

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 GONZALEZ
SHADRICK 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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P R O C E E D I N G S

1
2 MS. ANDERSON: Call to order the December 11
3 meeting of Texas Department of Housing and Community
4 Affairs. Our first order of business is roll call. Beth
5 Anderson, Chair, is present. Mr. Conine?

6 MR. CONINE: I'm here.

7 MS. ANDERSON: Mr. Bogany?

8 MR. BOGANY: Here.

9 MS. ANDERSON: Mr. Gonzalez?

10 MR. GONZALEZ: Here.

11 MS. ANDERSON: Mr. Gordon?

12 MR. GORDON: Here.

13 MS. ANDERSON: And Mayor Salinas.

14 MR. SALINAS: Here.

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

17 The first order of business is public comment.

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

22 And I have a number of witness affirmation
23 forms in front of me. Is everyone that would like to give
24 public comment provided our desk with a witness
25 affirmation form? Great. Then as we go through these,

1 you can tell me if you prefer to speak now or at the
2 agenda item.

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

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

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

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

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

23 But they are stressing today that they have a
24 process they want to make sure we follow. In the letter I
25 just passed on, it's a letter of opposition that I'm

1 supporting with my community, and I have the support of
2 the impacted ISD, which is Southwest ISD. You should have
3 a letter from the superintendent of there. I'll refer to
4 part of that in a second.

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

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

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

23 And the community association, again, they
24 said -- they feel they have been targeted, harassed,
25 because they are a concentrated poor community, a

1 community of poverty, and with little influence.

2 And let me explain. This is a community that
3 always -- we were there last Saturday for the Blue Santa
4 parade, the police officers. A community I applaud, a
5 community who took it back. A community who -- Sky Harbor
6 and the area around there was known for years for the gang
7 problem, the drugs, the assaults at the schools, the
8 assaults of the elderly, drive-by shootings. Everything
9 you could imagine was happening in the area of
10 concentrated poverty. And what they call themselves, the
11 term for themselves is the working poor. The people that
12 are working, not for a handout, but a hand-up to better
13 the community.

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

22 And basically, they work with the police
23 officers hand in hand. They threw out the gangs, the
24 drugs. They took the community back. They know that they
25 are a poor community, but they're working hard, have a lot

1 of great pride and respect for who they are. So this is a
2 community we can applaud.

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

8 And again, my schools and my community are
9 unique. I know you hear throughout the state the NIMBY --
10 not in my back yard. This is not a NIMBY situation. This
11 is a community that said, we'll work with you to help plan
12 in the future. The schools want to educate the children.

13 They want to have it in their plan of local bonds and
14 make sure that the schools are built, and are hiring
15 teachers in a timely manner. They want to do their best
16 job. They've been asking to work with that.

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

20 Again, I gave you the brief history. Last
21 August the homeowners association -- the impacted
22 homeowners -- I stress that. It bothers me when I see
23 letters of people who are not even impacted in the area
24 writing letters. This is the impacted homeowners who are
25 unanimously against the extension of the project.

1 The impacted school district, at their school
2 board meeting -- again, unanimously. At that time, even
3 last October, which was the zoning commission -- again,
4 unanimous. And then there were extensions that were
5 passed for over and over. And without fail, those
6 extensions were given. That's just the history of that.

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

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

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

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

1 hear their concerns.

2 Again, in the past, every extension has been
3 granted. We understand that. It's past history, but
4 today they're asking for one more extension. And my
5 purpose, my job, is to represent my people, my community.

6 And again, we're five-fold: the affected homeowners, the
7 affected school district, the city councilmen, the county
8 commissioner, and myself are all asking you, please do not
9 extend. Let's win back the confidence of the homeowners.

10 That the process does work, that they are being heard,
11 and let's deny this extension. Thank you.

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

14 MS. ANDERSON: Sure.

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

18 I'm sure you're familiar with the Community
19 Reinvestment Act and the encouragement of financial
20 institutions to invest in your local community with
21 various projects. And I guess my question to you would
22 be, what should we -- it's just not quite that simple.
23 What should we say to the financial institutions who will
24 receive Community Reinvestment Act credit for funding this
25 particular project, and the syndicators who have already

1 purchased the credits? The financial commitment they've
2 already made -- what should we tell them?

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

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

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

23 MR. CONINE: Well, I guess my point is, the
24 banks have already bought the land, they've already funded
25 a lot of the money allocated to this project on the

1 predication that the credits would be there. And now to
2 take them away, you know, after the fact, so to speak,
3 you're still left with a financial institution that has
4 some exposure. And I just wonder what your comment to
5 them would be.

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

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

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

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

1 here --

2 MR. MERCER: Thank you, sir.

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

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

18 MR. MERCER: They feel they've worked so hard,
19 and they've asked openly -- the community and the school
20 districts -- to work with all developers and help even --
21 you know, programs that are nearby, they've been asking
22 them part of that, and the comment they had, they feel
23 they've been left out again. They feel because they're a
24 working poor group, that nobody cares about what they
25 think.

1 And they're saying -- and the schools, too --
2 are saying, we don't want to know in August that we have
3 300 more kids in there. Because they want to educate
4 them. But they're responsible for hiring new teachers,
5 portable buildings, or by law, having to transport you
6 across the county to somewhere else if they're not ready.

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

18 MR. BOGANY: Thank you.

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

22 MS. CARRINGTON: The particular development
23 that we're talking about, Mayor, is a 2002 allocation of
24 tax credits out of the 9 percent tax credit round, and it
25 was allocated in July of 2002. And then they have met

1 some milestones throughout that process. So it did
2 have -- it has gone through the necessary processes at the
3 City of San Antonio.

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

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

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

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

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

20 MR. SALINAS: Okay.

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

24 MS. CARRINGTON: Yes, we did.

25 MR. MERCER: Thank you.

1 MS. CARRINGTON: That is in the board book.

2 MS. ANDERSON: Any other questions?

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

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

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

12 MR. MERCER: Is that in the --

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

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

23 If we feel that when an application comes by, and they
24 have not even talked to the school to let them know this
25 is coming up, maybe you need to work on floating a new

1 bond for a school, whatever -- well, we do a no-response.

2 A positive response is, yes, you talked to
3 them. And even if the school board and community don't
4 agree, we say you called the process. You talked to the
5 school board and community. When we send a letter against
6 that, that's when it happens. When we call the school
7 board, they have not been talked to, we wait a period of
8 time, we go back and they still have not been part of the
9 communication thing, that's a vital link in building a
10 strong buy-in to the community, and a strong, viable
11 product. So that's when we write a letter of opposition,
12 yes. Thank you.

13 MS. ANDERSON: Any other questions for the
14 representative?

15 (No response.)

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

18 MR. MERCER: Thank you all.

19 MS. ANDERSON: The next witness, James Dodds.

20 MR. DODDS: Good morning. I'm James Dodds.
21 I'm general counsel and chief of staff for State
22 Representative Ruth Jones McClendon. And she has sent a
23 letter on Agenda Item number 10, and I would simply like
24 to read that into the record. Representative McClendon
25 said:

1 "Dear Board Members: Thank you for allowing me
2 to comment on the application for extension of
3 commencement of substantial construction for the
4 Heatherwilde Estates Apartments in San Antonio. There has
5 been substantial local opposition to the Heatherwilde
6 project for years. Many extensions have been granted, but
7 there is substantial opposition to this application for
8 extension. The application should be denied. The credits
9 in the project should be allocated back to San Antonio,
10 and should be put into the current round of projects.
11 There are projects in San Antonio that are ready to go
12 right now with local support and financing. San Antonio
13 needs the housing. Thank you for your careful
14 consideration in this matter."

15 Are there any questions?

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

18 MR. DODDS: Thank you.

19 MS. ANDERSON: Mr. Tom Utter?

20 MR. UTTER: Good morning. Madam Chairperson,
21 members of the Board, Ms. Carrington's staff, my name is
22 Tom Utter. I'm special assistant to the city manager in
23 Corpus Christi. I am here today because Mayor Lloyd Neal
24 is not able to come because of other business. But he did
25 ask me to come and read into the record a letter on Item

1 10. Not the same Item 10 that the previous speakers --
2 this is on the Holly Park Apartments in Corpus Christi.
3 And I also have some other comments. But I'd like to read
4 that letter into the record.

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

20 "Some of you may remember that I provided
21 testimony before this Board in support of this particular
22 project. This project is an absolute perfect infill
23 project, and is located in a locally designated
24 redevelopment area. The 172 units would substantially
25 assist the city in its housing goals. While I have

1 watched this Board and this administration of the TDHCA,
2 together with the assistance of the State Legislature the
3 last session, we have a coherent housing program for the
4 state. The absolute enforcement of a penalty for this
5 error by the developer will result in hardships for many
6 in Corpus Christi for years to come.

7 "The question before you is not one of whether
8 a project qualifies or doesn't qualify, whether the
9 project is correctly located or not, or any one of a
10 number of mirrored issues. It is simply a question of a
11 deadline missed by several days that this Board in its
12 wisdom can rectify. I solicit your kind consideration."
13 And it's signed, Lloyd Neal, Mayor.

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

22 This particular project is not located in an
23 impacted area. It is located in an area, for those of you
24 familiar with Corpus Christi, just south of South Padre
25 Island Drive, which is our large commercial area. It is a

1 perfect infill project, as the mayor said in his letter,
2 because it has all of the city infrastructure. It's got
3 bus routes, everything, and it's vacant property. There
4 is really no local opposition. The redevelopment area --
5 it's really called a redevelopment development area. It's
6 not under state law, but it's locally designated. Did
7 have a public hearing when we designated that area, and
8 we've been seeking this project for I guess about four or
9 five years. It's been several applications. And I can
10 assure you that the mayor did transmit to the developers
11 his displeasure for missing it. I happened to be there at
12 the time when he made the telephone call.

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

19 I stand ready to answer any questions you might
20 have.

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

25 MR. UTTER: Yes, ma'am. And I would be

1 remiss -- the mayor said we'd love to have you back.

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

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

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

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

22 We learned quite a few things from our
23 opposition, and some of the main points I'd like to
24 identify. Number one, the community organizations are
25 very difficult to find. You know, we've checked with the

1 mayor's office, the county clerks, the cities, and there
2 are not very many of them that are registered. A number
3 of the people that were in opposition to our Katy project
4 felt we should go door to door and knock on all the doors
5 to let everybody know what we planned.

