TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

State Capital Extension
Room E1.012
1400 North Congress Avenue
Austin, Texas

11:30 a.m.
Friday,
August 11, 2000

BOARD MEMBERS:

MICHAEL JONES, Chair
DONALD R. BETHEL
MARGIE BINGHAM
ROBERT BREWER
C. KENT CONINE
JAMES DAROSS
LYDIA SAENZ
MARSHA L. WILLIAMS

I N D E X

P R O C E E D I N G S

MR. JONES: I'd like to call the board meeting of the Texas Department of Housing and Community Affairs for August 11, 2000, at 11:00 a.m. to order. First item is to call the roll. James Daross?

MR. DAROSS: Here.

MR. JONES: Don Bethel.

MR. BETHEL: Here.

MR. JONES: Ms. Bingham?

MS. BINGHAM: Here.

MR. JONES: Mr. Brewer?

MR. BREWER: Here.

MR. JONES: Mr. Conine?

MR. CONINE: Here.

MR. JONES: Dr. Bell Griffin?

(No response.)

MR. JONES: Absent. Ms. Saenz?

MS. SAENZ: Here.

MR. JONES: Ms. Williams?

MS. WILLIAMS: Here.

MR. JONES: There are, according to my count -- and Mike Jones is present. So there are eight people present and one person absent.

With the permission of the board, I have a request from our acting director here today, Ms.

Cedillo -- our director is on vacation this week taking her daughter to college, and we know that's rough duty -- that we not deal with the minutes at this meeting, but we allow them to be further revised and that we take up the minutes at our next meeting. I would suggest we do that with the board's approval.

MR. CONINE: I move that we delay the approval of the minutes till the next meeting.

MR. BREWER: I second.

MR. JONES: Thank you. Then the next item we have is the public comment. And the first person that I have a witness affirmation form that would like to speak to the board is Ms. Susan Maxwell.

Excuse me. I didn't call for the vote on that last motion. Excuse me. All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed nay.

(No response.)

MR. JONES: The ayes have it. Ms. Maxwell.

MS. MAXWELL: A lot of gizmos I can play with when I'm up here.

MR. JONES: You'd probably make somebody real happy if you played with them too.

MS. MAXWELL: I bet. Well, I'm pleased to be here today talking to you --

MR. JONES: Thank you.

MS. MAXWELL: -- again. I'm Susan Maxwell, and I'm a public policy specialist for the Texas Counsel for Developmental Disabilities, and perhaps you remember me from other times coming before you.

Our counsel was established in federal law in the Developmental Disabilities Assistance Bills of Rights Act, and it consists of a 30-member board appointed by the Governor. Half our members are people with disabilities or family members of people with disabilities. And the other half are state agency representatives who serve people with disabilities.

I really wanted -- or I wanted to talk to you and to address the issues of the counsel regarding the capacity building program funds from the Housing Trust Fund and the staff recommendations.

First, I'd like to start with a little capacity building by just running some numbers by you. There are about 3.5 million Texans with disabilities. And, of those, approximately 315,000 have developmental disabilities. About 22 percent, or about more than 8,500, live in poverty. Therefore, they need affordable housing.

Additionally, the Department of Mental Health and Mental Retardation reports that another 10,000 people with serious mental illness are either homeless, in jail, or living in quasi-institutional settings.

And then we add another 12,000 institutionalized individuals with disabilities who could live independently if accessible and affordable housing and other community services and supports were available.

The next part of your capacity building program is to -- I want to remind you again about the recent Supreme Court Onsted [phonetic] decision, which affirms the legal right of our institutionalized individuals with disabilities to move into the community when they're able to do so.

And this new decision from the Supreme Court requires that states provide community services and support, so that many of those in the institutions that can move out can actually do so because they'll have a place to go when they leave.

We believe that the Department of Housing and Community Affairs has a key role in assisting the state to meet these obligations under Onsted by expanding the efforts to provide accessible, affordable housing for individuals with disabilities.

To meet the current need for affordable housing for individuals with disabilities, the Department must assure that the education and technical assistance offered regarding the housing needs of people with disabilities -- that is, the capacity to serve people with disabilities is increased.

And we note that Housing Trust Fund funding criteria indicates that the Department encourages projects which address very low rural and the special needs populations.

Unfortunately, when we looked at the projects for -- that were recommended, we didn't see that any funds were awarded to increase the knowledge and skill base of Texas providers to meet the housing needs of people with disabilities. And none of the successful applicants that had recommendations seem to include a component for capacity building aimed at increasing housing opportunities for people with disabilities.

We would recommend that in the future all applicants for the Housing Trust Fund Capacity Building Program will have -- or be required to include some education about the best practices for providing services and to the housing needs of individuals with disabilities.

The counsel would like to once again urge also that TDHCA appoint an advisory body that includes people with disabilities, service providers, and advocates that could bring an additional expertise to the Department to develop a responsiveness to the services essential to supporting the needs of this population.

And also I would like to -- I know you have appointed somebody to the promoting independence, which is the Onsted initiative in our state, to that board. And I would like for you all to make sure that that person is still serving -- that they haven't resigned. I think maybe the appointee did, and it's very important to have a link up with that new initiative.

Once again I'd like to thank you for the opportunity to speak on behalf of the Texas Counsel for Developmental Disabilities. Questions?

MR. JONES: Thank you, ma'am.

MS. MAXWELL: Thank you.

MR. JONES: We certainly appreciate it.

Ms. Annie Fields?

MS. FIELDS: Good morning. My name is Annie Fields, and I represent the city of Lufkin and several of the citizens of Lufkin. I truly appreciate the opportunity to come and share with you some of the life-changing things that SABR has brought to our area.

I want to share with you a slide presentation. At the conclusion of the slide presentation, I would encourage you to take just a few minutes to look at the scrapbooks that I have brought with you -- brought with me. It has been said that a picture is worth a thousand words, and, truly, I think your heart will be encouraged.

Many times when you come here, I know it's routine and I know it's boring. But I've come today with a purpose, to hopefully encourage you to continue to do what you do, because what you do inspires and helps and improves the lives of many people who you may never see face to face.

I've also brought a couple of videos with me, and I'll leave those, Ms. Groneck. The citizens wanted to share something with you, and this would be available for you to check out at your leisure time and see some of the people that you have personally impacted and helped.

The second video was prepared for you by inmates at TDCJ, and they wanted to send a little something for you to see also. So with that, I'll go ahead and begin.

(Narration of videotape presentation.)

SABR -- brightening the future of tomorrow today. The city of Lufkin was one of three cities selected to pilot the SABR program.

The program was designed to make homes more acceptable for physically-challenged citizens. In cases where rehabilitation was not financially feasible, reconstruction was the only alternative.

Due to budget parameters and the condition of the homes, three of the 12 applicants initially appeared that we would not be able to assist them under this program.

Ideas for today and tomorrow. Truly, it was the idea of Rufus Duncan, Jr., under the direction of the Citizen Advisory Committee, Johnnie Jones, Gig Langston, Royce Parker, Avery Rhodes, and Earl Thomas, that the city of Lufkin staff was to contact Habitat for Humanity and the Texas Department of Criminal Justice to obtain information about an educational program TDCJ was implementing.

The program, wonderful and unique, was to consist of a unique, simple partnership between TDCJ and a nonprofit organization. The nonprofit would purchase the housing materials and TDCJ would provide the labor to construct the house at the prison site. The completed house would be moved to the cleared site of the applicant's former home, replacing the dilapidated structure.

There were several key wonderful people who worked to make this program a success. They went above and beyond the effort of simply doing their job. They gave of their personal and professional time, effort, and energy to see that these citizens had a better place to live. Without them our job would have been a lot harder.

Debbie Butler and Jim Vann of Raymond Vann and Associates, Linvell Price and Bobby Hutson of TDCJ were wonderful assets. This is a win-win-win partnership.

The homeowner. They receive a decent, safe, and sanitary house with accessibility improvements included to meet their present health and even future needs. The communities where these homes are receive a much-needed face lift, and it stimulates the other neighbors to spruce up their areas and their homes.

The inmates of TDCJ receive an opportunity to learn building skills that they can market when they return to free society, and they really enjoy the feeling of giving something back to someone who needs help.

The grant funds allocated by you, TDHCA board, are expended in an economical manner that complies with the programs as their purpose. The city of Lufkin proves to its citizens that they know and they really care about how they live. Each applicant carefully selected must meet eligibility requirements -- disability, handicapped, special needs --

A person with special needs. They shall occupy each household. Special needs has been defined as a physical or mental impairment or being regarded as simply having such an impairment.

Their income is verified to ensure that it falls within the targeted range. They must own and occupy the property as their principal residence. Proof of responsible ownership must be shown. Property taxes must have been paid or deferred prior to the award of any grant funds.

They must be a U.S. citizen. They must have occupied the dwelling for which assistance is needed at least 12 months prior to requesting home program assistance.

I am happy today, and I am so very, very pleased to inform you of the 12 participants of the SABR, Statewide Architectural Barrier Removal Program. They're names to you, but, to me, they're faces.

The nine rehab participants are Mr. Johnny Stewart, Mrs. J.C. Scranton, Mr. James Eaton, Mrs. Mary Caldwell, Mr. Johnny Bogan, Mr. Chris Ware, Mr. Charles Modeset, Mr. William Sheffield, and Mrs. Exie Moore.

The three reconstruct participants were especially favored. They received new homes -- Mrs. Odell Session, Mrs. Ada Maxie, and Mrs. Irma Little.

Some of these people are single amputees; some are double amputees. Some are blind; many are sick. And all are in need.

The SABR program officially began September 1 of 1997 and will conclude August 31 of 2000. The project amount awarded from TDHCA was 250,000, with 10,000 for administrative expenses incurred directly related to the project. The city of Lufkin expended 25,000 for the consultant services of Raymond K. Vann and Associates, resulting in a total budget of $285,000.

We are so happy that we have successfully completed nine rehab homes and three new reconstructions. The new reconstructed homes were each dedicated with a special ceremony of celebration.

Funds expended were: project, $245,258.47; administrative expense, $9,989.16; consultant expense, $25,000.00. Total funds expense, $280,247.63. Bottom line: we came in under budget.

As the SABR program wound down, we as a city got excited and we geared up for the 1998 home program grant. The contract period was for August 31, 1998, to May 31, 2000. The amount again awarded by TDHCA was $208,000.

