

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

8:30 a.m.  
Wednesday,  
July 27, 2005

State Capitol Extension Auditorium  
1100 Congress  
Austin, Texas

BOARD MEMBERS:

BETH ANDERSON, CHAIR  
KENT CONINE, VICE CHAIR  
SHADRICK BOGANY  
VIDAL GONZALEZ  
NORBERTO SALINAS

STAFF PRESENT:

EDWINA CARRINGTON, EXECUTIVE DIRECTOR  
BROOKE BOSTON  
TOM GOURIS  
JENN JOYCE

A G E N D A

ITEM

PAGE :

P R O C E E D I N G S

1  
2 MS. ANDERSON: Good morning. May I call to  
3 order the July 27 meeting of the Texas Department of  
4 Housing and Community Affairs governing board. The first  
5 item is to call the roll. Vice Chairman Conine.

6 Mr. Bogany.

7 MR. BOGANY: Here.

8 MS. ANDERSON: Mr. Gonzalez.

9 MR. GONZALEZ: Here.

10 MS. ANDERSON: Mr. Gordon.

11 Mayor Salinas.

12 MR. SALINAS: Here.

13 MS. ANDERSON: We have four members present.  
14 We do have a quorum. It's my understanding that there's  
15 some delays in flights out of Love Field this morning.  
16 American Airlines is trying to get involved in that  
17 somehow. So Mr. Conine will be with us shortly.

18 As is our comment. We welcome public comment.

19 As a matter of fact I want to welcome all of you all that  
20 are here with us today for what is traditionally our best  
21 attended meeting for the year for some unknown reason.  
22 And so we welcome public comment at the Department.

23 So we take as our practice public comment both  
24 at the beginning of the meeting, or if the witness

1 prefers, at the agenda item after the staff has made its  
2 presentations to the Board. So we'll begin this morning  
3 with public comment. And the witness affirmation form I  
4 have is from Representative Herrero.

5 REPRESENTATIVE HERRERO: Good morning. I'm  
6 Abel Herrero, State Representative of District 34, which  
7 encompasses Nueces County, Corpus Christi and Robstown.  
8 I'm sure that you know that that's in Region 10. I'm  
9 obviously here asking for the favorable recommendation and  
10 approval of two projects that are pending before your  
11 review.

12 Those are the Figueroa Apartments in Robstown,  
13 reference number, project number 05024 and Navigation  
14 Point in Corpus Christi, project number 05127. I'm here  
15 to speak because of the great housing need that exists in  
16 this region, specifically in Robstown and in Corpus  
17 Christi and in the district that I represent.

18 Previous to me being a state representative, I  
19 was a city council member. So I know about the housing  
20 needs in the City of Robstown. Since becoming state  
21 representative I've met with several individuals in the  
22 Corpus Christi region and became aware of the housing need  
23 that exists there as well.

24 So the lack of housing, the lack of affordable

1 housing, the lack of projects being used to develop are  
2 needed in this area. And that's why I find it extremely  
3 important for me to be here to ask for your favorable  
4 recommendation on these two projects. And I urge you to  
5 please approve them.

6 MS. ANDERSON: Any questions?

7 (No response.)

8 MS. ANDERSON: Thank you, sir.

9 REPRESENTATIVE HERRERO: Thank you. Let me  
10 just add -- in the full amount, please, as requested.

11 MS. ANDERSON: You're well prepared this  
12 morning. Thank you, sir.

13 REPRESENTATIVE HERRERO: Thank you.

14 MS. ANDERSON: Representative Martinez.

15 REPRESENTATIVE MARTINEZ: Good morning, Madam  
16 Chair, members. It really is a pleasure to stand before  
17 you today. I am here in reference to project number  
18 05094, the San Juan Village Apartments project. And I am  
19 in full support of this project.

20 Being a member of the Appropriations Committee,  
21 I know how important it is to secure the funding for our  
22 area, the under-deserved area in the Rio Grande Valley,  
23 being that -- and I have mentioned before -- that I rank  
24 number two in my district in the poverty level.

1           And it's very, very important that we do  
2 allocate these funds for this area -- being that the  
3 poverty level is so high -- that we can bring them this  
4 much needed housing for the area. With that in mind I ask  
5 you to please allocate this funding for fulfilling a new  
6 home for people down in our area.

7           And yes, I believe, 05241 is a project number  
8 that I was just given. But I request your full support on  
9 this issue and hope that we can have the full funding, as  
10 my colleague also mentioned. Thank you very much and have  
11 a great day.

12           MS. ANDERSON: Thank you, sir. Any questions?

13           (No response.)

14           MS. ANDERSON: Thank you for your testimony.

15           I want to extend a special thanks to Senator  
16 Frank Madla, who arranged for our use of this wonderful  
17 auditorium this morning. He's also, as Chairman of the  
18 Senate Intergovernmental Relations Committee, someone that  
19 we work with closely. We appreciate his courtesy this  
20 morning in arranging the use of this room. Mr. Vaughn  
21 Zimmerman.

22           MR. ZIMMERMAN: Vaughn Zimmerman from  
23 Springfield, Missouri. And I yield my time to Paul  
24 Holden.

1 MR. HOLDEN: Good morning. My name is Paul  
2 Holden. I'm with Wilhoit Properties, and I'm here in  
3 Austin, Texas. I'm here to talk about 05184, the Hampton  
4 Place Apartments in Palestine. The thing that I wanted to  
5 bring to the Board's attention is that currently within  
6 Region 4, after the recommendations were made, there are  
7 526,918 credits remaining unused within that region.

8 We're requesting something slighter over that.  
9 Within the City of Palestine the mayor, city council and  
10 city manager have all been very supportive of our project,  
11 simply because they continue to tell me that the number of  
12 three-bedroom units available in that city is at a  
13 deficit.

14 And they continue to say, Paul, we need more  
15 housing, particularly three bedrooms. And we'd love to  
16 see this project go. There's a short gap between you have  
17 left available in Region 4 to allocation and what we have  
18 requested. We would consider taking a reduction in  
19 credits, if necessary, if that will help the Board.

20 But I think it's very important in the City of  
21 Palestine to consider this project simply because their  
22 housing needs there. They haven't had a project awarded  
23 in Palestine in quite a number of years. I would like for  
24 the staff and the Board to consider either a commitment

1 this year or a forward commitment for the Hampton Chase  
2 Apartments in Palestine, Texas. Thank you very much.

3 MS. ANDERSON: Thank you, sir. Mr. R.J.  
4 Collins.

5 MR. COLLINS: Madam Chairman, members of the  
6 Board. I'm glad to be here to speak today. My name is  
7 R.J. Collins. I'm the president of Tejas Housing, reside  
8 at 8455 Linden Lane here in Austin, Texas. I rise to  
9 speak on TDHCA 05176, which is in Region 6. The name of  
10 the development is The Villages.

11 There are two issues that I'd like to bring to  
12 the Board. Number one -- Huntsville exceeds 20,000  
13 people, but it's classified as a rural. I would like to  
14 point out that a couple of allocations in the non-rural  
15 area had a lower score than we did. I would like your  
16 consideration on that issue.

17 Also as it relates to the rural, if you look at  
18 that region all of the funds that were allocated to that  
19 region for rural is being used by either USDA or all at-  
20 risk developments. And it's awful hard for a new  
21 development to compete when all the funds is going to that  
22 set-aside. I'd like that to be taken into consideration.

23 Huntsville -- this is the second year we've put  
24 this development in. The same thing happened to us last



1 year that's happening this year on the recommendations.  
2 We really feel like -- and I spoke to this in a public  
3 meeting in comments for the 2006 QAP -- that there needs  
4 to be some kind of change on the acquisition.

5 We have set-asides taking up all the funds and  
6 the small regions with minimum allocations, especially in  
7 the rural areas. My last request is -- please consider  
8 this development for an allocation for a forward  
9 commitment for 2006 if possible.

10 Huntsville really needs the housing. I have  
11 full support from city council. Matter of fact, if were  
12 to review all the city council's agendas, this is the only  
13 item on the agenda that you get 100 percent support out of  
14 the council members. And I appreciate the consideration.

15 Thank you.

16 MS. ANDERSON: Thank you. Senator West.

17 SENATOR WEST: Madame Chairman, members of the  
18 Board. Excuse me for my entire, but we're working on  
19 public school finance today. I come to this Board this  
20 morning to express opposition to project number 05613. My  
21 opposition to this project, Providence at Mockingbird,  
22 which is seeking tax credits as well as bond amounts.

23 The proposed development is at the intersection  
24 of Harry Hines Boulevard, Mockingbird Lane in the 23rd

1 Senatorial District. The development includes about 251  
2 units, of which 115 are designated for seniors, and the  
3 remaining 96 marketed to families.

4 According to the executive director, whom I  
5 have a great deal of respect and admiration for and work  
6 very closely with concerning housing in the state, this  
7 development is the first in the State of Texas to request  
8 financing from the Texas Department of Housing and  
9 Community Affairs that incorporates both designated  
10 seniors and family units in the same development.

11 When this project was first brought to me  
12 attention by the developer, it was designated as a senior  
13 housing development on the site of an existing hotel. I  
14 enthusiastically supported the use of that particular site  
15 for seniors only.

16 The reason that I did that was because of its  
17 accessibility to the hospital district and, needless to  
18 say, the transportation that was there. That would have  
19 accommodated the senior living there and provided them  
20 accessibility to the much-needed medical facilities that  
21 oftentimes seniors need in the twilight of their life.

22 After my initial support of the project it was  
23 changed. The developer at that point wanted to change it  
24 to seniors and also that of market. I expressed my

1 concern to the developer then. I express my concern to  
2 this Board now.

3           Given the vulnerabilities of seniors to  
4 crime -- and I don't think it takes a rocket scientist to  
5 understand -- that seniors are the most vulnerable to  
6 crime than any other segment -- save and except  
7 children -- in our society to different types of petty  
8 offenses, burglaries, robberies, et cetera, et cetera.

9           Not saying that would in fact happen at that  
10 development, but I just don't believe that it's good  
11 public policy to begin a process of developing "mixed use"  
12 developments of that nature that are basically untested  
13 and basically untried experimental housing developments.  
14 And for that reason I oppose the development.

15           I oppose the development if it's going to be a  
16 mixed use. If it's going to be seniors only, then we  
17 should in fact provide credits for it. It would have my  
18 full support. I would not support it if it decided to be  
19 just a market development.

20           And the reason I wouldn't is because in my  
21 mind, when I travel the northeast -- and many of you  
22 obviously have a great deal knowledge, more than I, as  
23 relates to housing. It's a hotel. If it ended up being  
24 just a market-driven, we would have a vertical project

1 that we're developing there, similar to what we see in  
2 many northeastern cities that they're trying to get away  
3 from, based on some of the latest information that I've  
4 received.

5 Members of this body, you have the authority to  
6 approve or disapprove this particular request. I've  
7 appeared before this Board -- not the current  
8 configuration -- once before in the 13 years that I've  
9 served as a state senator to oppose a project.

10 I didn't do it because it was an issue that I  
11 just didn't want to have it done. I did it because of a  
12 rational basis. And the same reason that I used then or  
13 the rationales that I used then, is the same rationale  
14 that I bring to this Board today.

15 It is not a development that should be -- we  
16 should use tax dollars or tax credits in order to support  
17 because it's untried. We're talking about a vulnerable  
18 population that's being mixed in with the market rates.  
19 So from that standpoint I would ask to seriously consider  
20 opposing the recommendation of staff.

21 I understand staff has different things they  
22 have to go by, try to take a lot of things out of the  
23 process. But the fact of the matter is that this is a  
24 development that I do not believe that should be funded as

1 the state senator of Senate District 23. I ask you not to  
2 fund the credits for project number 05613.

3 If you have any questions I'd be more than  
4 happy to answer.

5 MS. ANDERSON: I have a question for you,  
6 Senator.

7 SENATOR WEST: Yes.

8 MS. ANDERSON: Since you expressed your  
9 opposition has the developer attempted to meet with you,  
10 to understand your concerns and to look at what you  
11 suggested -- just doing the seniors part of the deal.  
12 Have you had communication with the developer?

13 SENATOR WEST: Let me give you the methodology  
14 that I use for all tax credits. When I get notice of tax  
15 credits, what I immediately do is to have a staff person  
16 to number one, meet with the developer, understand exactly  
17 when the development is, what the configuration is -- the  
18 architectural design, et cetera, et cetera -- and also to  
19 determine whether or not there's community support for the  
20 various projects.

21 One we do that, if I'm opposed to it at any  
22 particular stage, I will personally meet with the  
23 developer to explain what my opposition is. I met with  
24 the developer early on in the process, expressed support

1 for the use of it as a seniors-only development.

2 I subsequently met with the developer and  
3 expressed my opposition to it being used as a seniors and  
4 mixed-market development and gave him the rationale for my  
5 opposition. And it's the same today as it was when I met  
6 with him before -- that I opposed it because it's an  
7 untried, untested experiment that the developer's asking  
8 to be funded.

9 To answer your question, yes, I have met with  
10 him on numerous occasions and expressed my opposition to  
11 what he's attempting to do.

12 MS. ANDERSON: Thank you, sir.

13 SENATOR WEST: Are there any other questions?

14 MR. SALINAS: How about the public sector  
15 there?

16 SENATOR WEST: I'm sorry.

17 MR. SALINAS: How about the neighborhood? How  
18 do they feel?

19 SENATOR WEST: Well, you know, some of the  
20 community is in support of it, and some is in opposition  
21 to it. So I think it's kind of a mixed signal that we're  
22 receiving from the community. I know that this particular  
23 development was delayed on numerous occasions by the City  
24 of Dallas, specifically the city councilperson that

1 represents that particular area.

2 But ultimately I believe that it was approved  
3 by the City of Dallas.

4 MR. SALINAS: City of Dallas City Council  
5 approved it?

6 SENATOR WEST: I believe so.

7 MS. ANDERSON: Any other questions?

8 MR. SALINAS: What is the staff recommending on  
9 this project?

10 MS. ANDERSON: They're recommending approval.  
11 And it's down on our agenda, you know, that we'll begin to  
12 take up after public comment, that they are recommending  
13 approval.

14 MR. SALINAS: 05613?

15 SENATOR WEST: 05613. That's correct. It's my  
16 understanding that obviously there are certain objective  
17 criteria that the staff has to look at in terms of making  
18 its evaluation and recommendation.

19 MS. ANDERSON: Any other questions?

20 (No response.)

21 MS. ANDERSON: Thank you, Senator.

22 SENATOR WEST: Thank you. I'll be in the  
23 building if you need me.

24 MS. ANDERSON: Okay. Ms. DeLeon.

1 MS. DELEON: Good morning. My name is Sylvia  
2 DeLeon, and I'm representing the Brady Garden Neighborhood  
3 Association in San Antonio, Texas. Thank you for your  
4 time this morning. In May 2001 San Antonio Housing  
5 Authority Representatives Ramiro Maldonado and Frank Halso  
6 [phonetic] made a presentation of the San Antonio Housing  
7 Authority master plan to our Brady Garden Neighborhood  
8 Association.

9 The master plan included single-family units,  
10 demolition of dwellings to increase density and improve  
11 emergency services access and a green space with a walking  
12 trail. I'm going to be including in the packet their  
13 master plan.

14 SAHA has not followed their own master plan in  
15 the San Juan Housing project 05159. Instead of thinning  
16 out the units, more units have been added in Phase I and  
17 Phase II. According to the SAHA representatives that we  
18 have met with on July 7 and July 26, we were informed that  
19 the existing units, that are 240 with Phase I and II, will  
20 be 385 units will be built.

21 The higher density that is proposed will  
22 contribute to overcrowding and higher crime rates. The  
23 successful formula that SAHA did use in the past on the  
24 west end of South Zamora and Brady was to thin out the



1 units from 100 units to 84 units and added play areas for  
2 the youth.

3 This brought the crime rate down in our  
4 neighborhood, according to our local safety police  
5 officers, and eased the traffic parking problems. Since  
6 the thinning out formula was at 84 percent to a lower  
7 density, we believe that that should be applied to the San  
8 Antonio Square project, and that only 120 units be  
9 approved, and not the proposed 143.

10 SAHA has built single-family housing in several  
11 areas around our neighborhood but not in our neighborhood.

12 Pictures will be enclosed of those developments. Our  
13 neighborhood seems to be singled out to only include large  
14 number of multifamily units.

15 Local crime statistics show a high rise in  
16 crime due to the high density usage and overcrowding of  
17 the Las Villas de Merida Apartments about three blocks  
18 from the proposed San Juan Square project. Las Villas de  
19 Merida has been in operation for 15 months. The original  
20 intent was to also have mixed-income housing.

21 Yet when the fair market rents did not  
22 materialize, a very high percentage of low-income and  
23 Section 8 rents were used in reality. This resulted in  
24 contributing to higher rates of crime, suggest as

1 robberies, gang activities, assaults and other  
2 disturbances, according to local police records.

3 The most vulnerable will be the senior citizens  
4 at the Charles A. Gonzalez Senior Apartments right next to  
5 the San Juan project. And as a previous speaker said,  
6 when you mix the elderly with multifamily housing you will  
7 have problems.

8 The other thing is that right next to it is an  
9 elementary school, another vulnerable target. Therefore  
10 we are asking that we try to protect the senior citizens  
11 and elementary school students from the higher crime rates  
12 due to overcrowding and the misuse of sound urban-planning  
13 strategies.

14 We implore your help by not supporting San Juan  
15 Square Apartments at a level of 143 units, yet instead  
16 have 120 by utilizing a formula that has worked in the  
17 past. The people of the San Juan housing project and  
18 surrounding neighborhood deserve better treatment than a  
19 plan that contributes to overcrowding and crime.

20 Please help us to protect the elderly and the  
21 children in our neighborhood. Thank you for the  
22 opportunity to speak today and your review of this matter.

23 Sincerely, Sylvia DeLeon, secretary for the Brady Garden  
24 Neighborhood Association, on behalf of Oscar San Miguel,

1 president of the Brady Garden Neighborhood Association. I  
2 will be including the pictures also.

3 MS. ANDERSON: Questions?

4 (No response.)

5 MS. ANDERSON: I have a question, Ms. DeLeon.  
6 What are the boundaries of your neighborhood association  
7 relative to the development?

8 MS. DELEON: They're within our neighborhood  
9 association. Our neighborhood association encompasses the  
10 west end, the thinned out San Juan projects. And right  
11 across is the proposed.

12 MS. ANDERSON: Okay. And so we have a  
13 provision, when we're going through the application  
14 process called quantifiable community participation, where  
15 we ask neighborhood associations to comment. The records  
16 I have indicate that we didn't receive a letter of  
17 opposition from you during the scoring process.

18 MS. DELEON: Okay. At that time we were not  
19 made aware that this was going on. We did send out a  
20 letter.

21 MS. ANDERSON: Were you notified of the  
22 development?

23 MS. DELEON: We were notified. We were given  
24 paperwork that was very -- it was not quite was being

1 proposed -- until we met with the San Antonio Housing  
2 Authority and have voiced our concerns also. And we did  
3 send a formal letter in July to your committee.

4 MS. ANDERSON: Thank you. Robert Joy. I  
5 haven't imposed a time limit today. I mean, I hate --  
6 this is a big day. We want to hear you out. We don't  
7 have Delores back there working the buzzer. But I ask you  
8 to be mindful about the need to keep your comments  
9 relatively brief. Thank you.

10 MR. JOY: Good morning. I'm Robert Joy with  
11 the Encinas Group addressing 05241, San Juan Apartments,  
12 and actually a more global issue. When making the  
13 recommendations in prior years the staff has taken into  
14 consideration which subregions would have the highest  
15 over-allocation, if it were awarded an additional  
16 allocation, as well as the subregions that have the  
17 highest under-allocation percentage.

18 This year staff only took into consideration  
19 which subregions had the highest under-allocation. This  
20 method has resulted in subregions receiving allocations  
21 almost double their 2005 regional allocations.

22 MS. ANDERSON: Sir, can you tell me what region  
23 the development you're speaking about?

24 MR. JOY: Region 11:Urban.

1 MS. ANDERSON: Thank you.

2 MR. JOY: Subregion 7:Rural is being allocated  
3 83.9 percent more in credits than the subregion allocation  
4 formula came out with. Region 1:Rural will receive 73.64  
5 percent more. I provide you a schedule that sorts the  
6 subregions by an amount of over allocation if they had  
7 been awarded one more development.

8 Using this analysis there would have been four  
9 subregions awarded allocations that were not -- 3, 11 and  
10 6:Urban, Exurban and 11, Rural. Five subregions would not  
11 have been awarded additional allocations under this  
12 formula. Both methods are valid methods of allocating  
13 additional funds.

14 While I would like to receive a 2005  
15 allocation, I'm now requesting that you discard the  
16 recommendation staff. However we are requesting that you  
17 award forward commitment to the next development in each  
18 of the four subregions that were negatively impacted by  
19 the method used by the staff. Any questions?

20 MR. SALINAS: I think the state representative  
21 made a mistake here. He was recommending -- he came to  
22 speak to you -- it was about this project.

23 MR. JOY: Right. 05241. He misspoke. He was  
24 talking about San Juan Villas. He meant San Juan

1 Apartments. One other thing I would like to point out is  
2 Region 11 -- there were \$660,000 left over in funds  
3 between rural/urban and urban/exurban that was taken out  
4 of that region.

5 Region 11 is one of the most needy regions in  
6 the entire state and can ill afford to have the funds  
7 transferred to other regions.

8 MR. SALINAS: Can you [indiscernible] steps  
9 staff recommended?

10 MS. ANDERSON: May we do that when we get to  
11 that agenda item. We're looking at the waiting list.  
12 These are the calculations that determine why they drew  
13 the lines where they drew them in each of the regions. I  
14 have questions for the staff at that point also.

15 MR. JOY: And I'll certainly be available if  
16 you have any questions for me at that point, too.

17 MS. ANDERSON: Thank you. Robert Davison.

18 MR. DAVISON: No comments.

19 MS. ANDERSON: Thank you. Demetrio Jimenez.

20 MR. JIMENEZ: Good morning, Board. I am  
21 Demetrio Jimenez. I'm addressing you today regarding  
22 Mission Palms, 05153. Mission Palms is a rural tax credit  
23 project located in San Elizario, Texas. San Elizario has  
24 one of the worst concentrations of colonias in El Paso

1 County.

2 I ought to know. I helped identify them in my  
3 tenure at Texas Department of Housing and Community  
4 Affairs in the Office of Colonia Initiatives. As an  
5 employee of TDHCA I helped identify these colonias. I  
6 helped prioritize and act as a liaison between a lot of  
7 the nonprofit and community development organizations  
8 located in those areas.

9 San Elizario is a community full of  
10 subdivisions or was a community full of subdivisions  
11 without the basic infrastructure. Thanks to USDA, the  
12 EDAP program and TDHCA that problem has somewhat been  
13 rectified.

14 During my stay at TDHCA, like I said, I  
15 developed a lot of relationships with nonprofit. And  
16 every time I meet with them, anytime I have a conversation  
17 with them, they always ask me to develop affordable  
18 housing within these colonias.

19 So I made it my mission to do so, both in the  
20 nonprofit I ran, the Greater El Paso Housing Development  
21 Corporation, and now convincing my associate to build in  
22 San Elizario. Tropicana Building Corporation made a  
23 financial decision to buy land and develop in a much  
24 needed market.

1           To date there hasn't been any tax credit  
2 projects located in San Elizario, which is a much needed  
3 market. Many of the colonia households or generations  
4 living under one roof. Our development of only 76 units  
5 will provide some relief to these low-income families,  
6 providing a safe, sound and affordable home or apartment.