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

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

20 Sundown Village is in Congressman John
21 Culberson's district. He was very much in opposition to
22 our development for reasons stated above. But Congressman
23 Culberson is not on the notification list this year, and
24 is still not on the notification list for next year. And
25 I'm not saying that he shouldn't be informed. I've met

1 with Congressman Culberson myself, and reviewed. He
2 appreciated that sincerity, but he is still basically in
3 opposition of the program, just like his predecessor, Bill
4 Archer.

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

15 In a general sense, the same misperceptions of
16 what we all do regarding affordable housing still exists.

17 The negative perception of affordable housing contributes
18 to all the opposition, and it's going to be a core problem
19 in the next couple of years for developers and this Board.

20 This core problem, if overcome, can make our efforts more
21 successful over time.

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

1 So we hope that's successful.

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

4 MS. ANDERSON: Mr. Donald Jones.

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

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

8

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

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

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

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

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

23 My name is Jesse Seawell. I'm the executive
24 director for Ability Resources, Incorporated, a small non-
25 profit 501(c)(3) organization in Fort Worth. A.R.I. was

1 established in 1991 to provide affordable housing
2 accessible to very low-income individuals with
3 disabilities, and is a CHDO for the city of Fort Worth,
4 Tarrant County and the State of Texas. We're a small non-
5 profit, but I think we're doing pretty good work.

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

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

23 In fact, out of 27 applicants across the state,
24 A.R.I. received the highest score in the state. HUD was
25 pretty good.

1 HUD Section 811 projects have historically been
2 just for individuals with disabilities. Recent actions by
3 the U.S. Supreme Court, the Congress, the governor of
4 Texas, and the President of the United States, has
5 resulted in the wish for Section 811 projects to be
6 integrated with other units like -- tenants without
7 disabilities. This project is really the first one in the
8 country that I've found so far that is using this -- is
9 trying to be integrated like this.

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

21 TDHCA rules need to be developed to fit
22 projects that combine Section 811 units with mainstream
23 units to form an integrated facility. Current TDHCA rules
24 simply cannot be used for such an integrated project,
25 since no similar projects exist. For instance, the TDHCA

1 rules should be revised to include the fact that HUD does
2 not allow any revenue after operating expenses for 811
3 projects. Retirement of debt must be predicated on the
4 non-811 units revenue, as no revenue will be available
5 from 811 units to fund loan repayment. Based on HUD
6 awards the Section 811 -- or is it a grant?

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

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

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

25 A.R.I. construction estimates currently exceed

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

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

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

23 MS. CARRINGTON: Yes, sir, we will.

24 MR. SEAWELL: I am meeting with Ms. Carrington
25 tomorrow at 10:30, by the way.

1 MR. CONINE: You can help her craft the
2 response.

3 MS. ANDERSON: Thank you.

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

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

15 Kelly Mullane?

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

18 MS. ANDERSON: Very good. Thank you.
19 Elizabeth Mueller?

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

1 around the state interested in affordable housing issues.

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

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

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

25 MS. ANDERSON: Excuse me. Can I ask you to --

1 we have some sound problem. Can you speak up just a
2 little bit for the benefit of the folks in the back of the
3 room? Thank you.

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

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

20 We also will work to build a community of
21 researchers interested in housing issues and housing
22 research. At present, there are few university-based
23 researchers that focus on these issues, although I think
24 there are many who might be interested if we could engage
25 them in discussion about it.

1 We propose to hold annual meetings that will
2 focus on key research findings and debates, and bring
3 together academic researchers, policymakers, along with
4 housing producers and residents. While the consortium
5 will be housed at the University of Texas at Austin in the
6 School of Architecture, it will bring together researchers
7 from universities around the state.

8 We believe that using a university base offers
9 several advantages. First, it offers a neutral location
10 for discussions of policy options and research strategies.

11 It also offers the infrastructure for housing and sharing
12 data and research. And it's a natural vehicle for
13 building a network of researchers.

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

20 We'd also like to offer our input on the
21 research priorities for the coming year for the use of
22 this money. Based on research that we did over the past
23 year to try and gauge what the participants in the Texas
24 Housing Forum thought were the key issues, we strongly
25 support placing priority on research into the impact of

1 affordable housing development of various types on
2 surrounding properties and on the neighborhoods where they
3 are located, and on documenting housing needs in Texas at
4 the state and local levels.

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

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

24 MR. BOGANY: I am glad you guys have put this
25 together. I think it's long overdue. A couple of

1 comments I had. I honestly -- I heard your comment that
2 you wanted to have a steering committee, a wide base. But
3 I don't see a realtor on your committee. I don't know how
4 you can talk about affordable housing without talking to a
5 person like a realtor, where the tire meets the road. I
6 don't see a commercial realtor here on your list, someone
7 who is dealing with land acquisition and apartments and
8 things of that nature.

9 And I would highly recommend that you have
10 someone like this on here just for the point of
11 information, just the point of having access to MLS
12 information, or access to how long it takes to get land
13 and the acquisition for multifamily or -- and if you could
14 just help us with this NIMBY idea, I think you paid your
15 way. You know, I'm tired of it. And so I just hope that
16 you can help us with this, and I think that should be your
17 first priority, is to turn this NIMBY thing around.
18 Because I think that's the major challenge. That's the
19 most -- that is what's going to sink affordable housing.
20 Nothing else. The funds are there, the need is there, and
21 if you can help us with NIMBY, we can get some people that
22 are actually out there and there's a business on here
23 that, even though they're for profit, they still bring a
24 valuable piece of information of where the community is
25 going and what's going on.

1 You know, I hate to say this, but the realtors
2 may even start the NIMBY thing. I don't know. My thought
3 is that they should be on here so you have commercial
4 groups who may be able to give you some information that
5 you may not see because they see it from a profit side.

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

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

21 MS. MUELLER: Okay. Thank you.

22 MR. CONINE: It probably won't surprise you,
23 Ms. Mueller, that I'll echo my friend's comments here on
24 the building side as well. I know you've got a couple of
25 them on here, but there are a couple of trade groups

1 floating around that do considerable research in this
2 area. And I would encourage you to take a look at them.

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

9 MS. MUELLER: Yes.

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

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

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

17 Maria Gonzales?

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

20 MS. ANDERSON: Maria Magallanez?

21 MS. MAGALLANEZ: I'm going to wait.

22 MS. ANDERSON: Dale Armwood?

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

25 MS. ANDERSON: Two names on this form, I think.

1 Seth Crone and Becky Newman?

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

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

21 Becky does work and serve. She's committed to
22 housing. She serves on your accounts. And she also -- in
23 her backyard, she has a beautifully maintained affordable
24 housing facility. So she is committed. And we thank you
25 for this time today.

1 MS. ANDERSON: John Shackelford?

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

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

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

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

25 As far as why we're here today, I don't offer

1 as an excuse, only an explanation. The developer and the
2 owner miscommunicated between themselves as to who would
3 be responsible for filing an extension request before it
4 was determined to be necessary. They dropped the ball.
5 Again, I don't offer it as an excuse, only an explanation.

6 Both also thought they would -- where the status of the
7 project was, that they had satisfied the condition for
8 commencement of substantial construction. Again, they
9 were mistaken as to what the standard is, because there
10 has been considerable amount already done on this project
11 by November 14, 2003.

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

23 So there's a lot of work already going forward
24 on this project. We have not been dilatory. The reason
25 for why we were unable to meet the November 14 deadline

1 for commencement of substantial construction were delays
2 due to uncontrollable events caused by the City of San
3 Antonio.

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

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

22 So it's been one issue after another that we've
23 had to overcome all these different hurdles. Once we got
24 through all that -- and that process literally took us
25 from June to October -- we then went in for our plat

1 approval. The plat got approved unanimously by the City
2 of San Antonio.

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

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

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

1 to privatize housing. We think that will be beneficial to
2 this project, being right next door.

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

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

15 So for all these reasons, we think it's
16 important for you to understand that my client is
17 committed to the process, they have exercised good faith
18 in trying to go forward, get their construction done as
19 diligently as possible. For reasons beyond their control,
20 the soonest they could get building permits issued, going
21 through the process we have with acquiring the easement,
22 the government, and everything else was just last
23 Thursday. And since that time, we have mobilized our subs
24 and everything is proceeding as quickly as possible. And
25 today we're pouring one of our foundations. We anticipate

1 by January 1, having 50 percent of our foundations poured,
2 which would satisfy the standard for commencement of
3 substantial construction.

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

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

7 MR. SHACKELFORD: Thank you. Last year, the
8 Board had 18 requests for retroactive extensions, and all
9 18 of those requests were approved by the Board. We ask
10 that we be treated similarly, because the Board took
11 action last year. Thank you very much.

12 MS. ANDERSON: Thank you. Questions?

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

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

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

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

22 MR. SALINAS: Was there any opposition there?

23 MR. SHACKELFORD: Yes, there was.

24 MR. SALINAS: So they still voted in favor?

25 MR. SHACKELFORD: Yes. Any other questions?

1 MR. CONINE: Mr. Shackelford, when was the
2 construction loan closed on this project?

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

6 MR. CONINE: Okay, thank you.

7 MS. ANDERSON: Mr. Dario Chapa?

8 MR. CHAPA: I want to thank you all for letting
9 me speak. My name is Dario Chapa. I'm the chairman of
10 the board of the Bexar County Housing Authority. I am
11 here to speak for the Heatherwilde Estates extension, TDCA
12 02075.

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

16 Now, I was appointed to the board of directors
17 by the commissioner from this area, where the housing is.

18 He hasn't asked me to resign, so I'll take that as a
19 plus, that he knows I'm in favor of this development, and
20 our authority has voted for it.

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

1 that are affordable.

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

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

16 We've done everything the QAP calls for. We've
17 jumped through every hoop. The city council has approved
18 it. The Zoning Commission approved it 9-0. The Ad Hoc
19 Committee of city council voted to waive the impact fees.

20 The Planning Commission approved it unanimously. And I
21 see no reason why, after all our work and effort and
22 commitment and expense, that we should not be allowed to
23 continue. We've already got the permits, and we already
24 started pouring the slabs.

25 The City of San Antonio has an onerous process

1 of getting permits. And now with the new tree
2 restrictions, we had to tag an identifiable 2,500 trees,
3 and that took a long time.