Mr. Jimmy Dixon was the contractor selected, and he did a wonderful, wonderful, wonderful job. Jerry Traylor and Associates were our selected administrators, and they also did a fantastic job.

The five wonderful participants in this program were Mrs. Rosie Bell Ward of 119 Persimmon, Mrs. Lula S. Johnson, 904 James, Mrs. Margaret Kendall, 2007

Culverhouse [phonetic], Mrs. Lolabell Pote [phonetic], 316 Mill Street, Mrs. Bernice Caldwell, 903 Carver.

A lot of time and effort went into these programs, and we as a team learned a lot of things. A lot of people told us it could not be done. But I refused to believe it couldn't be.

Nine of the 12 heads of households were headed by minorities. Nine of the 12 households were headed by disabled or handicapped persons. Ten of the 12 households were below the 50 percent median income. But, with honesty and integrity, I can tell you 100 percent of the households were so very grateful for the assistance needed.

And many of the comments made to me that every morning when I get up and my feet touch a solid floor, I think of those men that worked on my house.

Now I want to share with you just a few more minutes and then I will let you go. I have enjoyed this program. It has been my distinct honor to represent the city and work with this program. And I have really been blessed to see people see housing who needed housing.

But, on the other hand, I have also worked with the prisoners who built the houses for these people and to see what it did to their self-esteem, to see what it did in their morale, to see how it increased their value was more than mere words can say.

It was so wonderful at the end of every house that was built. We called them together and we had cake and punch. And that was their first opportunity to meet these people face to face.

A lot of these people came in wheelchairs and could not hardly walk. And they said, How old are you? Did you like the fact that I did your windows? I did the air conditioning for you; I did the floors for you. And to see these men gather around these elderly citizens and proudly tell what they had contributed to the house still moves my heart, even though the program is over.

So I wanted you to know that what you do is important. You may sit there and think that no one cares. But there are 12 families who do care -- 12 multiple lives that you have touched and you have enriched.

Maybe I do have rose-colored glasses, but I refuse to let anybody break them. I encourage you: Don't let SABR die; don't let it die. There are cities who, if they are taught some of the things that we have learned, would work with this program. And there are many, many lives, through the prison as well, who would work and who would gain so much from giving something back to society.

So again, I encourage you to just take a few minutes and look at the prisoners. Look at the people face. And let that speak to your heart. On behalf of the city of Lufkin, TDHCA board members, I thank you for this time. I thank you for this space. And may the Lord bless.

MR. JONES: Thank you, Ms. Fields.

MS. BINGHAM: Mr. Chairman, isn't Lufkin in your part of the world?

MR. JONES: Thank you, Ms. Bingham. Thank you very much.

The next speaker we have is Mr. Eugene Mayo, I believe. Thank you, sir.

MR. MAYO: Thank you very much, Mr. Chairman. My name is F. Eugene Mayo. My address is P. O. Box 801352, Dallas, Texas. And I would basically like to thank the members of the board and staff for a few moments of indulgence relative to this matter.

I'm here because I'm requesting your compassion, your consideration, and your support relative to a proposal that was submitted on behalf of Prime Real Estate Development and Investment Company relative to the capacity building program.

One of the things that happened in regards to the proposal is that the ranking was not inconsistent with what we felt that the ranking should be as a result of the analysis -- of the economic analysis that was done by your staff.

And we're basically asking for a piece of the pie -- a slice of the pie. There was some encouragement for different types of organizations to apply, and, subsequent to that, we did apply.

In regards to the proposal itself, we readily understand that people essentially do business with people that they like, trust, believe, understand, respect and they obviously have some degree of compassion for.

We don't have any problems with that, and we also understand that they do business with people that have some character, some capacity, and some capability. And, obviously, if you're dealing with a bank, they do want some cash if you're asking for a loan.

Our program, as it was submitted, was one that we felt that was very diversified in terms of its menu based on the services that was needed for the nonprofit community in terms of improving its capacity.

We basically talked in terms of money management and credit -- single family development. We talked about the need and the issues in terms of an architect and some of the pitfalls relative to that non-profs encounter relative to the development process.

And we also talked extensively, in terms of our proposal, relative to the need for someone to coordinate that in regards to a development team to make sure that all the pieces of the puzzle are in place. We put that together in a very logical and practical manner, and we felt that we had done an extremely job.

Not only that, but we also had what we felt was an extremely good staff in terms of presenters with impeccable credentials, extensive experience, people that have hands-on experience in terms of the housing arena that are basically involved in the nuts and bolts aspects of housing on a daily basis to basically make presentations or end up being the individuals that would do the presentation.

Some of the persons have in excess -- have basically -- have Ph.D. degrees, master's degrees, 20 to 25 years experience in terms of the field of housing.

So we basically did not just actually look at folks or consider folks in terms of putting together a development team for this presentation that would basically be lacking in terms of the kind of expertise that was needed relative to this matter.

In many cases, the team itself had in excess of some 4,000 hours of presentation relative to the subject matter that they were proposing -- or we had proposed to present to the organization.

We also understand that when you're dealing with a group of folks that one of the things you basically want to look at is who is it that you may be dealing with. And in that regard in your RFP -- your request for proposal -- there was an issue of, let's say, a minority profile.

We basically took that as an inducement to mean that if you are a minority, then it may mean that you may get some -- quote, some brownie points. But, paradoxical as it may seem, no points were awarded for that.

We were hoping that there would be some effort to try to create another plan for you all when you asked for that information, as opposed to maybe creating a red flag that this was a proposal that was coming from a minority organization or a minority sponsor or a minority mortgagor.

But, subsequent to that particular situation, no special consideration was given relative to that matter. And, ultimately, it could have been a hindrance, because it could have inadvertently caused the raters -- or the persons that were doing the rating -- to look upon that proposal and -- I would say more so in a jaundiced mind -- to look upon it a little closer than what they would have looked upon other proposals.

In regards to the rating, after we had submitted the proposal, it was substantially less than what we had thought that it would be after all of the data was taken into consideration. It was substantially less.

It's our belief that the proposal should reflect something in the 90 percent range, as opposed to something that's considerably less than the rating that was done [phonetic].

And if it had been ranked in terms of that 90 percent range -- that 90-point range -- then there's a distinct possibility that funding would have been approved and we would have been able to go to joint -- have a joint venture with TDHCA and the Housing Trust fund in this capacity building program to assist a nonprofit relative to that particular -- their particular process.

We hope that you -- we feel very confident that you're open to do business. We feel very confident that you're eager to do business. And we basically want to help you in terms of doing things with nonprofits because they are the foot soldiers that are on the forefront -- on the front line in regards to working in the communities to base -- to build affordable housing.

If they are not out there to build safe and decent and sanitary housing for those persons who lack the capacity to afford it, then, obviously, much of it will not get built and the housing situation will end up being much worse than what it is today.

But one of the things that they base the need is that they do need a substantial improvement in their capacity. So, in that regards, I must applaud you for focusing on that and recognizing that they need some improvement in regards to the capacity building. But as it pertains to the proposal that we submitted, I do think that we had a -- we've got a substantial shortcoming relative to that particular process.

Again, I wish to thank you. I hope that you will show some compassion, show some mercy, some grace as it pertains to our request and grant the request as we initially submitted it relative to TDHCA back in June of this year.

I do have some information that I have to make available to you relative to the grant itself -- I'm sorry -- relative to the application itself, and that you do consider that for your records.

And, again, if there are any questions, I'll be more than delighted to respond to those questions.

But Mr. Jones and members of the board, thank you very much for your time and your indulgence relative to this matter.

MR. JONES: Thank you, Mr. Mayo.

MR. MAYO: Thank you.

MR. JONES: Questions?

(No response.)

MR. JONES: Thank you so much, sir.

MR. MAYO: Thank you. I'll leave these here.

MR. JONES: Thank you. The next speaker we have is a Mr. Eugene Davis. And, Ms. Bingham, I would like to point out that he's from Tyler.

MS. BINGHAM: Oh, great. And --

MR. JONES: And Tyler is very close to Lufkin, and there's just a lot of good people there. You all didn't know this was East Texas day.

MR. DAVIS: Watch out. East Texas is on the move. And I do appreciate the opportunity to speak before you, Mr. Jones and board.

I am here to speak in behalf -- and ask for your kind regards to the proposal for capacity building from the Texas Homeless Network, which is a collaborative partnership with some other agencies.

In fact, I am a board member of the Texas Homeless Network and a board member of one of the partners Circle of Ten, which is in the White House area out of Tyler. And the reason I am a board member of these two organizations is because of what they're doing already here in the state.

Texas Homeless Network is working extensively in capacity building, collaborative efforts coalition building with the homeless network providers across the state, helping to increase professionalism.

The Circle of Ten is into capacity building, and they have, because of their own efforts, funneled tens of millions of dollars into the East Texas area, not through what their agency has done -- is doing, as far as grant writing, but because they have increased the capacity of the agencies and organizations in the East Texas area. Over just the last three or four years, like I said, tens of millions of dollars have come in.

You've received in your hand a packet about Circle of Ten. One of the best things is the fact that I'm not just saying there, but it has just been released in the Federal Reserve Bank of Dallas one of their articles highlighting a Circle of Ten and what they're doing in the area of housing. They're increasing capacity through one agency in Tyler, which is Habitat for Humanity. I would encourage you to look at that.

Lufkin said, If more people were taught the SABR program -- if more people were taught how to do this -- how this could be -- how this could impact the state -- your proposal from the Texas Homeless Network does just that.

The lady before mentioned about how if people with disabilities could have access to better housing and how that was needed -- this proposal will meet that need, because it will focus, not just on low income, but the people who also have disabilities, and how housing needs can be addressed for them and how groups can go out and do that, how groups can learn to work together and partner with these folks who have these specific needs.

This is a Texas group that is experiencing -- has shown the expertise to be able to come and do this. And the track record, I think, speaks for itself.

Again, thank you so very much for the opportunity to speak before you.

MR. JONES: Thank you, Mr. Davis -- or should I say neighbor.

The next speaker is Ms. Ann Denton.

MS. DENTON: Sorry. I thought I was at the bottom of the list.

My name is Ann Denton, and I am the director of the Austin office of the Enterprise Foundation. And I'm also a board member of the Texas Homeless Network. And I'm here basically to talk to you about two things.

