa said that they were never allowed to speak at our meetings. When they came to our meetings, after starting in August of '02 and September, it was after the stuff had been done, and we had been trying to
catch up on the issues. But he said people were not allowed to speak. Our commissioners' representative, Lupe Torres, came to our meeting. She was supposed to speak 15 minutes. She went on for 30, 45 minutes. But again, this was all after the fact.

He said people had attended their board meetings and never said anything. Well, I was the people who attended, and their board meetings only allow people to talk before any action takes place, and then when you get into the discussion, we were not allowed to say anything.

Some witnesses -- one witness was up here speaking for a group that he's the chair of. This is not in his area, and his group has never voted one way or the other on this issues. But by the way, again, it's not in his area, so I think he's a great example of NIMBY.

And two other things that were mentioned as possible reasons for needing the extension -- the tree ordinance, and the big map of trees. San Antonio has had that tree ordinance since at least 1995. Also the need to change from a private septic system to the city sewage system. Our understanding is San Antonio has not allowed private septic systems in the city limits for years.

So we're a little people down here, and we're a little group, and we're not multi-millionaire business
people who are supposed to know all the ins and outs. But it's surprising how they can not know the deadlines and now know all of these things when they've been working them.

So far today I've heard a lot of people on the Board say, Well, we're concerned about how much this developer has invested to date. What about our investment? We've been investing for decades. Thank you.

MS. ANDERSON: Thank you. Bob Sherman?

MR. CONINE: He's left.

MS. ANDERSON: Okay. Thank you, Kent.

That concludes the public comment. So Ms. Carrington?

MS. CARRINGTON: Thank you, Madam Chairman.

The first extension for the Board's request and consideration is a request for an extension of Commencement of Substantial Construction for Heatherwilde Estate Apartments. It was a 2002 tax credit development that was allocated in San Antonio. If you will look at the bottom at staff's recommendation. What we tell you in that recommendation is that the 2002 Qualified Allocation Plan requires that applicants submit their extension requests ten days prior to the actual deadline. That means that this extension request should have been received in the department by October 30. It was actually not received until November 18. And because of the
extension being not timely filed, and staff following the
letter of the law -- the Qualified Allocation Plan -- then
staff is recommending the denial of the extension request.

What is the Board's pleasure?

MR. CONINE: I have some questions, if I might,
before a motion hits the floor.

MS. ANDERSON: Sure.

MR. CONINE: Isn't it true, Ms. Carrington,
that even if the extension request would have been filed
on time, that that still would be in front of the Board,
or not?

MS. CARRINGTON: Yes, sir.

MR. CONINE: So the fact that it was filed late
is really a moot point, other than a technical difficulty.

MS. ANDERSON: If it had been filed on time,
you might or might not have recommended it.

MS. CARRINGTON: Yes.

MR. CONINE: Well, your recommendation would
have changed, but it still would have to have come before
the Board.

MS. CARRINGTON: It would have come before the
Board. Yes, sir. That is correct.

MR. CONINE: Okay. I just wanted to make sure
I understood that. And I don't know if I want to put you
on the spot. I won't do that.
That's all the questions I've got.

MR. SALINAS: How many extensions have they had?

MS. CARRINGTON: I think, Brooke Boston, can you address that, please?

MS. BOSTON: They've had one extension on their carryover, which they extended from October 11 to November 30, and that was in 2002.

MS. CARRINGTON: And did they meet the November 30 deadline?

MS. BOSTON: Yes, they did.

MR. BOGANY: I have a question. I guess the kind and gentler public comments have kind of gone out the window here.

(Laughter)

MR. BOGANY: I really feel for the people of Sky Harbor and their neighborhood, but I honestly have not heard one reason why this project shouldn't be in that particular location. As far as I'm concerned, if you got a school district, the school -- their job is to educate people. And I don't care if 1,000 people move into the neighborhood, their job is to build schools and continue to do their job.

It really bothers me when it's put in our lap, and we had nothing -- your city council, and I totally
agree with the Mayor on this -- the zoning -- they all voted for that. And then it comes to us. Our job is just to make sure that they follow our rules. And if they need an extension, I think common sense has to come in some place, that things do happen. I know in real estate transactions, things fall apart all the time that no one has any control over.

And I just -- it's very heartfelt, and I really do feel for those residents there, but I've not heard one reason. And I just wonder if it was 300 houses that was subsidized by our agency or the federal government, which would be the same people living there again -- would there be an issue?

And I just -- I have to -- I just can't -- common sense has to come into place here. And I think the residents there need to go out and vote. And I agree with the Mayor. That's -- we're just -- we're not the enemy. We have a mission. We've been following that mission. And I just can't -- I've not heard one reason why this project shouldn't be in that neighborhood.

Now, I've heard a lot of emotion, I've heard a lot of fears. But nothing at all. And I'll say this again. I voted for one down the street from my house that I could walk to. I have no thought about it. I had opposition there also. And I voted for one in my
neighborhood. And my values haven't gone anywhere. My
crime hasn't been anything different than it was before.

And I'm just -- I just feel that -- and I'm
upset at the developer for putting us in this position, as
the Mayor said. It bothers me because I really feel
for -- and I hear you. And I feel what you feel. But in
good conscience, I cannot vote against -- not to give an
extension based on just good common sense.