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

7 MS. ANDERSON: Questions?

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

10 MR. CHAPA: Five.

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

13 MR. CHAPA: Yes, sir.

14 MR. CONINE: Okay, thank you very much.

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

19 MR. CHAPA: No, we met with some of the
20 principals and we met with some of the representatives.
21 But I personally, or any member of the board, did not.
22 Some of the team did meet with the superintendent of the
23 board. And they did send representatives to city council
24 when we were trying to get the zoning. And we got to meet
25 them there -- the representatives of the superintendent.

1 He himself never attended the city council himself.

2 MS. ANDERSON: Okay, thank you.

3 MR. CHAPA: Thank you very much.

4 MS. ANDERSON: Mr. Carlos Madrid.

5 MR. MADRID: Madam Chair and Board members,
6 first of all let me apologize. I've got a cold, so if I
7 don't make any sense, just holler at me. I'll go over the
8 information again.

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

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

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

23 When this project was presented to us, the due
24 diligence was put into motion. And I'm here to report to
25 you at the expense of being redundant that the Bexar

1 County Court approved it, the city council also approved
2 it unanimously, and there was no objections to it, the
3 Planning Commission approved it.

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

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

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

25 And I was to report back to the board if there

1 were any significant problems that the board needed to
2 know that would cause problems, legally or otherwise. So
3 I feel I can speak with knowledge at the problems at hand.

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

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

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

21 And what I tell people in my position as a
22 commissioner, that if you were to take this project --
23 literally, if you could lift it up and put it in a very
24 highly sophisticated area of the City of San Antonio, it
25 would blend in. The city is also imposing restrictions

1 that we don't have to put any landscaping, they want for
2 it to look like it's the old country style type of an
3 area.

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

12 MS. ANDERSON: Thank you.

13 Mr. John Longoria?

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

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

23 As you see me, I'm in my 24th year in elected
24 public office. Nine of those years were in Bexar County
25 Commissioner's Court. The last two of those, I was County

1 Judge. In January of this year, I retired from State
2 Representative District 117 after ten years of service. I
3 was not able to continue my campaign for reelection
4 because of heart problems.

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

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

16 First of all, we have a significant need for
17 quality housing in south San Antonio. Period. How do we
18 address that? Hopefully, we address it with quality
19 developments, and I'm here to say to you that I have
20 personally toured -- not promises, and not words, not
21 paper -- but I have personally toured the developments
22 that these developers have produced. Mayor Miller from
23 Dallas -- I'm sure if you take the time to talk to her,
24 will strongly support the Southwest Housing, who was one
25 of the primary people involved in this development.

1 That doesn't say anything by itself, but let me
2 tell you, the community is strongly in support of this
3 program, this development. And I understand that there is
4 at least one group -- whether I agree with them or not is
5 not the point, I respect their right to be heard -- and
6 they have gotten my successor, Mr. Mercer, to come in here
7 and speak against Heatherwilde.

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

21 Crime. You need to know something about this.

22 The gentleman -- Mr. Bogany?

23 MR. BOGANY: Bogany.

24 MR. LONGORIA: I'm sorry. That happens to
25 Martinez, Rodriguez, Longoria --

1 (Laughter)

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

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

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

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

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

19 What about schools? This development requires,
20 and is committed in writing as part of their conditions,
21 that they will provide after school care. They provide a
22 computer lab for children. They provide tutoring. They
23 have a program that involves a -- they call it IDA. The
24 residents can put money into a savings, and it's matched
25 two to one by the development and the programs and monies

1 that are available to it. And that money is earmarked for
2 either purchasing homes -- which is encouraged, and they
3 provide classes for home buying -- or you can take it into
4 education, and it's matched.

5 This is quality. This is the --

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

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

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

23 People have the right to be fearful. But this
24 is not the kind of housing and development that is harmful
25 to the neighborhood. I wouldn't support it if it was. I

1 strongly support this. This is quality. This is an
2 improvement for our community, and the history is that 75
3 percent of the residents are going to be already from that
4 area. They're going to be leaving substandard housing.
5 It's going to be an improvement in their quality of life
6 and their housing need.

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

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

20 MR. LONGORIA: When I supported him for
21 election -- and he's from an opposite party -- I supported
22 him, and I made known to him at that time that I strongly
23 supported this program. He makes his own decisions, and I
24 respect that. But since he was elected, I have not talked
25 to him about this. He has not talked to me either. And

1 he lives totally across town. I live in the south side of
2 the area. Not in the immediate neighborhood, but my
3 lifetime has been out there.

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

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

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

24 MR. CONINE: Thank you very much.

25 MR. LONGORIA: Thank you very much.

1 MR. SALINAS: I just want to relate that we
2 respect the decision of the mayor and the city council
3 that made the decision, and the planning and consulting.
4 We merely respect what they do. And my position is that
5 is what we need to do. We need to give out an extension.

6 We will. I think the public hearings and these arguments
7 need to be left to that community. It's already been
8 approved. I just don't think that we should have a
9 problem with this item.

10 And those building permits, and those public
11 hearings are always held at the local communities, and
12 this is where it's got to be voiced. And we've had other
13 problems with other communities, and we've been able to
14 let them decide. I think this project has already been
15 decided by the people that govern the city of San Antonio.

16 So I want you to know that you've got my support for this
17 project. And I don't want you to think that we are going
18 to leave the people that are carrying the weight with the
19 project already started. And I don't know why the
20 contractor did not extend the application or the extension
21 in time.

22 But this is not a game, you know. We made a
23 commitment for San Antonio, what we did. And if there is
24 a good reason why they took their time, I don't have any
25 problems doing the extension. I'm not about to leave

1 anybody hanging, especially the community that supported
2 the community and this project.

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

8 MS. ANDERSON: Thank you for your testimony.

9 MR. LONGORIA: Thank you for listening.

10 MS. ANDERSON: Bobby Leopold?

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

13 MS. ANDERSON: Okay. John Pitts?

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

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

23 I am here representing the Villas at Costa
24 Verde. This is a development that was approved by the
25 city council, approved by the mayor, et cetera. It was

1 submitted in 2002, resubmitted in 2003, and is the only
2 project for that region that remains on the waiting list.

3 Awarding these potentially returned credits to
4 the Villas at Costa Verde accomplishes several important
5 policies of this Board. One, it preserves a regional
6 distribution of housing funding. The potential failure of
7 the Heatherwilde development should not penalize the
8 awarding of credits -- or the allocation of the credits --
9 between all of the regions, and penalize Region 9 -- what
10 was then called Region 8A. If these credits are returned
11 to the 2004 pool of credits and split between all of the
12 regions, Region 9 will lose approximately 80 percent of
13 these credits.

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

20 Number three, awards the partnering and
21 leveraging with local funding sources. The city has
22 awarded this development \$1 million of HOME funds, and has
23 recommitted this amount to the developer. I ask you to
24 please use your discretion today to preserve the policy of
25 this board regarding allocation of credits to regions, and

1 if you do decide not to extend the extension, to consider
2 the Villas at Costa Verde. Thank you.

3 MS. ANDERSON: Thank you.

4 Jim Meyers?

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

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

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

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

24 The next issue would be, is there a quality of
25 construction? I traveled up to Dallas when this first got

1 started over a year ago, went through about four or five
2 different projects, including senior home developments.
3 We're tremendously impressed with not only the quality of
4 constructions, but the amenities that the project has to
5 offer for after school hours for the children and their
6 tutoring, their very extensive computer program, their
7 labs.

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

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

25 So the need is there. Your decision, I'm sure,

1 is whether or not to extend the tax credit. But so much
2 work has been done. All the committees have been met
3 with, the city council. I've attended so many meetings, I
4 feel like I've become a zoning attorney. But the zone
5 requirements have been met. The city council meetings
6 have been attended, the tax issues have been addressed.
7 And I can't add anything else, because everything I was
8 going to say has already been said.

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

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

17 (Laughter)

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

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

22 MR. MEYERS: Thank you.

23 MS. ANDERSON: Okay, I have six more witness
24 affirmation forms. I think that's all on that particular
25 topic. And I've got some board members that are almost

1 ready to take a break, but I'm going to try to hold us
2 here to try to finish this original public comment period.

3 So I ask you again to be kind to the board in terms of
4 the length of your comments.

5 The first form I have is for Kelly Elizondo.

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

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

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

18 Holly Park Apartments is a 172-unit development
19 comprised of two- and three-bedroom fourplexes located at
20 3330 Holly Road, which is being developed using a 2002
21 allocation for tax credits. Construction and permanent
22 financing is being provided by PNC Bank. The equity is
23 being provided by PNC Multifamily.

24 I put together a red notebook for you to give
25 you an overview of some of the issues and will provide you

1 greater detail of the items that I'm going to cover here.

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

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

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

19 We're very proud of our site. It's located in
20 a designated redevelopment zone close to many amenities
21 and on two major thoroughfares. Beyond those advantages,
22 though, the site is very flat, minimizing the cost
23 associated with a topol [phonetic], but conversely, the
24 lack of slope delayed the drying process. Eventually we
25 couldn't rely on age alone, and we had to pump out the

1 moisture.

2 That being said, we do believe that the Holly
3 Park we completed will be a significant relief to the
4 city. For the record, the project is significantly under
5 way. Initial permitting has already been granted, and
6 much of the infrastructure in terms of the water, sewer,
7 stormwater drain system for the development is
8 substantially complete.

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

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

23 Some of you have had the opportunity to visit
24 some around the state, Corpus Christi, when the TDHCA had
25 its board meeting. And I was real proud of the fact that

1 you took time to visit and you became familiar with it. I
2 assure you the same quality and care is being used in the
3 development of Holly Park.

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

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

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

14 (Laughter)

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

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

24 MS. ANDERSON: Thank you.

25 MR. SALINAS: You know that the staff's

1 recommending against you on this.

2 MR. ELIZONDO: I understand.

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

5 MS. ANDERSON: Nicole Flores?

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

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

20 PNC Bank has a substantial role in this
21 project, having arranged for the syndication of the tax
22 credits, as well as providing both the construction and
23 permanent loan financing. To date, PNC has arranged for
24 the construction on closing in June of this year, along
25 with admission of the special limited partnership, an

1 installment of initial tax credit equity in the amount of
2 \$1.4 million.