One is we want to thank staff and the board for their recommendation for funding for Texas Homeless Network under capacity building for the Housing Trust Fund. This is a good decision on your part, and here's why I think so.

I think that the Texas Homeless Network capacity building proposal is one of the very few that is going to actually make a difference to extremely low income population -- that should sound familiar -- extremely low income populations. We need to do a better job of serving that income group. And I believe that this application will do that for you.

I would also like to take the opportunity to express some concern that the Texas Association of Community Development Corporations capacity building proposal was not recommended for funding by staff.

I just think it's a wasted opportunity -- I mean, nothing bad about the applications that were recommended for funding. I think that we want to be sure that what we're not getting is canned training. Okay? I don't know -- I have no personal knowledge. But I think that there is a risk that we're getting some canned training in the applications that are recommended for funding.

And the TACDC proposal was innovative -- really went beyond training, really went into capacity building for the state. I think that they do a better job, and I would like to ask you to take another look at the way allocations were made. But don't mess with Texas Homeless Network.

MR. JONES: Thank you, ma'am. Any questions?

(Pause.)

MR. JONES: Thank you, Ms. Denton.

MS. DENTON: Thank you.

MR. JONES: Appreciate it. The next speaker is Ms. Jean Langendorf.

MS. LANGENDORF: Good morning. I'm Jean Langendorf. I'm project director for the Texas Home of Your Own Coalition, and I'm with United Cerebral Palsy of Texas.

I was really excited to see this presentation, because it is directly related to what we're talking to you all about today in relationship to the Housing Trust Fund capacity building.

We submitted an application to do training on this program -- on the SABR -- on the barrier removal program. We did not receive staff recommendation. I have some issues just in general about the proposals that are being funded in light of serving people with disabilities.

I just heard from the man with the Homeless Network that they're addressing some of those needs, although I've talked to some of the grant writers on that, and they have said, No, they weren't addressing the actual programs that serve people with disabilities. So I'm a little confused on that.

But I'm particularly talking about capacity building with regards to the barrier removal programs. We do need to promote this around the state. Ms. Fields was correct. These programs are very much needed and very effective when they are put in communities.

Unfortunately, the SABR program is done with TDHCA. There wasn't a whole lot of technical assistance given at that time for those to try to run them, and so what we had done was submitted an application to do that kind of training.

We have received approval from Fannie Mae Foundation for $35,000 to do the curriculum development and to do the actual manual, which we wanted to share with the rest of the state.

I make some points in the testimony that I handed out regarding the actual need to serve people with disabilities. I don't want you to overlook that -- that, generally, the majority are below 30 percent income. And HUD has recognized the most need and they're very serious needs.

The thing I really want to spend some time with you this morning -- or this afternoon -- talking about is the process that was used. We did come in and meet with the staff -- the Housing Trust Fund -- to talk about what -- how they did the actual analysis.

After doing that -- and at the time we had some disagreements about how the points were awarded. But after going back and taking the instrument they use, I have some very serious concerns.

If you will note on the attachments that I've given you -- I've tried to color code this to make these points -- the RFP, under personnel, it says there's going to be no points for those.

Although we made a real good effort to submit the information about the personnel, in the RFP it says there's no points. But the scoring criteria -- there's ten points. They did go ahead and award some points. That, in my eyes, isn't really fair.

In another area they actually tell you what you're going to be scored on -- this is the first page of my attachment is the RFP. And it goes into the description of the services, the 60 points.

Down at the bottom exit survey is part of what you're going to be scored on. We spent a lot of time on that because we think that is important to find out what people think. When you get to the scoring criteria, again, highlighted in blue, there's nothing to do with an exit survey.

In fact, there's a whole new category called reviewer's opinion. We were never told that the reviewers were going to give a 20-point opinion. This is being done by your staff. This is being done by two people, the same department, one working for the other.

I have written grants. I've run a state's department, and I've helped run a city's department on grant review. Generally you have some peer review. You have some other people looking at the proposals. This is a real concern to me, and I hope it's a concern to you, about what's a fair process.

You have supported in -- or not you have, but the staff is recommending quite a bit of grant writing. You can train all the people across the state on grant writing, but if your RFP says one thing and your scoring criteria is different, it's not going to do a whole lot of good, because the grant writer trainers are going to train them on responding to the RFP, not something that comes after the fact.

If you'll look at the attachment that we have here that says, The Housing Trust Fund 2000 Capacity Building Program Expanded Scoring Criteria, it starts with, After reviewing the proposals submitted. They created this criteria after reading them?

We have a difficult situation. We serve providers of service as well as advocates. You all know us. You all know people that are up here continuously saying they're not serving -- you're not serving the areas of people with disabilities. It becomes very difficult when things are changed mid-stream, in my opinion, and you get into a lot of staff's personal opinions and not what's in the RFP.

I just want to point these things out. I don't think it's a fair process; I don't think it was followed -- what was put in the RFP. We didn't get recommended for funding. You can see that as sour grapes. We're not happy about it. But I do want to point those things out to you.

On a different matter, as the project director for the Texas Home of Your Own Coalition, we have had representation from TDHCA over the past four years with John Garvin serving as a representative.

I want to take this time to thank him and all his work he's done on behalf of people with disabilities. We are really concerned with the representation we might have -- or hope to have from the Department on our coalition. And I'm working towards the needs of people with disabilities.

John learned a whole lot working with us, and I think he's probably one of the better advocates across the state. Mr. Bethel, I know you know. We really tackled a lot of the issue together. And we hope that this can continue. We hate to see John see. We look forward to working with him in the housing arena.

But we do hope you all will establish some kind of advisory committee or some kind of vehicle that those of us that work with people with disabilities can work with you together and not in an adversarial role. Thank you.

MR. JONES: Thank you. You can go back there and tell him not to go.

MS. DENTON: We've tried. Trust me.

MR. JONES: So have we.

Mr. Jonas Schwartz, please.

MR. SCHWARTZ: Good afternoon. My name is Jonas Schwartz. I am the program administrator for the Texas Disability Policy Consortium. And the Consortium is a group of 19 statewide advocacy organizations who have come together to promote fair and equitable public policy for people with disabilities.

I'm here today to also join the comments of some of the other folks you've heard regarding the technical assistance to promote access for people with disabilities and the recommendations that you all will be voting on that have been recommended by staff of the Housing Trust Fund.

We find that these recommendations -- I

understand the review that all of us who are interested in this have been able to do. It appeared to us as though there was -- there were no proposals funded to address the needs of people with disabilities.

Although, based on some of the earlier public testimony, I'm a little bit confused because it does appear that maybe you have attempted to address those needs.

Although federal and state laws provide requirements to make housing and related services accessible for people with disabilities, these laws are not followed when there's little or no enforcement. These laws are violated by developers and landlords because there's no education and very limited enforcement efforts.

We do have, and continue to recommend, required monitoring and enforcement of all fair housing laws. We feel that it is important that the provision for technical assistance to applicants be included to ensure accessibility and compliance with existing regulations.

The result of a lack of enforcement by the Department and the limited availability of architectural barrier removal programs that provide physical and sensory accessibility for people with disabilities have led to a small number of affordable and accessible housing units available to people with disabilities.

And I really appreciate by -- the Power Point presentation by the city of Lufkin because that's exactly what we're talking about. That program assisted 12 individuals that had various disabilities to give them a safe, affordable and sanitary place to live. And we need more capacity just like that all around the state.

These programs are very few and far between. Yet, as you saw this morning, they make an incredible difference in the lives of individuals but also in the lives of the individual communities where these programs exist.

We are asking that -- again, that the Department undertake a capacity building effort to provide technical assistance on the successful program model and provide funding to potential grantees and others through the state who want to develop consumer-driven barrier removal programs.

Unfortunately, it appears to us that staff recommendations do not support the needs for these kinds of programs in the awards that will be voted on later in this meeting.

Several fair housing laws, like the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Texas Architectural Barriers Act, and Senate Bill 623, and the implementation of the Onsted decision, which was passed down by the Supreme Court in June of last year, all address requirements to make housing and related services acceptable for people with disabilities.

Based on today's staff recommendation and the recommendation in June to support a segregated housing project, we are extremely concerned about the staff's understanding of how to address the needs of people with disabilities.

Again, we request that the Department set up an advisory board that reports directly to you on how the Department can better address the needs of people with disabilities.

And, in closing, I would like to say on behalf of the disability community, thank you to John Garvin. He has been our ally over the last four years. He is one of the few staff people in this Department who have really taken the time to understand the issues and the needs of people with disabilities and then to advocate on our behalf within the Department. He will be very, very sorely missed. Thank you very much.

MR. JONES: Thank you, sir. Our next speaker is -- and I hope I pronounce this name right -- is Ms. Margo Weis.

MS. WEIS: Hello. My name is Margo Weis. I'm the executive director of the Austin Community Development Corporation, and I also sit on the board of the Texas Association of CDCs.

I'm here today to express some concern that I have about the process for the staff making their recommendations for the capacity building dollars.

The capacity building funds of the Housing Trust Fund are specifically targeted to increasing the capacity of nonprofits, and, therefore, should meet those needs in the most effective way possible.

Capacity building is the expansion of business systems so that increased production is sustainable. I participated in TACDC's research to determine the needs of CDCs if they were to seek to triple production. We are a CDC that does seek to triple production, and the needs we have to do are reflected in the study.

Those needs, which are the elements of true capacity building, include business planning, funding for expansion, including staff, equipment, computers, information systems, and also training.

As a nonprofit prepared to expand, we are very much hoping that a comprehensive set of capacity building services would be made available as a result of the expanded trust fund budget this year, an expansion that we advocated strongly for.

These were the kind of services that were proposed by the Texas Association of CDCs. And, yet, the many advantages of the TACDC proposal were apparently given no weight in the scoring process, and, therefore, we were not given access to the exciting program that is currently available.

I think one of the important things that TACDC brings to the table is its ability to leverage resources. TACDC's proposal was the only proposal that brought 250,000 in matching resources. These resources from Fannie Mae, Wells Fargo, Bank of America, not to mention the many training partnerships reflected in the training plan, reflect the commitment of the community development funders to this broader understanding of community -- of capacity building.

However, the TDHCA did not choose to work with a provider that can leverage both dollars and institutional resources. In fact, these resources are not even valued in the scoring system. It is these resources that make the Texas Association of CDCs a system so valuable to us as a growing nonprofit organization.