7           I implore you as soon as a board to put Mission  
8 Palms on the forward commitment list for 2006 allocations.

9           Thank you.

10           MS. ANDERSON: Questions?

11           (No response.)

12           MS. ANDERSON: Bobby Bowling.

13           MR. BOWLING: Good morning, Madam Chair,  
14 members of the Board. I am addressing you today regarding  
15 Mission Palms, a rural tax credit development proposed for  
16 San Elizario in El Paso County. It's number 05153. San  
17 Elizario, as Mr. Jimenez just informed you, has never  
18 received a tax credit development before.

19           There's a tremendous need of new, safe and  
20 affordable housing. San Elizario is one of the largest  
21 concentrations of substandard or colonia housing in the  
22 state. One of the biggest problems that stems from the  
23 fact that the township has been developed with little or  
24 no subdivision or building standards is that every time it



1 rains heavy in the area -- once or twice a year -- a huge  
2 part of the residents are flooded out of their living  
3 arrangements.

4 County Commissioner Miguel Teran cited this as  
5 a major obstacle to living conditions in San Elizario,  
6 when he spoke in favor of Mission Palms at County  
7 Commissioners Court and emphasized the tremendous need for  
8 new, safe and affordable housing in El Paso County's lower  
9 valley, especially in San Elizario.

10 According to figures compiled by Senator Elliot  
11 Shapleigh, the San Elizario Independent School District  
12 has the lowest per capita amount of taxable property base  
13 in the State of Texas. Much of the housing there is  
14 valued below the state homestead exemption of \$25,000 for  
15 school districts.

16 Ninety-three percent of the school district's  
17 money comes from outside state and federal sources. This  
18 part of San Elizario, where Mission Palms is proposed  
19 along San Elizario Road, is in a state designated historic  
20 district. Mission Palms is designed to incorporate the  
21 historic State of Texas Mission Trail.

22 The design's accommodation of need for San  
23 Elizario and the track record of Tropicana Building  
24 Corporation as successful LIHTC developers have led to

1 unanimous support from the elected officials in the area,  
2 including the entire County Commissioners Court, the  
3 county judge, State Representative Chente Quintanilla and  
4 State Senator Frank Madla, along with the San Elizario  
5 Independent School District.

6 I understand and agree with their criterion  
7 used and values placed on applications by staff this year  
8 in the 26 different subregions for the state. However,  
9 the recommendations in your Board book today show an  
10 under-funding of 14 subregions and an under-funding of  
11 just over 26 percent in rural Region 11.

12 I hope that the Board will consider forward  
13 commitments this year for these under-funded regions and  
14 where the situation warrants, grant forward commitments  
15 for some of the subregions with the largest disparity of  
16 funding between what is recommended and the goal under the  
17 regional allocation formula.

18 I realize that forward commitments have been  
19 frowned up in the past due to the fact that typically the  
20 QAP has legislatively mandated changes each year. Because  
21 of that in the past it created a very high administrative  
22 burden for the staff to basically trying to fight two sets  
23 of rules from two QAPs that affect a project approved  
24 through two funding cycles.

1           However, from the preliminary 2006 QAP meetings  
2 held by the Department, I was left with the impression  
3 that the QAP probably will not change much from 2005 to  
4 2006 as a result of no legislative changes mandated from  
5 the Legislature this year.

6           So the administrative burden of applying to QAP  
7 to a forward commitment is much reduced or even possibly  
8 eliminated this year, pending the final approval of the  
9 2006 QAP of course. It is for all of these reasons that  
10 I'm asking the Board to give strong consideration to  
11 making forward commitments in all under-funded subregions  
12 of the state.

13           For the specific reasons and for the specific  
14 reasons for San Elizario that I have presented, I'm asking  
15 for favorable consideration of a forward commitment for  
16 Mission Palms. Thank you for your time and consideration  
17 of this request.

18           MS. ANDERSON: Any questions?

19           (No response.)

20           MS. ANDERSON: Bernadine Spears.

21           MS. SPEARS: Good morning. Bernadine Spears,  
22 12040 Second Street, Odessa Housing Authority. I'm here  
23 before you asking for mercy considering Key West Senior  
24 Village, 05117. We are in the process of redoing our

1 waiting list, we have a waiting list growing number.

2 This will be a phase II if it's granted. And  
3 I'll I ask for is your consideration. And if you have a  
4 forward commitment we'd like to be put on that list.  
5 We're addressing a much-needed population of those that  
6 are persons with disabilities and seniors, who've already  
7 paid their dues.

8 Because of that we ask for your consideration.  
9 I'd like to thank you in advance for any consideration  
10 that you will give us. And remember -- 05117. Thank you.

11 MS. ANDERSON: Thank you.

12 I have a witness affirmation form for Mr. Gary  
13 Gum. It's not clear to me if you want to speak now or  
14 when the item is presented.

15 MR. GUM: I'd like to do that later.

16 MS. ANDERSON: All right. Thank you, sir.  
17 That concludes the public comment for the opening public  
18 comment. We have additional public comment as we go  
19 through specific agenda items. The first item on the  
20 agenda is presentation, discussion and possible approval  
21 of possible tax credit items.

22 We have some tax credit amendments to be taken  
23 up first. Ms. Carrington.

24 MS. CARRINGTON: Thank you, Madam Chair. For

1 the Board's consideration this morning there are three tax  
2 credit applications. They're all 2001 transactions that  
3 are requesting amendments that staff has determined are  
4 material changes to the applications.

5 The first one is the Village at Meadowbend  
6 Apartments located in Temple -- again a 2001 application.

7 What was originally proposed was 12 one-bedroom units and  
8 80 two-bedroom units. What ultimately got built was  
9 eleven one-bedroom units and 81 two-bedroom units.

10 There was no change in the three-bedroom units.

11 Staff is recommending approval that this would not have  
12 materially impacted the development in a negative way.  
13 All three of these are at cost certification time and  
14 inspections. So that is why staff is bringing these to  
15 your attention now.

16 MR. CONINE: Move for approval.

17 MR. BOGANY: Second.

18 MS. ANDERSON: Discussion.

19 (No response.)

20 MS. ANDERSON: Hearing none I assume we're  
21 ready to vote. All in favor of the motion please say,  
22 aye.

23 (A chorus of ayes.)

24 MS. ANDERSON: Opposed, no.

1 (No response.)

2 MS. ANDERSON: Motion carries.

3 MS. CARRINGTON: Next for your consideration is  
4 Ewing Village Apartments. It's located in Dallas -- again  
5 a 2002 transaction. What was originally approved on this  
6 transaction was 32 three-bedroom/two-bath apartments and  
7 48 four-bedroom/two-bath apartments.

8 What was ultimately built instead of the 32  
9 three-bedrooms was 35 three-bedrooms. And instead of 48  
10 four-bedrooms it went down to 45. They have indicated to  
11 us that the topography was more challenging than they had  
12 thought and that that ultimately resulted in a change in  
13 the original building plans. Staff is recommending the  
14 approval of this change.

15 MR. CONINE: Move for approval.

16 MR. BOGANY: Second.

17 MS. ANDERSON: Discussion.

18 (No response.)

19 MS. ANDERSON: Hearing none I assume we're  
20 ready to vote. All in favor of the motion, please say,  
21 aye.

22 (A chorus of ayes.)

23 MS. ANDERSON: Opposed, no.

24 (No response.)

1 MS. ANDERSON: Motion carries.

2 MS. CARRINGTON: The last one of this group for  
3 your consideration is Rancho de Luna Apartments. It's  
4 located in Robstown. The application on this  
5 transaction -- what was originally approved was 12 one-  
6 bedroom/one-bath units, 40 two-bedroom/two-bath units and  
7 then 24 three-bedroom/two-bath units.

8 At cost certification time and at final  
9 inspection what was ultimately built was 12 one-  
10 bedroom/one-bath units, 40 two-bedroom/one-bath units,  
11 zero two-bedroom/two-bath units and 24 three-bedroom/two-  
12 bat units.

13 The total number of units stayed the same. But  
14 instead of building their two-bedroom/two-bath units, what  
15 was ultimately built was two-bedroom, one-bath units.  
16 They also have some additional bases that they're eligible  
17 for, additional credits that they would be eligible for  
18 that they would like to utilize, because it is too late  
19 for these credits to go back to the national pool.

20 So along with the modifications on the two-  
21 bedroom units they are also requesting that the market  
22 rate units be reduced from 19 units to 17 units in order  
23 to create basis to support the additional credits that  
24 were allocated to them.

1           The square footage on the two-bedroom did stay  
2 the same. Staff is recommending since this development is  
3 built that this material change be approved.

4           MR. BOGANY: So moved.

5           MR. GONZALEZ: Second.

6           MS. ANDERSON: Discussion.

7           MR. CONINE: Ms. Carrington, are they going to  
8 put like some portable showers for the second bath? I'm a  
9 little concerned about our processes internally. These  
10 having come about four years ago, the credits would have  
11 expired in '03, I presume, and we're just now catching  
12 this. Can you illuminate a little for me on this one?

13           MS. CARRINGTON: This is at cost certification  
14 time and at a final inspection, and we asked the same  
15 questions, Mr. Conine, of this particular developer. As I  
16 was reviewing that staff did call. This is an experienced  
17 developer, who evidently had used a two-bedroom, one-bath  
18 plan in development in another state, and this was built.

19           And basically it sounds to me like they were  
20 asleep at the wheel.

21           MR. SALINAS: So when they made the  
22 presentation to us, they made it two-bedroom/two-bath.

23           MS. CARRINGTON: Yes. What was approved was  
24 two-bedroom/two-bath units. What was actually built was



1 two-bedroom, one-bath units.

2 MR. SALINAS: And then three years later they  
3 come in and tell us that's not what they built. I'm going  
4 to agree with Mr. Conine. Where does this stop?

5 MR. CONINE: Is the applicant here?

6 MS. ANDERSON: Are you with the applicant?

7 MR. SMITH: I'm representing the developer.

8 MR. CONINE: I'd just like to hear the story,  
9 if nothing else.

10 MS. ANDERSON: If you'd state your name for the  
11 record.

12 MR. SMITH: Tim Smith. I'm a representative  
13 for Barron Rush and Barron Builders and Management. At  
14 the time of the award there were a couple other tax credit  
15 awards. A new employee was brought on with the developer  
16 to oversee all construction and development, someone who  
17 was very experienced in architecture and formal  
18 construction although not very versed in tax credits.

19 The actual architecture contract that was  
20 signed and given to the architect was for two-bedroom/two-  
21 bath units according to the application. When this new  
22 person came on plans were -- we had used this architect  
23 for two other tax credit developments in the State of  
24 Louisiana, and he used the same floor plans that had been

1 done very successfully before, which included two-bedroom,  
2 one-bath.

3           So when he submitted it, it was two-bedroom,  
4 one-bath. The new employee was in, saw that it was the  
5 same plans we built very successfully twice already,  
6 didn't think anything of it. They worked well for  
7 construction. They worked well on market absorption. So  
8 no red flags were raised.

9           This person was not versed in the intricacies  
10 of tax credit applications. This was a mistake that  
11 slipped through the lender, they syndicator and the  
12 developer. Nobody caught it. It was brought up only  
13 after sheetrock was up on the walls.

14           The management team was coming in reviewing the  
15 application for rental set-asides, amenities, services,  
16 making sure all their marketing plans were in process, and  
17 said, where's the second bathroom. As soon as we noticed  
18 that we began to backtrack, find out what happened, and we  
19 immediately notified staff and began a discourse trying to  
20 work through this.

21           It has not impacted the leasability of this  
22 development. It was a very successful design used in the  
23 past, and it was one that did slip through.

24           MS. ANDERSON: Questions?

1 MR. CONINE: When was this project constructed?

2 MR. SMITH: I started with the company -- let's  
3 see, we were awarded in 2001 -- the construction loan had  
4 closed by the time I had come on board in 2002. So it  
5 would have been built during 2002, around that time.

6 MR. CONINE: So you're saying you noticed it  
7 when the sheetrock went up in 2002, yet we're dealing with  
8 it in 2005. You would have thought that someone would  
9 have connected a little quicker than that.

10 MR. SMITH: I don't know when -- I know the  
11 construction loan was closed. I don't know when -- at  
12 that time if it did carry over into 2003. I did know that  
13 towards the end of '03 this problem was brought to my  
14 attention.

15 As I'm more in new development and in tax  
16 credit, the management team, everybody was getting  
17 together. The development team said, uh-oh, what  
18 happened. And as we talked with staff we let them know.  
19 They said, well, you can't go change it at this point.  
20 But let's wait, see how the cost certification is coming  
21 out.

22 Staff was very helpful in walking us through  
23 the process of what we needed to do. And we were  
24 following staff's recommendations. To disclose, we worked

1 with people, said, hey, what do we do here. Staff said,  
2 we're going to have to review it and bring it before the  
3 Board.

4 MS. ANDERSON: Thank you.

5 MR. CONINE: So what happens now?

6 MS. ANDERSON: Can we ask someone from staff to  
7 take the podium and talk about your recollection of the  
8 sequence of events?

9 MS. CARRINGTON: It would be Ms. Boston or Mr.  
10 Gouris or a combination of both, since this is at cost  
11 certification time.

12 MS. BOSTON: Neither one of us remembers  
13 discussing this with them or encouraging them to wait two  
14 years.

15 MS. ANDERSON: So are you saying that when this  
16 came in at cost certification it was news to that they  
17 were one-baths, not two-baths.

18 MS. BOSTON: First time I learned of it.

19 MR. GOURIS: Yes. It may be that someone on  
20 staff had talked to them and said, hey, there's not really  
21 much we can do about it. Let's take care of it at cost  
22 certification. But I'm not personally aware of who that  
23 might have been or if that occurred.

24 MR. SALINAS: What happens if we just don't

1 approve this today and we say, well, you just didn't  
2 meet -- the project that you told us that you were going  
3 to do in 2001 or 2002 -- you're missing a bathroom. So  
4 what are we going to do?

5 MR. CONINE: You know, it's a little more  
6 understandable though, Mayor, because I can understand  
7 that people in Louisiana don't take as many baths as  
8 people in Texas.

9 MS. ANDERSON: That was helpful. Go ahead, Mr.  
10 Mayor.

11 MR. SALINAS: I'm done. But I just don't think  
12 that it's right for us to approve a project, when other  
13 people just didn't get their tax credits and they get the  
14 tax credits, and they just don't follow through on the  
15 project, the way they're supposed to.

16 MR. CONINE: I'm a little uncomfortable about  
17 this at the present time as well, especially the move to  
18 lower the market-rate units in order to pick up some more  
19 bases. So I'm going to move to table this to the August  
20 meeting.

21 I want to do a little more investigation, come  
22 back and see what we can do.

23 MR. SALINAS: I'll second that motion.

24 MR. CONINE: Thank you.

1 MS. ANDERSON: All in favor of the motion to  
2 table.

3 (A chorus of ayes.)

4 MS. ANDERSON: Opposed, no.

5 (No response.)

6 MS. ANDERSON: Motion carries. Okay. Item  
7 1(b) is some housing tax credit extensions. Ms.  
8 Carrington.

9 MS. CARRINGTON: Thank you, Madam Chair. We  
10 have four requests for extensions to close the  
11 construction loan. All of these are 2004 allocations of  
12 tax credits. The first one is the Fenner Square  
13 development, and Fenner Square is located in Goliad.

14 This is the second extension for the request  
15 for [indiscernible] of the construction loan. And what  
16 the applicant has told us it was due to a delay in  
17 receiving the loan commitment from USDA. They received  
18 the conditional commitment. However, USDA had not issued  
19 the final commitment.

20 The applicant has also notified us that they  
21 have applied for funds through the Texas State Affordable  
22 Housing Corporation, but actually USDA funds. It's a  
23 program called a 538 program. Staff is recommending that  
24 this construction loan be extended to October 1, 2005.

1           But we are recommending it with conditions.  
2           And that condition would be that there is a confirmation  
3           of an award or no confirmation of award or lack thereof  
4           from the Rural Housing and Economic Fund, which is the  
5           USDA program. It's a 538 program.

6           And then once that is confirmed or not  
7           confirmed, then there would be a reevaluation of this  
8           transaction for feasibility prior to the construction loan  
9           closing. So staff is recommending the extension with this  
10          condition on the extension.

11          MR. CONINE: Move for approval.

12          MR. BOGANY: Second.

13          MS. ANDERSON: I have public comment on this  
14          item. Mr. Driggers [phonetic].

15          MR. DRIGGERS: I was just available for any  
16          questions.

17          MS. ANDERSON: I have a question of the staff.  
18          Ms. Carrington, when you speak of the reanalysis of the  
19          feasibility, once we know whether this Rural Housing and  
20          Economic Fund -- does that include -- since we approved  
21          housing trust funds for this transaction last month, or  
22          earlier this month -- that's sort of a bottoms-up  
23          reevaluation.

24          So we determine based on the other sources of

1 funds that the applicant has -- what amount of credits  
2 might not reduce the trust fund loan, but the trust fund  
3 loan might reduce the amount of credits.

4 MS. CARRINGTON: It will be an analysis of all  
5 of the financial sources for the transaction, sources and  
6 uses. Yes, a thorough analysis.

7 MS. ANDERSON: Okay. Any other discussion?

8 (No response.)

9 MS. ANDERSON: Hearing none I assume we're  
10 ready to vote. All in favor of the motion, please say,  
11 aye.

12 (A chorus of ayes.)

13 MS. ANDERSON: Opposed, no.

14 (No response.)

15 MS. ANDERSON: Motion carries.

16 MS. CARRINGTON: The next request for the  
17 Board's consideration is South Plains Association. This  
18 transaction is located in Lubbock. They are requesting  
19 approval to extend their construction loan until November  
20 1, 2005.

21 They are working with a HUD 221(d)(4) program.  
22 Also they want to maintain their housing assistance  
23 payments contracts on a portion of the units. They are  
24 requesting a private letter ruling from the Internal



1 Revenue Service concerning a change in the land seller's  
2 ownership that occurred in 1999.

3 So there is indeed a possibility that,  
4 depending on what the private letter ruling says, that if  
5 that does constitute a change in ownership, that this  
6 development would not be eligible for the credits. So  
7 they believe if they have until November 1 of this year,  
8 that they will have that private letter ruling.

9 MR. CONINE: Move for approval.

10 MR. BOGANY: Second.

11 MS. ANDERSON: Discussion. Ms. Carrington, if  
12 we give them until November 1, does that give us time  
13 to -- since they're 2004 credits, what are our options on  
14 November 1? They become part of the 2006 pool?

15 MS. CARRINGTON: Yes.

16 MS. ANDERSON: Okay. Thank you. Discussion.

17 (No response.)

18 MS. ANDERSON: Hearing none I assume we're  
19 ready to vote. All in favor of the motion, please say,  
20 aye.

21 (A chorus of ayes.)

22 MS. ANDERSON: Opposed, no.

23 (No response.)

24 MS. ANDERSON: Motion carries.

1 MS. CARRINGTON: The next one for the Board's  
2 consideration is Primrose Highland Apartments. This is a  
3 Dallas transaction. The current request for the extension  
4 for closing of the construction loan is due to delays in  
5 the construction lender's underwriting and final loan  
6 commitment.

7 They have requested September 30 of this year.  
8 Staff is recommending September 30 for their extension.

9 MR. CONINE: Move for approval.

10 MR. BOGANY: Second.

11 MS. ANDERSON: Discussion.

12 (No response.)

13 MS. ANDERSON: Hearing none I assume we're  
14 ready to vote. All in favor of the motion, please say,  
15 aye.

16 (A chorus of ayes.)

17 MS. ANDERSON: Opposed, no.

18 (No response.)

19 MS. ANDERSON: Motion carries.

20 MS. CARRINGTON: The last one in this group for  
21 the Board's consideration is Towne Park Fredericksburg II  
22 Apartments. This property will be located in  
23 Fredericksburg. They are requesting this extension  
24 because the syndicator is not allowing the applicant to

1 close on the construction loan for phase II until the  
2 permanent loan for phase II has been closed.

3 There it means that the participation of the  
4 permanent loan of phase I will be closed by August 1. So  
5 they are requesting October 1, 2005 on the extension for  
6 the closing of the construction loan on phase II.

7 MR. GONZALEZ: Move for approval.

8 MR. SALINAS: Second.

9 MS. ANDERSON: Discussion.

10 MR. CONINE: Do we know where the lease-up is  
11 in phase I here, what stage they're in, what percentage  
12 occupied?

13 MS. ANDERSON: The applicant's here. Would you  
14 like to -- the development?

15 MR. CONINE: You bet.

16 MS. ANDERSON: Okay. If you'd just fill out a  
17 form for me afterwards, Mr. Kilday.

18 MR. KILDAY: I sure would. Thank you. I'm  
19 Dick Kilday, Kilday Realty Corp. It's probably been a  
20 week or two since I've looked at a report. But I believe  
21 our occupancy is probably around 95 percent. So we're  
22 full. We've stayed full -- basically full.

23 So now we're doing phase II that we think will  
24 complement phase I perfectly. And you all were nice

1 enough to grant a change on that to all one-bedroom units.

2 So we're thrilled with where we are and think everything  
3 is as good as it could be right now.

4 MR. CONINE: What year was the phase I -- what  
5 were the phase I credits? Do you remember?

6 MR. KILDAY: Maybe 2002. '01 perhaps.

7 MR. CONINE: '01 credits. And we still haven't  
8 closed the permanent loan yet. It sounds --

9 MR. KILDAY: That's right. Because they were  
10 all two-bedroom units it took a year -- good question --  
11 took a year-plus to lease up. So that's why we wanted to  
12 go to all one's on two's. So we have a balance there of  
13 about 50/50.

14 MR. CONINE: Okay. Thank you.

15 MR. KILDAY: Thank you.

16 MS. ANDERSON: Other questions?

17 (No response.)

18 MS. ANDERSON: Hearing none I assume we're  
19 ready to vote. All in favor of the motion, please say,  
20 aye.

21 (A chorus of ayes.)

22 MS. ANDERSON: Opposed, no.

23 (No response.)

24 MS. ANDERSON: Motion carries.

1 MS. ANDERSON: Item 1(c) are appeals for the  
2 2005 housing tax credit program cycle. Before we go to  
3 that, Ms. Carrington, if I may, welcome some guests that  
4 we have with us this morning. We have Mr. Mike Gerber  
5 from Governor Rick Perry's office.

6 We have Scott Sims from Speak Tom Craddick's  
7 office. Christine Gibson from the office of Urban Affairs  
8 Chairman, Robert Talton. And we have Don Jones from the  
9 office of Representative Jose Menendez. We welcome you  
10 all. Thank you.

11 MS. CARRINGTON: Thank you, Madam Chair. Item  
12 1(c) -- there were four appeals listed on your agenda.  
13 The first three -- San Juan Village, Villa San Benito and  
14 Santa Rosa -- have withdrawn their appeal. So the only  
15 one is --

16 MR. CONINE: I'm sorry. Could you repeat that  
17 again? I was worried about my coffee cup. Which ones?

18 MS. CARRINGTON: The first three. San Juan  
19 Village has been withdrawn. It has been resolved. Villa  
20 San Benito has been resolved. Santa Rosa has been  
21 resolved. So the one for the Board to consider under the  
22 appeals for the 2005 housing tax credit program cycle will  
23 be Olive Grove which is in Region 6.