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

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

15 Following Mr. Betzler's last site visit on
16 December 3, the site construction progress was approved at
17 12-1/2 percent, and showed significant progress toward
18 completion of the underground utilities and foundation
19 form work. Mr. Betzler's previous reports indicate that
20 heavy rains during the course of some site inspections and
21 site conditions remained unsuitable for preliminary
22 construction activity.

23 I'm fortunate to have immediate family in the
24 Corpus Christi area, so beyond my role at the bank, I've
25 had the opportunity to visit this construction twice since

1 the construction commenced. On both occasions, there were
2 torrential downpours which flooded many streets throughout
3 Corpus Christi. In visiting the site, there was no
4 activity. I was frustrated, as a lender of this project.

5 I wanted to call the developer, I wanted to yell and fuss
6 and scream. There was no one to blame. There was no one
7 to blame but Mother Nature for the delays at the site.

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

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

25 As the finance partner in this transaction, we

1 have strong confidence in the capabilities of the
2 development team to complete this project on a timely
3 basis. I urge you to not slow the progress of this
4 development.

5 Our most recent market updates earning special
6 visit in October indicate that among affordable projects
7 in Corpus Christi, the occupancy rate exceeds 96 percent.

8 There are waiting list at several of the other tax credit
9 properties currently in existence in that city. We would
10 believe there is a great need for additional quality
11 affordable housing in Corpus Christi.

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

16 MS. ANDERSON: Thank you.

17 MS. FLORES: Thank you.

18 MS. ANDERSON: Ms. Dykema?

19 MS. DYKEMA: Good morning. I'm Bibiana Dykema.
20 I'm a principal with Dykema Architects in Corpus Christi.
21 I've been practicing there for 25 years. And we have
22 experienced tremendous rainfalls. We actually -- I hate
23 to say this with Kelly in the room -- but we love them,
24 because we went through terrible droughts, but we have
25 gotten the rain we want, and we don't want any more rain.

1 And I have many projects that this has impacted.

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

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

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

16 MS. ANDERSON: Thank you very much.

17 MS. DYKEMA: Thank you.

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

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

23 MS. ANDERSON: Okay. Thank you.

24 I have a form that -- it's someone that
25 supporting an Arlington project, Item 6(c)(1), a person

1 that lives in Dallas, but there's no name on this form.

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

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

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

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

22 MS. ANDERSON: Thank you, Mr. McMullen. We're
23 going to take a short break, like a ten-minute break. But
24 before we do that, I want to be sure and acknowledge --
25 you heard the testimony from Representative Mercer earlier

1 this morning. We're also pleased to have his chief of
2 staff, Don Jones, with us. We're pleased to have Jeremy
3 Mazer [phonetic], Representative Caligari's staff member,
4 as well as Beau Rothchild, who is the committee support
5 member for the House Committee on Urban Affairs. Welcome
6 to you all. Appreciate you being here.

7 We'll take a ten-minute break.

8 (Off the record.)

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

12 MR. CONINE: Move for approval.

13 MR. BOGANY: Second.

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

16 (A chorus of ayes.)

17 MS. ANDERSON: Those opposed? Motion carries.

18 Item number 2 is the Appointment of Committees
19 of the Board by the Presiding Officer. That would be me.

20 I'm pleased to be here. I appreciate the Board's
21 patience and their good will today as I, as well as the
22 staff, work to try to begin to fill some very big shoes
23 that were left by our former chairman, Mike Jones, who I
24 think will be missed by our staff, and certainly by the
25 Board.

1 And he left us many lessons, but he personally
2 left me one valuable lesson, and that is that the need for
3 our Board, from time to time, amidst all of our
4 complicated rules that are established for very prudent
5 reasons -- to also balance those rules against what Mr.
6 Jones liked to call plain old common sense. And I think
7 that was good advice that I've taken to heart, and I hope
8 will continue to serve this Board and me well as we move
9 forward.

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

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

15 (Applause)

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

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

22 MR. GORDON: How are you all doing? As you can
23 tell, I've been pretty quiet this meeting. But I look
24 forward to serving on the Board. I look forward to
25 carrying on everything to do with the Board, and doing the

1 best I can. And I've got a lot to learn still, but I'll
2 do my best, and I appreciate everybody's support. I
3 appreciate everything Edwina has done for me. I've had to
4 learn -- had a crash course in a lot of things, and the
5 Board has been very supportive. And once again, I look
6 forward to serving and doing a good job the best I can.
7 Thank you.

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

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

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

1 last two years, resolving a number of audit issues.

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

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

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

25 And so perhaps we haven't spent as much time as

1 we might looking individually at the programs of this
2 agency, and then sort of cross program at the functions or
3 the populations that these programs serve, whether it's
4 rental assistance or owner-occupied, at-risk rehab versus
5 new construction. So both sort of program silos and the
6 functional areas and a review at the Board level, with the
7 staff's help, I think may uncover some additional
8 opportunities that help us really target our resources
9 where the housing need really is. And so I look forward
10 to seeing the work of the Program Committee in that area.

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

22 And so I appreciate Vidal and Kent and Shad
23 each agreeing to chair these committees, and look forward
24 to, as I hope you will, participating in those committee
25 meetings as items of interest come up for you.

1 And I just want to say one other thing. It's
2 been a long year. We've had a legislative session in
3 Texas that always adds to the operational tempo in this
4 agency. There were significant changes voted by the
5 legislature and signed by the Governor in June. The staff
6 has worked very hard to get all the proper rule-making in
7 place so that our programs beginning January 1, 2004, for
8 the tax credit cycles, and so forth, fully reflect those
9 legislative directives.

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

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

23 (Laughter)

24 -- and so I would wish peace for each of you
25 all, and that we have peaceful dialogue between ourselves.

1 We can be really tough on the issues, because we face
2 tough issues together, all of us, as members of
3 communities, as members of the development community,
4 financial community, advocacy community, Board staff --
5 all of the publics that are interested in these topics.
6 We can be tough on the issues, and still be soft and civil
7 on the people.

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

15 (Applause)

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

19 Ms. Carrington?

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

25 (Laughter)

1 MS. CARRINGTON: So I may slip a time or two.
2 So thank you very much and congratulations.

3 MR. CONINE: How about Chair Mom?

4 (Laughter)

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

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

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

23 We've highlighted for you on your summary page
24 the major changes from the 2003 State of Texas Low Income
25 Housing Plan and Annual Report. I think probably very

1 significant, of course, is the 78th Legislative Session
2 overview. And then the last bullet, the Regional
3 Overviews, now include available funding performance
4 measures, anticipated allocations, in the various regions.

5 And it also provides the comments from the Community
6 Needs Survey and the Regional Advisory Committees. And
7 this is the first time that we have been able to provide
8 this information now on a regional basis.

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

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

24 And with that, I would ask the Board if they
25 had any questions, and we are asking for your approval of

1 this document.

2 MR. BOGANY: So moved.

3 MR. GONZALEZ: Second.

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

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

7 (A chorus of ayes.)

8 MS. ANDERSON: Opposed?

9 (No response.)

10 MS. ANDERSON: Motion carries.

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

21 And the funds in particular we're talking about
22 are community development funds, CDBG, which go to ORCA;
23 HOME Funds, which come to the department; the Emergency
24 Shelter Program, ESG, which also comes to the department;
25 and Housing Opportunities for Persons with AIDS, or HOPWA.

1 And those funds actually go to the Department of Health,
2 but it is our agency's responsibility, since we receive
3 the majority of the funds, to create this plan.

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

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

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

21 MR. GONZALEZ: Second.

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

24 (A chorus of ayes.)

25 MS. ANDERSON: Opposed? Motion carries.

1 Let's say congratulations to the Center for
2 Housing Research, Planning and Communication. This is a
3 good part of the work they do. Very major documents for
4 this agency, so congratulations Sarah Anderson, the
5 director, and your staff.

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

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

24 MR. BOGANY: So moved.

25 MR. CONINE: Second.

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

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

16 It's my personal experience that to define
17 something is to limit it. And so my -- I guess I need to
18 figure out how to put this in the form of an amendment for
19 the Board to entertain -- is that for the purposes of this
20 draft proposed rule that's going to be published in the
21 Texas Register, that rather than the language that's in
22 the rule that takes the ten items that were legislatively
23 defined and expands them to some number quite a bit larger
24 than that, that for the purpose of the proposed rule, that
25 we substitute the actual items in the legislative

1 language, and then we let the public comment period do
2 its -- play its role and we see where that public comment
3 takes us. And I would offer that as an amendment to the
4 draft rule.

5 MR. GONZALEZ: Second.

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

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

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

21 So when we went through the QAP process, and we
22 were putting it together, we thought that there were some
23 additional topics we thought appropriate to add. It's
24 entirely in the Board's discretion if we should go
25 strictly back to the Senate Bill 264 language, and not

1 include any additional ones, and see how that comes out in
2 the public comment, or to propose a rule which tracks what
3 we have in the current QAP, and change it after or during
4 the public comment period.

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

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

13 MR. WITTMAYER: Correct.

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

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

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

24 MR. WITTMAYER: Right.

25 MR. CONINE: No real big deal, but picks up an

1 extra entity, as opposed to what the statute did. I
2 understand we did this in the QAP. In the QAP, are we
3 still talking about public comment? In the QAP? Is that
4 what we were addressing here? Or was this list a
5 different list?

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

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

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

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

1 from the scores which rank the various tax credit
2 applications.

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

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

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

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

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

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

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

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

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

23 (A chorus of ayes.)

24 MS. ANDERSON: Opposed? The amendment carries.
25 Now the vote on the main motion on the rule. Any other

1 discussion? All those in favor?

2 (A chorus of ayes.)

3 MS. ANDERSON: Opposed? Motion carries.

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

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

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

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

23 So we made a few minor changes to the document.
24 It does track all the requirements in the QAP, and we are
25 requesting that the Application Submission Procedures

1 Manual for Tax Credits and Trust Fund be approved by the
2 Board.

3 MR. BOGANY: So moved.

4 MR. SALINAS: Second.

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

6 Discussion on this item?

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

8 (Laughter)

9 MR. CONINE: Come on up.

10 MS. BOSTON: Really?

11 (Laughter)

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

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

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

23 (A chorus of ayes.)

24 MS. ANDERSON: Opposed? Motion carries.

25 MR. CONINE: Ms. Anderson, I'd like to thank --

1 since the subject is the Housing Trust Fund, I'd like to
2 thank Gordon Anderson for having his cell phone on a few
3 minutes ago, and having a \$100 donation to the Housing
4 Trust Fund. Appreciate you doing that.