I want to talk a little bit about the definition of capacity building services. I think that one of the most useful things to a CDC, as they're growing and trying to triple production, is not just the training that they receive, I mean, as probably everybody in this room has done several times before -- gone to some sort of training and you retain about 10 to 20 percent of the information when you go back to your organization or your place of business.

I think the most valuable training we provide -- actually in our little -- locally, we provide training to organizations here in Austin -- is one-on-one technical assistance and business planning, as well as funds to be able to take on larger scale production.

I think the beauty of the TACDC's plan was that after the training, the consultants were actually going to be able to go out to the participants and provide some one-on-one technical assistance to help them implement the things that were talked about in the training at their specific CDC.

This is just absolutely critical to expanding production for people to see how these training concepts actually apply to them and how to start implementing and working these systems into their own operations, just like with any business.

Also, a most exciting feature of the TACDC proposal was a working capital loan fund, which was entirely funded by partners, again, such as the banks, including Wells Fargo and Bank of America. No TDHCA funds were proposed for the loan funds, but these loan funds are critical, again, to capacity building.

Lastly, the Texas Association of CDCs was rated fairly low in its needs portion of identifying the need. And, again, I think somebody else mentioned that two -- that the staff members who made the recommendation to decide what their opinion of the need was.

TACDC undertook a comprehensive study of need in the state, looking at CDCs. And we did this not only to get an idea of what the current production was, but to hold ourselves accountable should we start providing some capacity building services to be able to see what kind of expansion in production was actually taking place.

Again, I'm going to sort of finish with saying I think that what TACDC brings to the table is what I believe the most comprehensive partners that any organization can bring.

The organization has a board member's representative of geographic diversity of CDCs across the state. In that -- in their membership base, some of the most successful CDCs have on come on board. I think that people who are successful or organizations that are successful in production are in the best position to go and assist and can consult with other CDCs to help get them up to speed.

So I think they bring the most comprehensive group of successful CDCs to the table to help other CDCs. I also think we -- there's a round table of advisors that include banks, the Enterprise Foundation, LISC [phonetic], and a number of other organizations who have an interest in the development. And all of these groups are also very committed to working with TACDC to provide services.

So, again, I'm very disappointed at the staff recommendation. And I read the proposal myself. I thought it was extremely comprehensive in what they were -- in what the organization was going to be providing in terms of capacity building.

It looked like those groups that were chosen were mainly just providing training -- and, again, lots of classroom training. I think that we're going to see very little actual change from just training alone. I think there needs to be a more comprehensive list of services, and I think TACDC was bringing that to the table.

So I'm here today to ask you to reconsider the staff recommendations and include the Texas Association of CDCs in the funding. Thank you so much.

MR. JONES: Thank you.

MS. WEIS: Oh, I also brought some letters from a CDC in McAllen and a CDC in Dallas. There's also a letter from the Austin CDC for members.

MR. JONES: Thank you so much.

MS. WEIS: Thank you.

MR. JONES: Our last speaker is Mr. Reymundo Ocanas.

MR. OCANAS: I love to be left for last. And you thought your taxpayer program was controversial. I've got several pieces of information to give to you, so I don't know if I should give it to Delores or should pass it out now or --

MS. GRONECK: I'll get it in a minute.

MR. OCANAS: Okay.

MR. JONES: She'll help you.

MR. OCANAS: My name is Reymundo Ocanas. I'm executive director of the Texas Association of Community Development Corporations. You see me almost every month, if not every month.

I'm here to talk about three different things. One is the capacity building proposal and then two other issues. So I'll try to be as brief as I can, since I'm the last speaker and you're probably sick of hearing everybody talk about capacity building.

But we do have issues with the way our program was reviewed. I know that you probably do not want to see and did not get to see the full applications, but this is what ours looked like. It's pretty comprehensive.

And our concerns we did address with staff, so I want you to know that nothing you're hearing today is going to be anything new for staff. We had a meeting with them yesterday and still disagreed in the end with the way the proposals were reviewed.

Three things that we did want to cover that we dispute: one is, of course, definition of capacity building. The testimony you have has an excerpt from your own rules that define capacity building, and I want to read that to you.

It says, Capacity building is defined as educational and organizational support assistance to promote the ability of community housing development organizations and nonprofit organizations to maintain, rehabilitate, and construct housing for low, very low, and extremely low income persons and families.

This activity may include, but is not limited to, organizational support to cover expenses for training, technical assistance, and other assistance to the board, staff, and members of the organizations or community housing development organizations; second, program support, including technical assistance and training; and third, studies and analyses of housing needs. Your own rules define capacity building -- it's a pretty expanded definition.

Your NOFA came out to request training services, just one of the things that's mentioned in your own definition of capacity building. When the NOFA came out, we expressed disappointment to the Department -- to staff, and I think we also presented it during the rules process for the trust fund. We asked for even a more expanded definition than what was already in there for capacity building. Yet, the NOFA still came out for just training services.

And training alone, as you've heard, does not meet the definition of capacity building. You're going to be spending several hundred thousand dollars on training -- classroom training alone. I don't think that's the best use of the state's funds to do training alone.

Our proposal was one that was a little more comprehensive in nature. We proposed cooperating support grants to the nonprofits, a competitive program to offer 10 to 15 groups the opportunity to get 15- to $50,000 a year for the two-year pilot and then get targeted training, targeted technical assistance, targeted coaching, research done on their needs, full assessments, a coach that would coach them along, work plans to be developed -- I mean, a pretty comprehensive set of activities.

And that was not taken into account at all in the scoring. And -- although we proposed more than training, I was assured on two different occasions in a meeting with Housing Trust Fund staff that somehow they would accept, first of all, that NOFA was structured so that it was open to a more comprehensive proposal, and, secondly, that they would judge it accordingly.

In the end, as we can tell from the scores, somehow we didn't make it by 1.5 points -- we didn't make it. So if I was down 10 or 20 points, I probably wouldn't say something, but 1.5 points, to me, considering the kind of proposal we had, makes a difference. So I'm here before you today to contest the recommendations.

The scoring issues are two. One is in the best use of funds category. We scored six out of ten. I don't know if you got to see the full scoring sheets or not, but we scored six out of ten on best use of funds.

And the issue staff brought up to us had to do, first of all, with the duplication of effort that we were going to be providing in terms of two things. One was a revolving loan fund to do bridge loans or working capital loans to nonprofits.

We didn't ask for the Department to give us any money for that, so I don't understand -- that's the justification I was given for why we scored lower. But we didn't ask you to give us any money for that. We're going to raise the money on our own and do the project on our own. We still are going to.

Second was, we proposed an information clearinghouse. Research, kind as your capacity building definition says, on housing and houses and needs -- we already are doing research, and you've seen the reports that we've given you. And I've got another report to give to you today.

The 2000 report on CDC production that we're about to produce -- that includes, by your state service region, what the CDCs are producing throughout the state, which they've done with and without your money. So I'd like you to see that. I'd like you to see what the CDCs are able to produce.

What I was told was that the Housing Resource Center is already doing this kind of information clearinghouse activity. Well, we challenge that. I printed out the web site for the Housing Resource Center that shows the Housing Resource Center publications.

And with all due respect to my colleague, John Garvin, who, by the way, I'm happy is leaving you because he's coming to work for an organization that I'm on the board for. So good luck, John. But I am sorry to see him leave the Department. He was a critical staffer, I think, for what you needed to be done.

But the Housing Resource Center at this point does not provide anything but federally-mandated and state-mandated publications -- your consolidated plan, your state low income housing plan, et cetera. So I don't know that there really has been duplication of effort from our research request. Again, we scored six out of ten.

Now, one thing that really bothered me -- and my board has asked me to dispute the report that you have on your web site in terms of the scoring and to please correct it -- is that the cost allocation calculation that was used is incorrect.

For -- under the sheet that you have we reported as having a $97.30 per hour of training cost. And that is incorrect. One of your scorers actually rated it correctly, but then it didn't come out in the final printout.

And that's that we only -- for training services -- let me read you what it says. The Department's cost per [indiscernible] instruction was measuring the educational services and instruction. And we only proposed $300,000 out of -- we requested $630,000. Out of that we only requested 300,000 for training. Yet, the 630,000 was calculated for our instruction. Well, the other 330,000 weren't going to be used for instructions.

So I have a problem with that.

Second -- and we were told that that was not affecting your decision in terms of this -- or their decision in terms of this scoring, but it was for your purposes to determine the awards. Well, I'm asking you to consider that -- that we weren't asking for $97.30 per hour to conduct the training. It was $46.33 is what it should be.

Finally, I just want to express to you what a missed opportunity this is. As Ms. Weis, one of my board members in the CDC here in Austin, expressed, we would have leveraged -- actually she mentioned $250,000. That's how much we already had in hand and in commitments.

We proposed a $1.13 million program. Of that, you were going to be providing 630,000. We were raising 500,000. I've already raised 260,000 of that. Yet that was in no way taken into account, no way scored, no way justified.

And I think that you've got a missed opportunity. You've got banks, foundations, national intermediaries, local trainers and others that were at the table with us. And I think it would be a missed opportunity if you didn't consider that.

Finally, with full respect to the recommended applicants, whose proposals I'm sure were quality proposals for classroom training, I urge you to give our proposal full consideration as a method to achieve your goal of building capacity of the nonprofit community organizations in this state.

That's it for capacity building. I have two other issues I want to cover with you. I don't know if you have any questions about the capacity building issue.

MR. BETHEL: I've got one question.

MR. OCANAS: Sure.

MR. BETHEL: So you're requesting 630,000 out of the 655,000.

MR. OCANAS: Out of 685,000 --

MR. BETHEL: Or 685 -- whatever it is.

MR. OCANAS: -- [indiscernible]. Yes, sir.

MR. BETHEL: So it would have been -- then we would have just funded one --

MR. OCANAS: That would have been one proposal, right. If that was available, yes, sir.

MR. BETHEL: Okay.

MR. OCANAS: Okay. The other two issues, and I do want you to keep this -- it's an initial analysis of what the CDCs are producing by state service region, which I think will be intriguing to you -- you'll get a full report by September.

Two other issues that I wanted to have. One is the de-obligation policy, which, by the way, I think somehow would be better if the Sunset brought it up to you. And now I'm glad Ruth Cedillo and staff is working on it.