And I think -- you know, I just hope the
developer will work with you guys. I'd like to -- I'm
just very disappointed. I really am. Because the
community has to get over the fears. And I'm tired of it.
And I'm tired of the superintendents telling us it's
going to stress on schools. Then get out of the education
business. That's your job.

You know, I heard our legislator for that area
come in and give his point. And we did have public
hearings there in that area, and I heard one of the
residents say we didn't have a public hearing. It's not
our fault that no one went to the public hearing, and
that's when you defeated this project, at that public
hearing. Not here.

And it's already been approved. Everything has
been in place. And for us to deny this developer over
common sense -- and anybody out there that's done a real
estate transaction knows you have transactions that you
have things out of your control. Happens all the time.
And I will vote with the Mayor on this, that this
developer gets an extension.

MR. SALINAS: I'd like to -- how many people
did you all have at the public hearing?

MS. CARRINGTON: Man, you're asking us to
remember about a year and a half ago, Mayor.

MR. SALINAS: I mean, you remember Katy, Texas?
How many people did you have in Katy, Texas? 1,600 --
you know, and we took care of the people of that
neighborhood. 1,600 people went to the public hearing.
And 1,600 wanted against the project. And we helped the
people of Katy. How many people went to this public
hearing?

MS. BOSTON: Well, just to clarify, there may
not have been a hearing in San Antonio that year. The way
the hearings work for the 9 percent round is, we set up a
series of hearings across the state and we run ads in the
papers, and we do a lot of notification. But people have
to come anywhere from seven to 13 different central
places. And so it may not be that there was a hearing in
San Antonio proper.

MR. SALINAS: But they had a hearing at the --

MS. CARRINGTON: It was in the region. It was
certainly in the San Antonio region, and it was on all of the tax credit applications in that particular region.

MR. SALINAS: But they had a hearing at the planning zone at the city council.

MR. CONINE: Sure.

MS. ANDERSON: Yes.

MR. SALINAS: I just don't want them to think that we are on the side of the developer all the time, because we've taken some of them in Katy. And that was a hard one, but people came to talk to us, and we listened to the neighborhoods. At least it was a divided group here. And that was a big tax credit over there. And we had 1,600 people at the public hearing.

And then we listened -- I mean, the people in McKinney went to the Bond Review Board and defeated that one. But this one -- we don't have anything to do with. And having an extension, I don't think it's a bad idea to give these people an extension. But I am getting tired of them not doing what they're supposed to do, and putting us in the situation that we're in right now.


MR. SALINAS: Second.

MS. ANDERSON: Motion has been made and seconded. Any questions for staff, or further discussion?
I'd like to say just one thing. I share the Mayor's weariness. Fortunately, it doesn't happen too often. But of developers who "fly under the radar screen" in a community, and that is not right. And that is why, to the chagrin of some of our development community, we have quantifiable community participation, courtesy of the Legislature. And Representative Mercer was a key force behind that, and it's because he was trying to listen to his constituents, and this was a situation among several, where developers apparently have not made the effort proactively to work with the community.

So sometimes we reap what we sow. And I think this agency is going to work very hard in the initial years, starting next month, where all these rules are in effect. And that's going to offer what in this case appears to be very needed protection for a community, for people to be notified so if the developer didn't do all the notifications, the community would have information to mobilize on its own.

So I just -- you know, this is a sad -- it's too bad we have to end the year this way, but we will be operating under a different set of rules for the 2004 calendar year, and I hope all of us will work together to make the new sets of rules and procedures work.

Any other discussion on the motion, or
questions? Hearing none, I assume we're ready to vote.

All in favor of the motion, say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed? Motion carries.

MS. CARRINGTON: Thank you, Madam Chair. The last item on the agenda is the Extension Request for Holly Park Apartments. Holly Park Apartments is a 2002 tax credit development that's located in Corpus Christi. And as with Heatherwilde, the requirement to file for an extension for the Commencement of Substantial Construction is November 14. If the request had been timely filed, it would have been received on October 30. It was received on November 5, and in accordance with the Qualified Allocation Plan, because the extension request was not timely filed, staff is recommending the denial of this extension request.

MR. CONINE: Move for approval of the extension request through March 31, 2004.

MR. GONZALEZ: Second.

MS. ANDERSON: The motion has been made and seconded. Any discussion on the motion?

MR. SALINAS: The motion has to say that -- the motion in this case, her recommendation.

MR. CONINE: I said approval of the Request to Extend, which would logically be against the staff
recommendation.

MR. SALINAS: Okay. And then denial of the recommendation. Okay.

MS. ANDERSON: And Mr. Gonzalez, you seconded it? Okay. Other questions, clarifying discussion? Hearing none, I assume we're ready to vote. All in favor of the motion to extend, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no. Motion carries. I don't think there's any other business to come before the Board, and stand -- we have a motion to adjourn.

MR. GONZALES: Motion to adjourn.

MR. SALINAS: Second.

(Laughter)

MS. ANDERSON: Quick on the gavel here.

MR. CONINE: All those in favor?

MS. ANDERSON: All those in favor?

(A chorus of ayes.)

MS. ANDERSON: We stand adjourned.

(Whereupon, at 2:30 p.m., the Board meeting was adjourned.)
CERTIFICATE

MEETING OF: TDHCA Board Meeting
LOCATION: Austin, Texas
DATE: December 11, 2003

I do hereby certify that the foregoing pages, numbers 1 through 185, 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.

12/22/03
(Transcriber) (Date)

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