24 I will ask Jenn Joyce, backed up by Ann

1 Reynolds to provide the Board information on this item.

2 MS. JOYCE: Jenn Joyce with the Multifamily  
3 Finance Production Division. You have already heard this  
4 appeal -- or an appeal relating to this item in the May 26  
5 meeting, as well as an allegation that we gave you at the  
6 last July 14 meeting.

7 I'm going to give you a quick history, just  
8 because it's a little bit complicated when you look at the  
9 appeal and the allegation together. Hopefully it will be  
10 just a little more clear going into this. In the May 26  
11 Board meeting, the Board approved an appeal for this  
12 application to consider the letter for QCP eligible from  
13 the Pine Trails Neighborhood Association.

14 It was originally included -- or determined to  
15 be ineligible, because it was received late due to an  
16 error with Fedex. After the Board approved the appeal and  
17 we received the letter, we awarded 24 points for that  
18 letter.

19 Prior to the last Board meeting we received an  
20 allegation from Joe Lopez and his attorney, asserting that  
21 the neighborhood organization did not properly annex its  
22 boundaries according to the bylaws and covenants. He  
23 further stated that he would not have an issue with this  
24 letter, if the Department had evidence that the annexation

1 was done properly.

2 I then called the neighborhood organization and  
3 asked for evidence that it was annexed appropriately and  
4 received an affidavit stating that it did annex according  
5 to its bylaws and covenants. Because we often allow  
6 certifications as evidence, we accepted this and reported  
7 to the Board on July 14 that it had been resolved.

8 Since the last Board meeting we received  
9 further allegations from Mr. Lopez asserting that the  
10 evidence was insufficient, because the covenants and other  
11 evidence submitted by Mr. Lopez are clear that the  
12 annexation was done improperly.

13 He requested that we look further into this in  
14 the investigation. One of the main assertions is that the  
15 annexation was done incorrectly because the bylaws and  
16 covenants require a two-thirds board member and member  
17 vote. He asserted that only two-thirds of the board voted  
18 for this item for annexation.

19 I see you moving in your Board books. I wanted  
20 to kind of point that they're two sections for this. One  
21 is the appeals section; the other is the allegation  
22 section. So if you're looking for the covenants  
23 themselves, unfortunately I'd include that in the  
24 allegations section, because it was part of the

1 allegations, not the appeal.

2           So I contacted the neighborhood organization to  
3 give them an opportunity to further refute Mr. Lopez's  
4 allegations beyond that certification that they provided  
5 to us. I spoke with and Amy Benedict from the  
6 organization on July 19 about Mr. Lopez's allegations.

7           She confirmed that only the board voted to  
8 annex. She said that this was how they'd always annexed  
9 and that she thought that it was legal. When I pointed to  
10 the covenants, she said that she was quite surprised and  
11 would consult with the attorney and get back with me later  
12 that day. She never got back with us.

13           For the Department the bottom line is that our  
14 reading of the covenants requires a two-thirds majority  
15 vote of the members and not just the board. This is in  
16 the Pine Trails covenants from 1975. We have reviewed all  
17 other allegations from Mr. Lopez and determined that it  
18 does appear that the annexed area was not recorded in the  
19 deed records, as was required as well.

20           For these reasons we now consider the letter to  
21 be ineligible, and we reduce the score from 24 to 12.  
22 They're appealing that score reduction.

23           MS. ANDERSON: For the Board's consideration I  
24 have several people that would like to make public comment



1 on this item. So we can do that after a motion or before.

2 MR. CONINE: Go ahead.

3 MS. ANDERSON: Okay. We'll take the public  
4 comment on this item. I have several people. Ms. Bast.

5 MS. BAST: Good morning.

6 MR. CONINE: Good morning.

7 MS. BAST: I'm a Cynthia Bast of Locke Linell  
8 Sapp. We represent Olive Grove Manor Limited with respect  
9 to this tax credit application 05198. We are here to  
10 appeal the staff's determination that the application is  
11 not eligible for the 24 points for its letter of support  
12 from the Pine Trails Community Improvement Association.

13 I have just handed each of you a copy of our  
14 appeal letter to the executive director. Because of the  
15 last-minute nature of this situation, it was not available  
16 for the Board book. As noted by Ms. Joyce and in the  
17 materials and the allegations section of today's agenda,  
18 this appeal does stem from allegations raised by a  
19 competitor that the neighborhood organization's letter  
20 should not be eligible for these points.

21 Over the past month TDHCA staff has confirmed  
22 at least three times in writing that the letter would be  
23 eligible for the points. Yet on July 19 the staff  
24 reversed its position and rescinded the points. And as a

1 result of this change of events, when the Board book was  
2 posted the next day, the competitor's application was  
3 recommended for an allocation, and Olive Grove was not.

4 A chronology of these events is included as  
5 Exhibit A to the letter that I have just given you. To  
6 give you a little bit of background, when this applicant  
7 was preparing the application it did become aware of the  
8 existence of the neighborhood organization.

9 It approached the neighborhood organization to  
10 discuss the development and seek ways that the applicant  
11 could work with the neighborhood organization in a  
12 positive manner. The neighborhood organization was  
13 excited about this project for elderly individuals and  
14 volunteered to offer its support.

15 The board of directors of the neighborhood  
16 organization voted to include the project within the  
17 neighborhood organization's boundaries. Having expanded  
18 its boundaries to include the development cite, the  
19 neighborhood organization submitted a letter to TDHCA  
20 stating its support, seeking quantifiable community  
21 participation points, and those points were awarded.

22 But now, based on these allegations, TDHCA  
23 staff has concluded that the board's action to include the  
24 Olive Grove site within its boundaries was insufficient.

1 Hence the site is not within the boundaries of the  
2 neighborhood organization as required by the statute in  
3 the QAP, and therefore it cannot be scored.

4 We disagree. The Pine Trails Community  
5 Improvement Association was created in 1975 as a  
6 homeowners association for the Pine Trails subdivision.  
7 The purpose of this organization is for the betterment of  
8 the citizens of the Pine Trails community.

9 This subdivision contains approximately 549  
10 acres and was developed by one developer. The subdivision  
11 was developed in sections -- ten of them. Each time a  
12 section came on line the developer filed restrictive  
13 covenants in the real property records to govern that  
14 particular section.

15 Each restrictive covenant document was specific  
16 to that section. And there were ten different restrictive  
17 covenant documents filed -- one for each section. These  
18 are restrictions on the property. The job of the  
19 neighborhood organization is to administer those  
20 restrictive covenants, which is an important distinction.

21 So as Ms. Joyce told you, staff has reviewed  
22 these restrictive covenants for perhaps one or more of the  
23 sections of the Pine Trails subdivision and found language  
24 that says that a vote of two-thirds of the members of the

1 neighborhood organization is required to annex land that  
2 is adjacent to the subdivision.

3 And as she stated, because no evidence has been  
4 provided that the members voted to annex the Olive Grove  
5 site -- rather just the board voted -- the staff concludes  
6 that the Olive Grove site is not within the boundaries.  
7 We contend that the Olive Grove site is not adjacent to  
8 the subdivision.

9 The word "adjacent" is capable of  
10 interpretation. Many courts have interpreted that to mean  
11 contiguous. The Olive Grove site is not contiguous with  
12 the subdivision, therefore voting of the members is not  
13 required, and this annexation decision does fall within  
14 the purview of the board of directors, which has broad  
15 authority to take all actions that it deems would benefit  
16 the neighborhood.

17 Staff goes on to argue that even if the Olive  
18 Grove site were properly included within the boundaries of  
19 the neighborhood organization, that the restrictive  
20 covenants currently on file prohibit the development of  
21 multifamily housing.

22 However this prohibition is specific to the  
23 lots within the subdivision that are governed by those  
24 restrictive covenants. In fact the restrictive covenants

1 also permit that certain properties can be designated  
2 reserved and that those properties designated reserved can  
3 be used for multifamily housing.

4 So the existing restrictive covenants do not  
5 impact the Olive Grove site. If the Olive Grove project  
6 is awarded tax credits and moves forward, it will file its  
7 own restrictive covenants.

8 So we believe that the staff has misread the  
9 implications of these current restrictive covenants and  
10 that they do not prohibit the applicant from developing a  
11 multifamily project on its site, while at the same time  
12 being considered within the boundaries of the neighborhood  
13 organization that administers these covenants.

14 The neighborhood organization has followed the  
15 QAP. It is actually gone above and beyond the QAP,  
16 because of the higher level of scrutiny that this  
17 application has been given and this letter has been given.

18 It did everything that it needed to do to submit the  
19 letter and have it scored.

20 It confirmed both orally and in writing that it  
21 had followed appropriate procedures to include the Olive  
22 Grove site within its boundaries. The applicant followed  
23 the QAP. It identified a neighborhood organization. It  
24 worked with that neighborhood organization to allow it to

1 participate in the process.

2           This is troublesome, because these allegations  
3 that have been raised have caused TDHCA staff to hold  
4 Olive Grove to a standard that is higher than its  
5 competitors. In virtually all other instances staff has  
6 relied upon a statement of the neighborhood organization  
7 that the proposed development site was within the  
8 neighborhood organization's boundaries, along with a map.

9           It did not try to determine whether the  
10 organization voted properly. It did not try to interpret  
11 the organization's documents. In fact staff previously  
12 said that it would not hold this applicant to a higher  
13 standard than its competitors. And that is why the  
14 neighborhood organization's letter was scored in the first  
15 place.

16           Then the position changed on July 19, and as a  
17 result Olive Grove is not recommended for credits. The  
18 fact here is that these restrictive covenants are subject  
19 to interpretation. The board of the neighborhood  
20 organization has interpreted its documents to permit them  
21 to do what they have done.

22           TDHCA has second-guessed them and made their  
23 own interpretation. The neighborhood organization has  
24 said repeatedly -- and you have as Exhibit B to my letter,

1 their written confirmation -- that the Olive Grove site  
2 has been properly included within the boundaries of its  
3 organization.

4 Its board voted in accordance with its  
5 authority. The restrictive covenants for the subdivision  
6 do not prohibit the development of multifamily housing on  
7 the Olive Grove site. And this applicant should not be  
8 held to a higher standard than its competitors because  
9 another applicant is effectively trying to cross appeal.

10 For all these reasons we ask that you reinstate  
11 the QCP points for this neighborhood organization's  
12 letter. And as a final note I want to acknowledge that I  
13 understand that this situation has been very difficult for  
14 the staff to address and that this Board give the staff  
15 guidance as to how to deal with these kinds of situations  
16 in the 2006 QAP.

17 But don't hold this applicant to a different  
18 standard this year. Please reinstate the points. Thank  
19 you very much. Feel free to ask me questions.

20 MR. BOGANY: I have one question.

21 MS. BAST: Yes, sir.

22 MR. BOGANY: Is it a map showing where this  
23 land sits next to the subdivision?

24 MS. BAST: Yes, sir. I have one. Would you

1 like to see it?

2 MR. BOGANY: Yes, I would.

3 MS. ANDERSON: Can Richelle Henderson approach  
4 the podium?

5 MS. HENDERSON: Richelle Henderson, Harris  
6 County Authority. I yield my time to Cynthia Bast.

7 MS. BAST: Well, I'm not lying, Mr. Bogany.  
8 Here it is.

9 MS. ANDERSON: Ms. McDonald.

10 MS. BAST: And that is the same map that was  
11 submitted by the neighborhood organization.

12 MS. MCDONALD: I also yield my time to Cynthia  
13 Bast.

14 MR. BOGANY: I have another question for Ms.  
15 Bast.

16 MS. ANDERSON: okay.

17 MS. CARRINGTON: And ditto for Mr. Gunter, if  
18 you have his --

19 MS. ANDERSON: Yes.

20 MR. BOGANY: Ms. Bast, looking at the map, you  
21 know, it's in the vicinity, but it's not like next door.  
22 You've got some other land to get to. Is your premise  
23 that it's not next door to it and its not continuous? Is  
24 that your premise?



1 MS. BAST: It is not contiguous. You are  
2 correct. And the restrictive covenants say that a two-  
3 thirds vote of the members, which we acknowledge -- there  
4 was not a vote of the members. But a two-thirds vote of  
5 the members who are the property owners in that  
6 subdivision is required to annex adjacent land.

7 "Adjacent" has been interpreted in a variety of  
8 ways. I can say that because I read numerous court cases  
9 over the weekend. Very frankly, you know, courts have had  
10 different interpretations in annexation kinds of  
11 situations.

12 But particularly in municipal annexation cases  
13 they have said that adjacent means contiguous. So what  
14 I'm saying here, Mr. Bogany, is that if the land is not  
15 adjacent, and if that means contiguous, then this vote of  
16 the membership is not required, and it's within the  
17 discretion of the board to take this on, because the board  
18 is empowered to do things to better this subdivision.

19 They think this will embetter their  
20 subdivision. The property is going to provide grandparent  
21 mentors. It's an elderly property. It's going to provide  
22 grandparent mentors to this subdivision and things like  
23 that. And that's why they're excited about it, and they  
24 think that they want that to be part of them.

1           It will pay assessments and overall benefit  
2 their neighborhood. And they think that's an appropriate  
3 thing for their association to do.

4           MS. ANDERSON: Any other questions?

5           MR. SALINAS: So the association is saying, no  
6 we don't want to annex this. Or they didn't vote on this.

7           MS. BAST: The association is saying is that  
8 they properly annexed. If you look at the letter at  
9 Exhibit B, it says that we included this land within our  
10 boundaries in a proper fashion.

11          MR. SALINAS: And our staff is saying that you  
12 didn't. I'd like to hear from the staff.

13          MS. ANDERSON: The staff's not arguing that.  
14 The staff is saying that for various reasons their  
15 recommendation is that the letter not be scored. We have  
16 more public comment, so we probably shouldn't be debating  
17 it as a Board until we --

18          MS. JOYCE: The staff's assertion was that the  
19 letter is ineligible because the development site is not  
20 included within the boundaries because it was not properly  
21 annexed. Before it was annexed it was not part of those  
22 boundaries. After annexation, had that been appropriate,  
23 then it would have been within the boundaries.

24          MS. ANDERSON: Thank you.

1 MR. BOGANY: One question for staff. Would you  
2 explain that again to me?

3 MS. JOYCE: Sure. I will explain it simply.  
4 And if you would like more detailed information about all  
5 of the covenants and annexation law, then Ms. Reynolds  
6 would be happy to come up and do that. If you consider  
7 the annexation to have been done properly, then the  
8 development itself would have been within the boundaries  
9 of the neighborhood organization.

10 That is a requirement of 2306 that QCP  
11 letters -- the neighborhood organization -- decide the  
12 development must be within the boundaries of the  
13 neighborhood organization.

14 MR. BOGANY: So are we saying that this is not  
15 within the boundaries?

16 MS. JOYCE: If the annexation -- we are  
17 asserting that based on our interpretation of the  
18 covenants after Mr. Lopez's allegations, the annexation  
19 was done appropriately. So therefore the boundaries are  
20 now reduced. We're not considering that annexation.

21 With the reduced boundaries the development is  
22 not within them.

23 MR. BOGANY: Okay. So they could not be a part  
24 of this subdivision is what you're saying.

1 MS. JOYCE: Correct. With the annexation they  
2 would be; without the annexation they would not be.

3 MR. BOGANY: All right. So are we saying the  
4 annexation was improper?

5 MS. JOYCE: Yes, we are.

6 MR. BOGANY: Why are we saying that?

7 MS. JOYCE: Based on Mr. Lopez's assertions we  
8 investigated the documentation that he provided.

9 Ms. Reynolds, I don't know if you would like to  
10 chime in here.

11 But one of the reasons, as we have stated  
12 before was it requires, according to our interpretation, a  
13 two-thirds vote of all of the members. They did not do  
14 that. It was of the board only.

15 And would like to elaborate on the actual deed  
16 restrictions?

17 MS. REYNOLDS: There are different  
18 interpretations governing the association. We believe  
19 that you can only annex properties adjacent. The property  
20 was not adjacent, and Jenn has testimony from the  
21 secretary of the association saying they did not have the  
22 two-thirds vote of the members that was required to annex.

23 Since all basically due to interpretation in  
24 the covenant -- and there can be legitimate differences of

1 opinion in terms of how the covenants are interpreted.

2 MR. BOGANY: Well, I guess when you say  
3 adjacent and it's not adjacent -- but does that mean that  
4 if the association wanted this part of their neighborhood  
5 organization -- which is definitely in walking distance of  
6 their neighborhood -- but is not touching or connected,  
7 could that be interpreted as they have the board have the  
8 right to do that without being the membership?

9 MS. REYNOLDS: We believe they could only annex  
10 if the property is adjacent. Since this property was not  
11 adjacent, they couldn't annex it. It was not with the  
12 neighborhood organization, therefore the letter of support  
13 is ineligible.

14 MR. BOGANY: Okay. So you're saying they  
15 didn't have the right to bring this in to the  
16 neighborhood.

17 MS. REYNOLDS: That's our interpretation.

18 MR. CONINE: Which section of the Internal  
19 Revenue Code does this association --

20 MS. REYNOLDS: None whatsoever. This is state  
21 law that says that the site needs to be within the  
22 boundaries of the neighborhood organization for the letter  
23 of support to be eligible.

24 MR. CONINE: Is this a 501(c)(3) neighborhood

1 organization? What is it?

2 MS. REYNOLDS: I don't know.

3 MS. BAST: Mr. Conine, it is organized as a  
4 nonprofit corporation. It's articles of incorporation do  
5 not include specific 501(c)(3) organization language.

6 MR. CONINE: I just think it's a real dangerous  
7 precedent for us to assume --

8 MS. ANDERSON: Let's please not debate this  
9 until we hear the rest of the public comment.

10 MR. CONINE: Yes.

11 MS. ANDERSON: Mr. Gary Gum, do you wish to  
12 make public comment on this topic.

13 MR. GUM: [inaudible].

14 MS. ANDERSON: I mean, you have 1(c) on your  
15 form. I'm not sure what you're here to talk about. Mr.  
16 Barry Palmer.

17 MR. PALMER: My name is Barry Palmer, and I  
18 represent the applicant that's competing with this  
19 development that has raised the issues about whether this  
20 was a proper annexation or not. I think that the  
21 covenants are clear that a membership vote of the  
22 homeowners are required in order to bring additional  
23 property in.

24 All of the homeowners relied on those covenants

1 when they bought their house, that it would take a two-  
2 thirds vote of the homeowners to bring additional property  
3 into the neighborhood association. It's hard to imagine  
4 that they envision that they would get to vote if the  
5 property were adjacent to their land, but they wouldn't  
6 get to vote if the property were half a mile away or a  
7 mile away.

8 I think the common sense interpretation of that  
9 adjacent property reference is the one that the legal  
10 counsel for the Department has made is that the only  
11 authority that the organization has is to bring in land  
12 that's adjacent to the association.

13 So if it's not adjacent, it can't come in at  
14 all. But if it is adjacent, it requires a two-thirds  
15 vote. And there was no two-thirds vote, so it was not a  
16 valid annexation. If it were a valid annexation, I mean,  
17 it's either in the neighborhood or it's not.

18 If it is in the neighborhood and it's subject  
19 to the restrictive covenants, then you can't build  
20 multifamily. So those are our interpretations of the  
21 restrictive covenants. Thank you.

22 MS. ANDERSON: Questions?

23 (No response.)

24 MS. ANDERSON: Thank you.

1 MR. CONINE: Is that all the public comment?

2 MS. ANDERSON: That's all the public comment.

3 MR. CONINE: Again I think it's a dangerous  
4 precedent for us to assume the proper or improper  
5 operations of a 501(c)(3) corporation in the State of  
6 Texas. I'd feel a little better about it if one of the  
7 members was complaining -- of the association. But it's  
8 not. It's somebody from the outside.

9 And I would argue that there are 501(c)(3)  
10 corporations all over this state that operate in pretty  
11 loose manners without adhering directly to the bylaws or  
12 adhering directly to Robert's Rules. And for us to make  
13 that determination -- when there is an obvious difference  
14 of opinion -- to me sets a dangerous precedent for this  
15 Department. So I move that we grant the appeal.

16 MR. BOGANY: Second.

17 MS. ANDERSON: Discussion.

18 MR. SALINAS: How far away is it from the  
19 adjacent? Is it right next door or half a mile?

20 MR. CONINE: Pretty close. You can throw a  
21 rock and hit it.

22 MS. ANDERSON: I share Mr. Conine's concern.  
23 And I have a blotter issue. First I want to commend the  
24 staff for the evolution of our QCP process from last year



1 to this year. Some of you may remember that last year in  
2 the QCP process we had a settle of Department-developed  
3 rules that made it very difficult for a neighborhood  
4 letter to clear all the hurdles and get scored.

5 There were not 20 letters scored last year.  
6 The Department, in the QAP and in our supporting rules,  
7 created a process this year that allowed many more --  
8 about four times as many neighborhood -- the vast majority  
9 of the neighborhood letters were eligible for scoring one  
10 way or the other this year.

11 What that let to -- and Olive Grove is a good  
12 example of it -- is developers picking apart the letters  
13 of other people's deals in their region. And I guess I  
14 shouldn't be naive; I should expect that kind of behavior.

15 So we have put the Department in this position because we  
16 had about 35 different sets of allegations or letters  
17 written complaining about one development or another and  
18 was the neighborhood organization eligible and so on and  
19 so forth.

20 So then the Department has been put in this  
21 position of having both staff and Board just sort of use  
22 our best efforts to make determinations on these things.  
23 While this Board does not shirk its responsibilities in  
24 any setting and takes those responsibilities very

1 seriously, I want to challenge the development community,  
2 because I find this behavior corrosive.

3 I think it's damaging to your industry that I'm  
4 not a part of -- just one day a month. But I'm repeatedly  
5 hearing stories during this cycle of people hiring other  
6 people to read every syllable of somebody's other  
7 application.

8 I just don't think that -- I mean, I understand  
9 why you want credits, you know. But I don't think that's  
10 good for your industry. So we've got a lot of great  
11 developers in this state. This Board and staff has a  
12 policy of awarding credits based on set-aside region and  
13 score and to try to have a very fair and transparent  
14 process.

15 You kind of know what you have to do to get the  
16 score to be in the hut. So I would just -- I personally  
17 hope that we will see a sort of dialing back a couple of  
18 notches of this sort of level of allegations that we find  
19 ourselves in this cycle. Thank you for hearing me on my  
20 soapbox. I think it's something worth thinking about.

21 Any other discussion?

22 (No response.)

23 MS. ANDERSON: Hearing none I assume we're  
24 ready to vote. All in favor of the motion to grant the

1 appeal, please say, aye.

2 (A chorus of ayes.)

3 MS. ANDERSON: Opposed, no.

4 MR. SALINAS: No.

5 MS. ANDERSON: Motion carries. The appeal is  
6 granted.

7 MS. CARRINGTON: The next item on the agenda is  
8 the Sphinx at Albury. And this appeal has been withdrawn  
9 from the agenda. So the next group of items for the  
10 Board's consideration are items behind 1-D. And this is  
11 discussion and possible action on information relating to  
12 allegations of five tax credit transactions that are in  
13 the 2005 cycle. This is tab 1-D of your Board book.

14 At the July 14 meeting the Board was provided  
15 with an allegation log that reflected 15 allegations that  
16 were made against applications. On those original 15  
17 staff had resolved all of them and then provided a  
18 spreadsheet that indicated how they had been resolved.

19 Since that meeting on July 14 the Department  
20 has received additional evidence and/or allegations on six  
21 applications. The attached spreadsheet that you have  
22 reflects the allegations that have been received into the  
23 Department after July 6, 2005.