But I do want to express concern about that in the hope that you direct staff to give this issue the attention it deserves. You've got -- I know it's not a lot of money, but in the millions that gets de-obligated every year. And I think that you do have to have full knowledge yourselves of what the policy is for the Department and how it's going to reallocate any funds that come back in from the federal funds and state funds.

Third issue that I want to cover with you is the regional allocation formula. This one really concerns me. It's Senate Bill 1112. On September 1 you've got to implement the regional allocation funding that we've all been talking about.

My concern is that, unless you've missed it -- unless I've missed it, you have not been given the opportunity to review the actual formula that will be implemented within two-and-a-half or three weeks. And the public hasn't been given a chance to look at it either.

So I'm really concerned that we are now at August 11, 20 days away from September 1; yet, the public doesn't know how your regional allocation program will work and I don't know that you know. I don't know that you've gotten a chance to vote on it, review it, or in any way be educated about it.

So I'd like to ask right now. Could you ask the staff to give you and the public an update on the public processes it has followed to develop the formula and the actually implement the formula? It's going to have broad-reaching implications for this state. So I formally request some sort of explanation of where we are with Senate Bill 1112 implementation. Thank you very much.

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

(No response.)

MR. JONES: I believe that is all the witness affirmation forms that I have been supplied. Is there anyone I've missed?

(No response.)

MR. JONES: Hearing no one then, I will call to a close the public comment section of our meeting.

At this point in time, with the board's indulgence, due to the fact of some pressing schedules amongst some people that need to report to us in our executive session, I would like to take our executive session out of order at this time. So, if I could -- there's no objection -- we will then go into executive session.

On this day, August 11, 2000, at a regular board meeting, the Texas Department of Housing and Community Affairs held in Austin, Texas, the Board of Directors adjourned into a closed executive session as evidenced by the following.

And the subject matters of the executive session will be, number one, personnel matters -- consider internal auditor's evaluation pursuant to Section 551.071(a)(1); number two, litigation and anticipated litigation, potential or threatened, pursuant to Section 5.0711(a) and 551.103 of the Texas Government Code; and, number three, personnel matters regarding duties and responsibilities in relationship to budget pursuant to Section 551.074 of the Texas Government Code; and then, finally, four, consultation with attorney pursuant to Section 551.071(2) of the Texas Government Code.

So with that, if the audience wouldn't mind, we will go into executive session. And if you'd please clear the room. We'll return to our public meeting at the end of the executive session. Thank you very much.

(Whereupon, a short recess was held.)

MR. JONES: Call the meeting back to order. The Board of Directors of the Texas Department of Housing and Community Affairs has met in executive session. The subject matter of this executive session deliberation was as follows:

Number one, personnel matters -- consider internal auditor's performance evaluation pursuant to Section 551.074(a)(1) -- action taken, none.

Number two, litigation and anticipated litigation, potential or threatened, pursuant to Section 551.0711(a) and 551.103 of the Texas Government Code -- action taken, none.

Number three, personnel matters regarding duties and responsibilities in relationship to budget pursuant to Section 551.074 of the Texas Government Code -- action taken, none.

Number four, consultation with attorney pursuant to Section 551.071(2), Texas Government Code -- action taken, none.

The Board of Directors has concluded its executive session of the Texas Department of Housing and Community Affairs on August 11, 2000, at 1:03 p.m.

With that, we will then move forward with our agenda. And I believe the next item on our agenda is item number two, the presentation and discussion of the report from the Audit Committee.

Mr. Conine?

MR. CONINE: Nothing other than to -- we did the internal auditor's evaluation, as you noted. And also, probably for the public's information, we will be meeting again on September 7 is the tentative date we've set. That's it, Mr. Chairman.

MR. JONES: Thank you, sir. The next item on the agenda is the presentation, discussion, and possible approval of the report of the Finance Committee.

Mr. Bethel?

MR. BETHEL: Thank you, Chairman Jones. If Mr. Dally would come forward. The Finance Committee -- they listened to the -- they presented the fourth draft of the Fiscal Year 2001 Operating Budget to the Finance Committee this morning. And I guess all of you have your budget.

And then also we had a handout that was several pages that was -- subject was fourth draft of the Fiscal Year 2001 Budget. It had some background information.

So does everyone have that? Okay.

All right. Bill, if you'll just kind of go through what you did to the Finance Committee briefly?

MR. DALLY: In a shorter version.

MS. BINGHAM: To the Finance Committee? What he did to the Finance Committee?

MR. BETHEL: The way you did it -- did us.

MR. DALLY: Thank you, Mr. Bethel.

Good afternoon Chair and board members, Ruth Cedillo. With those instructions, I will cut it short.

Today's -- there are actually two budgets that we're asking for approval on, one being the comprehensive operating budget of the whole Department. And that was the one under the blue cover -- fourth draft.

If you'll turn to page two, you'll see a budget-to-budget comparison of fiscal 2000 compared with fiscal year -- the coming year. If you go to the bottom line, you'll note that there's about a 1 percent increase -- $285,000.

If you look to the line above that, you'll note that we've got a new item, which is the office renovation and consolidation. And we had some discussion at the last board meeting regarding the fact that our lease and that we're more than likely going to stay in our building, but we're going to have to give up a floor in order to meet some of the state rules that require that there be no more than 153 square feet per employee.

When we originally got in that building, we also had the Texas State Affordable Housing Corporation as a tenant in there. And they have since left, and that space has remained vacant. And at this time, now that we're renegotiating the lease, we are going to give up some of that space.

That number -- I should say we had some discussion on it yesterday. It is not a firm, firm number in that we've gotten firm bids that say, you know, for our plan, because we're still in the planning stage of how we are going to accommodate and lose a floor. But that is our best estimate at this time.

Going back up, I guess some of the bigger line items -- of course, our biggest expense is salary and wages. That did increase $445,000, or about 2.9 percent, which is taking into consideration our merits and reclass pool money for the coming year.

Payroll-related costs went down. And the reason for that is we used a small percentage. We use the payroll-related cost as a percentage of salaries and wages and, traditionally, we used 26 percent. In actuality, when you look at the numbers, the percentage is less than that. And so we went ahead and adjusted that number down and are using 22 percent.

Professional fees, I guess, is the third largest. That includes the -- sort of a contingency budget. In there is included our outside counsel fees. Our independent auditors are paid from those fees. We also have various third-party professional consultants that bring expertise to our staff.

In particular, I'm contracting now with some programmers. I've lost a key staff person in support of our CSAS accounting system. And in the interim, I'm budgeting in, and actually using right now, some outside staff to support us until we can get that position replaced.

Also, within that fee is a -- we contract with the Texas Department of Economic Development to do the underwriting work on our Texas Capitol Fund. And that's about $450,000 of expense that's actually an interagency contract. And that's built into each one of the appropriations, so it was a discretionary item that's already built into our fees.

Rentals and leases went down $176,000 this year. The reason for that -- essentially our rent, as we negotiated it, will be about the same. We're giving up some floor space, so that's -- that's the difference in cost of rent is that we're giving up some space to hold at the same cost.

The decline, though, is we've been paying out over about five years the modular furniture that we use for office folks. And we -- typically, we have two payments. And in this coming year, we'll just have one payment, and that will be our last payment. So that will be paid off. That was originally about a $900,000 purchase that we're finishing off. Are there any questions that any board member may --

MR. BETHEL: You might go over on the -- on page 3, on the Community Development Division, of where you moved -- where their budget went down significantly at 22 percent -- the reason for that.

MR. DALLY: We have moved -- we have made a move, organizationally, to move some of the CDBG monitors to the compliance area. We have also done that with the HOME section. And I don't know --

Ruth, do you want to maybe give them a little background on that?

MS. CEDILLO: One of the things that the auditors have usually discussed with us in the program areas was that they recommended that we do not have the staff that awards grants monitor the grants themselves.

And in the CDBG area we had the monitors separated from the regional coordinators who have been involved of the applications that were to be awarded grants. And then we had a separate component for monitoring.

And, in view of some of the audit findings that we have under the HOME program, we thought that bringing the monitors from the HOME program to work with the CDBG monitors -- we felt that they could share part of the responsibilities and do some cross-training, and, in a sense, save some dollars there and also get new monitors up-to-speed quickly because the CDBG monitors are very familiar with all of the federal regulations, and you have some of those regulations under the HOME program.

And that was the main reason for bringing them together. But we also felt that the best place for those monitors was in the compliance area.

MR. JONES: Thank you.

MR. BETHEL: Now, the budget -- if any of the board members -- would you get this -- would you get something off my head?

MR. BREWER: I do have one question. On page 2 --

MR. CONINE: [indiscernible] got on sunglasses.

MR. BREWER: There on page 2 there on the freight and delivery going up 73.6 percent.

MR. DALLY: That's -- freight and delivery is chiefly our overnight expense and cost. And I'm assuming that collectively the Department is both using -- utilizing that a little more and that probably the costs have gone up in the coming year. I can't pinpoint anything in particular on that.

MR. BREWER: Okay.

MR. ALDRICH: Mr. Brewer, my name is David Aldrich, and I'm the manager of budget and planning. The

Manufactured Housing Division has requested an additional 32,000 for freight and delivery, and that's why you see most of that increase.

MR. BREWER: I would recommend on the variance letter that you have that we put that in there, then.

MR. ALDRICH: Sir?

MR. BREWER: I would put that in as one of the big reasons. That's a big chunk of that --

MR. ALDRICH: Okay.

MR. BREWER: -- of that money on the variance just to show that -- that that's where that's going to. Thank you very much.

MR. JONES: Mr. Conine?

MR. CONINE: On page 3, Mr. Dally --

MR. DALLY: Yes.

MR. CONINE: -- on the method of finance, it's showing the various categories where the money's coming in, I guess. Federal funds -- a decrease of 6.6 percent. Can you expand on that just a little bit?

MR. DALLY: That is mostly coming from the decrease in payroll-related costs.

MR. CONINE: Payroll-related costs?

MR. DALLY: Payroll-related costs -- fringe benefits and those types of things. Where you see -- look on the second page -- or the first page rather --

MR. CONINE: Yes.

MR. DALLY: -- you'll see 470,000 decrease. Because we readjusted our estimate for fringe benefits. And you'll see a corresponding decrease in the federal funds. I mean, that's the majority of it --

MR. CONINE: It's kind of a direct -- in other words, we don't spend it -- we don't get it back from them basically. Is that what you're saying?