5 (Laughter)

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

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

10 Mr. Bogany?

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

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

24 This one was a very unusual circumstance with
25 an entity called Central Plains Center that did receive an

1 award of \$398,850 in Housing Trust Fund money; \$298,350
2 was a grant, \$100,000 was a loan. And what Central Plains
3 Center did was purchase 13 single family residences, and
4 they were housing individuals with disabilities. And they
5 are located in -- they're spread out. They're spread out
6 in seven of nine counties that this area serves. The
7 Central Plains is located actually in Plainview.

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

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

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

24 MR. BOGANY: Second.

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

1 Any discussion? Hearing none, all those in favor?

2 (A chorus of ayes.)

3 MS. ANDERSON: Opposed? Motion carries.

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

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

10 MS. CARRINGTON: Yes.

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

13 MR. MULLANE: Good afternoon, Madam Chairman,
14 Ms. Carrington, Board members. My name is Kelly Mullane.

15 I am with Grant Works [phonetic], and I wanted to thank
16 you for the opportunity to present you with a couple of
17 letters of gratitude from communities that have been
18 recommended for 2002-2003 funding. And also to say that I
19 am looking very forward to implementation of this.

20 MS. ANDERSON: Thank you.

21 MS. CARRINGTON: Thank you.

22 MS. ANDERSON: Ms. Carrington.

23 MS. CARRINGTON: Thank you. The first item
24 under the Single Family Home Program is the 2003 Olmstead
25 Set-Aside Awards totaling \$469,242.

1 The department has allocated \$2 million toward
2 populations that are served and addressed in the Supreme
3 Court Olmstead decision. And what that Olmstead decision
4 did was focus, or related to, deinstitutionalization of
5 persons with disabilities. As a response to that, the
6 department allocated two million to serve these
7 populations. Our Governor also released an executive
8 order on community-based alternatives for people with
9 disabilities, requiring the Department of Health and Human
10 Services Commission to work together to ensure accessible,
11 affordable, integrated housing for people with
12 disabilities.

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

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

1 269,242.

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

13 MR. BOGANY: So move.

14 MR. GONZALEZ: Second.

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

16 Are there any questions or discussion?

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

19 MR. SALINAS: It's 469-.

20 MS. CARRINGTON: 469,242.

21 MR. SALINAS: You said 266-.

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

23 Thank you.

24 MR. CONINE: They like that admin fee to add in
25 there.

1 You said it was heavily marketed, I think was
2 the word you used.

3 MS. CARRINGTON: Yes, sir.

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

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

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

19 It's not just like going out and using it,
20 going to a general population, and trying to give out
21 vouchers. It's much more complicated. There are
22 relocation issues associated with this. It's sort of a
23 new beast for the agency to be dealing with something as
24 complicated. It's going out and finding people in
25 institutions, putting together their local support

1 services, finding the accessible housing. It just is very
2 complicated. And this is the first time that we have had
3 this forward, and there's a learning curve on both sides,
4 to be perfectly honest.

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

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

22 I think that initially they were looking at
23 this as a capacity-building effort, and our job to build
24 their capacity. And I've made it very clear that there
25 are existing capacities in the field. They need to be

1 putting that together, and I think we've made our point
2 clear. I think as we do an open cycle, we'll be much more
3 successful in getting the funding out. And I would urge
4 the Board to give us a little bit more time with this.
5 This is not only in response to the federal Supreme Court
6 decision, but actually two executive orders from the
7 Governor's Office -- one from the previous governor, and
8 one from this one.

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

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

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

24 And the Health and Human Services Commission
25 has a little bit of money to do promoting independence. I

1 sit on an advisory committee over there. I've asked for
2 about \$160,000 to go towards this for separate
3 administrative purposes. And I'm hoping that will make
4 the difference.

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

12 MS. (SARAH) ANDERSON: The thought in this
13 case, and as was outlined in the NOFA, was the HOME funds
14 are intended to be a bridge towards either self-
15 sufficiency or using local Public Housing Authority funds.

16 So as we outlined in the NOFA, as they undertake this,
17 the intention is that they should be working with the
18 Housing Authority to get them on the list there and
19 absorbed.

20 We do have some vouchers that -- we're in a
21 pilot program with HUD -- that in the event that the term
22 of their contract runs out, we certainly don't want to
23 pull money and have somebody thrown back into an
24 institution. So we do have some flexibility with some
25 vouchers that we have that we can -- in the event that

1 they can't get the Housing Authority to absorb or take on
2 someone, that we will be able to continue that bridge
3 until such time that they do.

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

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

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

22 I think, like Sarah said, it's going to take a
23 little time for folks in the industry to figure out how to
24 best put these deals together. And I think in time we'll
25 be able to get all of these funds out the door.

1 MR. SALINAS: How much funds are you all
2 talking about?

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

11 MR. SALINAS: And the Relocation?

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

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

23 MS. (SARAH) ANDERSON: Yes. Obviously, the
24 majority of the people end up in many cases in the
25 metropolitan areas simply because that's where the

1 services are. There certainly is desire for people to be
2 able to remain in the rural areas and not have to move.

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

5 (No response.)

6 MS. ANDERSON: Thank you both.

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

9 (No response.)

10 MS. ANDERSON: All in favor, say aye.

11 (A chorus of ayes.)

12 MS. ANDERSON: Opposed? Motion carries.

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

16 MS. CARRINGTON: Thank you, Mr. Bogany. Items
17 2 and 3 both relate to allocations of deobligated funds,
18 deobligated HOME funds within the department. You all may
19 remember last month you awarded about 13.8 million in
20 deobligated funds in the Home Program, and we used those
21 for disaster relief.

22 What staff has been doing over, I guess,
23 probably, the last nine months to a year -- and staff is
24 the staff in Portfolio Management and Compliance. They
25 have been working to look at our HOME commitments and our

1 HOME dollars to determine how many of those are actually
2 being utilized, and how many of those dollars can be
3 deobligated. And we have identified about \$21 million, I
4 think, in deobligated funds that you've done 13.8 million
5 in disaster, and then we have several more -- as you can
6 see, 6 million and 9 million that we're asking you all to
7 consider today.

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

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

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

25 And so what this item would do would be to take

1 all of those activities, all of those applications from
2 last summer, that were partially funded -- and there were
3 33 of those -- and this would fully fund those
4 applications. And the total amount would be \$6,663,261.
5 That is the total you can see down at the bottom of your
6 summary page. That does include \$256,280 that are in
7 administrative fees, making your six-million-six total.

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

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

19 MR. BOGANY: So moved.

20 MR. GONZALEZ: Second.

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

23 MS. CARRINGTON: Yes, sir. These are all HOME
24 awards, and there's actually two activities that these
25 applications will be undertaking. One of them is Owner-

1 Occupied Assistance, which is a rehabilitation program for
2 people who currently own their homes, and then the other
3 is Homebuyer Assistance, and that is our down payment
4 assistance for first-time homebuyers. So those are the
5 activities that these 33 groups are undertaking.

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

9 MS. CARRINGTON: Yes, sir.

10 MS. ANDERSON: Any questions from the Board?

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

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

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

1 understand why an urban area is on here.

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

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

8 MS. ANDERSON: Okay. Thank you, Eric.

9 MR. SALINAS: What was the reason?

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

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

17 MR. SALINAS: Urban counties?

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

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

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

1 motion?

2 (A chorus of ayes.)

3 MS. ANDERSON: Opposed? Motion carries.

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

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

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

9 MS. ANDERSON: We have more money left over.

10 MR. CONINE: Tis the season of giving.

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

19 And that's what Item 3 is. There are 25
20 applications that were in the round that fell below our
21 cut-off. And we have picked up -- we went down to pick up
22 all applications now that scored 111. I think our cut-off
23 before had been 113. And so what we've done is been able
24 to pick up an additional 25 applications for a total of
25 \$9,080,240.

1 Again, the staff's recommendation comes under
2 Item E of the deobligation policy approved in January of
3 last year. And if the Board does approve this today we
4 will have funded 204 of the 344 single family applications
5 during the HOME cycle, and that will total \$67,758,021 in
6 HOME funds for this year.

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

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

14 RUTH CEDILLO: The previous one.

15 MR. SALINAS: The previous one?

16 MS. CEDILLO: Yes, sir.

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

19 MS. CARRINGTON: Glad you asked me.

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

23 MR. CONINE: Second.

24 MS. ANDERSON: We have a motion on the floor.
25 It's been seconded. Discussion, questions?

1 MR. CONINE: Eric, did you call Home Depot and
2 Lowe's and told them who's coming?

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

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

9 MR. PIKE: Correct.

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

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

25 Another thing that we looked at was we took the

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

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

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

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

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

1 thinking on that issue.

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

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

14 MR. PIKE: We did do that.

15 MS. ANDERSON: Okay.

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

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

1 that that was somewhere that we didn't want to have to go
2 with these dollars.

3 MS. ANDERSON: Okay. Maybe I'm missing
4 something. How would we end up with partially funded
5 projects if we just took the highest -- you're saying that
6 \$9 million divided 13 ways -- the highest-scoring project
7 in a given region would be asking for more than \$700,000?

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

10 MS. ANDERSON: Why would we --

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

13 MS. ANDERSON: Take the highest scoring --

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

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

17 MR. PIKE> Yes. We could have looked at that
18 and perhaps funded a project in each region -- say
19 \$500,000, if that was the amount that they were
20 requesting. That's the maximum amount they can request.
21 And in doing so, we would still have probably had some
22 dollars remaining. In other words, if we had funded one
23 project in all of the regions -- we have 13 --

24 MS. ANDERSON: You'd have some balance.

25 MR. PIKE: Yes, we have 13 state regions.

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

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

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

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

17 MS. ANDERSON: Right, but what I'm hearing him
18 say is there would have been a fundable project in each
19 region. And so it wouldn't have been the city that gave
20 the money back before, right? That created the 9 million.

21 It wouldn't be Marshall, it'd be Sulphur Springs, or, you
22 know --

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

25 MS. ANDERSON: Okay.

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

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

14 In other words, you might have two or three
15 that all scored 112 points, so you've got to take your
16 500,000 and split it three ways.