24 As you turn over to the spreadsheet and as I

1 ask Ms. Joyce also to come up to the podium, I would like  
2 to make one notation for the Board. That is on your first  
3 page, Saddlecreek Apartments, 05260. On the far right we  
4 say, QCP letter is ineligible, but application is  
5 eligible.

6 This QCP letter is eligible as we do state in  
7 our writeup that it is eligible. So we have six for your  
8 all's discussion and consideration.

9 MS. JOYCE: I'm prepared to speak on each of  
10 them, if you'd like. But if not, I can just answer  
11 questions as well.

12 MR. CONINE: We need a recap.

13 MS. JOYCE: Recap of each of them.

14 MR. CONINE: Yes.

15 MS. JOYCE: The first allegation is 05051,  
16 Longview Seniors. Since the last Board meeting we  
17 received more allegations from Mr. Opiela relating to this  
18 item. In his allegations it was asserted that the  
19 neighborhood organization is ineligible because the  
20 boundaries are too big and the applicant may have been  
21 involved with the development of the neighborhood  
22 organization.

23 In the assertions we were asked to call the  
24 Longview police department to substantiate these claims.

1 In an interview with Sergeant Russell that I had with her  
2 over a two-day period -- I can actually read a quote that  
3 would, I think, sum up the very end of it.

4 She's basically saying that she doesn't have  
5 any evidence to be able to substantiate any of these  
6 claims. So we still consider the letter eligible. Would  
7 you like me to read that? It's not in your Board book.

8 MR. CONINE: No. Move on.

9 MS. JOYCE: 05027, Timber Village. Mr. Opiela  
10 again is asserting that the neighborhood organization  
11 letter is ineligible and points to an affidavit from a Mr.  
12 David Simpson, a principal from the area. In that  
13 affidavit he asserted that the has no knowledge of the  
14 neighborhood organization's meeting taking place and  
15 questions the existence of the neighborhood organization.

16 He asserts that has several contacts in the  
17 area who would be able to say the same. The letter and  
18 Mr. Opiela's assertions do not provide any hard evidence  
19 substantiating any of the claims. So we are unable to  
20 investigate that in any way. Therefore we still consider  
21 the letter eligible.

22 The next is 05260, Saddlecreek. A Ms.  
23 Rosemarie Shelton is a resident of the area and now  
24 questions the eligibility of the letter, because not

1 everyone in the area knew of the neighborhood organization  
2 or any meetings.

3           However, again no hard evidence was provided to  
4 us for any kind of investigation. So we still consider  
5 that letter eligible. 05198 is Olive Grove, the  
6 allegations from Mr. Lopez. I want go over that again.  
7 You've just heard those.

8           05118 is Mr. David Marquez. This was also in  
9 the July 14 meeting. You heard Mr. Ron Anderson testify  
10 relating to this item as well in the past. This  
11 application had its QCP points rescinded from 24 to 12  
12 because it was established that Mr. Anderson was a part of  
13 the development and the formation of the neighborhood  
14 organization, something that he does not deny.

15           Mr. Marquez asserts that this should be reason  
16 for termination and points to the Green Briar application  
17 that we had at the last Board meeting, where we terminated  
18 that application in addition to the two points being  
19 rescinded because of material misrepresentation in the  
20 application.

21           We feel that this is actually a different  
22 situation, because this is a neighborhood organization  
23 letter and is not part of the application. Plus we also  
24 feel that Mr. Anderson, as he testified and provided

1 documentation, he's adequately established that HUD --  
2 because this is a HUD development -- it has requirements  
3 where the owner is involved in the neighborhood  
4 organization.

5 So we do agree that the letter is ineligible,  
6 because he was a part of the formation of it. However, we  
7 don't agree it's material misrepresentation. The last is  
8 05020. It's a bit different from the others. It's  
9 Hereford Central Place.

10 It's an allegation by Mr. Rick Brown. The long  
11 and the short of it is the Department provided guidance  
12 for him prior to the application cycle that certain  
13 funding sources would not be counted for the 18 points  
14 under 5(a) of the QAP selection criteria.

15 During the application we then changed our  
16 opinion, and we did accept that as an item for its  
17 substantiation of the 18 points. He's asserting that he  
18 would have been able to get those points had he known that  
19 it was going to be eligible and has since actually gotten  
20 evidence to substantiate that claim.

21 However, because he did not request these 18  
22 points in his self-score initially, we cannot award them.

23 So staff's hands are kind of tied on this one.

24 MS. ANDERSON: Thank you. I do have

1 individuals prepared to make public comment, though they  
2 may or may not choose to. I have a witness affirmation  
3 form from Mr. John Boyd deferring time. Is that correct?

4 MR. BOYD: We are available for questions.

5 MS. ANDERSON: Mr. Rick Deyoe.

6 MR. DEYOE: No comment. Just available for  
7 questions.

8 MS. ANDERSON: Mr. Opiela, your witness  
9 affirmation form, I think, is referring to --

10 MR. OPIELA: Timber Village.

11 MS. ANDERSON: Yes.

12 MR. OPIELA: Olive Grove. And it didn't --

13 MS. ANDERSON: Yes. Your witness affirmation  
14 form indicates that you want to talk about 05198. Do you  
15 care to make comment on --

16 MR. OPIELA: No. I'm here for Olive Grove, and  
17 you all already decided that. It was listed under two  
18 places in the agenda.

19 MS. ANDERSON: Okay. Thank you. Mr. David  
20 Marquez.

21 MR. MARQUEZ: Good afternoon, Madam Chair,  
22 Board. How are you doing? I believe there's others that  
23 are going to give me my time or give their time.

24 MS. ANDERSON: Get started.



1 MR. MARQUEZ: Okay. Let me hand this out here.

2 MS. ANDERSON: We don't have a time limit. But  
3 we're asking your good judgment.

4 MR. MARQUEZ: Well, my name is David Marquez.  
5 I'm here on behalf of Urban Progress. Mr. Acuna, our  
6 board chair is here today. I guess I've been dealing with  
7 this agency since '92 or '93. And I've only had two  
8 complaints: one last year -- and I'm not anonymous. I'm  
9 260 pounds. You can see me.

10 Southwest Housing we had a complaint with in  
11 October. We filed that with Chris Whitmayer. I think  
12 that's public information. And the other one is against  
13 Vista Verde, which we started working with originally, had  
14 conversations with them, even acted in some behalf as  
15 maybe their technical advisors. It never happened.

16 But one of the things I would like to say is  
17 that Urban Progress and Vista Verde Housing and Community  
18 Services, they kind of office together. So it's kind of  
19 incestual, but it's San Antonio, so it's another issue.  
20 Okay. So what I'd like to do is, if you could refer back  
21 to page 3 and 4 and 6 and 10.

22 If you could look over those for a minute and  
23 then I'll kind of go through this. My wife told me to  
24 keep the emotion out of this, Mr. Conine, so I'm reading.

1 I'm not used to reading anything. Okay.

2 Within the 2005 housing tax credit application  
3 the applicant for Vista Verde I and II, TDHCA 05118  
4 certified on the development owner's certification that  
5 the information within the application was true and  
6 complete, and that any misrepresentation and/or fraudulent  
7 information would result in automatic rejection of the  
8 application.

9 Our contention is that the application should  
10 be terminated for the following reasons. The applicant  
11 for Vista Verde I and I was aware of the rules for the QCP  
12 both from TDHCA website and previous discussions and  
13 workshops.

14 With the knowledge the applicant was still the  
15 initial registered agent on record with the Secretary of  
16 State's office for Vista Verde I resident counsel filed  
17 February 3, 2005 and Vista Verde Apartments resident  
18 counsel filed December 22, 2004.

19 If you refer back to 6 and 10 it'll show you  
20 where they are the registered agent there, and I  
21 understand that they've admitted that. We feel that with  
22 full knowledge of the Texas Department of Housing and  
23 Community Affairs Quantified Community Participation rules  
24 describing the acceptable procedures on setting up

1 resident counsels, the applicant still established the  
2 resident counsels.

3           Although the applicant did not sign the QCP  
4 letters from the resident counsels, he did know that the  
5 letters were going to be submitted for points towards new  
6 sections. And knowing this he still signed the  
7 development owner certification.

8           On June 27, 2005 the applicant testified that  
9 HUD allows for the owner/manager for a property to set up  
10 resident counsels. However, HUD rules do not supercede  
11 the Texas government code or the qualified allocation  
12 plan.

13           Additionally, as you have in front of you a  
14 copy of the pages from the consolidated financial  
15 statements of their organization, this shows that the  
16 applicant was involved in Vista Verde II Limited at least  
17 since then, since 2001-2002.

18           If they were not filing solely to receive the  
19 24 points under the QCP, why did they wait to file during  
20 the 2005 application round? If they had established the  
21 resident counsels under HUD's acceptable procedures any  
22 time between the dates you have in front of you and  
23 October 2004, we would understand that this was a  
24 legitimate mistake.

1           Based on the Texas government code and the  
2 qualified allocation plan and rules, what seems to be  
3 clear-cut by many appears to be up for interpretation by  
4 others. But in light of the current climate, QCPs and so  
5 forth, and scrutiny that this program is undergoing, there  
6 should be some level of consistency.

7           The reason I bring that up is because last year  
8 as Las Palmas -- we were negligent, oversight, whatever --  
9 our chair signed the letter, and we took our punishment.  
10 I want to kind of review what you said in there, or what  
11 the staff made a recommendation.

12           Due to the violation in the Department's  
13 allocation round in October 6 of this year -- I'm sorry --  
14 environmental assessment. I'm sorry. Due to the  
15 violation in the Department's environmental site  
16 assessment rules and guidelines, which states that the  
17 environmental site assessment shall be conducted by a  
18 third-party environmental engineer, the application was  
19 terminated.

20           The ESA application was prepared by George  
21 Azuna, who also signed the application for tax credits as  
22 a representative with the authority to execute documents  
23 on the applicant's behalf. Mr. Azuna was also listed as  
24 the nonprofit, managing general partner in control of the

1 application.

2           The Department does feel that this is a worthy  
3 development that was awarded credits. But in the  
4 continued review the ESA was not completed by a third-  
5 party, so the application was terminated. Ms. Anderson  
6 stated that this is a clear violation of a very clear,  
7 black-and-white Department rule, and the Department has  
8 these rules for reasons.

9           Mr. Salinas stated that the rules do need to be  
10 followed. But this is one of the projects that he hates  
11 to see not get credits. I'm not saying this is not a  
12 project that shouldn't get credit. What I'm saying, like  
13 everybody else, we should follow the rules. Thank you.  
14 Any questions?

15           MS. ANDERSON: And so, Mr. Marquez, Mr. Azuna,  
16 Ms. Martinez and Ms. Martinez have yielded their time to  
17 you.

18           MR. MARQUEZ: Yes.

19           MS. ANDERSON: Okay. Thank you, sir. Mr. Rick  
20 Brown.

21           MR. BROWN: I'm Rick Brown. Thank you, Madam  
22 Chair, members of the Board. Appreciate what you do here.  
23 We were going to prepare a 1,000-page summary, but we saw  
24 you already had 1,000 pages today. So we shortened it to

1 the one page that you see before you.

2           Basically we did request of the Department  
3 counsel at that time, which was in December, if we could  
4 use the Housing Finance Corporation as a source for the  
5 local community financial support in our area. And we  
6 were told in writing by them at that time that, no, you  
7 could not. So we submitted accordingly.

8           Later after everything was imaged online, we  
9 saw that our competitors had used the Housing Finance  
10 Corporation that we were told we couldn't use. So we  
11 questioned staff, and they said, oops, we changed policy.

12         So we said, what we do.

13           So here we are. We did provide documentation  
14 at the last Board meeting when this topic was discussed.  
15 In fact it's been discussed at the last two Board  
16 meetings. Ms. Carrington discussed it at the meeting  
17 before last. And we had to provide documentation that,  
18 were we allowed to use the Housing Finance Corporation, it  
19 took us 24 hours to get those funds.

20           I've worked with them since 1985 in our area,  
21 which is why we had approached early on and said, hey,  
22 here's a source. Can we use it. We were told, no. We  
23 would simply ask that we be given the points that we would  
24 have gotten had we not been given information that we

1 couldn't use that source that apparently others were  
2 allowed to use. Are there any questions?

3 MS. ANDERSON: Thank you. Mr. Chris Rhodes.

4 MR. RHODES: No additional comments.

5 MS. ANDERSON: Thank you. That's all the  
6 public comment on this item.

7 MR. BOGANY: Based on this one page memorandum  
8 that we have, why was this one denied and this other one  
9 okayed, based on those assertions?

10 MS. JOYCE: I don't have what you were looking  
11 at. Is that the one from Mr. Marquez?

12 MR. BOGANY: No. This is on Hereford Central  
13 Place.

14 MS. JOYCE: Actually the points were never  
15 denied to this particular application. He did request  
16 them, which is the issue. You must request the points in  
17 order for us to award them. He didn't realize until mid-  
18 cycle that we had changed our interpretation.

19 He's now saying, I could provide you the  
20 evidence. I guess now would be a good time to note that,  
21 had he provided the exact evidence that he's given us now,  
22 we would have had some conditions placed on those, that if  
23 a commitment were ever awarded, that he would have  
24 subsequent documentation to provide to the Board. Same

1 thing with underwriting.

2 MR. BOGANY: Is it too late at this point? Or  
3 just that because he never requested that Housing Finance  
4 Corporation?

5 MS. JOYCE: It's too late for the staff. If  
6 the Board were to decide to either award the points now,  
7 then we could incorporate it into this score. And I'll  
8 let our general counsel finish.

9 MS. REYNOLDS: This issue was discussed at the  
10 Board meeting on July 14, but this project was not on the  
11 agenda. It is on the agenda now. So if you wanted to  
12 take action, you could do that.

13 MS. ANDERSON: Ms. Reynolds, as the acting  
14 general counsel of the Department is it your  
15 interpretation that the Board has the authority, should it  
16 choose, to in effect grant these points to this applicant?

17 MS. REYNOLDS: Yes, ma'am.

18 MS. ANDERSON: Thank you.

19 MR. BOGANY: I'd like to make a motion.

20 MS. REYNOLDS: As a forward commitment.

21 MS. JOYCE: Either way. We can award the  
22 points or do a forward commitment.

23 MR. BOGANY: I'd like to make a motion that we  
24 grant the points based on the evidence that's been



1 provided to us today.

2 MR. CONINE: Second.

3 MS. ANDERSON: Discussion.

4 (No response.)

5 MS. ANDERSON: Hearing none, I assume we're  
6 ready to vote. All in favor of the motion, please say,  
7 aye.

8 (A chorus of ayes.)

9 MS. ANDERSON: Opposed, no.

10 (No response.)

11 MS. ANDERSON: The motion carries. At this  
12 point we are going to take in many ways a needed break and  
13 also proceed with an executive session. So I am guessing  
14 will probably be in recess for approximately an hour.  
15 Thank you for your patience with that.

16 So I will now read into the record on this  
17 date, July 27, 2005, at a regular meeting of the governing  
18 board of the Texas Department of Housing and Community  
19 Affairs held in Austin, Texas, the Board adjourned into a  
20 closed Executive Session.

21 As evidenced by the following, the Board will  
22 begin its Executive Session today, July 27, 2005 at 10:45  
23 a.m. The subject matter of this Executive Session  
24 deliberation is as follows: 1) Board may go into Executive

1 Session, close this meeting to the public on any agenda  
2 item if appropriate and authorized by the Open Meetings  
3 Act, Texas Government Code, Chapter 551. 2) Consultation  
4 with Attorney Pursuant to 551.071, Texas Government Code  
5 with respect to pending or contemplated litigation styled  
6 Hyperion, et al v. TDHCA of the District Court of Travis  
7 County, Texas.

8 The Board may also go into Executive Session,  
9 pursuant to Texas Government Code 551.074 for the purposes  
10 of discussing personnel matters, including to deliberate  
11 the appointment, employee evaluation, reassignment duties,  
12 discipline or dismissal of a public officer or employee or  
13 to hear a complaint or charge against an officer of TDHCA.

14 So we are in recess.

15 (Whereupon, at 11:00 a.m., the meeting was  
16 recessed, to reconvene later this same day, Wednesday,  
17 July 17, 2005.)

A F T E R N O O N   S E S S I O N

12:25 p.m.

1  
2  
3           MS. ANDERSON: As we reconvene, just a note to  
4 my colleagues on the Board, I understand that people in  
5 the audience at times have difficulty hearing us. So I  
6 just ask this afternoon that we be sure we're directing  
7 our comments into these mikes for the benefit of those in  
8 the audience.

9           The Board has completed its Executive Session  
10 of the Texas Department of Housing and Community Affairs  
11 on July 27, 2005. The Executive Session actually was  
12 completed at 11:45 a.m. Action taken: none.

13           I hereby certify that this agenda of an  
14 Executive Session of the Governing Board of the Texas  
15 Department of Housing and Community Affairs was properly  
16 authorized, pursuant to Section 551.103 of the Texas  
17 Government Code.

18           The agenda was posted at the State of Texas's  
19 office seven days prior to the meeting, pursuant to  
20 551.044, the Texas Government Code, and all members of the  
21 Board were present with the exception of Pat Gordon. That  
22 this is a true record of the proceedings pursuant to the  
23 Texas Open Meetings Act, Chapter 551 in the Texas  
24 Government Code.

1           The next item on the agenda is agenda item  
2 1(e), discussion and possible approval of recommendations  
3 by Department staff for the issuance of commitments for  
4 allocations of 2005 Housing Tax Credits. We have a number  
5 of items of public comment on this.

6           After we hear the staff's presentation, then  
7 I'm going to limit the public comment for witness to three  
8 minutes. Ms. Carrington.

9           MS. CARRINGTON: Thank you, Madam Chair. The  
10 Board was provided an eight-page memorandum outlining our  
11 process and our methodology for allocating tax credits for  
12 2005. What I'd like to do is provide a summarization of  
13 some of the important points of that memorandum.

14           Also there a couple of items I will bring to  
15 your attention that was not in the write-up that went to  
16 the Board in the Board book last week. We are asking at  
17 this point for three actions from the Board.

18           We are asking the Board to approve staff's  
19 recommendation of final commitments for the allocation of  
20 housing tax credits, a limited award of HOME CHDO Funds on  
21 recommended tax credit allocations and a weighting list  
22 for 2005.

23           The Board is required by statute to issue final  
24 commitments of allocation of tax credits no later than

1 July 31 of each year. The Board is also required by  
2 statute to establish a waiting list of additional  
3 applications that are ranked in score in descending order  
4 of priority based on set-asides and regional allocations.

5 The Board received three binders related to  
6 this particular item on the agenda. One volume is the  
7 volume that has the recommendations from staff. It has  
8 the list; it has the recommendations only.

9 You will note as we did last year, that when  
10 you look over to the left-hand side of the list we have  
11 put an "A" for those applications that have been  
12 recommended or they're active or recommended, and then "N"  
13 for those that are not being recommended.

14 We have several lists for you in the book.  
15 Your first list is those that are being recommended only.

16 The second list is those that are in the nonprofit set-  
17 aside. Then we list our recommendations by region. And  
18 then we provide you a summary of all applications,  
19 including those that are terminated and what the  
20 particular set of circumstances were for that application.

21 You also have a volume for the real estate  
22 analysis, for the underwriting analysis of the  
23 transactions and also portfolio management and compliance.

24 We had 223 pre-applications in our round this year.

1 Those total over \$156,000,000.

2 We had 166 full applications. Those totaled a  
3 little over \$100,000,000. And today we have a total of  
4 144 applications that are competing for credits. Our  
5 credit ceiling has increased since the list that the Board  
6 looked at in late June. Our credit ceiling for this year  
7 is \$42,575,593.

8 This is increased by almost \$703,000. That's a  
9 function of two items. One of them -- we were eligible  
10 for the national pool. Those national pool credits were  
11 about \$531,000. We also had some returned credits to us  
12 at cost certification time that we were able to roll into  
13 the 2005 allocation. Those amounted to \$172,000.

14 So that is what has provided the increase for  
15 us. We used our regional allocation formula, as we're  
16 required by statute, set-asides and scores. And this was  
17 consistent with the methodology that we used in June.  
18 There possibly are some impacts to the list that the Board  
19 will be looking at today.

20 Those would be in the appeals that the Board  
21 had granted that would change a score. It's very  
22 important to note that all of the applicants today that  
23 will receive commitment notices perhaps have some  
24 outstanding evidence that they are required to submit to

1 this Agency.

2           So all awarded allocations must provide a  
3 commitment fee, evidence of zoning and substantiate any  
4 points that they've requested under three particular items  
5 of the QAP -- 5(a), 5(b) and 22 -- at the time the  
6 commitment notice is issued. We have determined that this  
7 will probably be around or about August 15 of this year.

8           So to the extent that any of those items are  
9 outstanding, they must be proven up at the time the  
10 deadline is issued on that commitment notice. And if they  
11 are not proven up, then those applications will be  
12 terminated. And there is no opportunity for an extension  
13 on those requirements.

14           The number of applications that's being  
15 recommended today is a total of 74. In addition to that  
16 74, there are four rural rescue forward commitments that  
17 the Board has already issued. You issued those. You  
18 actually awarded those in 2004. That was done under the  
19 rural rescue policy that the Board adopted.

20           So what we have today is a total of 78  
21 developments. Those 78 developments total \$42,081,963.  
22 And that does leave a balance that we are not recommending  
23 allocation of at this point of \$493,620. The waiting  
24 list -- the Board is required to do this by statute.

1           We are recommending that the Board consider the  
2 waiting list to be composed of all applications that have  
3 not been approved by the Board for a commitment of 2005  
4 credits and have not been terminated by the Department or  
5 have not been withdrawn.

6           So this includes all of the 144 applications  
7 that are still considered active. In summary -- and this  
8 is actually over on probably on page 8 of your memorandum,  
9 if it is in your Board book -- is requested Board action.

10          So its approval of recommendations to issue commitments  
11 for allocations, approval of the waiting list, the zoning  
12 and local funding that we've already talked about.

13          Then we do have an item number 4 that we will  
14 be requesting your approval of a HOME CHDO award. It's  
15 for Windvale. That application number is 05189. It did  
16 receive -- we're requesting an allocation amount or loan  
17 amount of \$1.5 million. That was in your Board write-up.

18          What we did leave out of your Board write-up is  
19 that they are eligible for \$75,000 in CHDO operating  
20 funds. So Windvale is a transaction that was not on the  
21 Board list when we approved the tax credits. It is now.  
22 They have requested HOME funds. So \$1.5 million in HOME  
23 funds and \$75,000 in operating.

24          Also another item that is not in your write-up.



1 This is Hacienda Santa Barbara, which is being  
2 recommended for an allocation of credits. Due to  
3 administrative error it was approved previously for  
4 \$57,851 of HOME CHDO funds. It should have been  
5 recommended for \$172,650.

6 So staff is asking for this increase of  
7 \$114,799 for Hacienda Santa Barbara. Again it has been  
8 approved previously. We had the wrong recommended amount,  
9 so we are requesting approval of this increase.

10 MS. ANDERSON: Should we take public comment at  
11 this point?

12 MR. CONINE: Please.

13 MS. ANDERSON: Thank you. Mr. Robert Kelly.  
14 Please be mindful of the three-minute time limit. The  
15 next witness will be Ronnie Hodges.