MR. DALLY: No, actually, it's probably been -- well, no, sir, I'm not saying that.

MR. CONINE: Okay.

MR. DALLY: I don't have an answer for you.

MR. CONINE: Okay. Well, can we --

MR. DALLY: Yes, I can --

MR. CONINE: You know, I'm not going to hold up the process for that. But just later on --

MR. DALLY: Okay. That's fine.

MR. CONINE: -- can you just kind of look it up and see how -- see why it went down.

MR. DALLY: Okay.

MR. CONINE: I would just -- and I assume that earned federal funds below that would be a similar answer relative to that. And if you could just provide me some clarity there, I'd appreciate it.

MR. DALLY; Okay, sir. I'll do that.

MR. JONES: Ruth, did you have something to say? You look pensive.

MS. CEDILLO: With regard to the payroll-related costs, I was going to mention to David that -- and I'm sure he remembers this -- but that under the -- when we pay for salaries out of federal funds we have to pay those payroll-related costs. And if we take the salaries out of general revenue we don't take that --

MR. ALDRICH: That's true.

MS. CEDILLO: -- 22 percent. So that's why it ends up in the federal funds area. Is that not correct?

MR. ALDRICH: Well, no, we don't shift the fringe benefits cost to federal funds.

MS. CEDILLO: No, for the --

MR. ALDRICH: There's a corresponding --

MS. CEDILLO: -- salaries that are paid out of federal funds.

MR. DALLY: There's a proportional relationship that when fringe benefits -- the general revenues or when they do the appropriation bill, those are set aside over at Comptroller. However, that's the least of our methods of finance. Our methods of finance are federal funds and our bond and appropriated receipts.

Well, the law requires that we -- whatever that percentage is within our method of finance that we pay those costs for payroll-related costs out of those funds. So to the degree that we roll back that -- the actual percentage and make it a little bit lower, it -- there's less to have to kick in from those sources.

MR. CONINE: Am I to assume that this 28 million plus or minus, along with this ten -- the ten is added on -- the one we're going to look at next?

MR. DALLY: No, no, no.

MR. CONINE: It's within --

MR. DALLY: It's within. It's a subset --

MR. CONINE: It's a subset.

MR. DALLY: -- of this.

MR. CONINE: Okay. Good deal.

MR. DALLY: It's a subset of this.

MR. CONINE: That's all the questions I had, Mr. Chairman.

MR. JONES: Further questions?

MR. BETHEL: If there's not any more questions, Mr. Chair, I'd make a motion that we approve the Fiscal Year 2001 TDHCA Operating Budget as presented.

MR. JONES: We have a motion by Mr. Bethel.

MR. DAROSS: I'll second.

MR. JONES: We have a second by Mr. Daross. Further discussion of the motion?

(No response.)

MR. JONES: Are we ready to vote?

(No response.)

MR. JONES: I assume we are.

All in favor of the motion, please say aye?

(A chorus of ayes.)

MR. JONES: All opposed nay.

(No response.)

MR. JONES: The ayes have it.

Agenda item 3(b).

MR. BETHEL: And continuing with -- I think he explained a little bit about the Housing Finance Division. Bill, you might go over the mandate of where legislation -- or just tell how we have to --

MR. DALLY: Okay.

MR. BETHEL: -- approve this within --

MR. DALLY: If you'll first look in that memo that I sent out to you yesterday, there's a title sheet, and it's Annual Housing Finance Operating Budget. And then on that -- there's one more sheet for that entire budget.

And then I had attached some of the legislation with regard to this budget. If you look back at the history underneath it, you see that it predates this particular agency. It goes back to the seventies and eighties. And I think that this budget is kind of a legacy or a carryover as part of our legislation from when we were just a housing agency.

But it does spell out that the board approve, in particular, the Housing Finance Division budget, which amounts to the bond funds and tax credit fees and the compliance fees that are associated with our housing programs.

And what we've done here is -- in total, that 10.7 million is a part of the 28. So this is just a subset of that. And you'll see across the top the various divisions that receive a portion of these funds. And then you'll see the categories of expense down the left side.

This is a -- what is it, David, about $300,000 more, or something on that order --

MR. ALDRICH: Yes.

MR. DALLY: -- than last year? So that portion of our method of finances has grown a little bit in supporting the agency.

MR. JONES: Questions?

MR. BETHEL: Mr. Chair, I make a motion then that we approve the 2001 -- the Fiscal Year 2001 Housing Finance Division Operating Budget, which was $10,773,767.

MR. CONINE: Second.

MR. JONES: We have a motion by Mr. Bethel, and it's seconded by Mr. Conine. Further discussion? (No response.) Hearing none, I assume we're ready to vote. All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed nay.

(No response.)

MR. JONES: The ayes have it. Mr. Bethel?

MR. BETHEL: Thank you. Thank you, Bill and David. We'll go to the -- I think we've got a recusal, Mr. --

MR. JONES: Okay, yes. Thank you. I have a letter here from Marsha Williams to the Board, Texas Department of Housing and Community Affairs. Mr. Chairman Jones and dear members.

I'm recusing myself from voting on the approval of a resolution approving documents relating to the issuance of residential mortgage revenue bonds Series 2000B, 2000C, 2000D, and 2000E and other related materials and the approval of the resolution approving documents relating to the extension of single family mortgage refunding tax-exempt commercial paper notes, Series A and Series B and other related matters.

These agenda items relate to our -- could -- excuse me -- these agenda items could relate to our firm's representation of mortgage lenders. Sincerely, Marsha L. Williams. And she has left the room.

MR. BETHEL: Okay. If we can have Byron Johnson come forward -- director of bond finance. And then Gary Machak, who's our financial advisor.

And, Byron, if you would -- on agenda item 4 on the Program 56 -- if you'd just give us a brief synopsis of that for the board.

MR. JOHNSON: Good afternoon, Byron Johnson, director of bond finance. We're coming to you today to -- for you to authorize our next bond deal. The total amount of the transaction will be approximately $140,780,000, that is comprised of four different series of bonds -- $83,515,000, which comes from our annual volume cap capacity; $15,000,000, which we are using commercial paper -- we're using bonds to refund some commercial paper, which recycled old volume cap; $18,265,000, which, once again, we're using bonds to refund commercial paper, which recycles the sale of Ginnie Maes we did back in June.

And then we're anticipating going up to $25 million in taxable bonds. The taxable bonds -- or the following amount of the taxable bonds will be contingent upon market conditions on the day of pricing.

This program -- we anticipate achieving a rate of about 7.11 percent. Preliminary indications were 7.07. We ran numbers yesterday -- or our underwriters ran numbers yesterday, and it came out to be 6.9 percent mortgages, with $25 million in taxable bonds. So what we're trying to do is expand our volume as much as possible, while keeping the rate as low as possible.

There are a couple of things we're doing differently also on this deal. We're moving away from a lender out allocation system to a first-come, first-serve system. This is where the lenders will come in and obtain their allocation based on their own, I guess, individual needs.

We're also setting up the regional reservation system where, for the first six months of the program, the funds will be set aside based on populations in various regions throughout the state. There will be like I think ten or eleven regions. And after six months the funds go back into the pool and can be used statewide.

We also are using premium bonds to help with cause of issuance so that the Department will not have to come out of pocket with funds. And we also received a 1 percent up front premium -- or up front payment -- or will receive a 1 percent up front payment from the master servicer to apply to our cause of issuance.

I believe that's all I have right now, and I will entertain any questions that you have.

MR. BETHEL: Our financial advisor has reviewed all these documents.

MR. MACHAK: Yes, sir. We've reviewed the structure and we agree with where we are right now -- recommend that you proceed with the transaction. We look to be in the market with it right now -- at the latest we're talking about the second week in September, which will be pricing the issue. And then we'll be closing the issue I think the first or second week in -- or later in October. And that's when funds would be available to be accessed by potential home buyers.

MR. JONES: Questions? Comments?

MR. CONINE: Yes.

MR. JONES: Yes, Mr. Conine?

MR. CONINE: Help me get to the 140 again. I'm having a hard time with the math.

MR. JOHNSON: Okay.

MR. CONINE: I'm from east Dallas and having a hard time with that.

MR. JOHNSON: On the handout that says Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds --

MR. CONINE: Uh-huh.

MR. JOHNSON: -- we have $83,515,000.

MR. CONINE: Okay.

MR. JOHNSON: 2000B -- that's the new money volume cap.

MR. CONINE: Okay.

MR. JOHNSON: 15 million -- 2000C -- tax exempts and commercial paper refunding. 18,265,000 is also tax exempt commercial paper refunding.

MR. CONINE: Okay.

MR. JOHNSON: And then 25 million -- Series 2000E, which will be the taxable bonds.

MR. CONINE: Got you.

MR. JOHNSON: And we may end up not going for the total 25 million. It will be up to 25 million..

MR. CONINE: What would affect that?

MR. JOHNSON: Market conditions on the day of pricing.

MR. CONINE: And that would be, again, to try to target the 6.9 or what?

MR. JOHNSON: We try to keep the interest rate below 7 percent.

MR. CONINE: Okay. Is this the biggest single family single bond issue we've done in a while?

MR. MACHAK: I think it's up there. I think there may have been one that may have been slightly larger, but not by much.

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

MR. JONES: Okay. Any questions?

MS. SAENZ: I have -- Mr. Chairman?

MR. JONES: Sure.

MS. SAENZ: On this part where you say you're disbursing the funds on population -- the regions map, is this the only criteria that you're going to use? Just population?

MR. JOHNSON: At this time we're just going to rely on population on single family lending, and in conjunction with resources center. We'll be examining other criteria we can use on future programs. But, given this is our first time out the door with the regional reservation system and it's our first time out the -- well, it's not our first time, but we haven't done it in quite a while with the first-come, first-serve system. We thought we would keep it as simple as possible for potential investors.

MR. JONES: Further discussion?

MR. BETHEL: The Finance Committee made a recommendation that we approve this resolution, and I make that motion that -- to approve Resolution 00-25 relating to the issuance of mortgage revenue bonds Series 2000B, 2000C, 2000D, and 2000E.

MS. BINGHAM: Second.

MR. JONES: We have a motion by Mr. Bethel and a second by Ms. Bingham I believe. And Mr. Conine has a question.

MR. CONINE: I've got one more question that came to mind. Is this the regional allocation formula that the gentleman in public testimony was referring to earlier --

MR. JOHNSON: Right.