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

19 MR. PIKE: Well, the way we chose to handle it
20 is, we funded everybody that was at 111 points and above,
21 and if there were three or four communities that scored
22 111 points, they all get full funding.

23 MS. ANDERSON: Without regard to region.
24 I mean, they use scoring instead. And I'm just asking
25 why.

1 MR. PIKE: Any other questions?

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

3 Any other questions of Eric or anyone else?

4 Thank you, Eric. Any other discussion?

5 (No response.)

6 MS. ANDERSON: Hearing none, we're ready to

7 vote. All in favor, ayes?

8 (A chorus of ayes.)

9 MS. ANDERSON: Opposed? Motion carries.

10 MR. BOGANY: Our last program is the
11 Multifamily Home Program, an award in the amount of
12 \$999,999 for Bethel Senior Housing.

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

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

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

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

22 For the record, my name is Robert Chavira. I'm
23 representing Housing Plus, a 2003 CHDO applicant for a
24 development known as Star Village Apartments in San
25 Benito, Texas.

1 The Star Village Apartments was one of the ten
2 applicants -- can you all hear me? It's one of the ten
3 applicants that met the minimum threshold requirements,
4 and was one of the six that was denied funding.

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

13 MS. ANDERSON: Thank you.

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

16 MS. CARRINGTON: Thank you, Mr. Bogany.

17 At the November Board meeting, the Board did
18 approve an appeal of Bethel Senior Housing. And the
19 action that the Board took in November was to actually
20 approve their appeal. And so what they're doing -- what
21 we're doing -- is coming back to the Board today for the
22 actual allocation of the HOME funds multifamily, out of
23 the CHDO set-aside, and the amount that the development
24 was requesting is \$999,999. And if the Board does approve
25 this allocation today, then we will have allocated for

1 this year out of the Multifamily CHDO HOME fund
2 \$6,247,961. It will still leave us about \$8.8 in
3 multifamily CHDO funds that we will also be utilizing
4 through an open cycle.

5 MR. CONINE: Move for approval.

6 MR. BOGANY: Second.

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

9 (A chorus of ayes.)

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

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

16 MS. ANDERSON: No.

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

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

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

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

25 MR. CONINE: That'd be great.

1

MS. ANDERSON: Okay? Ten till?

2

(Off the record.)

1 A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

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

5 Mr. Conine?

6 MR. CONINE: Thank you, Madam Chairman.

7 MS. ANDERSON: Watch it.

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

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

14 MR. CONINE: Where is Byron?

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

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

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

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

21 MS. CARRINGTON: Okay, thank you.

22 MR. CONINE: You're up.

23 MS. CARRINGTON: The Board approved the
24 investment policy in June of 2003. You all approved that
25 investment policy on an annual basis. What we are asking

1 you to do is approve an amendment, or an amended
2 investment policy, that includes required ethics and
3 disclosure for financial advisors and service providers.

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

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

11 MR. BOGANY: So moved.

12 MR. SALINAS: Second.

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

15 MS. ANDERSON: Which?

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

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

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

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

25 (A chorus of ayes.)

1 MS. ANDERSON: All opposed? Motion carries.

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

4 Ms. Carrington?

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

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

20 MR. BOGANY: So moved.

21 MR. GONZALEZ: Second.

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

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

1 MR. CONINE: Just the trustee services.

2 MR. BOGANY: Oh, okay.

3 MR. CONINE: Don't start a rumor.

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

6 (Laughter)

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

10 (A chorus of ayes.)

11 MS. ANDERSON: Opposed? Motion carries.

12 I do have one person for public comment on Item
13 6(c)(1). Bill Fischer?

14 MR. FISCHER: Good afternoon, Madam Chairman,
15 Board members. I'm Bill Fischer. I'm here on behalf of
16 Provident Realty, who is the developer of the Parkview
17 Townhomes known as Providence at Rush Creek in Arlington.
18 First of all, happy holidays to you all.

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

1 at-large city councilmen.

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

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

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

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

23 MS. CARRINGTON: Thank you, Mr. Conine. All
24 three of these for your consideration right now are all 4
25 percent developments with the Texas Department of Housing

1 and Community Affairs as the issuer. And the first one is
2 Parkview Townhomes, which is located in Arlington it's
3 248 units, two series of bonds on this transaction, 15
4 million that would be tax-exempt, 1.6 million that would
5 be taxable. The interest rate on the tax-exempt bonds is
6 6.6, and it's 8.5 on the taxable.

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

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

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

18 There is the transcript of the public hearing.

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

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

24 MR. CONINE: Move for approval.

25 MR. BOGANY: Second.

1 MS. ANDERSON: Been moved and seconded to
2 approve the awarding of tax credits and issuance of bonds
3 for Parkview Townhomes.

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

6 MS. ANDERSON: 0391 is the resolution number.

7 MR. CONINE: Thank you.

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

11 (A chorus of ayes.)

12 MS. ANDERSON: Opposed? Motion carries.

13 The second development for your consideration
14 is Timber Ridge II Apartments. It's to be located in
15 Houston, 124 units, two series of bonds, \$7 million on the
16 tax-exempt series, 500,000 on the taxable. Tax-exempt
17 bonds are going to carry an interest rate of 5.75
18 initially, and then fixed at 6.75, and 8 percent interest
19 on the taxable bonds. These will be privately placed.
20 The term on the tax exempt is 32-1/2 years, and 15 on the
21 taxable bonds.

22 I would like to make a correction at the bottom
23 of the page behind Tab 1, where it says Board Approval
24 Memorandum. Your resolution has the ownership of this
25 entity correct, but the borrower entity is actually Big

1 Horn [phonetic] Limited Partnership, which is a Texas
2 Limited Partnership whose general partner is Blazer
3 Residential. So I did want to that to go into the record,
4 even though the resolution is correct.

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

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

15 MR. GONZALEZ: So moved.

16 MR. BOGANY: Second.

17 MS. ANDERSON: We have a motion and a second.
18 Discussion? This would be, I think, Ms. Carrington,
19 Resolution number 03-93.

20 MS. CARRINGTON: Correct.

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

23 (A chorus of ayes.)

24 MS. ANDERSON: Opposed? Motion carries.

25 MS. CARRINGTON: The third one for the Board's

1 consideration with TDHCA is the issuer is Century Park
2 Townhomes, to be located in Austin. It's 240 units on the
3 tax-exempt bonds. It's an amount of 10,400,000. The tax-
4 exempt bonds, 2.6 million. These bonds will be publicly
5 offered. And on the tax exempt, they're going to have an
6 initial variable rate of 2.83, then it will be fixed at
7 5.75.

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

17 MR. GONZALEZ: So moved.

18 MR. BOGANY: Second.

19 MS. ANDERSON: The motion and a second.

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

22 (A chorus of ayes.)

23 MS. ANDERSON: Opposed? No? Motion carries.

24 The next item is Item number 7, Presentation,
25 Discussion and Possible Approval of Housing Tax Credit

1 Items. The first item is Waiting List for Housing Tax
2 Credits for the Balance of the Year 2003.

3 Ms. Carrington, would you --

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

16 So obviously we are now at December 11, and we
17 do have a period of time between now and the end of the
18 year where we're not going to have another Board meeting.

19 And what we are asking for the Board to do -- the
20 authority that staff is asking today is for you all to
21 give us the ability to allocate any credits that would be
22 returned between now and the end of the year.

23 I'd like to ask Brooke Boston to come up and to
24 go over our methodology on what staff is recommending.
25 We've also, as Brooke is coming up, we've also received

1 some credits back. Northline [phonetic] Apartments, which
2 was Region VI, returned its allocation of 347,203, and we
3 had one that you all may remember. You partially funded
4 back last summer the Reserve II. So we used the balance,
5 or used some of those credits, to fully fund Reserve II,
6 and we still actually have a balance now. We still have
7 \$214,200, which is available in Region VI.

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

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

16 I do want to point out we show on here, Region
17 13, Diana Palms, as being the first one in that region.
18 And they already did get a forward commitment. So
19 actually it would go down to the next one. That was just
20 an error on my part.

21 We point out in here that if the credits come
22 back from the 2003 ceiling -- so basically it's one that
23 we approved in July -- that we would go through this list.

24 We also point out, though, that if credits come back from
25 any other year, which would include any activity on the

1 extensions that have been discussed, that actually we
2 would go by the highest-scoring deal on the listed -- not
3 by region. So in that case, right now the two highest-
4 scoring deals are in Region 13, and then the third-highest
5 scoring is Frazier Fellowship in Region III.

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

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

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

24 Any questions?

25 MR. CONINE: One or two. Why the difference in

1 the redistribution of the credits from '03 versus previous
2 years? What's the thought process here?

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

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

13 And the other reason, I think, is just because
14 the waiting list expires on December 31. And so when it
15 expires, we wouldn't really have the ability to go back to
16 a prior year. So, for instance, now that the credit for
17 '02 expired, if we had '02 credits come back, there's not
18 really any applicants who were in that competition with
19 them who are still in the running.

20 MR. CONINE: No, but if you follow the bouncing
21 ball logistically, '02 credits who get turned back really
22 go in the pool of '03, and all the projects kind of
23 sitting there waiting on them have been subjected to the
24 '03 rules and regulations, which would be different in the
25 allocation process. And that's why I was trying to

1 understand the difference.

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

4 MR. CONINE: All right. Let me ask the
5 question in a different way. Let's just assume -- you
6 said there was \$200,000 sitting there ready to go now. If
7 2 million just magically appeared, tell me the priority of
8 this, because I read it three times and I can't figure out
9 whether the rule has a set-aside priority before the
10 region, or if the 2 million has to come from the specific
11 region.

12 MS. BOSTON: And the 2 million is not from
13 2003? It's from a different year?

14 MR. CONINE: Either or. I really --

15 MS. BOSTON: Okay.

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

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

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

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

25 MS. BOSTON: If they were rural, we would go

1 down to the rural waiting list.

2 MR. CONINE: Okay.

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

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

9 MS. BOSTON: At that point, we would try and
10 find someone in the state who could carry over by December
11 31, and we would go by score. We would take the --

12 MR. CONINE: By score.

13 MS. BOSTON: Highest score statewide.

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

17 MS. BOSTON: We would just purely go by highest
18 score statewide, and we wouldn't look regionally. And if
19 for some reason the credits weren't expended by December
20 31, IRS allows us to carry them over to the following year
21 after September. And so in that case, we could roll them
22 into next year's credit ceiling if someone couldn't use
23 them, and then they would be augmented to the \$39 million
24 that we would have, and then divided up regionally.