16 MR. KELLY: Thank you, Madam Chair and Board.  
17 I'm Robert Kelly with Hunt Building Company out of El  
18 Paso, Texas. I appreciate this opportunity to come up and  
19 offer my public comments. My comments will be in  
20 opposition to an allocation of credits for Cathy's Pointe  
21 in Amarillo, Texas.

22 Hunt Building Company is the majority member of  
23 the general partner of a tax credit project that is  
24 located next door to the proposed location of Cathy's

1 Pointe. North Grand Villas was awarded an allocation. I  
2 believe it was in 2001.

3 We completed construction in February 2004.  
4 The project is still not quite stabilized. There was a  
5 market study done for Cathy's Pointe of course. It shows  
6 a couple of items in there. One of the most important  
7 things that it talks about is the expected absorption of  
8 the project in that market.

9 They expect an absorption rate of about 220  
10 units a year, I believe. Our actual experience next door  
11 is that the market absorbed 130 of our 144 units over a  
12 12-month period. I have an exhibit here I'd like to show  
13 you, if I could.

14 That basically shows our physical occupancy  
15 over the last 17 or 18 months since we completed  
16 construction. It not only shows that, but it shows our  
17 economic occupancy as well. You can readily tell by that  
18 exhibit that we have not stabilized. We still have a  
19 construction and a bridge loan outstanding to date.

20 That is basically our point here today is that  
21 the staff has recommended an allocation of tax credits for  
22 a property next door to a property that has not yet  
23 stabilized. It appears that this project was recommended  
24 to avoid a shortfall in the credits for that subregion and

1 not necessarily because it's standing on its own merits.

2 I guess the long and the short of it is -- the  
3 long-term financial health of either of these projects, I  
4 believe, if Cathy's Pointe is constructed next door to  
5 North Grand Villas -- in that we're competing for the same  
6 pool is tenants -- is highly unlikely.

7 So I respectfully request that you do not  
8 allocate the credits to that project. Thank you.

9 MS. ANDERSON: Ms. Hodges. And then the next  
10 witness will be Gary Robinson.

11 MS. HODGES: I have a handout. Good afternoon,  
12 Madam Chair and members of the Board. I'm Ronnie Hodges  
13 representing Handback [phonetic] Limited regarding the  
14 Tuscany Court Townhouses, 05178 in Hondo, Texas. I'm  
15 sorry to make a pest of myself, but we have a very small  
16 tax allocation of only \$58,000 that we need to complete  
17 this project.

18 Today I have given you a letter from the City  
19 of Hondo and the county judge urging the allocation of  
20 this tax credit, and also Handback Limited's partner is  
21 here to speak on behalf of Tuscany. The letter's there --  
22 especially the one from the mayor -- does speak to the  
23 fact that the city was unable to fulfill their portion of  
24 the recommended expenses to the site.

1 I did buy the property from the City of Hondo.  
2 So also Senator Frank Madla and Stacy King support this  
3 allocation. We all realize that the scoring was hard  
4 to -- it was extremely hard to score very high in both  
5 2003 and 2005, since many of the QAP requirements have  
6 been adjusted.

7 However, we were -- until the USDA set-aside we  
8 felt pretty comfortable that we could obtain the highest  
9 score. Staff did recommend that apply for the 2005 QAP.  
10 We decided really to go the extra mile, and we spend over  
11 \$20,000 to request these few tax credits.

12 The money that we spent really could have been  
13 spent on the extra on-site costs which we had incurred.  
14 But it's really ironic that in 2003 the TDHCA underwriting  
15 recommended a higher amount of tax credits than we had  
16 originally requested.

17 We did receive our request. But their  
18 recommended amount of almost the same as we are requesting  
19 today. So today our 76 units require -- today, based on  
20 the 2005 cost, the 76 units are requiring about \$550,000  
21 tax credits to build, while we have received only \$465,000  
22 tax credits for our 76 units that have townhouses and also  
23 have garages.

24 So we feel like that we have really

1 accomplished a lot of things with our limited amount. I  
2 just wanted to point out there are two other areas in your  
3 manual which allows this discretion. Since there are  
4 \$400,000 additional which have not been allocated, would  
5 you please pull 05178 into your round, since I have to  
6 deliver these tax credits this year.

7 Thank you very much for the opportunity.

8 MS. ANDERSON: Thank you. Mr. Gary Robinson,  
9 and then Mr. Joseph Zimmerman. Mr. Robinson.

10 MS. GUERRERO: He may have stepped out.

11 MS. ANDERSON: Mr. Joseph Zimmerman.

12 MR. ZIMMERMAN: I no longer wish to speak.

13 MS. ANDERSON: Thank you, sir. Mr. Brad  
14 McMurray.

15 MR. MCMURRAY: Hello, Madam Chair, Board  
16 members and Ms. Carrington. My name is Brad McMurray, and  
17 I'm with the San Antonio Housing Authority. I'm here to  
18 represent the Housing Authority and also our president and  
19 CEO, Henry Alvarez.

20 It's important for us at the San Antonio  
21 Housing Authority to be good neighbors, good citizens and  
22 good members of the community. So we're here to respond  
23 to the comments that you heard earlier for Ms. DeLeon  
24 representing the Brady Gardens Neighborhood Association.

1 I just wanted to respond to some of her main  
2 points, one of those of which regards the location of our  
3 project that's before you, the San Juan Square Apartments,  
4 which is number 05159. Based on the City of San Antonio  
5 Neighborhood Association borders, our project is actually  
6 outside of their neighborhood association.

7 However, because we do want to be good  
8 neighbors, we did notify them. And they had no objection  
9 to the project that's before you. When we were made aware  
10 of the Brady Gardens' concern about the project, we met  
11 with them, and upon meeting with them learned that we have  
12 this first phase that's before you, and then we have some  
13 other development that we'd like to on the site through  
14 the Hope 6 program, which is separate from this particular  
15 application.

16 In that, that seems to be their main concern.  
17 Now they mentioned that we had provided a 2001 master plan  
18 that we were not following, and there's good reason for  
19 that. The original master plan was to be funded with HUD  
20 capital grant funds, which are no longer available.

21 Therefore we had to modify our plan. Our new  
22 master plan involves using tax credits if awarded and Hope  
23 6 funds if awarded to redevelop some of our most  
24 dilapidated public housing. Now she referenced that we

1 were very successful in taking 100 units and reducing  
2 those to 84 units. We did do that.

3 As a result of that the crime in the area based  
4 on statistics that I'll provide has actually decreased.  
5 They want to ensure that that continues. We do as well.  
6 That's one of the reasons why we're building units, but  
7 we're reducing the concentration of very low income  
8 housing units.

9 So she had recommended -- and we have  
10 experience doing this with our Refurio Place Apartment  
11 Homes, which is also a tax credit development that was  
12 funded previously. We've actually closed on permanent  
13 financing ahead of time. It's a Hope 6 project as well.  
14 So we've got a demonstrated capacity in this area.

15 Now she partially supported our project in  
16 saying that she wanted 120 units instead of 143. We think  
17 we're meeting the spirit of their desire, because there's  
18 only going to be 46 units that are public housing.

19 So in an effort to ensure that the crime is  
20 reduced, I have a letter here from our president and CEO  
21 that demonstrates that crime statistics or the crime rate  
22 has actually gone down in the particular area by 8  
23 percentage points from 2003 to 2004.

24 So we feel that this will continue in the

1 direction in our current master plan in supporting that  
2 improvement in the neighborhood.

3 MS. ANDERSON: Thank you, sir. Debra Guerrero.

4 MS. GUERRERO: I no longer wish to speak.

5 MS. ANDERSON: Thank you. The next witness is  
6 Donald Pace, and after that will be Ron Anderson.

7 MR. ANDERSON: I no longer wish to speak.

8 MS. ANDERSON: Okay. Thank you, Mr. Anderson.

9 MR. PACE: Madam Chair and Board. My name is  
10 Donald Pace, and I'm talking for Cathy's Pointe, 05097, in  
11 response to Mr. Kelly's being against the development as  
12 HUD building North Grand Villas. I am a 20 percent owner  
13 in that development.

14 The reason why I went back there was that our  
15 market study showed that the city needed housing in that  
16 area. Not only that the amenities in the area were just  
17 exactly what was called for in the QAP. We did not go  
18 after these units until we knew that the North Grand  
19 Villas were leased up at 96 percent.

20 Why they haven't gone for the permanent loan is  
21 one of the questions I have as the minority owner. But  
22 they have not. They have townhomes. We built townhomes  
23 there with garages. We're building apartments with one-,  
24 two- and three-bedroom. Those are three- and four-bedroom



1 units.

2 We're no competition for those. We're just  
3 trying to get the people that need the one-, the two's and  
4 three's housing to live in. If you've got a question for  
5 our market study, I have Darrell Jack here with apartment  
6 data. He said he didn't fill out one of the forms, but he  
7 said he'd be glad to speak for us.

8 That's what I have. The staff recommended us.  
9 So I would take their recommendation any time. Thank you  
10 very much.

11 MS. ANDERSON: Thank you, sir. David Diaz.  
12 The next witness will be Rachel Beers and then Kelly Hunt.

13 MR. DIAZ: Madam Chair and Board. My name's  
14 David Diaz. I'm the director for the Midland Community  
15 Development Corp in Midland, Texas. We are a 501(c)(3)  
16 nonprofit. We currently have two other contracts with  
17 TDHCA.

18 We are a performing CHDO, and in opinion, we  
19 perform well and do justice to TDHCA's programs. We also  
20 submitted application project number 05101 for Midland  
21 Villa del Arroyo. It is the highest scoring application  
22 in Region 12, yet it has not been recommended by TDHCA  
23 staff to receive an allocation of housing tax credits.

24 The closest competitor scored seven points less

1 than Midland Villa del Arroyo. In many regions this point  
2 differential would be considered a landslide. The problem  
3 in our region is the housing tax credits have gone to an  
4 at-risk project.

5 I plead here before you. We've done everything  
6 that could be asked of us with regards to TDHCA, the  
7 Legislature. We're the perfect example of TDHCA and the  
8 Legislature would like. We attend the briefing seminars,  
9 workshops that TDHCA puts forth. We are encouraged to  
10 apply.

11 But bottom line it's very discouraging that  
12 when you win the scoring application hands down, you still  
13 aren't recommended by the staff for allocation. And I can  
14 understand. Their hands are tied. So that's my case to  
15 you today. I would like to read a letter of support to  
16 you from the Speaker of the House, Tom Craddick, whose  
17 district this project is in.

18 It states, "A situation has come to my  
19 attention that significantly affects many residents in my  
20 legislative district. On April 1 you were provided with a  
21 letter of support from my office regarding the Midland  
22 Villa del Arroyo housing tax credits application.

23 "I am a strong supporter of the Midland  
24 Community Development Corporation and their efforts to

1 improve Midland community. I was pleased to see that  
2 organization participate in the housing tax credits  
3 program."

4 The letter goes on and on. But he has  
5 submitted two separate letters of support strongly  
6 supporting this application. I stand here before you. We  
7 don't know what else to do to be able to get an award. As  
8 I said, we've done everything that's been asked for us,  
9 and we won the scoring round.

10 So that is my case. Thank you very much for  
11 your consideration. Any questions?

12 MS. ANDERSON: Thank you, sir. Ms. Spears.

13 MS. SPEARS: [inaudible].

14 MS. ANDERSON: Thank you. Kelly Hunt. The  
15 next witness is Gary Gum.

16 MS. HUNT: Good afternoon, Madam Chair and  
17 Board. I actually filled out two witness affirmations,  
18 essentially intended to defer part of my time to Mr. Diaz.

19 So I'm not sure what you have in front of you. But I  
20 also am speaking regarding another application.

21 MS. ANDERSON: You have three minutes to speak.

22 MS. HUNT: My name is Kelly Hunt. I am a  
23 member of the general partner of both the Creek Crossing  
24 Senior Village, application number 05101, and the Terra

1 Blanca Apartments, number 05100. Honestly, when I was  
2 filling out my witness affirmation, I was not really sure  
3 whether to say for or against.

4 Obviously I'm for you guys approving my  
5 applications and against doing anything that would take  
6 them off the list. Before Executive Session when you  
7 approved the instatements of points for the Central Place  
8 Apartments in Hereford, I am the impacted application at  
9 this point because of that.

10 Now amazingly enough I don't actually disagree  
11 with you on instating Mr. Brown's points. Our  
12 applications, as many other people ahead of time, we  
13 received the same answer that Mr. Brown did regarding the  
14 Housing Finance Corporation issue.

15 We respectfully disagreed with that. Like many  
16 other developers we knew the rules. So we went ahead and  
17 included that as a potential funding source and then  
18 continued to argue the point. Staff worked great with us,  
19 and we finally came to a compromise.

20 We, too, have been before the Panhandle  
21 Regional HFC board. And while we do not have our final  
22 approval, they wanted to wait until we received an  
23 allocation before they voted on that. We have every  
24 reason to think that we will be approved.

1           What we'd like to ask you to consider doing  
2 today is -- your decision to instate points for Mr. Brown  
3 was right. But don't let that impact our applications  
4 either. The Texas panhandle has just seen a tremendous  
5 housing problem over the years.

6           Hereford as one community is seeing an  
7 unprecedented boom right now. Our market study analyst is  
8 here and has offered to provide you information if you  
9 want. The addition of 112 units to the little City of  
10 Hereford, Texas will not even remotely come close to  
11 meeting the need of the community.

12           They have thousands of new jobs coming in over  
13 the next years and literally nowhere for these people to  
14 live. Sixty percent of the teaching population commutes.

15           No obviously a lot of teachers are not going to qualify  
16 to live in our property.

17           But it's our feeling that if we can free up  
18 some of the current rental housing for the lower income  
19 workers, then that's going to be a benefit to the entire  
20 City of Hereford and free up some of the housing as well.

21           Additionally much of the current stock of the rental  
22 housing in Hereford and Canyon is just completely  
23 substandard.

24           Additional housing is definitely needed. In

1 addition to considering the tremendous need in these two  
2 communities, two other things to keep in mind.  
3 Conversations with the city manager and the mayor of  
4 Hereford indicate that they would like to see both  
5 applications funded.

6 The city manager's on vacation right now, so I  
7 can't tell you that I talked to him today to tell you  
8 that, but I can tell you previous conversations. They  
9 would love to see both applications funded. The Panhandle  
10 Regional HFC is also prepared to fund all three of our  
11 applications.

12 They realize that that was a potential. So  
13 when they decided to do this, they're prepared to fund all  
14 three applications in the local political subdivision  
15 money. So what we'd like to ask you to do is leave the  
16 current staff recommendations as is, so that those  
17 applications are funded, then issue a forward commitment  
18 for Mr. Brown.

19 I'm prepared to answer any questions.

20 MR. BOGANY: What project is yours?

21 MS. HUNT: I have two that are on the  
22 recommended list in Region 1:Rural.

23 MR. BOGANY: The one that you were just talking  
24 about.

1 MS. HUNT: Hereford is number 05100, the Terra  
2 Blanca Apartments.

3 MR. BOGANY: Okay.

4 MR. CONINE: What's causing the population  
5 explosion?

6 MS. HUNT: I'll tell you what, they have an  
7 economic development guide there who's an ex-football  
8 coach. That guy can talk anybody into anything. He's  
9 just amazing.

10 MR. CONINE: Football coaches have been known  
11 for that.

12 MS. HUNT: Feedlots are their primary industry  
13 there. But they have dairies. They have ethanol plants  
14 coming in. They have a big, new Wal-Mart that employs  
15 about 320 people, if I remember my numbers correctly.  
16 It's amazing.

17 I mean, that little town has not seen growth in  
18 20 years. It's just absolutely booming. It's great to  
19 see, because we don't see that in the panhandle that  
20 often.

21 MS. ANDERSON: Thank you. Gary Gum. Then the  
22 next witness will be Tammie Goldston and then Granger  
23 MacDonald.

24 MR. MACDONALD: Thank you, Madam Chair and

1 members of the Board. My name's Granger MacDonald  
2 representing Landa Place Apartments, 05012, a seniors  
3 development in New Braunfels, Texas. I come to you today  
4 to bring to your attention an area that's fallen through  
5 the cracks in the Department's current policy of  
6 allocating tax credits.

7           According to the property inventory posted on  
8 the Department's website, there are no tax credit units  
9 whatsoever in New Braunfels or even in Comal County. The  
10 Housing Tax Credit Program has been in existence for 16  
11 years and has reached almost every community in Texas.

12           However, the citizens of New Braunfels continue  
13 to get shorted. This is not for a lack of trying either.

14           Over the years there have been several applications  
15 submitted for credits in New Braunfels, and none have been  
16 awarded. In fact this is our third consecutive for this  
17 same request.

18           This year two applications have been submitted  
19 but have managed to score every single possible point that  
20 could be gotten by either of the applicants. However,  
21 it's meaningless because they're both overwhelmingly  
22 outscored by the urban applications in San Antonio.

23           This year we were outscored by two applications  
24 of the housing authority and one at-risk project. There



1 is no for-profit developers receiving any allocation in  
2 Region 9 this year. The non-rural and non-metropolitan  
3 areas in New Braunfels are at a steep disadvantage under  
4 the current rules.

5 They neither have the benefits set-asides of  
6 rural applications, nor do they have the benefit of  
7 additional points from neighborhood organization and local  
8 financial participation such as HOME funds. Because these  
9 towns do not have organized neighborhoods or the ability  
10 to get these sources, we're just stuck.

11 We're not like San Antonio, which is our  
12 biggest competitor. Our third application for this  
13 project on the property -- and we get the same response  
14 every year. Go be present at the QAP hearings, try to  
15 change the QAP.

16 We've done this from year to year. We can't do  
17 anything else, and we can't continue to hold the property.

18 We're going to have to be looking at alternatives for  
19 commercial development. We've got a doctor who's very  
20 interested in our property and interested in us building a  
21 clinic there.

22 Most for-profit, not for-profit developers  
23 would have given up on this a long time ago. But we  
24 believe in the need for affordable housing for this

1 community. And we believe the system can work for those  
2 who need it the most. The seniors in New Braunfels are  
3 those people.

4 Again I ask that the Board help these  
5 underserved area that have never received a credit like  
6 New Braunfels, and stop giving away more credits to the  
7 big cities which are already overbuilt in many ways. In  
8 your last meeting the Board expressed concern over  
9 concentrating tax credits in a single community or a  
10 single neighborhood.

11 If you truly feel this way, please reconsider  
12 the recommendation on this application. I ask you to take  
13 note of the three San Antonio deals that are in front of  
14 us. They both have had people comment on them today in a  
15 negative way. We ask you to consider New Braunfels,  
16 because it's never had a project.

17 MS. ANDERSON: Questions. I have a question.  
18 It seems to me that one of the barriers -- it seems to me,  
19 Mr. MacDonald, it would be more prevalent for some reason  
20 in this region -- I mean, I see deals in the Dallas region  
21 that are coming of Clayburn and other places that get up  
22 on the list.

23 But in this case in this region -- if I hear  
24 your right -- the lack of QCP points because you don't

1 have neighborhood organizations and the lack of local  
2 funding hurt your scoring relative to San Antonio.

3 MR. MACDONALD: Exactly.

4 MS. ANDERSON: Those are statutory requirements  
5 we're dealing with. So if somebody's just telling you to  
6 go to the QAP forums, I understand your frustration,  
7 because the Department's very limited with what it can do  
8 on the QAP to address a statutory situation.

9 So I guess my question is have you gone to the  
10 Legislature to point out the kind of barriers that these  
11 statutory scoring elements create in the geography you're  
12 talking about?

13 MR. MACDONALD: You're kidding, aren't you?

14 MS. ANDERSON: I'm just trying to illustrate  
15 that there's some --

16 MR. MACDONALD: The answer to that question is  
17 yes, we've been to the Legislature. We sit in about the  
18 same situation as school finance is today. I know it's  
19 within you all's power to do forward commitments for  
20 projects or for areas that can't be reached.

21 That's what I'm asking you for. I'm not asking  
22 you to knock off one of the San Antonio deals or to do  
23 anything like. I mean, they've earned their spot. But I  
24 think you all have got to use discretionary powers. And I

1 think it's in with your discretion to do a forward  
2 commitment for an area like this.

3 MR. BOGANY: Question. Other forward  
4 commitments is there any other way to solve this problem?

5 MR. MACDONALD: I think if the QAP was changed  
6 so that there was some sort of a rotating system where you  
7 took every fourth -- you do your urban area, your bigger  
8 urban area, but when you have an exurban area that's not  
9 rural, maybe every fourth award goes to one of these  
10 intermediate-sized cities.

11 That'd be the only way you could do it. The  
12 forward commitment sure worked today.

13 MS. ANDERSON: Ms. Goldston and then Justin  
14 MacDonald.

15 MS. GOLDSTON: Madam Chairperson, Board. My  
16 name's Tammie Goldston. Thank you for this opportunity to  
17 speak to you today on behalf of application number 05100,  
18 Terra Blanca Apartments in Hereford and 05101, Creek  
19 Crossing Senior Village in Canyon.

20 Both of these applications were recommended for  
21 funding by the staff in Region 1. However, as a result of  
22 you actions earlier today, that may change. And if it  
23 does change because of your decision regarding 05020,  
24 Hereford Central Place, we'd request that you give us the

1 same opportunity to increase our local political  
2 subdivision points as you did him.

3 MS. ANDERSON: Questions. Justin MacDonald.

4 MR. MACDONALD: I think he said enough.

5 MS. ANDERSON: Thank you, sir. Gary Robinson,  
6 are you back in the room with us?

7 (No response.)

8 MS. ANDERSON: Okay. That is all of public  
9 comment on this particular item.

10 MR. CONINE: Can we go ahead and get, I guess,  
11 some of the changes that are made from what we have in the  
12 Board book by our actions this morning?

13 MS. JOYCE: Can I go get Brooke real quickly?

14 MR. CONINE: Yes. You can grab her if you'd  
15 like.

16 MS. BOSTON: I apologize.

17 MR. CONINE: That's quite all right. We just  
18 want to know what the revised list is based on what's  
19 happened so far.

20 MS. BOSTON: Okay. So far based on the appeal  
21 that you heard in Region 6, Olive Grove would have had 12  
22 points added. That's project number 05198. By that  
23 action it should be added. That would move it back up  
24 above the line, so to speak, and to be recommended.

1           That in turn would drop back off Town Park  
2 phase II which is 05217. You'll note that the one below  
3 that is an at-risk, so that would stay on. The affect of  
4 that -- to kind of precursor this a little bit, you  
5 probably recall from your write-up that talk about  
6 percentage under.

7           That was one of the ways that we had decided  
8 which deals to add back. So as we were looking at the  
9 implications of the actions earlier today, we were  
10 checking to see if that percent under would change  
11 significantly to the point that might altered what we had  
12 added back.

13           In this particular case there is no impact  
14 based on that percentage. Then in Region 1, based on the  
15 added points for the Central Place, if you were to add  
16 that, that's Region 1 rule. You would add the 12 points  
17 back, which would give that application 05169. That would  
18 make it the highest scoring in the region.

19           So that development would be \$280,145. Based  
20 on what's going on in that region, that would cause Terra  
21 Blanca, as Ms. Hunt pointed, to fall off and be not  
22 recommended. Those two actions together, between Region 6  
23 and Region 1, would no give us a balance of credits of  
24 \$862,000 roughly.

1           So even though we've already added a deal back  
2 in each of those, you wouldn't add an extra deal back in  
3 either of those, because the percentage under is not  
4 significant. So what we would do is -- if you actually  
5 look at page 5 of your memo -- we have a table that shows  
6 you which regions are kind of next in line based on the  
7 percentage under.