MR. CONINE: -- or is this something different?

MR. JOHNSON: This is not -- I know there's a rider, but that rider does not affect the bond program.

MR. CONINE: Does affect the bond program.

MR. JOHNSON: No, sir.

MR. CONINE: Okay.

MR. BETHEL: And I think Ms. Cedillo maybe will respond to that.

MR. JONES: Okay. Well, are we could --

MR. BETHEL: Or we can do it right now.

MR. JONES: We can do it now if we want to since it's come up.

MR. CONINE: No. Let's get to --

MR. JONES: Okay. Let's see if he's done. Okay. Great. Any further discussion? Any further questions? (No response.) Hearing none, I assume we're ready to vote. All in favor of the motion please say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it.

MS. BINGHAM: I have one question just after the fact. If -- was there any reasoning in the rider that it exempted the bond program?

MR. BETHEL: You're asking about reasoning of what the Legislature did.

MS. BINGHAM: I mean -- I was talking about here earlier, but --

MR. CONINE: Did they all leave?

MS. CEDILLO: Donna's here.

MS. BINGHAM: Anybody want to take a stand up there?

MR. JONES: Bethel said it. That's B-E-T-H-E-L.

MR. BETHEL: Pam may have a --

MS. CEDILLO: What I was going to ask is that Pam give a brief explanation of what was done on Program 56, and the fact that we were trying to make it as simple as --

MS. BINGHAM: Well, that wasn't my question. I was just trying to see if anybody had any legislative history as to why the bond program was exempt and the rest of the program was put under the legislative via -- maybe that's something -- it's generally some history there, but maybe not. But you -- I can get that next month. No big deal.

MS. MORRIS: I think I can respond to you, Ms. Bingham. When we were doing our fiscal notes and our impact statements on our bills, when we were talking with -- about Senate Bill 1112, which was the mandate to do the regional formula, we were concerned that there was a specific formula that worked for the other programs, but it may not work with the bonds because it may hurt the price in the future issues if we put it too restrictive and couldn't move the money and had it set aside for a long period of time.

So we crafted our own, knowing that it was removed to try to help the dispersion. But that was --

MS. BINGHAM: And I think I understand it. And I also remember visits from my local state representative that I'd get back with him on. He came by and visited me -- talked about them, and I noticed at the time he was working for a mortgage company.

So they didn't put it on this, both they put it on other -- I do find that incredibly interesting. But I will talk to him about that.

MR. BETHEL: Okay. Mr. Chair, can we go ahead and visit that Senate Bill 1112 since Pam's here?

MR. JONES: Or I can -- and I would direct that question to Ruth, if that's all right, because she kind of informed me on it.

MS. CEDILLO: There have been some discussions. Mr. Garvin -- I don't know if he's still around here. I think that John Garvin can give us an explanation as to what has happened up until now.

MR. BETHEL: Well, let's get him up here.

MR. CONINE: Hot seat time one more time.

MR. BETHEL: State your name.

MR. GARVIN: I'm John Garvin with the Texas Department of Housing and Community Affairs.

MR. JONES: You didn't say it the same way you used to. You know, Ray, I've got to commend you on bravery, saying that you're the one that stole him after everything everybody's said today. John --

MR. GARVIN: Were we updating [indiscernible]?

We went up for public comment in November/December of last year with the low income housing plan, which we put in their regional breakdown of the core components of housing need looking for public comment to say which one of those -- which of those components would show to be the best way to average to say where the monies should go to find that formula based on need.

We didn't get many comments, but the one comment we got was we should use worst case housing need, which is renters under 50 percent of median income, paying more than 50 percent of their income for rent and utilities who already live in severely substandard housing. It was agreed that that is a good system. HUD uses it pretty much as a base line of what housing need is.

We went to Urban Affairs Committee a while back and turned in a proposal saying that we would recognized that as what is housing need -- housing measure need doing the regional allocation formula. So that has been incorporated.

And what we've done in the Housing Resource Center is taken the HOME Housing Trust Fund tax credits and put the worst case housing need percentage by region. And then, for the HOME program, where it looks like the board will be looking not to find any participating jurisdictions of HOME.

We backed the participating jurisdictions out of the regional needs assessment so we combined the population with worst case housing need and the participant and jurisdictions only for HOME funds though. That would only apply to HOME funds.

And then Housing Trust Fund and tax credits --

we looked at the first -- the complete formula, and then HOME would take it down one more level to make -- to not find a participating jurisdiction.

MS. BINGHAM: So you didn't test that the percentage of money that you would spend to purchase a home -- you just did what you do to rent one.

MR. GARVIN: Excuse me?

MS. BINGHAM: You didn't deal with what it would take to -- the housing controversion in terms of home ownership [indiscernible]. You just --

MR. GARVIN: Right. Because --

MS. BINGHAM: I see why we got what we got.

MR. GARVIN: Yes. And it will go back out for public comment. It will go back out to see if there's -- there was no comment about home ownership, and this is looking at need. The only public comment we got was on worst case housing, which is a common denominator of housing need.

MR. CONINE: Can you comment on the time frames that public comment alluded to?

MR. GARVIN: The public comment -- we had eight public hearings. There's a 30-day public comment period. We did not get much comment at all on the components of the formula, except for adding worst case need, which Ms. Stiner and -- we all agreed was a good denominator for starters. I mean, I'm sure it's going to be [indiscernible]. We'll probably get more public comment once we actually put out the formula.

MR. CONINE: What about the September 1 date?

MR. GARVIN: The September 1 -- it could technically be adopted. We're not funding anything in any one of those programs in quite a while now, and that's the reason to be adopted September 1.

It can always be revised with more public comment and how we looked at the regional allocations of funds. But this last awards is looking like a much better dispersion anyway. So we're going to be comparing -- or they're going to be comparing.

MR. CONINE: So what you're saying is we're going to implement this regional allocation formula come September 1.

MR. GARVIN: That's the effective date.

MR. CONINE: You're probably going to put it in front of us at the September meeting to look at. If we need to modify it or change it in any way, can we do it? And I'm --

MR. GARVIN: Oh, sure.

MR. CONINE: -- sure we can do it after that time.

MR. GARVIN: Yes.

MR. CONINE: But there will be something in effect September 1.

MR. GARVIN: Yes. I'm not positive it is going to --

MS. CEDILLO: I'd defer to [indiscernible] and see if that's something that we can do. Because it seems that we would have to --

MR. GARVIN: The bill doesn't say it has to go to the board, but the board would probably want to see it.

MR. CONINE: Well, I mean, that was my comment. I -- if we can say this is a policy of the Department, or the way it's going to operate effective September 1 -- and we've got a board meeting sometime in September -- shortly thereafter -- probably not a whole lot of exposure or risk there, especially if we can amend it or modify it at the September board meeting. I just wanted to make sure your Department was heading down the path to get something out on September 1.

MS. BINGHAM: Who chairs Urban Affairs?

MR. GARVIN: Chairman Bill Carter.

MR. JONES: If you would, Ruth, would you -- do check that out with legal and make sure that that's the appropriate way to handle that because if we -- for the board meeting. Prior to that let me know.

MS. CEDILLO: Yes, sir.

MR. JONES: Thank you. All right. I believe we then can move to item 3(d) of the agenda, Mr. Bethel.

MR. BETHEL: Yes. And I'll let Mr. Johnson continue.

MR. JOHNSON: In 1994 the Department instituted a program where they used short-term securities to recycle -- or refund prepayments to turn into new mortgages and new bond programs.

Since inception we've done about $68 million in new mortgages, and these mortgages were outside of our annual volume cap. Right now, in the program we just approved, we are recycling approximately $32 million in new mortgage and prepayments into new mortgages.

The history is that it was started in 1994, approved on an annual basis, and, in 1996, the Bond Review Board gave us a four-year, I guess, approval. That approval is due to expire December 31, and we're coming to you now to ask that we extend the program another four years.

MR. BETHEL: And the Finance Committee did recommend approval of this. And I make a motion that we approve Resolution 00-26, extending the time.

MS. BINGHAM: Second.

MR. JONES: We have a motion by Mr. Bethel. It's been seconded by Ms. Bingham. Discussion on the motion?

(No response.)

MR. JONES: Any discussions? Any questions?

(No response.)

Hearing none, are we ready to vote? I assume we are.

All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: All opposed nay.

(No response.)

MR. JONES: The ayes have it.

MR. BETHEL; Mr. Chairman, that concludes the Finance Committee report. And I believes Ms. Williams -- didn't she just say two items was her recusal?

MR. JONES: Yes. So, Ms. Williams -- if somebody could -- would you look for Marsha and see if you can invite her to reattend the meeting? Thank you. All right.

Which would then bring us to item 4 on the agenda, which is the presentation, discussion, and possible approval of program items. And I would turn to Ruth, if you don't mind.

MS. CEDILLO: Keith Hoffpauir, manager of the Housing Trust Fund, will be making recommendations for the year 2000 Housing Trust Fund capacity building awards and the year 2000 Housing Trust Fund pre-development awards.

MR. JONES: Thank you.

MR. HOFFPAUIR: Good morning, Mr. Chairman. Good morning -- or good afternoon. My name is Keith Hoffpauir. I'm the manager of Housing Trust Fund program for TDHCA.

This afternoon I'm bringing before you our recommendations for awarding 2000 -- year 2000 capacity building awards.

On April 28 if 2000 an RFP was published to solicit organizations to provide non -- training for nonprofits and community development organizations throughout the state of Texas.

The goal and purpose of the RFP is to provide training to nonprofit organizations -- nonprofit housing providers, then assist them in increasing their capacity to develop affordable housing for the residents of the state of Texas.

We received 14 proposals in response to this request by the deadline of June 12 of 2000. Out of those 14 requests we are recommending five for funding at this time. And, if I might, what I'll do is turn to the analysis page -- the summary page and outline those five and list the type of training -- a summary of the type of training that they are being recommended for providing.

MS. BINGHAM: And could you please respond to some of the comments we heard this morning? Were you here?

MR. HOFFPAUIR: Yes, ma'am, I was. You want me to do that at this time?

MS. BINGHAM: No, when you -- I just wanted to make sure you included it.

MR. HOFFPAUIR: Yes, ma'am. The first we recommend for training is ICF Consulting. They will be providing assistance in property management, construction management, business planning, and financial management.

The Texas Development Institute -- they'll be providing training in rural scattered site single family and rural small multi-family housing development.