25 MR. CONINE: Is there a motion on the floor

1 yet?

2 MS. ANDERSON: No, there's not.

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

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

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

13 MR. CONINE: In other words, if they take the
14 200, but they needed 500, they'd better not count on 300
15 coming automatically?

16 MS. ANDERSON: That's correct. And then I
17 think the other is, as we've noted there in the third
18 paragraph, is that when we offer these credits, we are
19 looking for the developer to be able to submit to us a
20 carryover package by December 25, basically, December 26,
21 because staff will need that period of time between the
22 26th and the 31st to be able to review and do a Commitment
23 Notice.

24 MR. BOGANY: And if we don't use these tax
25 credits, just roll over to next year.

1 MS. BOSTON: Correct. And they would basically
2 be rolled into the entire ceiling, and then divided up
3 according to the formula.

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

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

9 MR. CONINE: I'll second it.

10 MS. ANDERSON: The motion is seconded.
11 Discussion?

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

22 And I'd also like to amend the motion to ask
23 the staff if this does happen, and the staff has to pick a
24 project, that they'd give the chair and the vice-chair a
25 call just to review the process and review the procedure,

1 and who gets it and who doesn't, just so the rest of the
2 Board will know that somebody was there watching staff.
3 That's my amendment.

4 MR. GONZALEZ: Second.

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

10 (A chorus of ayes.)

11 MS. ANDERSON: Opposed? The amendment passes.

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

17 (A chorus of ayes.)

18 MS. ANDERSON: Opposed? Motion carries.

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

22 Ms. Carrington?

23 MS. CARRINGTON: Thank you. We have three of
24 these proposed developments. And the first one is
25 Primrose Skyline in Houston. We actually -- two of these

1 developments are acquisition rehab, one of them is new
2 construction. Primrose Skyline is new construction.
3 Sterlingshire Apartments in Houston is an acquisition
4 rehab. Bayou Willows Apartments is an acquisition rehab.

5 MR. CONINE: Easy for you to say.

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

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

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

21 MR. BOGANY: So moved.

22 MR. GONZALEZ: Second.

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

25 MR. CONINE: We don't need resolution numbers

1 on any of these, do we?

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

4 MR. CONINE: Okay.

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

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

15 Brooke, can you respond to that?

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

21 MS. ANDERSON: Okay.

22 MS. BOSTON: But if it were to come back that
23 there is any material noncompliance, obviously we wouldn't
24 issue them a Determination Notice. But I can call staff
25 real quick.

1 MS. ANDERSON: No, that helps me understand the
2 process. And I think that's it. Thank you.

3 Anyone else on the Board have questions?
4 There's motion been made and seconded. Hearing no request
5 for discussion, I assume we're ready to vote. All in
6 favor of the motion say aye.

7 (A chorus of ayes.)

8 MS. ANDERSON: Opposed? Motion carries.

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

12 MR. CONINE: 7(c).

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

15 MS. ANDERSON: Oh, I'm sorry.

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

18 (Laughter)

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

21 MS. ANDERSON: No, I don't think I'd -- Sorry.

22 So Ms. Carrington, would you take us through these
23 proposed amendments?

24 MS. CARRINGTON: Thank you. We will go through
25 these proposed amendments one by one. The first one is

1 Heatherbrook Apartments, which is located in Houston.
2 This is an '02 tax credit allocation, and what they are
3 requesting is a site plan amendment. And the reason for
4 this site plan amendment is outlined for you in the
5 explanation. Staff is recommending that this amendment be
6 approved. It would not have changed or altered the
7 recommended amount of credits in this particular
8 transaction in '02. Therefore, staff does recommend the
9 granting of this amendment.

10 MR. CONINE: Move for approval.

11 MR. BOGANY: Second.

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

16 (A chorus of ayes.)

17 MS. ANDERSON: Opposed, no. Motion carries.

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

19 MS. CARRINGTON: The second amendment for the
20 Board's consideration is Churchill at Longview Apartments
21 located in Longview. This was a 2003 tax credit
22 allocation, and what they are requesting is an increase in
23 the acreage, and therefore an amendment to the site plan,
24 a site increase from 10.6 acres to 11.48 acres. And staff
25 is recommending that this site plan amendment be approved.

1 We have noticed in the staff recommendation
2 that the grant amendment as requested subject to any
3 conditions stated in the underwriting addendum. When you
4 do look at the underwriting addendum, there are no
5 additional conditions that have been identified. So staff
6 is recommending approval of this site amendment.

7 MR. BOGANY: So moved.

8 MR. CONINE: Second.

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

14 (A chorus of ayes.)

15 MS. ANDERSON: Opposed, no. Motion carries.

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

1 changes in the square footage in the common areas as a
2 result of the change.

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

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

13 (Laughter)

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

18 MR. CONINE: Move for approval.

19 MR. GONZALEZ: Second.

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

24 (A chorus of ayes.)

25 MS. ANDERSON: Opposed, no. Motion carries.

1 Now, Agenda Item number 8: Presentation,
2 Discussion and Possible Approval of the Report from the
3 Audit Committee. Mr. Gonzalez?

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

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

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

21 We discussed the immediate plans, plans for the
22 immediate future on that project and then we discussed the
23 status of the prior audit issues. Management continues to
24 work through prior audit issues as implemented -- a
25 handful -- and continues to work on balance.

1 And I'll be glad to go into any further details
2 at the pleasure of the committee.

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

4 MR. GONZALEZ: Yes.

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

7 MR. SALINAS: Second.

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

12 (A chorus of ayes.)

13 MS. ANDERSON: Opposed, no. Motion carries.

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

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

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

24 Ms. Carrington?

25 MS. CARRINGTON: Senate Bill 1664 was passed by

1 the 78th Legislative Session, and the effect of this bill
2 is, it provides resources to TDHCA to establish an
3 affordable housing research and information program in
4 which the department will contract for four items that are
5 identified for you: periodic market studies to determine
6 the need for housing; research for effective affordable
7 housing research, and affordable housing design and
8 development; and public education and outreach.

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

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

19 We have provided for you an Attachment A that's
20 about a page and a half that outlines the public comment
21 that we have received to date. And what we're asking for
22 today is really just a discussion. It's an informational
23 item for the Board. It's direction from the Board, if you
24 all want to give us some additional direction, and
25 certainly invite you all to be involved in this process,

1 and how we do design, the kind of information we're going
2 to gather, what our methodology is going to be.

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

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

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

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

25 MS. ANDERSON: Thank you, Ms. Carrington. I'm

1 remiss once again here this afternoon. We do have one
2 individual to give public comment on this agenda item,
3 John Henneberger. Where's your tie, John?

4 (Laughter)

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

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

10 (Laughter)

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

14 (Laughter)

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

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

21 MS. ANDERSON: Questions of John?

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

24 MS. ANDERSON: Absolutely.

25 MS. (SARAH) ANDERSON: I'm going to keep my

1 mouth shut so we can move forward.

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

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

14 MS. ANDERSON: Okay.

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

17 (Laughter)

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

20 Ms. Carrington?

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

1 proceed.

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

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

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

1 areas that we administer the Section 8 program in.

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

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

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

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

25 The Commercial paper program looks like it's

1 going to happen. Staff has worked diligently for about
2 the past month. We did get three proposals and get
3 providers, and I think we're looking to resolve any
4 remaining issues and settle on who that provider will be
5 next week, I think the 15th of December.

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

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

19 (Applause)

20 MS. ANDERSON: Questions for Ms. Carrington?

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

25 MR. WITTMAYER: Yes, ma'am.

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

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

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

17 I understand that it's already been approved
18 and that you have no other recourse but to go on with it.

19 But I would like you to understand how the people of Sky
20 Harbor view it.

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

1 We've had graffiti, we've had everything in there.

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

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

21 Now, the reason I am here to speak against
22 Heatherwilde is because, from its inception, I've been
23 listening to them talk about different things they're
24 going to do and they're not going to do. And I find that
25 they speak with forked tongue. I don't think it's fair

1 for them to arbitrarily come and say, Hey, give me a
2 waiver for this or an extension for that, and they
3 automatic get it. Because I think you people ought to
4 know that they have heretofore abrogated their
5 responsibility to do what is expected of them, like submit
6 plans.

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

17 And I think that the people from Heatherwilde
18 have not been totally aboveboard and conscious of the
19 social impact and the economic impact of what their
20 development is going to have on this little neighborhood.

21 They have -- because they're a tax-exempt organization
22 and they do not pay school tax, then that increases my
23 school tax, which I don't think is fair. I don't think I
24 should have to subsidize things that I don't even want in
25 my neighborhood, and have no say-so on whether they're in

1 my neighborhood or not.

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

6 MS. ANDERSON: Maria Magellanez?

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

9 (Speaking through translator, Ruth Cedillo.)

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

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

22 I understand Mr. Longoria said that he wants a
23 stable community, but most of us have to work two jobs in
24 order to make our living. Sometimes we do not have enough
25 to pay our bills -- our electricity, our water. We're not

1 in a position to be spending the money that we have on the
2 schools.

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

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

18 Who is going to listen to us in our area when
19 you've already made the decision? The problem is that
20 it's in our district where we live. I have lived there 13
21 years and that's where my children are going to grow up.
22 And that's where they are going to go to school, and what
23 is the example that we're going to give our children?
24 What is the vote that I am going to make when a decision
25 is going to be made whether it is approved or it's not

1 approved?

2 I believe that we have word also, that we can
3 give our opinion also, because we are the ones who are
4 affected, not the ones who are receiving the project, or
5 receiving approval. we're the ones who live in the area.

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

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

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

23 Now, it's hurting to find out that these
24 contractors do not want to follow the rules and put us in
25 these situations, because it would have been very, very

1 simple if the contractor would have done his job. If Mr.
2 Elizonda would have done his job in Corpus Christi, it
3 would not put us in this position with these people
4 thinking that we are going to solve all their problems in
5 San Antonio, when they need to go ahead and go register to
6 vote and get the mayor from San Antonio out of office and
7 the Commissioners who are really responsible for this
8 problem.