8           And we would be able to do the next one, which  
9 Region 6:Rural, project number 05179, the Villages at  
10 Huntsville for \$589,000 in credits. We'd be able to add  
11 that one back -- or add that in as well.

12           MS. ANDERSON: I'm sorry. Could you give us  
13 the name of that development again?

14           MS. BOSTON: Sure. It's Villages at  
15 Huntsville, Region 6:Rural.

16           MS. ANDERSON: The Villages at Huntsville.

17           MS. BOSTON: Yes. And that would be added to  
18 the recommended list for the amount of \$589,000, pending  
19 underwriting of course, as all of the ones that we would  
20 add into today would be conditioned on final underwriting.

21           MR. CONINE: And that leaves you with a balance  
22 of what?

23           MS. BOSTON: About \$300,000.

24           MR. CONINE: It's close enough for me.

1 MS. BOSTON: And the next person you can see on  
2 the list of regions who would be next -- the next  
3 application down was for \$575,000. So we could not go and  
4 do the next application.

5 MR. CONINE: Okay.

6 MR. BOGANY: In the rural what did you knock  
7 off? Region 6:Rural?

8 MS. BOSTON: Region 6:Rural is where we'd be  
9 adding Villages at Huntsville.

10 MR. BOGANY: Yes. I have a couple of  
11 questions, Brooke. Earlier in the public comment someone  
12 made a statement about that it seems like some of the  
13 regions are under-subscribed and there were tax credits  
14 that were available that were not being given out.

15 I heard one gentlemen -- which may have been  
16 the Villages at Huntsville -- that he was willing to take  
17 less tax credits to make his project work. Why is there  
18 some that we are under-subscribed? Can we just move those  
19 over to where we need to take them? Or is that against  
20 the rules?

21 MS. BOSTON: That is actually what we're doing.  
22 If you look at page 5, the table I was just referring to,  
23 what we have done is look at all 26 of the regional pots,  
24 so to speak. We say, here's what our regional allocation



1 formula says we should give to that region.

2           If we went under in each region -- just to be  
3 fair, let's say we went under everywhere -- how far under  
4 would we be as a percentage, because we don't want just  
5 play favorites on dollars to the big regions. So we look  
6 at the under percentage, and we put that in descending  
7 order in this table on page 5.

8           We said the places where we are the most under,  
9 those are the regions who are the most under-subscribed.  
10 Those are where we really need to make sure those credits  
11 get placed, so that we're as close to meeting our regional  
12 allocation formula as we can be, based on the reality of  
13 developments don't apply for the exact right amount.

14           That being the case, we've gone down and added  
15 in all the places we can until we've pretty much don't  
16 have many left.

17           MR. BOGANY: So based on the information that  
18 you've given us, is there any region that has tax credits  
19 left?

20           MS. BOSTON: No. They've all shifted elsewhere  
21 at this point. The balance of roughly \$300,000 would be  
22 the only money left at this point.

23           MR. BOGANY: Okay. One other question. You  
24 know, we've changed the QAP to help exurban, smaller

1 cities that are near urban areas. Well, what happens when  
2 you have a city -- I'll use Huntsville as an example --  
3 that's over 20,000.

4 But it seems as though now we use an ex-rule to  
5 help them for the cities that are just above that amount.

6 I'm just wondering how -- I know it's not going to be  
7 perfect, and I think developers realize that. But is  
8 there any way to deal with people like Huntsville, just as  
9 we did -- where they are being caught in between the rule  
10 there?

11 And then you get a city like New Braunfels, who  
12 are missing points because they just don't have it there.

13 How do we help those cities that have never gotten a tax  
14 credit deal versus the ones who continue to get them?

15 MS. BOSTON: Well, I mean, essentially,  
16 obviously it would be through next QAP when we would try  
17 to make some remedies. And actually Mr. MacDonald made  
18 very similar, compelling comments at our working group  
19 session that we had.

20 We've definitely taken that into consideration  
21 and have been trying to look at some ways of trying to  
22 equalize that and come up with ways where points might be  
23 attainable or some other method where those areas are not  
24 having this happen.

1                   We're doing some research before we put the QAP  
2 out. But I don't have a super quick solution today.

3                   MR. SALINAS: What's going to happen to Sierra  
4 Blanca on Hereford?

5                   MS. BOSTON: Based on the recommendation that I  
6 just made to you from the actions earlier today, Tierra  
7 Blanca would not be recommended.

8                   MR. SALINAS: Would it be eligible for forward  
9 commitments for --

10                  MS. BOSTON: That's purely at your discretion.  
11                  Anyone on the list that's eligible is technically  
12 eligible for a forward commitment.

13                  MR. BOGANY: I have one more question.

14                  MS. ANDERSON: Sure.

15                  MR. BOGANY: Like the City of Hondo, we got  
16 \$58,521. Can we find where we can find \$58,521?

17                  MS. BOSTON: The balance right now of unspent  
18 credits statewide is roughly about \$300,000. It is not  
19 enough to do the next deal on the kind of impacted list.  
20 But the Board definitely can use that \$300,000 however  
21 they would determine.

22                  MR. SALINAS: You've got the application at San  
23 Juan Apartments in Region 11. Is that recommended?

24                  MS. BOSTON: San Juan Apartments in San Juan --

1 MR. SALINAS: Yes.

2 MS. BOSTON: -- is not recommended. That's  
3 correct.

4 MR. SALINAS: So what are they asking for?

5 MS. BOSTON: They're asking for \$800,000.

6 MR. SALINAS: That would credit. Right?

7 MS. BOSTON: They did not have a competitive  
8 enough score right now.

9 MR. SALINAS: Would they be eligible for  
10 forward commitments?

11 MS. BOSTON: Again any application on any of  
12 the lists is technically eligible for forwards.

13 MR. SALINAS: How about Tierra Blanca,  
14 Hereford?

15 MS. BOSTON: Same thing.

16 MR. SALINAS: What were they asking for?  
17 \$615,000.

18 MS. BOSTON: Yes. Tierra Blanca's \$615,000.

19 MS. ANDERSON: I think what Brooke's saying is  
20 the Board has the discretion to grant forward commitments,  
21 not required to grant forward commitments. And those  
22 forces, if granted, come out of next year's buckets in  
23 those regions. So it means there's less money in that  
24 region next year.

1 MR. SALINAS: How about in Dallas area, what do  
2 you have that's coming off?

3 MS. ANDERSON: In the changes she just  
4 described there were no changes to the Dallas region. The  
5 changes she described are because of the appeals that we  
6 did this morning in Hereford and Olive Grove in Houston.  
7 So those were the regions that were impacted, plus the  
8 rural portion of 6, which became the next one in line to  
9 get an allocation on the current list, the way it sits.

10 MR. BOGANY: I have a question.

11 MS. ANDERSON: Yes, sir.

12 MR. BOGANY: Brooke, could you explain to me --  
13 I'm in Region 13 right now, and I'm just curious. Just to  
14 help me -- that you have at San Elizario 05153 is not  
15 competitive in region and has a 167 score. But then you  
16 got with North Mountain Village which is 05060.

17 And it says, significant regional shortfall,  
18 and it's 164. It's a lesser score. Why would it not help  
19 San Elizario, which definitely probably -- they both  
20 probably need housing. But I'd probably say San Elizario  
21 is probably in more need. Why would that score not be  
22 above that one?

23 MS. BOSTON: That's a good question. We look  
24 at each of the subregions as 26 pots of money. So after

1 the legislation came through that said we had to look at  
2 the urban/exurban and rural portions, San Elizario falls  
3 in the rural Region 13. And North Mountain Village falls  
4 in the urban/exurban Region 13.

5 So technically they almost look at that as two  
6 totally separate pots of money.

7 MS. ANDERSON: And the shortfall was greater in  
8 the urban piece.

9 MS. BOSTON: Correct. If you were to look back  
10 on page 5, Region 13. If we had not done North Mountain  
11 Village, that region would have been 40 percent under-  
12 allocated. So that's why we added it.

13 MR. CONINE: Madam Chair, if I could. I  
14 realize there's not a motion on the floor yet. But I want  
15 to see if I can amend the list that we're currently  
16 looking at. I know a lot of people may or may not be  
17 aware of what's going on in Dallas, relative to some of  
18 the issues regarding the housing programs there.

19 Under our desire to make sure that we have  
20 credits and units available to people in Dallas in  
21 affordable housing as quickly as possible, I'd like to  
22 move that we have development 05171, Fairway Crossing  
23 removed from the staff-recommended list, under the QAP  
24 4910, allowing for the Board to not solely rely on the

1 points, but apply discretion hat the Board currently has.

2 But however I want my fellow Board members to  
3 understand I don't want to stop this very good project  
4 completely. I'd like to ask that we take it up for  
5 consideration when we get to the forward commitment  
6 discussion a little later on today. So I make a motion we  
7 remove 05171 from the staff-recommended list.

8 MR. SALINAS: I'll second.

9 MS. ANDERSON: Discussion?

10 (No response.)

11 MS. ANDERSON: Hearing none I assume we're  
12 ready to vote. All in favor of the motion, please say,  
13 aye.

14 (A chorus of ayes.)

15 MS. ANDERSON: Opposed, no.

16 (No response.)

17 MS. ANDERSON: Motion carries.

18 MR. CONINE: Now how does that affect us?

19 MS. BOSTON: Okay. What will happen is in  
20 Region 3 we would add 05168, Lakeview Park, for \$463,334  
21 in credits. Even though that's a significant difference,  
22 it would still only cause that region to be under by 11.5  
23 percent, so we would not add the next deal in Dallas.

24 However, that does free up enough in credits

1 that we then could go back to page 5 of the memo and --

2 MR. CONINE: Which one did you add now?

3 MS. BOSTON: Lakeview Park. And so then you  
4 would go to the chart on page 5, and we could add in  
5 4:Rural the next highest scoring deal there, which is  
6 05184, Hampton Chase, for \$575,000.

7 MR. CONINE: What region are we in?

8 MS. BOSTON: 4:Rural.

9 MR. SALINAS: It would be a regional 4?

10 MS. BOSTON: Yes.

11 MR. CONINE: Okay. And now how much does that  
12 leave us?

13 MS. BOSTON: That leaves us, after all that  
14 action, with \$100,287. Hold on just a second. I  
15 apologize. It would actually leave a balance of \$435,142  
16 in credits, which is not quite enough to do what would  
17 have been the next region which is 13:Rural. 13:Rural  
18 according to the chart on page 5 would have been the next  
19 place we would do a deal.

20 However, the next application there is for  
21 \$587,000, plus or minus a little. And since we only have  
22 \$435,000, it's not quite enough.

23 MR. BOGANY: I'd like to make a motion that we  
24 use some of those credits for the Hondo project.



1 MR. SALINAS: Second.

2 MR. CONINE: How much is the Hondo credits?

3 MS. BOSTON: Let's see. It's rural Region 9,  
4 Tuscany Court, \$58,521.

5 MS. ANDERSON: And that's, as everything,  
6 subject to underwriting to verify the amount.

7 MS. BOSTON: Correct.

8 MR. BOGANY: So we don't have enough money yet  
9 to help the City of San Elizario.

10 MS. ANDERSON: You've got a motion on the floor  
11 for Hondo. Is there any more discussion or questions on  
12 that motion?

13 (No response.)

14 MS. ANDERSON: Hearing none I assume we're  
15 ready to vote. All in favor of the motion, please say,  
16 aye.

17 (A chorus of ayes.)

18 MS. ANDERSON: Opposed, no.

19 (No response.)

20 MS. ANDERSON: Motion carries.

21 MR. CONINE: Now we're down to like \$375,000  
22 probably.

23 MS. BOSTON: Yes. \$376,621.

24 MR. BOGANY: One small question. Can I go back

1 to -- the City of San Elizario -- we still don't enough to  
2 do that. But if something falls out, they would be next  
3 line in based on what you said earlier.

4 MS. ANDERSON: Mr. Bogany, would you speak  
5 right into the microphone. Thank you.

6 MR. BOGANY: I'm sorry. In case that -- we  
7 don't have enough to do the San Elizario project at this  
8 point. But they are next in line. If something fell out,  
9 then they would move up.

10 MS. BOSTON: To clarify, yes and no. It would  
11 depend where the credits fell out from. If we were to get  
12 back returned cost cert credits, let's say, that were kind  
13 of statewide -- tiny bits here and there -- that adding to  
14 the \$376,000 that we still have as a balance, got you up  
15 to what the applicant is underwritten at in San Elizario.  
16 Yes.

17 If however credits came back -- let's say in  
18 Region 3:Urban -- those credits would be reallocated in  
19 Region 3:Urban. They would not go to Region 13.

20 MR. BOGANY: Okay. One last question, then I'm  
21 through. Is it possible for say like a project like this,  
22 that the developer goes back and looks at and say, I'll  
23 take those credits that you can give me, and I think my  
24 project would work?

1 MS. BOSTON: Conceptually, yes. We tend not  
2 to -- historically we have not done that for several  
3 reasons. I think if you made that argument, then in each  
4 of these regions where we just went under and over, you  
5 probably could have the next person on the list saying,  
6 oh, I'd have scaled back if.

7 So it kind of starts this huge, trickle-down  
8 affect.

9 MR. BOGANY: All right. Thank you.

10 MR. CONINE: Madam Chair, I'd like to make a  
11 motion that we approve the amended, recommended list to  
12 issue commitments for allocation of housing tax credits to  
13 application under the 2005 application cycle.

14 MR. GONZALEZ: I second.

15 MS. ANDERSON: Discussion.

16 (No response.)

17 MS. ANDERSON: Hearing none I assume we're  
18 ready to vote. All in favor of the motion, please say,  
19 aye.

20 (A chorus of ayes.)

21 MS. ANDERSON: Opposed, no.

22 (No response.)

23 MS. ANDERSON: Motion carries.

24 MR. CONINE: Madam Chair, I'd also like to move

1 that we approve the waiting list for the 2005 application  
2 cycle that would be the balance of those that were  
3 submitted as applications under this particular cycle.

4 MR. BOGANY: Second.

5 MS. ANDERSON: Discussion.

6 (No response.)

7 MS. ANDERSON: Hearing none I assume we're  
8 ready to vote. All in favor of the motion, please say,  
9 aye.

10 (A chorus of ayes.)

11 MS. ANDERSON: Opposed, no.

12 (No response.)

13 MS. ANDERSON: Motion carries.

14 MR. CONINE: And we also need a motion to  
15 approve the HOME CHDO application 05189, Windvale Park in  
16 Corsicana for \$1,500,000.

17 There was a second one, I believe, Ms.  
18 Carrington.

19 MS. CARRINGTON: \$75,000 in HOME CHDO operating  
20 funds.

21 MR. CONINE: \$75,000 in HOME CHDO operating  
22 funds. What about the Hacienda one?

23 MS. CARRINGTON: And then the Hacienda Santa  
24 Barbara, an increase in the amount of HOME CHDO funds, and

1 increase in the amount of \$114,799 for a total of  
2 \$172,650.

3 MR. CONINE: I so move.

4 MR. SALINAS: Second.

5 MS. ANDERSON: Discussion.

6 (No response.)

7 MS. ANDERSON: Hearing none I assume we're  
8 ready to vote. All in favor of the motion, please say,  
9 aye.

10 (A chorus of ayes.)

11 MS. ANDERSON: Opposed, no.

12 (No response.)

13 MS. ANDERSON: Motion carries.

14 MR. CONINE: Did we need any action on the  
15 zoning and financing contingency one? That's just normal,  
16 isn't it?

17 MS. CARRINGTON: We don't -- I'd like to read  
18 it into the record, because when I went through it, I did  
19 not mention --

20 MS. ANDERSON: All right, you all, please leave  
21 quietly so the transcriptionist can get everything on the  
22 record. Thank you.

23 MS. CARRINGTON: We would like to put this  
24 statement on the record that in situations where local

1 financing and/or zoning is not substantiated by the  
2 required deadline, approval to grant commitment notices  
3 without first bringing the decision to the Board for  
4 approval, but conditioned upon ratification of that action  
5 by the Board at the next subsequent meeting.

6 This will ensure that the subsequent awardee  
7 being allocated has time to proceed.

8 MS. ANDERSON: So read,

9 MR. CONINE: Duly noted. Can we take a five-  
10 minute break?

11 MS. ANDERSON: Yes. Actually I told our  
12 wonderful host with GMAC and Neuman Capitol [phonetic] and  
13 everything -- they have milk and cookies at 2:00. But we  
14 can take a break. We'll never do it in five minutes. But  
15 let's say ten.

16 We'll really limit it to ten, and then we'll be  
17 back with you. Thank you.

18 (Whereupon, a short recess was taken.)

19 MS. ANDERSON: We will take up 1(f) on the  
20 agenda, discussion and possible approval of the issuance  
21 of forward commitments for allocations of 2006 housing tax  
22 credits from the 2006 ceiling. We'll have staff  
23 presentation, and I do have public comment on this item.  
24 Ms. Carrington.

1 MS. CARRINGTON: Board may consider to make  
2 forward commitments.

3 MS. ANDERSON: Nice to see staff presentation  
4 perfect. The first witness will be Annette Pegram and  
5 then Monica Poss and then Rachel Beers.

6 MS. PEGRAM: Good afternoon, Madam Chair, other  
7 Board members. My name is Annette Pegram, and I'm here on  
8 behalf of Parkway Housing, application number 05128, Rhias  
9 Oaks Apartments. During the May 26 meeting I read into  
10 the record denoting the unfair treatment of our  
11 application number 05128.

12 This allegation has gone unresolved without a  
13 formal response from the TDHCA staff. That letter reads  
14 as follows, and that's the letter that I presented again.

15 It was addressed to Ms. Carrington.

16 "I would like to comment on a Department's  
17 decision that resulted in the unfair treatment of my  
18 application in the 2005 90 percent tax round. I am very  
19 concerned about the Department's treatment of applications  
20 regarding the scoring of quantifiable community  
21 participation from neighborhood organization.

22 "The Agency has permitted an upward adjustment  
23 in applicant's score after the submission deadline. The  
24 QAP clearly states the requirements for applicants to

1 receive the allotted points for each scoring criteria. On  
2 April 24 the Agency issued application 05029 a score of 13  
3 points for quantifiable community participation with no  
4 noted deficiencies."

5 Included in that letter was the attachment that  
6 showed that the applicant was awarded the 13 points. "On  
7 May 12 the Agency reissued the applicant 05029 a score of  
8 24 points under this scoring criteria.

9 "49.9(g)(2) of the QAP states that three  
10 reasons of support must be provided by the neighborhood  
11 organization by the submission deadline, in order for the  
12 applicants to receive the full 24 points. Neighborhood  
13 organizations receiving two reasons of support would yield  
14 18 points to the applicant.

15 "And a neighborhood organization submitting  
16 only one reason would result in 13 points to the  
17 applicant. All indications are that the neighborhood  
18 organization supporting applicant 05029 only submitted one  
19 reason with his initial application, which warranted the  
20 13 points initially received by the applicant and not the  
21 full 24 points that were reissued on May 12.

22 "Unfair treatment of applications jeopardizes  
23 the integrity of the application process. My application  
24 05128 is not receiving a priority review as a result of



1 this unfair treatment. It is my belief that all  
2 applicants should be held to the same standard.

3 "If applicant 05029 felt he was deserving of a  
4 better score, it appears to me that he should have gone  
5 through the formal appeals process. But under no  
6 circumstances should he have been arbitrarily given the  
7 additional points.

8 "The treatment of applicant 05029 has resulted  
9 in my application not receiving consideration as a  
10 priority application and ultimately may impact its  
11 recommendation by the Board. It is our hope that going  
12 forward, the Board will restore our initial status and  
13 give our application every consideration for an allocation  
14 of tax credits.

15 "Thank you in advance for your help in  
16 resolving this issue. We look forward to any corrective  
17 steps that the Board may take to ensure the proper ranking  
18 of our application." It was signed by our general  
19 partner, Ron Pegram.

20 Although the TDHCA staff posted to its website  
21 resolutions of other allegations and indicated to the  
22 Board that all allegations had been resolved, the unfair  
23 treatment of our application remains unresolved with no  
24 formal response from the staff.

1           Just as we predicted in the May 26 letter, as a  
2 result of this unfair treatment application 05029 has been  
3 placed and awarded the credits. And our application has  
4 received no further consideration. The decision to  
5 arbitrarily upwardly adjust the score of application 05029  
6 without a formal appeal puts the integrity of the  
7 application in jeopardy and is an injustice to our  
8 development team.

9           While we feel our application is deserving of  
10 an allocation of credits this year, we are requesting that  
11 in light of this decision, we be issued a forward  
12 commitment in 2006. Thank you. Are there any questions?  
13

14           MR. BOGANY: What's your application number?

15           MS. PEGRAM: 05128.

16           MR. BOGANY: What region is that?

17           MS. PEGRAM: Region 3.

18           MR. BOGANY: And what was the one that you were  
19 saying there needed to be -- 052-?

20           MS. PEGRAM: 05029, Cimarron Springs.

21           MR. BOGANY: Okay. In the same region.

22           MS. PEGRAM: In the same region.

23           MS. ANDERSON: Mr. Bogany, if you could put  
24 your mike right in front of you? Thank you.

1 MS. ANDERSON: Any other questions?

2 (No response.)

3 MS. ANDERSON: Thank you. Ms. Poss and then  
4 the next witness will be Rachel Beers.

5 MS. POSS: Thank you. I'm Monica Poss. I  
6 represent the National Farmworkers Service Center. It's a  
7 national nonprofit building for Latino communities. I'd  
8 like to address the way the staff allocated the last few  
9 awards, specifically with regard to looking at under-  
10 allocations.

11 This year the staff looked only at which  
12 regions were most under-allocated with funds in deciding  
13 which other developments to fund. I know there's no  
14 simple way of looking at it, but that was a simplistic way  
15 of doing it.

16 We believe that the staff should also look at  
17 over-allocations in regions. This year the way the  
18 allocations were done, the last few developments resulted  
19 in two regions being over-allocated, almost double the  
20 amount of the initial recommendations for those regions --  
21 one region by 84 percent more than the recommended amount,  
22 and one region by 74 percent more than the recommended  
23 amount.

24 If a different approach had been taken and

1 over-allocations had been taken into account as well as  
2 under-allocations, there are four regions that would not  
3 have been affected adversely. My specific concerns are  
4 with regard to the Rio Grande Valley, because Region  
5 11:Rural and Region 11:Urban/Exurban were both affected  
6 adversely by looking at only under-allocations.

7 So I'd specifically like to request forward  
8 commitments for a project that I represent, which is Casa  
9 Edcouch in Edcouch, Texas, Region 11:Rural -- that's  
10 number 05191 -- as well as the other development in the  
11 Valley that was impacted in San Juan, San Juan Apartments,  
12 Region 11:Urban/Exurban. And that project number is  
13 05241. Thank you. Questions?

14 MS. ANDERSON: Thank you. Rachel Beers. The  
15 next witness is Ron Anderson and then Barry Palmer.

16 MS. BEERS: Good afternoon. I'm here  
17 representing Rafino Contreras Affordable Housing. I'd  
18 like to thank you for the opportunity to address the Board  
19 this afternoon. I'm here to speak in support of Casa  
20 Edcouch which Monica Poss just addressed. And that's  
21 number 05191.

22 Edcouch, Texas is in Region 11:Rural, and it is  
23 a community that is in great need of housing for families.  
24 Almost half of the community's families live below the

1 poverty level. The median household income for community  
2 is less than half of that as Texas as a whole.

3 Since 1998 no family rental housing units have  
4 been added to the area, with the exception of Delsa  
5 Estates built in 2000, adding 64 units to the rental  
6 housing market. Meanwhile the population of Edcouch has  
7 grown by almost 1,200 since 1998.

8 Looking at household growth, it is estimated  
9 that more than 300 units will be needed over the next year  
10 to fulfill the demand. Casa Edcouch will contribute to  
11 finding the solution to the area's affordable housing  
12 shortage.

13 So please consider a forward commitment for  
14 this development in Edcouch, Texas. Do you have any  
15 questions?

16 MS. ANDERSON: Mr. Anderson and Barry Palmer,  
17 then Deepak Sulakhe. Thank you, Mr. Anderson.

18 MR. ANDERSON: Good afternoon. My name is Ron  
19 Anderson. Members of the Board and Ms. Carrington. I  
20 come here this afternoon to speak on project number 05119,  
21 Las Palmas Gardens, which is located on the west side of  
22 San Antonio in Region 9.

23 Their application was for rehab of this at-  
24 risk, 100-unit, 35-year old property. The property serves

1 extremely low, very low and low-income families. And it's  
2 unique in that it holds a Section 8 contract, and it's got  
3 a 20-year commitment in the Section 8 contract. You'll be  
4 able to continue to service those families for that period  
5 of time.

6 Our nonprofit housing and community services is  
7 familiar with urban progress. The nonprofit owners of Las  
8 Palmas Gardens, they have the same mission as ours, which  
9 is the preservation of existing at-risk Section 8 housing.

10 This afternoon -- you all are aware that the Region 9  
11 applications were very competitive.

12 The score for Las Palmas may make it the  
13 highest-scoring, non-recommended, at-risk property in the  
14 state. So all I'm saying is that should once everything  
15 falls out and is settled -- should there be funding  
16 available for at-risk projects, I think this one is very  
17 deserving of your consideration.

18 If there is not anything left for at-risk  
19 projects, I would speak in favor of a forward commitment  
20 for this project. They are a good group of folks and  
21 deserving of your recommendation, consideration. Thank  
22 you.

23 MS. ANDERSON: Thank you, sir. Mr. Palmer.

24 MR. PALMER: My name is Barry Palmer, and I'm

1 here to speak on behalf of number 05171, Fairway Crossing  
2 in Dallas, which was on the recommended list until it was  
3 taken off recently. It has been on the recommended list  
4 for some time now all along -- a very high-scoring deal  
5 with a tremendous amount of support from the city and from  
6 the city council.

7           It received approval from city council.  
8 Presumably the reason it was taken off relates to the  
9 controversy regarding Southwest Housing and the fact that  
10 their offices were subject to a search warrant by the FBI  
11 in connection with an ongoing investigations of the FBI's  
12 Public Corruption Unit.

13           But it's important to note that Southwest  
14 Housing has not been charged with any crime, have not been  
15 notified that they are a target of any investigations.  
16 And the QAP really deals with the issue of ineligibility  
17 of project developers.

18           That would be if the developer were convicted  
19 of something wrong. Merely being subject of a search  
20 warrant and have some newspaper stories written about it  
21 is not grounds for being ineligible under the program. We  
22 would respectfully request a forward commitment. Thank  
23 you.

24           MR. SULAKHE: Madam Chair and the Board, I'm

1     DeePak Sulakhe with Southwest Housing. I'd like to thank  
2     you for giving me this time to talk about project 05171,  
3     Fairway Crossing. I just want to present some facts that  
4     this is a much-needed project.

5             It had scored the full points for the  
6     neighborhood support as well as for the elected official  
7     support. We also have soft funds commitment from the City  
8     of Dallas, which was approved by city council. We have  
9     city council approval for twice the state average. This  
10    is a much-needed project, as evidenced in the application.

11            It will go a long way in revitalizing the  
12    neighborhood as we have presented. That project is  
13    completely shut down right now. We are going in there to  
14    do a substantial rehab of that project. As of now it has  
15    a lot of crime and prostitution which we are in the  
16    process of cleaning up.

17            We would strongly recommend that the Board look  
18    at this favorably and we be given a forward commitment on  
19    this project. Thank you.

20            MS. ANDERSON: Last witness Mr. Robert Joy.

21            MR. JOY: Good afternoon. I'm here to speak  
22    specifically on project 05241, San Juan Apartments. Prior  
23    to this year the City of San Juan has never received an  
24    allocation from TDHCA. That's the only city in the valley



1 area of more than 20,000 population that has never  
2 received one.

3 It's one of only 36 cities in the State of  
4 Texas with more than 20,000 people that's never received  
5 an allocation. This year you've awarded an allocation to  
6 a rehab project for 86 units. However, this goes nowhere  
7 need they have for affordable housing.

8 Part of the reason they've never received an  
9 allocation is the numbe5 of applications have been  
10 limited, because the QCT area does not include any area  
11 where there is already services. This year's QAP allowed  
12 us to put in an application with 60 percent units and were  
13 able to put together a feasible project.

14 With the addition of those 86 units, they will  
15 still only have one housing tax credit unit per 280  
16 residents, compared to one per 80 average for Pharr,  
17 Weslaco, Edinburgh, Mission, Mercedes, Alamo -- all of the  
18 cities immediately adjacent to the City of San Juan.

19 The City of San Juan has supported this  
20 throughout as evidenced by last month there being  
21 representatives from city council. They were not able to  
22 be here today, because they had a meeting with the state  
23 comptroller yesterday in San Juan. So they were unable to  
24 be here.

1           Representative Martinez has consistently  
2 supported this project. We respectfully request a forward  
3 commitment for \$800,000 for San Juan Apartments 05241.  
4 Tk.

5           MS. ANDERSON: That includes the public comment  
6 for this agenda item.

7           MR. BOGANY: I have a question. It's in regard  
8 to staff. The young lady on 05128 that said she had  
9 dropped off a letter. I just wanted to hear staff's  
10 response on that. I should have mentioned it then.

11           MS. BOSTON: We definitely have had no  
12 communication on that one. To be very candid between Anne  
13 and I we don't have any recollection of having a letter  
14 making that allegation. Had we, we of course would have  
15 handled it as a formal allegation, as we did with all the  
16 other ones.

17           That being said, we responded to their email.  
18 The explanation of this is one that -- in their original  
19 QCP letter -- we sent them a scoring notice saying, you've  
20 been scored a 13 -- so one point above the average. In  
21 turn they [indiscernible] neighborhood, came back and  
22 said, we actually think you misread our letter.

23           We think it was three reasons. Please rescore  
24 it. So while it wasn't a formal appeal under our appeals

1 process, it was the right avenue for the neighborhood to  
2 take. So I think the right process was followed. We did  
3 go back and reevaluate what they had said in their follow-  
4 up letter, how they explained that.

5 Their one sentence was "three reasons." We  
6 talked about it with our attorney. We discussed the  
7 definition of a comma and what that means and did conclude  
8 that there are three reasons. Staff basically,  
9 prematurely had thought that one sentence was one reason,  
10 and indeed it was three reasons.

11 So the score adjustment was correct scoring  
12 adjustment, we believe.

13 MR. BOGANY: So you've already corrected it  
14 based on what they thought should have been scored.

15 MS. BOSTON: Correct. Ms. Pegram, who was  
16 speaking, thinks that it should not have had the scoring  
17 adjustment from 13 to 24. But staff feels that was an  
18 appropriate scoring adjustment.

19 MS. ANDERSON: She's appealing the score given  
20 to another applicant, not her own score.

21 MR. BOGANY: All right. That's what I wanted  
22 to know. Thank you.

23 MR. BROWN: Madam Chair, I wasn't signed up to  
24 speak at this time, but [inaudible].

1 MS. ANDERSON: That would be fine. If you  
2 would approach the podium, that's fine. Just fill out  
3 another witness affirmation form for me.

4 MR. BROWN: I'm Rick Brown. Earlier today we  
5 had a project in Hereford. As you know it displaced the  
6 other Hereford project. Ms. Hunt spoke to that and did  
7 state that her project was -- she felt the city would  
8 handle both. I agree.

9 I would think that it would be -- they're going  
10 to submit that thing again next year. It's going to get  
11 built one way or the other. I'm from Hereford. It's my  
12 hometown. I know everybody in town. She's right when she  
13 said the city would like to see both projects.

14 If it's within you all's discretion to give  
15 forward commitment to her, I would support my competitor's  
16 project.

17 MR. CONINE: Madam Chair, I'd like if I  
18 could -- I generally believe that forward commitments are  
19 used for exceptional or extenuating circumstances. Today  
20 I'd like to move that we write a forward commitment for  
21 the 2006 cycle under 49.10(c) of the QAP for project  
22 number 05171, Fairway Crossing, on the condition that the  
23 project, after the investigations surrounding the  
24 developer on this project in the City of Dallas are

1 resolved, come back to this Board for approval prior to  
2 the 2006 carryover deadline.

3 This unusual set of circumstances call for the  
4 Board to use our discretion to look beyond the numbers, so  
5 to speak, and to do what's best for the affordable housing  
6 community as a whole. Our interest is in making the  
7 process fair to applicants and protecting the public  
8 confidence in our award system.

9 If we take this action today I believe these  
10 interests will be balanced, and both the developer and the  
11 public are protected. This balancing requires us to take  
12 the project off the award list. But I think it also  
13 requires us to support it as a forward commitment going  
14 forward. I so move.

15 MR. BOGANY: Second.

16 MS. ANDERSON: Discussion.

17 (No response.)

18 MS. ANDERSON: Hearing none I assume we're  
19 ready to vote. All in favor of the motion, please say,  
20 aye.

21 (A chorus of ayes.)

22 MS. ANDERSON: Opposed, no.

23 (No response.)

24 MS. ANDERSON: Motion carries.

1 MR. SALINAS: Madam Chair, I would like to see  
2 if we could do some forward commitments for San Juan  
3 Apartments and Casa Edcouch --

4 MR. CONINE: Which one is that?

5 MR. BOGANY: -- being that San Juan has never  
6 had a real application and so is Edcouch with a very, very  
7 low housing -- I don't know if it's proper to do the  
8 forward commitments to those areas in Region 11.

9 MS. ANDERSON: That motion would be in order.

10 MR. GONZALEZ: I second it.

11 MS. ANDERSON: Okay.

12 MR. CONINE: Which one is he doing now?

13 MS. ANDERSON: Both of these are in Region 11.

14

15 MR. SALINAS: Region 11.

16 MS. ANDERSON: And you understand that will  
17 reduce next year's allocation.

18 MR. SALINAS: I understand, and I understand  
19 the need that they have in those two areas, being that I  
20 am from over there.

21 MR. CONINE: What was it now? What was his  
22 motion?

23 MS. ANDERSON: I'm sorry. The two  
24 developments -- San Juan Apartments which is 05241.

1 MR. SALINAS: And Casa Edcouch, which is --

2 MS. ANDERSON: So one's rural, and one's --  
3 what's the number on Edcouch, please.

4 MS. CARRINGTON: Edcouch is 05191.

5 MS. ANDERSON: We have a motion on the floor  
6 that has been seconded.

7 MR. CONINE: Madam Chair, I would like to speak  
8 against the motion, not that the projects aren't worthy,  
9 as I'm sure a multitude of others would be. But it again  
10 sets a precedent and opens the door that concerns me  
11 relative to our process for 2006.

12 I think as we experienced in the last couple of  
13 years anyway, it has, I think, been to the betterment of  
14 the entire affordable housing community to let these chips  
15 fall where they may in years --

16 MR. SALINAS: Well, I agree with you, Mr.  
17 Conine. But we just supported a project's forward  
18 commitments in Dallas, which I think -- we gave them some  
19 forward commitments, but we got [indiscernible]  
20 commitments.

21 I think that is something that I kind of didn't  
22 want to support, but I did support just to keep the unity  
23 here with the Board. These two projects in the Valley are  
24 projects that are needed. I'm sure we're never having the

1 right amount of projects that we need in the Valley.

2 I know that the area would justify it. It's  
3 all in Region 11. It's not coming to Region 3, which I  
4 think that it's letter that we got from the mayor. I  
5 think it's public record that justifies us not doing what  
6 we did in Dallas.

7 But this is no controversy that we have in the  
8 Valley. This is something that is needed. I just don't  
9 think that it's right for you to be speaking against the  
10 motion that I'm making for something that is so much  
11 needed in the Valley.

12 MS. ANDERSON: Mr. Bogany.

13 MR. BOGANY: I typically agree with the Mayor  
14 on a lot of things, and I definitely believe San Juan  
15 probably deserves a project, Edcouch. But I could also  
16 say the same for San Elizario. But I could also say the  
17 same thing for New Braunfels who's never had a project and  
18 continues to be shut out.

19 The concern that I have with Mr. Conine is that  
20 if we open the door that we continue and then next year we  
21 risk -- the ball just starts rolling, and we're shorting  
22 ourselves each year in forward commitments. I'm against  
23 forward commitments, period, personally.

24 MR. SALINAS: Let's not do any then.



1 MR. BOGANY: What I'm saying, Mr. Mayor, we  
2 took Dallas off -- the Fairway project was a project we  
3 took off that scored. And we just made a decision it  
4 would be best to take it off. So I don't have a problem  
5 giving them a forward commitment, simply because we took  
6 them off.

7 They had already won the commitment. These  
8 other projects did not score high enough. I guess that's  
9 what my concern is. I just don't want to open the door,  
10 because I'm sure we could do it in San Elizario for the  
11 same reason, they truly need it. It's a colonias area.  
12 They don't have any housing.

13 So I don't know. It just keeps the ball  
14 rolling. I would rather use it for extreme circumstances  
15 versus just doing it because we all agree with you that  
16 it's a project to do. But use it for particular reasons.

17 The only reason I voted for the last one was because we  
18 took them off. They won, and we took them off.

19 MR. SALINAS: We also have a letter from Mayor  
20 of Dallas I think that tells you the she does not want any  
21 more projects in Dallas right now. I think that's public  
22 record. I still went along with it. I still went along  
23 with doing the forward commitments.

24 That is something that I'm asking for. If you

1 all want to vote against it, that's fine. I just want to  
2 live with myself and what I'm trying to do here. If you  
3 all don't agree with forward commitments, let's do away  
4 with all of them.

5 Let's do away with Dallas, and let's do away  
6 with San Juan. Let's do away with Casa Edcouch. Let's  
7 not do any more forward commitments, because doing away  
8 with Dallas is going along with the Mayor of Dallas.

9 MS. ANDERSON: Any other discussion?

10 (No response.)

11 MS. ANDERSON: Hearing none, I assume we're  
12 ready to vote. All in favor of the motion, please say,  
13 aye.

14 MR. SALINAS: Aye.

15 MR. GONZALEZ: Aye.

16 MS. ANDERSON: Opposed, no.

17 MR. CONINE: No.

18 MR. BOGANY: No.

19 MS. ANDERSON: No. The motion fails. Agenda  
20 item 2(a).

21 MS. CARRINGTON: It's actually 1(g).

22 MS. ANDERSON: Sorry.

23 MS. CARRINGTON: Item 1(g) is the issuance of  
24 determination notices on tax-exempt bond transactions with

1 other issuers. The first listed for the Board's  
2 consideration is Sundance Apartments in Texas City. This  
3 application has been postponed until next month's meeting.

4 So the other one for the Board's consideration  
5 is North Oaks Apartments in Houston. The Houston Housing  
6 Finance Corporation is the issuer on this particular bond  
7 issue. So what they are requesting of the Department is  
8 an allocation of credits in an amount that is different  
9 than your agenda.

10 That amount is \$469,074. That is the amount  
11 that's in the write-up and is in the tax credit profile  
12 and Board summary. This transaction is an acquisition  
13 rehab. It was built in 1976. It's approximately 84  
14 percent occupied.

15 On page 2 of the write-up from the tax credit  
16 staff you will see a number of conditions related to the  
17 approval of the tax credits on this transaction, some of  
18 them not unlike what you would see on a rehabilitation.  
19 Others -- the first one, number 2, the Board needs to  
20 weigh the section of the QAP that requires receiving all  
21 submission of documentation 60 days prior to the Board  
22 meeting.

23 We are also looking for a revised permanent  
24 loan commitment that would reflect the increase in debt

1 that they have told us to expect: copy of the release of  
2 the lien of the property on updated title commitment,  
3 testing on lead-based paint, no environmental issues that  
4 would exist on the site that would cause us to not  
5 recommend this transaction, also acceptance and review of  
6 the 30-year replacement reserve analysis that would be  
7 performed by the property condition assessment provider.

8 And were also looking for documentation of the  
9 seller's original acquisition price plus holding costs.  
10 So I will remind the Board that as the transaction close  
11 and as we have conditions to close them, that all of these  
12 conditions must be met before the transaction closes and  
13 they actually receive the allocation of tax credits.

14 So staff is recommending for this transaction,  
15 North Oaks Apartments in Houston, \$469,074 in tax credits.

16 MR. CONINE: Move for approval.

17 MR. BOGANY: Second.

18 MS. ANDERSON: Discussion.

19 (No response.)

20 MS. ANDERSON: Hearing none I assume we're  
21 ready to vote. All in favor of the motion, please say,  
22 aye.

23 (A chorus of ayes.)

24 MS. ANDERSON: Opposed, no.

1 (No response.)

2 MS. ANDERSON: Motion carries. The next item  
3 for the Board's consideration is to approve the final  
4 rules for our multifamily housing revenue bond program,  
5 the private activity bonds for multifamily. The Board on  
6 May 26 approved the draft of the multifamily housing  
7 revenue bond rules.

8 They were then published in the Texas Register.

9 We did hold one public hearing related to the revision of  
10 these rules. We had one person attend the public hearing,  
11 but no one spoke at the public hearing, and no one  
12 provided us any written comments on these rules.

13 The reason you look at these rules prior to  
14 looking at the other rules of the Agency is that we will  
15 be taking applications for the 2006 lottery in early  
16 September. So these rules must be in place so that  
17 developers can begin to identify parcels of land and  
18 prepare to make applications to the Board.

19 There have been some editing changes, some  
20 administrative changes that were very minimal that were  
21 made to these rules from the time the Board saw the draft.

22 We are recommending approval of the final rules for our  
23 multifamily mortgage revenue bond program.

24 MR. GONZALEZ: I move for approval.

1 MR. BOGANY: Second.

2 MS. ANDERSON: Discussion.

3 MR. CONINE: Is there any public comment at  
4 all?

5 MS. ANDERSON: No. There was none during the  
6 comment period, nor any written. Hearing no discussion, I  
7 assume we're ready to vote. All in favor of the motion,  
8 please say, aye.

9 (A chorus of ayes.)

10 MS. ANDERSON: Opposed, no.

11 (No response.)

12 MS. ANDERSON: Motion carries.

13 MS. CARRINGTON: The next two items for the  
14 Board's consideration -- item 2(b) is proposed issuance of  
15 multifamily mortgage revenue bonds and 4 percent housing  
16 tax credits with TDHCA as the issuer. The first one  
17 Providence Mockingbird.

18 This is a combination elderly transaction and  
19 family. So it's also a combination of acquisition, rehab.

20 The amount of bond requested is \$14,360,000. And the  
21 credit recommended amount is different than what is in  
22 your write-up. It's \$811,971.

23 As you heard earlier, this is an interesting  
24 combination of 155 units in an old hotel that would be

1 one- and two-bedrooms. And those would be the senior  
2 units. And then the new construction would be 96 units  
3 that are the family units, or what we call the general u  
4 nits, in this transaction.

5 Behind tab 3 you will see the housing tax credit  
6 program write-up on this transaction down at the bottom.  
7 We've provided you the summary of support and opposition.

8 I would like to note that from legislators or local  
9 officials, Senator Royce West was indicated as no comment.

10 And we do have Senator West on record as  
11 opposition to this. And also we do note that we did  
12 receive one letter of opposition for Senator West. That  
13 was also noted on your write-up to the Board. The  
14 Department did receive letters of support from  
15 Representative Anchia, Representative Woolens,  
16 Commissioner Mayfield, Commissioner Price and Council  
17 member Loza. So we do note that.

18 Again the credit amount would be \$811,971, not  
19 what was mentioned on your write-up. The next page, page  
20 2 of 2, from the tax credit program on conditions to  
21 commitment, we are looking for an opinion of council  
22 indicating that the proposed development will not violate  
23 their housing laws.

24 The Department has identified a potential issue

1 related to the mix of elderly and family. What we are  
2 also saying is why we want to see a copy of that opinion,  
3 that that opinion has to be acceptable to the Agency. It  
4 is not just a copy of an opinion.

5 We also are looking for some documentation from  
6 TCEQ that the renovation has been reviewed by an  
7 environmental inspector and is acceptable. We're looking  
8 for current financial statements from the guarantor. At  
9 the public hearing we had 12 people in attendance.

10 We didn't have anyone opposing the transaction  
11 at the public hearing. We had eleven supporting, and we  
12 did have six that spoke. So with that the Department is  
13 recommending the issuance of the bonds in an amount of  
14 \$14,360,000 and credits of \$811,971.

15 MR. SALINAS: Is this the one the Senator was  
16 opposing?

17 MS. CARRINGTON: Correct.

18 MS. ANDERSON: I have public comment on this  
19 item. Mr. Matt Harris.

20 MR. HARRIS: Madam Chair, members of the Board,  
21 good afternoon. My name is Matt Harris with Provident  
22 Realty Advisors, the developer for this project. Earlier  
23 today Senator West made some comments. Just wanted to  
24 clarify a few things.



1           Other than the opposition from Senator West,  
2 we've not had any opposition at all, either from a  
3 neighbor or an individual or an elected official. We've  
4 had tremendous community and political support for this  
5 project.

6           I've attended numerous neighborhood meetings.  
7 At the TEPR [phonetic] hearing we had four neighborhood  
8 groups attend that meeting. A representative from those  
9 groups spoke in favor. We had the Love Field West  
10 Crimewatch Association. We had the Arlington Park  
11 Crimewatch Association, the Botman [phonetic] Crimewatch  
12 Association and the Stemmons Corridor Business Association  
13 all speaking in favor at the TEPR hearing.

14           In addition to that those groups attended a  
15 Dallas neighborhood meeting that's required by the City of  
16 Dallas. We've been invited to several other neighbor  
17 meetings. As the interest level and support grew for this  
18 project, it kind of took a life of its own.

19           Of all the neighborhood meetings we had, we had  
20 tremendous support for all this and not one person  
21 opposing it. In addition to the neighbors, we had support  
22 letters from five elected officials, which include  
23 Representative Anchia, Representative Woolens,  
24 Commissioner Mayfield, Commissioner Price and City

1 Councilman John Loza.

2           The project is located in Councilman Loza's  
3 district. The city council voted to approve the  
4 resolution unanimously and including Mayor Lloyd Miller,  
5 voted in favor of the resolution at the city council  
6 hearing.

7           We've also had a petition signed in support  
8 with 73 signatures on it in support of the project.  
9 Again, didn't have any oppositions. As Ms. Carrington  
10 explained, this project is 100 percent affordable housing.  
11 There's no market-rate units.

12           It's approximately 60 percent seniors, 40  
13 percent families with the seniors being in the hotel  
14 portion of the project, which a hotel that's vacant right  
15 now. It's not in operation. It's an eight-story hotel.  
16 The seniors will be limited to that hotel facility -- or  
17 the renovation of that facility -- and will be separate  
18 from the family apartments, which will be in 3-story  
19 garden buildings that surround the tower.