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

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

22 And by golly, we know we work -- go through
23 zonings. We went through the problems in McKinney, and we
24 went through the problems in Katy, and we went through the
25 problems all over the state of Texas. We had good

1 discussions, but for them to think that we are the ones
2 that are going to decide the fate of their community is
3 terrible. I'm not going to translate that. Do you want
4 to?

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

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

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

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

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

25 The main reason -- early today, Mayor, you

1 asked why did this even happen. And it was two things
2 that actually happened. It was miscommunication and
3 misunderstanding. I was under the indication that the
4 Bexar County Housing Authority was actually going to take
5 part if we needed an extension on it. He was under the
6 impression that P&L Development, Bobby Leopold, would take
7 on their responsibility.

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

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

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

1 any questions?

2 MS. ANDERSON: Any questions?

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

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

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

11 MR. SALINAS: But do you have some more?

12 MS. ANDERSON: Yes, there are more witnesses.

13 MR. SALINAS: Okay. I'm sorry.

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

16 Thank you for your testimony, sir.

17 Maria Gonzales?

18 MS. GONZALES: Good afternoon, and thank you
19 for having me speak a little bit on behalf of our
20 neighborhood. I'm Maria Gonzales and I live at 5934
21 Lovers Way. I've been a resident of that neighborhood for
22 20-some years. I'm a single parent. I work very, very
23 hard to maintain my household. I have two jobs just to
24 keep up with my house and my truck, and whatever little
25 nice things that I have, and to make sure that my son has

1 the education that is needed.

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

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

21 I have not seen any semi trucks with no cement
22 going by there. Yes, I saw that they cleaned up a little
23 bit, maybe put a little bit of flags here and there. They
24 have also -- I have seen that they have put some water
25 pipes or service pipes, or something like that. If they

1 were really interested in our community, they would be
2 doing more and making sure that they were doing something
3 to better our community. You know, Quick, let's do it.
4 And we have so much time to do this. They seem to be
5 interested, they say, but they haven't showed me yet.

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

13 I mean, they did it underhandedly and
14 crookedly. They had people that they had in their pocket.

15 I would accuse probably Kiki Garza -- is that his name?
16 Oh, Kiki Martinez. Yes, he had first said no, it wasn't
17 good for our neighborhood, and then he said yes, it was
18 good for our neighborhood. So you begin to wonder once a
19 sheriff comes along and handcuffs him and knows what he
20 did was dirty and maybe accepting a little bribe here and
21 there.

22 So I feel that for our children and our people
23 in the neighborhood -- we are low income, and I do not
24 object to low income housing there, but I do object that
25 they continue to throw all this kind of unwanted projects

1 that are not wanted somewhere else, when we need jobs. We
2 need clinics. We need more things for our community,
3 instead of bringing more low income people that are going
4 to come over here, and where are they going to put us? At
5 a lower bottom of the totem pole.

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

16 MS. ANDERSON: Thank you.

17 MR. SALINAS: Again, let me say something on my
18 behalf. They asked me how I felt about this. I felt that
19 we needed -- that we've had other people that had gotten
20 extensions before. This is why I get so upset at
21 contractors. And somehow the staff is going to have to
22 get -- or Kent. I mean, look at the situation that we're
23 in right now. We take a break and they asked me, and I
24 said, well, I don't think I'm going to be able to help
25 you.

1 We get 1,500 kids a year in our area, in our
2 schools, and we don't say no. We are about three miles
3 away from Reynosa Tamaulipas, Mexico, and we get kids
4 every, every year. And we just don't say no. And I'm
5 sure El Paso and the Border areas.

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

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

22 And I don't know what you guys are going to do.
23 I'm only one vote. And maybe we should send the
24 contractors a message, not give them a continuation and
25 not give them an extension, and maybe everybody will learn

1 from now on. But it's going to cost these people a bunch
2 of money.

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

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

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

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

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

24 Carole Abitz?

25 MS. ABITZ: There's some checks up here, if

1 anybody wants them. Madam Chair and Board, my name is
2 Carole Abitz. I've lived in Sky Harbor for 23 years. I'm
3 here to represent the Southwest Community Association,
4 which is the neighborhood association in which this
5 project is. And we ask you not to grant yet another
6 extension to the tax-exempt Heatherwilde Estates project.

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

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

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

1 Estates will further destroy our community.

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

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

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

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

25 With all of the recent problems with that

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

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

19 In order for these developers to get council
20 zoning approval last January, they promised many things to
21 council, yet we don't see that they've worked to fulfill
22 their promises. In fact, it's just the opposite. They
23 promised to pay their fair share of taxes and other
24 expenses, yet we learned just recently about their
25 application for tens of thousands of dollars in waivers

1 for water and sewer impact fees. We're the ones who have
2 to pick up that difference, and despite the comments of
3 Mr. Chapa's letter to you, as of yesterday it was our
4 understanding that that was still not a final decision by
5 the city.

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

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

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

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

1 nature trail.

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

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

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

22 Mr. Chapa said that they were never allowed to
23 speak at our meetings. When they came to our meetings,
24 after starting in August of '02 and September, it was
25 after the stuff had been done, and we had been trying to

1 catch up on the issues. But he said people were not
2 allowed to speak. Our commissioners' representative, Lupe
3 Torres, came to our meeting. She was supposed to speak 15
4 minutes. She went on for 30, 45 minutes. But again, this
5 was all after the fact.

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

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

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

24 So we're a little people down here, and we're a
25 little group, and we're not multi-millionaire business

1 people who are supposed to know all the ins and outs. But
2 it's surprising how they can not know the deadlines and
3 now know all of these things when they've been working
4 them.

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

9 MS. ANDERSON: Thank you. Bob Sherman?

10 MR. CONINE: He's left.

11 MS. ANDERSON: Okay. Thank you, Kent.

12 That concludes the public comment. So Ms. Carrington?

13 MS. CARRINGTON: Thank you, Madam Chairman.
14 The first extension for the Board's request and
15 consideration is a request for an extension of
16 Commencement of Substantial Construction for Heatherwilde
17 Estate Apartments. It was a 2002 tax credit development
18 that was allocated in San Antonio. If you will look at
19 the bottom at staff's recommendation. What we tell you in
20 that recommendation is that the 2002 Qualified Allocation
21 Plan requires that applicants submit their extension
22 requests ten days prior to the actual deadline. That
23 means that this extension request should have been
24 received in the department by October 30. It was actually
25 not received until November 18. And because of the

1 extension being not timely filed, and staff following the
2 letter of the law -- the Qualified Allocation Plan -- then
3 staff is recommending the denial of the extension request.

4 What is the Board's pleasure?

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

7 MS. ANDERSON: Sure.

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

12 MS. CARRINGTON: Yes, sir.

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

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

17 MS. CARRINGTON: Yes.

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

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

23 MR. CONINE: Okay. I just wanted to make sure
24 I understood that. And I don't know if I want to put you
25 on the spot. I won't do that.

1 That's all the questions I've got.

2 MR. SALINAS: How many extensions have they
3 had?

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

6 MS. BOSTON: They've had one extension on their
7 carryover, which they extended from October 11 to November
8 30, and that was in 2002.

9 MS. CARRINGTON: And did they meet the November
10 30 deadline?

11 MS. BOSTON: Yes, they did.

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

15 (Laughter)

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

24 It really bothers me when it's put in our lap,
25 and we had nothing -- your city council, and I totally

1 agree with the Mayor on this -- the zoning -- they all
2 voted for that. And then it comes to us. Our job is just
3 to make sure that they follow our rules. And if they need
4 an extension, I think common sense has to come in some
5 place, that things do happen. I know in real estate
6 transactions, things fall apart all the time that no one
7 has any control over.

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

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

21 Now, I've heard a lot of emotion, I've heard a
22 lot of fears. But nothing at all. And I'll say this
23 again. I voted for one down the street from my house that
24 I could walk to. I have no thought about it. I had
25 opposition there also. And I voted for one in my

1 neighborhood. And my values haven't gone anywhere. My
2 crime hasn't been anything different than it was before.

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

9 And I think -- you know, I just hope the
10 developer will work with you guys. I'd like to -- I'm
11 just very disappointed. I really am. Because the
12 community has to get over the fears. And I'm tired of it.

13 And I'm tired of the superintendents telling us it's
14 going to stress on schools. Then get out of the education
15 business. That's your job.

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

23 And it's already been approved. Everything has
24 been in place. And for us to deny this developer over
25 common sense -- and anybody out there that's done a real

1 estate transaction knows you have transactions that you
2 have things out of your control. Happens all the time.
3 And I will vote with the Mayor on this, that this
4 developer gets an extension.

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

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

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

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

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

25 MS. CARRINGTON: It was in the region. It was

1 certainly in the San Antonio region, and it was on all of
2 the tax credit applications in that particular region.

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

5 MR. CONINE: Sure.

6 MS. ANDERSON: Yes.

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

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

21 MR. CONINE: Move for approval of the Extension
22 Request to March 1, 2004.

23 MR. SALINAS: Second.

24 MS. ANDERSON: Motion has been made and
25 seconded. Any questions for staff, or further discussion?

1 I'd like to say just one thing. I share the
2 Mayor's weariness. Fortunately, it doesn't happen too
3 often. But of developers who "fly under the radar screen"
4 in a community, and that is not right. And that is why,
5 to the chagrin of some of our development community, we
6 have quantifiable community participation, courtesy of the
7 Legislature. And Representative Mercer was a key force
8 behind that, and it's because he was trying to listen to
9 his constituents, and this was a situation among several,
10 where developers apparently have not made the effort
11 proactively to work with the community.

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

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

25 Any other discussion on the motion, or

1 questions? Hearing none, I assume we're ready to vote.

2 All in favor of the motion, say aye.

3 (A chorus of ayes.)

4 MS. ANDERSON: Opposed? Motion carries.

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

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

19 MR. GONZALEZ: Second.

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

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

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

1 recommendation.

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

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

8 (A chorus of ayes.)

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

12 MR. GONZALES: Motion to adjourn.

13 MR. SALINAS: Second.

14 (Laughter)

15 MS. ANDERSON: Quick on the gavel here.

16 MR. CONINE: All those in favor?

17 MS. ANDERSON: All those in favor?

18 (A chorus of ayes.)

19 MS. ANDERSON: We stand adjourned.

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

C E R T I F I C A T E

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MEETING OF: TDHCA Board Meeting
LOCATION: Ausitn, 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.

(Transcriber) 12/22/03 (Date)

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