20           We've gone to great lengths to make sure we  
21 have separate leasing offices, separate management  
22 offices, separate amenities, secured access to separate  
23 areas, and distinction between the seniors versus with  
24 families with separate marketing and identification of

1 each area.

2 We're very excited about this project, as well  
3 as our neighbors who supported us and political officials.

4 We're very excited about and respectfully request  
5 approval. Thank you.

6 MS. ANDERSON: Thank you. Terrific.

7 MR. BOGANY: Why did you change it from an all-  
8 seniors project to a mixed-use project?

9 MR. HARRIS: Well, it never was an all-seniors  
10 project as a bond deal. Early on it was considered as a 9  
11 percent deal as an all-seniors. It worked out better that  
12 way. We felt that it was important, that we're targeting  
13 the market better adding the families.

14 We met with Commissioner Price, and he  
15 underscored he's got 7,200 full-time employees working  
16 around the medical district. Targeting families would be  
17 a key need. So we felt like we were meeting the market  
18 demand by keeping that family.

19 MR. CONINE: Are you taking the appropriate  
20 precautions, being that Mockingbird's a pretty busy  
21 street, for the family portion -- keeping the kids  
22 corralled so to speak.

23 MR. HARRIS: Yes, sir. We have, like I said,  
24 secured access. Many areas are fenced off separately.

1 Seniors have their own pool; the kids have their own pool.

2 These are elevator accesses and interior corridor for the  
3 seniors. So the seniors are in a kind of contained  
4 building, where they have their own access and their own  
5 amenities, their own fitness center, senior activity  
6 center. So they'll be separate.

7 The kids will live in the family units in  
8 completely separate buildings with their own set of  
9 amenities. You know, we have a lot seniors that used to  
10 live in our regular family projects. I think some of our  
11 projects had as many as 15 percent seniors living in them.

12 So in a lot of instances it's a real symbiotic  
13 relationship that's beneficial to both groups. So we feel  
14 it's a very positive situation. Yes, sir. We will keep  
15 it separated.

16 MR. CONINE: That was going to be my next  
17 question. We, I think, another project come through  
18 earlier, where it was a phase II. I think the phrase was  
19 "grandparent mentoring" was going to occur. Have you  
20 provided in the social programs or activities for the  
21 residents the interaction that may include grandparent  
22 mentoring in this case?

23 MR. HARRIS: Yes, sir. We are very interested  
24 in having a program where a elder or a senior could mentor

1 the younger generation as part of the social service  
2 program. We may give a rent discount for a mentoring  
3 program or something. We think it'll be a great  
4 opportunity to do that.

5 MR. CONINE: Thank you.

6 MS. ANDERSON: Any other questions?

7 MR. SALINAS: Why would the Senator be so much  
8 opposed to it? He said that you all had made a commitment  
9 to him there was going to be all elderly. Then in the  
10 middle of the road, did you all just change your mind and  
11 kind of divided it between seniors and family.

12 MR. HARRIS: When it was a 9 percent deal, it  
13 was originally going to be all seniors. But as a bond  
14 deal we didn't do it all as a seniors deal. I'm not sure.

15 I mean, we wrote the Senator a letter. I toured the  
16 facility with his representative, Roger Jones, and talked  
17 to him.

18 We tried to work it out. He was unavailable to  
19 get with us. I'm not sure why he's concerned about the  
20 mix between seniors and families. But that's the reason  
21 that he's been getting.

22 MR. SALINAS: Well, somebody should be  
23 concerned about that, because it really doesn't mix. This  
24 is why you have a lot of senior projects by themselves. I

1 don't know why you would want to do that.

2 MR. HARRIS: We think it mixes great.

3 MS. ANDERSON: Any other questions for this  
4 witness? We have two more we can take a run at.

5 MR. HARRIS: Thank you.

6 MS. ANDERSON: Thank you, Mr. Harris. Jeff  
7 Spicer.

8 MR. SPICER: Thank you. I'm Jeff Spicer with  
9 State Street Housing Advisors. I worked extensively with  
10 the developer on this project. Specifically looked at  
11 inter-generational projects across the country, trying to  
12 find the right mix and how to put this project together.

13 We really see in other communities where what's  
14 call inter-generational housing can really be a benefit to  
15 both the seniors and the families. We see projects today  
16 where you have a senior project, and they're right next  
17 door.

18 We want to have that and just have them  
19 interact in a way that's appropriate. I think we're  
20 looking at that in all the services and programs that  
21 we've used. And I think we've our homework as far as the  
22 fair housing aspect.

23 We've made sure that we are marketing  
24 separately and targeting populations separately, and

1 really think that there's some huge benefits that can be  
2 garnered from having the two populations next to each  
3 other -- seniors providing mentoring as was mentioned, and  
4 families that provide that emotional support that's  
5 sometimes needed by the seniors.

6 We've seen other senior projects where seniors  
7 feel very isolated, and we want to make sure that this is  
8 not the case here, where the seniors are really involved  
9 in the community and stay involved in the community. I  
10 think that's what we've tried to provide her.

11 MR. BOGANY: Has this worked anywhere else?

12 MR. SPICER: Yes. There's a number of cases of  
13 inter-generational housing all across the U.S. Texas is  
14 unfortunately one of the states that we think is lagging  
15 behind in this area. There's numerous cases.

16 I saw an article the other day on inter-  
17 generational community in Saint Louis, Chicago, Miami, New  
18 York, some of the major metropolitan areas where  
19 this is -- we see this as kind of being the wave of the  
20 future of really keeping the two populations integrated  
21 into the community.

22 MS. ANDERSON: Any other questions for Mr.  
23 Spicer? Thank you. Mr. Palmer.

24 MR. PALMER: My name is Barry Palmer, and I

1 represent the developer on this transaction. I think the  
2 developer did a very good job of explaining the project.  
3 Really the only point that I wanted to reinforce is from  
4 the elected officials on this transaction.

5 This project is zoned multifamily, which is  
6 always an issue that the Board looks at. Then have you  
7 gone through the appropriate approvals at the local level.

8 Here because this a two times per capita in Dallas, we're  
9 required to go to city council and get a resolution in  
10 favor of the project, waiving the two times rules.

11 We went to city council. Senator West  
12 certainly made his views know to city council, and they  
13 considered them. But the project had so much community  
14 support and has so much going for it in the opportunity to  
15 renovate an abandoned hotel, that city council approved  
16 this transaction unanimously.

17 The mayor supported it. Really as you've seen  
18 in your letters, all the elected officials have supported  
19 this transaction, except for Senator West. So we ask the  
20 Board to support the transaction and to reaffirm what the  
21 city council has approved. Thank you.

22 MS. ANDERSON: Thank you. Questions for Mr.  
23 Palmer? That's the end of the public comment on this  
24 development.



1 MR. CONINE: I have a question of staff, if I  
2 might. I guess Tom Gouris maybe. On the condition of  
3 commitment number 3 it says, a copy of the easement  
4 granted to the Waffle House might have a detrimental  
5 affect.

6 Can you tell me how that might work? I've  
7 never understood how a Waffle House could have a  
8 detrimental affect on this?

9 MR. GOURIS: Tom Gouris, Real Estate Analysis.  
10 I believe we weren't clear on how that easement overlaid  
11 with where they're putting the new units, and we wanted  
12 some clarity on that.

13 MR. CONINE: Thank you. Move for approval.

14 MR. GONZALEZ: Second.

15 MS. ANDERSON: Discussion.

16 (No response.)

17 MS. ANDERSON: Hearing none I assume we're  
18 ready to vote. All in favor of the motion, please say,  
19 aye.

20 (A chorus of ayes.)

21 MS. ANDERSON: Opposed, no.

22 MR. SALINAS: No.

23 MS. ANDERSON: Motion carries.

24 MR. SALINAS: I would vote no.

1 MS. ANDERSON: I'm sorry.

2 MR. SALINAS: I would vote no.

3 MS. ANDERSON: Okay. For the record the Mayor  
4 votes no. Tk.

5 MS. CARRINGTON: Madam Chair, if I may,  
6 Resolution number 05061.

7 MS. ANDERSON: Thank you, Ms. Carrington.

8 MS. CARRINGTON: The second item for the  
9 Board's consideration with TDHCA is the issuer of tax-  
10 exempt bonds and also for the allocation of tax credits is  
11 Plaza at Chase Oaks which would be located in Plano in  
12 Collin County.

13 It's a proposed elderly development. It would  
14 be new construction. It's a total of 240 units. The tax-  
15 exempt bonds would be an amount of \$14,250,000, and the  
16 tax credits of an amount of \$649,878. Behind tab 3, you  
17 have the tax credit program summary sheet.

18 Down at the bottom on public comment we did not  
19 receive mailed letters of support or opposition -- from  
20 citizens, legislators, basically no comment on this  
21 transaction. Behind tab 6, the underwriting analysis,  
22 there were really only two conditions, which are the terms  
23 and conditions that you see on every transaction.

24 That is, should the proposed debt change, that

1 the transaction would need to be reunder-written. I'm  
2 sorry. That first condition is one that is somewhat a  
3 little bit different. We're looking for a settlement  
4 statement that shows the original site cost of the  
5 proposed site by the lessor. That's a condition of the  
6 report.

7 Behind tab 9 you have a summary of the public  
8 hearing. Four attended, four neutral, four spoke. Staff  
9 is recommending the issuance of the tax-exempt bonds and  
10 the allocation of tax credits.

11 MR. CONINE: Move for approval.

12 MR. BOGANY: Second.

13 MR. CONINE: Resolution number --

14 MS. CARRINGTON: Resolution number 05060.

15 MS. ANDERSON: Discussion.

16 (No response.)

17 MS. ANDERSON: Hearing none I assume we're  
18 ready to vote. All in favor of the motion, please say,  
19 aye.

20 (A chorus of ayes.)

21 MS. ANDERSON: Opposed, no.

22 (No response.)

23 MS. ANDERSON: Motion carries.

24 MS. CARRINGTON: The next item for the Board's

1 consideration is Item 3(a). This is an item that was  
2 tabled by the Board at the June 27 meeting. This concerns  
3 a prior HOME CHDO award to the City of Kaufman. You all  
4 remember that this award had actually been made in 1996.

5 Fairly soon after that the homeowner, when they  
6 had their home reconstructed, complained of foundation  
7 difficulties. They had involved HUD. HUD has  
8 specifically requested that the Department assist the  
9 homeowner as expeditiously as possible.

10 We have put this on the agenda at a new award,  
11 because we do not have currently have a contract with the  
12 City of Kaufman. If you remember when you looked at it  
13 back in June, I think the amount was for \$50,000 with the  
14 administrative funds.

15 We did issue as you all requested. That was  
16 get an appraisal of this property. I believe that  
17 appraisal came in at about \$35,000. So what we have  
18 done -- actually Kaufman appraisal district says \$37,270.

19 Our recommendation for you today is project funds in the  
20 amount of \$25,032.

21 And we are not recommending any administrative  
22 funds. These funds will actually come out of the  
23 obligated HOME funds. I think I might have said a minute  
24 ago, they're CHDO, and they're not. This will come out of

1 deobligated HOME funds. We did have sufficient dollars to  
2 do that.

3 Staff is recommending that the Board approve  
4 this and provide these dollars to the City of Kaufman so  
5 that this home can be repaired.

6 MR. SALINAS: Will it be repaired with \$25,000?

7 MS. CARRINGTON: Yes, sir. We did have an  
8 estimate of the work to be done. And that estimate was  
9 about \$30,000. The difference between the \$25,000 and the  
10 \$30,000 is they included some costs in the \$30,000  
11 estimate that are not HOME-eligible costs.

12 MR. SALINAS: Okay. So moved.

13 MR. CONINE: I second.

14 MS. ANDERSON: Thank you. Discussion.

15 MR. BOGANY: We will have inspections done on  
16 this before we pay the money, I'm assuming.

17 MS. ANDERSON: Yes, we will. Discussion.

18 Other questions.

19 (No response.)

20 MS. ANDERSON: Hearing none I assume we're  
21 ready to vote. All in favor of the motion, please say,  
22 aye.

23 (A chorus of ayes.)

24 MS. ANDERSON: Opposed, no.

1 (No response.)

2 MS. ANDERSON: Motion carries.

3 MS. CARRINGTON: The last item considered for  
4 the Board's action this afternoon is the approval of our  
5 market rate program. The Board did discuss our market  
6 rate program at the July 14 Board meeting. You have  
7 previously approved the structure of the program.

8 What you asked us to do was come back to you  
9 with a fee schedule that had been set and determined in  
10 this program. So we have done that. If you will go to  
11 page 2 of the program term sheet, which is included behind  
12 the write-up, you will see in the fee section where we  
13 have outlined for you the fees that will be charged in the  
14 program. Exhibit B is the summary of program fees.

15 We are requesting your review and final  
16 approval if the market rate program, so that we can begin  
17 offering it August 1, which is next week.

18 MR. GONZALEZ: So moved.

19 MR. CONINE: Second.

20 MS. ANDERSON: Discussion.

21 MR. BOGANY: I have one question. I was  
22 talking to staff earlier about this. I just wanted to  
23 know if there was any way -- I don't want to hold this up  
24 by any deal. I wanted to make sure that any bank or

1 mortgage company participating in this program would make  
2 sure that they set the tax rate and they collect for the  
3 correct tax amount on this program.

4           So if the tax rate is 3.0, that they'd be  
5 required to escrow at least what the stated tax rate is.  
6 It may not be exact, but at least the stated versus the  
7 land value situation on this, because the people getting 8  
8 percent, they're moving in for less money.

9           Being able to tie this, that we can have some  
10 responsible home ownership so we don't get a foreclosure.

11  
12           MS. ANDERSON: We need to make that -- can  
13 staff just assure us they're going to incorporate that.  
14 Or do we need some sort of an amendment to the motion  
15 that's on the floor.

16           MR. PIKE: Eric Pike, Director of Single  
17 Family. We talked with Mr. Bogany earlier about this.  
18 We're going to do some research and visit with our legal  
19 counsel on it to ensure that we can do something like  
20 this.

21           We told him that we would give him a report  
22 back on our ability to accommodate what he wants us to do.

23           MR. BOGANY: I don't want to hold the program  
24 up. I just don't -- if there's new construction, I just

1 want the homeowner to have the right taxes escrowed with  
2 their monthly payments, versus them doubling their  
3 payments a year from now, and we have a possible lose a  
4 house.

5 MR. PIKE: What we'll try to do is come back at  
6 the August 19 meeting and hopefully be able to give you an  
7 update.

8 MR. BOGANY: Okay.

9 MS. ANDERSON: Thank you. Any other questions  
10 or discussion.

11 (No response.)

12 MS. ANDERSON: Hearing none I assume we're  
13 ready to vote. All in favor of the motion, please say,  
14 aye.

15 (A chorus of ayes.)

16 MS. ANDERSON: Opposed, no.

17 (No response.)

18 MS. ANDERSON: Motion carries. Ms. Carrington,  
19 the executive director's report.

20 MS. CARRINGTON: One item under the executive  
21 report, and that would be item number one. We are still  
22 in the information-gathering mode on item number 2 which  
23 is supported housing analysis of outside counsel and also  
24 what other states are doing.



1           Set a brief report to you on the colonia model  
2 subdivision program. You will remember that we brought  
3 you a program in May that the Board did approve. This is  
4 a legislative mandate that's been in our legislation. And  
5 we have been jointly working with the Office of Rural  
6 Community Affairs to try in with their infrastructure  
7 program and use their infrastructure dollars and also some  
8 of our HOME dollars to accomplish this legislative  
9 mandate.

10           The program is designed to promote the  
11 development of high new quality residential subdivision or  
12 in-field housing to individuals and families that have  
13 extremely low and very low income. We have met with  
14 county officials.

15           We've met with nonprofit and with TDHCA Board  
16 of field offices. We had those meetings in three areas.  
17 We had them in Pharr, Laredo and El Paso. We did that  
18 during the month of June. The Department has drafted an  
19 application guide for the program.

20           We have that in internal review right now. We  
21 will be preparing a NOFA for funding availability. We'll  
22 have approximately \$4 million that will be available in  
23 the program. Once we get our internal guide and our  
24 application ready, then we will be conducting workshops in

1 Del Rio, El Paso, Harlingen and Laredo.

2 We will provide the Board updates on how we're  
3 moving along with implementing this piece of legislation.

4  
5 MR. SALINAS: This will have to be homes for  
6 colonias.

7 MS. CARRINGTON: Yes.

8 MR. SALINAS: There would have to be  
9 subdivisions that are already meeting standards, like  
10 sewer, water.

11 MS. CARRINGTON: Yes, sir. And what we are  
12 looking to do is tie in with some subdivisions that the  
13 Office of Rural Community Affairs has already put the  
14 infrastructure in. So they put the infrastructure in. We  
15 would be coming in with the HOME dollars, building the  
16 housing. And we'd be using our HOME funds to do that.

17 MS. ANDERSON: I have just two questions. I  
18 think this is terrific. Maybe you've told us this, and  
19 I've just forgotten. What is the source of the \$4 million  
20 in funds? Then who are the eligible applicants for this  
21 money?

22 MS. CARRINGTON: Mr. Pike.

23 MR. PIKE: Again Eric Pike, Director of Single  
24 Family. The source of funds are HOME dollars. We have

1 approximately \$4 million available for this activity.  
2 Through the legislation we're required to make available  
3 \$1 million each year for, I think, it was ten years.

4 So I think it goes through 2011 we'll be making  
5 available \$1 million for this program. And your second  
6 question was who's eligible for this.

7 MS. ANDERSON: What kind of entities are  
8 eligible applicants.

9 MR. PIKE: It's a CHDO and self-help centers  
10 that are sponsored by the Texas Department of Housing.  
11 There's five of those.

12 MS. ANDERSON: So then the HOME funds are  
13 actually to the extent a CHDO would be awarded these  
14 funds. Then would they come out of the HOME CHDO set-  
15 aside bucket?

16 MR. PIKE: We have a separate HOME CHDO set-  
17 aside bucket. And then we have a bucket for the colonia  
18 model subdivision program. Those funds are also CHDO  
19 dollars. So we set aside 15 percent of our allocation for  
20 CHDO projects for multifamily and single-family  
21 development.

22 Then on top of that -- I hadn't really thought  
23 about it until now -- but on top of that we're also  
24 setting aside an additional \$1 million for this

1 particular activity. In other words it's not within the  
2 15 percent bucket, it's on top of.

3 MS. ANDERSON: Okay. I don't know what all  
4 that rule kind of ins and outs are, but I'm mindful that  
5 we have a fairly large unexpended balance already in the  
6 HOME CHDO set-aside that has accumulated over more than  
7 one year.

8 So I guess my question for staff is you really  
9 think about how you're going to find this \$4 million, to  
10 the extent CHDOs [indiscernible] on the [indiscernible]  
11 cycle that are awarded should we not fund it out of this  
12 unexpended balance in the HOME CHDO bucket, because in the  
13 other HOME funds that are for single family -- as we know  
14 those are very popular.

15 They're oversubscribed by units of local  
16 government for owner-occupied, et cetera.

17 MR. PIKE: Right. I would say in HUD's eyes,  
18 when we commit CHDO dollars they're not really looking to  
19 see that it came out of the colonia model bucket or the  
20 set-aside. They just consider or see it as CHDO dollars.

21  
22 MS. ANDERSON: We'll draw back. In other words  
23 it's not going to crowd out -- if there are CHDO dollars  
24 available in that bucket, we can fund it out of that

1 bucket so that we're not crowding out other single-family  
2 activities with non-CHDO HOME funds.

3 MR. SALINAS: May I ask something? These are  
4 colonia monies. Right?

5 MR. PIKE: They're CHDO HOME dollars that are  
6 made available for colonia areas.

7 MR. SALINAS: CHDOs work inside the cities.  
8 CHDOs are part of the cities. What we're talking here is  
9 colonia monies. That's why I said, are those colonias  
10 already --

11 MR. PIKE: The colonias will be required to  
12 have water and sewer service. We are not allowing  
13 projects to be located within a participating  
14 jurisdiction, in keeping with the Board's guidance  
15 regarding a single-family activity.

16 MR. SALINAS: Because if you go to Laredo, Webb  
17 County and El Paso you're not going to find any  
18 subdivisions with sewer and water. That is what we've  
19 been fighting all along that we do not have --  
20 infrastructure on those subdivisions.

21 Now you go the a CHDO, and they'll go inside  
22 the city and do all kinds of home.

23 MR. PIKE: Well, we've worked with the Office  
24 of Rural Community Affairs. They have provided us with

1 lists of subdivisions and projects that they have funded  
2 that do happen to lie outside of these urban areas.  
3 There's one called Toncacitos and one called Share 52,  
4 which I believe are located down in Starr County.

5 Those are two that we have been looking at  
6 specifically. But there are apparently others as well.  
7 Keep in mind that with the \$4 million limitation on this  
8 fund, applicants can apply for and receive up to \$1.5  
9 million.

10 So we're not looking initially to help but  
11 probably two communities or two areas at first. Of course  
12 if they don't ask for the full amount, we might be able to  
13 help three. But over time we will be able to assist more  
14 and more.

15 I would suggest that if we see that there is a  
16 problem, where there are no areas that have water and  
17 sewer -- if we run upon that -- then we might want to  
18 revisit the issue of allowing us to go into the  
19 participating jurisdiction areas.

20 MR. BOGANY:

21 MR. SALINAS: I would think that's the only  
22 option you have, because in Webb County and El Paso,  
23 you're not going to be able to get any of this money in  
24 there, because they do not have services.

1 MR. PIKE: Well, we went and met in the month  
2 of June with representatives from Hidalgo County and some  
3 of the nonprofit areas down in the Valley. We actually  
4 met at the City of Pharr. And we went to Laredo, and we  
5 went to El Paso.

6 We got a lot of positive comments and  
7 suggestions. So I would suggest to you that if we see  
8 that this is becoming an issue and it's raised, we can  
9 come back to you and let you know that we're experiencing  
10 this problem.

11 Then maybe you guys would want to look at  
12 making changes to our requirements.

13 MS. ANDERSON: We're in an open cycle. So it's  
14 not competitive. So you can work the applicants actively  
15 to try to find the right -- it gives the Department a lot  
16 more latitude to try to work to get an application that  
17 we're comfortable funding, because you're doing a double  
18 cycle.

19 MR. PIKE: We anticipate providing considerable  
20 amount technical assistance. We're glad that it's an open  
21 cycle, so that we can work real hand-in-hand with the  
22 applicant, because it's new for us, and it's new for them  
23 as well.

24 MS. ANDERSON: Ms. Reynolds, you address the

1 sort of question about what bucket of money this --

2 MS. REYNOLDS: I think Eric did answer that.  
3 Certainly any HOME that is spent for CHDOs can count  
4 against our 15 percent CHDO set-aside.

5 MS. ANDERSON: Anything else, Ms. Carrington?

6 MS. CARRINGTON: Yes. I'd like to thank the  
7 staff, who's about all that's left right now. You all are  
8 hardy. I'd like to thank the multifamily staff, the  
9 multifamily finance production, real estate analysis. I  
10 want to thank everybody.

11 I think this has been, I believe, one of our  
12 smoothest tax credit rounds in several years. There's  
13 been a lot of hard work that has gone on by staff. I just  
14 want everybody to know how much I really appreciate what  
15 you all have done and your contributions to making this, I  
16 believe, one of our smoothest tax credit rounds in the  
17 last several years.

18 MS. ANDERSON: So seeing no other business to  
19 come before this Board, we are adjourned.

20 (Whereupon the meeting was adjourned at 2:50  
21 p.m.)