TONYA, Inc. -- their topics will include organizational development, housing resources, housing programs, and grant writing.

The Nonprofit Resource Center of Texas -- grant writing and organizational assistance, governance and financial management training.

And the Texas Homeless Network, which will be planning, grant writing, internal operations and in government training, program delivery, and coalition building.

By funding these five organizations, out of the

$685,000 that were available at this time for this activity, these recommendations total $682,658.

Also included in the award book was a map broken down by region, which shows where the training will occur around the state. And I think that we've done a pretty job of dispersing that training over a geographic basis throughout the state.

I'll be happy to make any comments with regard to the concerns that were addressed in the public comment period. And I'll also be happy to answer any questions from the members of the board.

MR. JONES: Well, why don't you go ahead? I think Ms. Bingham has kind of given you the opportunity to respond to public comments now. Would that be all right?

MS. BINGHAM: That's fine with me.

MR. JONES: Great.

MR. HOFFPAUIR: I'll be happy to. [indiscernible] one of the topics that was brought up in the public comment was the subject of addressing the needs of persons with disabilities.

And, while it is true that there is no training at this time out of this -- these groups being recommended, that really and truly directly addresses that need. We do recognize that it is important, and we certainly would have liked to provide training in that area.

However, this RFP -- these RFPs were scored based on a certain scoring criteria, based on their thoroughness, their presentation and completeness of their package.

We have reviewed those items with the particular applicant that -- who would be addressing that topic, and their score for their RFP did not meet the level that would put them into the realm -- into the funding that was available for this cycle.

The Housing Trust Fund certainly supports the needs of persons with disabilities. We addressed that item in our funding application for new construction, rehabilitation, and acquisition.

As you know, special needs -- have a special needs category. Persons with disabilities is part of that category, and we provide additional points in our development application to organizations who are willing to go above and beyond the requirements of fair housing law for the provisional use for persons with disabilities.

With regard to some concerns that were addressed by persons speaking on behalf of the response submitted by the Texas Association of Community Development Corporations, I would first like to say that we did not discount the completeness of their proposal with regard to kind of a global approach to capacity building. I think I see the merits in that.

And whether that type of approach is taken through funding an entity outside the agency or where, in the future, that type of approach is taken from an attempt inside the agency to address capacity building, I think that they present some factors to us that we do need to make part of that process.

One of the things that we took into consideration with regard to this process is the amount of territory that we're being asked to cover with this type of training. The amount of funds that we had available -- we have just a little over half a million dollars -- 685 -- .

We're trying to get that training and get that capacity building opportunity out to as many organizations as we can on a statewide basis in as many different forms of training as we think are possible, given that level of funding. As I said before, I don't discount that approach to capacity building. We did consider it.

MS. BINGHAM: Do you have all of the regions covered? I think you have.

MR. HOFFPAUIR: Yes, ma'am, I believe we do.

MS. BINGHAM: I know -- we made one observation -- I have mine. One of the groups mentioned that -- the CDC Association mentioned leveraging dollars. How did you take that at approach -- or would you -- and I'm just going to give you my immediate reaction. You can respond to it.

Sometimes when -- we talk about leveraging dollars. I noticed that they talked about the money they raised from banks and financing institutions and other organizations. Wouldn't you deem that in some way as an activity that they ought to be -- that they are created to do?

MR. HOFFPAUIR: Yes, I would. I want to also add to that that in our developmental cycle that we can -- and that particular activity we consider leveraging dollars that brought to a particular project that assists in the development of that particular project.

With regard to this RFP, their request was for 630,000, that's on a two-year contract. This is a one-year activity. And the funding that they had raised -- and I believe their public comments support this. The funding that they have raised would go to other areas of their capacity building proposal, not necessarily to leverage training specifically.

And while I do consider -- I do give value to the fact that they were able to go out and bring additional money to the table to support their idea, we

-- I think the RFP is relatively clear that, you know, we are trying to look at as many types of proposals as we can, but training is the purpose.

MS. BINGHAM: Thank you.

MR. HOFFPAUIR: Yes, ma'am. Any other questions?

MR. BETHEL: The one about the comment that was brought up about the expanded scoring criteria.

MR. HOFFPAUIR: Yes, sir.

MR. BETHEL: Can you comment on that?

MR. HOFFPAUIR: The expanded scoring criteria was developed -- it was not developed as a result of us going, Oh, my gosh, we -- you know, we have to figure out some way to justify what we're doing.

It was developed as a result of being a responsibility to break down specifically what items were scored on and how those points were allocated. So we expanded that scoring criteria so that both the applicants and anyone else that wanted to review our actions could see how objective we were in applying those points -- the level of objectivity that we used in allocating those points based upon the responses we received from the applicant.

MR. CONINE: What was the original point score in the original -- in the RFP? Was it a total of 100 point?

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: So the expanding -- the expanded criteria -- scoring criteria basically reallocated that 100 points?

MR. HOFFPAUIR: Well, they didn't -- I don't know that I want to say they reallocated it, but what they did do is they included that in --

MR. CONINE: We're saying they. It was really you.

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: Okay.

MR. HOFFPAUIR: Absolutely.

MR. CONINE: All right.

MR. HOFFPAUIR: What I did in this instance was look into the questions that they were awarded points under and broke out for them the determining factors as to what points they were awarded under a particular question.

For example, under schedule of activities we have poor, average, or very good, poor being zero points, average being three points, very good being five points.

The -- we expanded our explanation of those points so that the applicant could see that no points, no schedule provided; three points -- provide basic schedule as to general duties of the proposal; (c) very good --

complete schedule provided with services outlined and agendas. So what we did was try and expand our definition for what those point allocations were.

MR. BREWER: But still only 100 points.

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: I'm having a hard time following you, Keith.

MR. HOFFPAUIR: Okay.

MR. CONINE: I don't know why. And part of the problem I'm having here is that, in the packet that we got -- in the little two page or front page explaining what the process was and so forth and the deadline was met, it says, Housing Trust Fund staff reviewed the proposals utilizing the scoring criteria outlined in the RFP proposal package and included in the scoring criteria section of this report.

And, yet, we hear in public testimony that's not really the case -- that the scoring criteria which was in the RFP was actually expanded later on. Is that a correct statement?

MR. HOFFPAUIR: No, sir. What we have is the same level of points --

MR. CONINE: Right.

MR. HOFFPAUIR: -- under each heading. And, in an effort to make it clear as to how those points were allocated, we explained that in the expanded criteria. We did not change the number of points under any question.

MR. CONINE: But in our board packet we do not have a copy of the expanded criteria that was sent to us, do we?

MR. HOFFPAUIR: You should have at the very back end.

MR. CONINE: I guess I'm just having a hard time, fellow board members, reconciling the need for doing that in the process. I mean, you're saying that the need for doing it was because of the 14 applications that you got to try to either clarify or score them or expand them a little differently.

But the -- I guess the reviewer's opinion that pops up is now a 20 percent weight -- has some bearing, at least in my mind, relative to the ultimate score that were -- that each project, you know, achieved. Are we under a timing deadline here, Ruth? Or is it a legislative mandate that we've got to get the money out the door or something? What's the situation?

MS. CEDILLO: August 31st. The funds have to be obligated. Keith, let me see if I can help you with this.

MR. CONINE: I need some help.

MR. CEDILLO: If you had -- for example, under references, if the staff had chosen to give -- correct me if I'm wrong, Steve. If the staff had chosen to give between zero and, say, five points, you could have given zero to five points. But then you went further in explaining how you came up with that zero to five points.

MS. BINGHAM: And it changed the points.

MS. CEDILLO: No, didn't change the points. However, this explanation on how they came up with the points was not in the original scoring criteria.

MR. HOFFPAUIR: That's correct.

MS. CEDILLO: I think that's where the problem is. And, in an effort to explain how they came up with the points, they gave additional information.

MR. JONES: Ruth, we obviously have some people in the audience that think it did change the way the point total came out. If I'm understanding what you're saying, I explained further how I got to the point total, but the expansion doesn't change the total at all. Is that -- that's what you're telling us. Right?

MR. HOFFPAUIR: Yes, sir.

MR. JONES: Okay. Do you know why anyone would not agree with that? I mean --

MR. HOFFPAUIR: At this time I do not.

MR. JONES: Okay. Yes, Mr. Brewer.

MR. BREWER: Yes, I have a question. It's not on the points. Would the topics that we're going to train on and everything -- I was a little concerned that two would have to be out of the state of the Texas. I mean, I can't believe that there's not enough training expertise in the state of Texas that it can't be done in house.

MR. HOFFPAUIR: Mr. Brewer --

MR. JONES: Would you like to comment on that?

MR. BREWER: And that may be the problem for some. But it's just a question that I have. I mean, there's a lot of good training ability in this state, and there's 14 submitted.

MR. HOFFPAUIR: Mr. Brewer, I wouldn't doubt that one bit. However, when we went through the review process and looked at the proposals that were submitted to us these were the ones that came out with the best scores. And that provided training that was pertinent to us. They also serves -- they also served several regions of the state with their training.

I would loved to have had more local response for training in these areas. But when we reviewed these proposals this was the way the scoring came out.

MR. BREWER: Well, then let me ask one more question. Mr. Chair, I'm wondering, in the future now, when we send out the RFPs, is there something we can't do that's legislatively mandated? I mean, is there something wrong that you say that we're going to put the RFP out in the state of Texas and not the United States of America?

MR. JONES: With our permission I'd like to refer that question to Ruth.

MR. BREWER: Okay.

MS. CEDILLO: Legal may want to help me on this. But it appears that currently there is not a policy that the Department as -- under the Housing Trust Fund -- because I asked this same question. It appears that there's not a policy that we will not contract with out-of-state organizations or service providers. Therefore, these two organizations competed equally with in-state organizations.

MR. HOFFPAUIR: That's correct.

MS. CEDILLO: That's the way --

MR. BREWER: And I understand that.

MS. CEDILLO: If the board chosen to establish a policy that the Department, under this specific program or another program, I would think that it would be up to the board to make that decision if that's the directive that you chose to do.

MR. JONES: Other questions?

MR. CONINE: Yes, I have one more. It says --

MR. JONES: Go ahead.

MR. CONINE: I'm going to ask about the

training versus capacity building argument. It says -- again, in this sheet we got -- April 28 we issued an RFP to solicit organizations to provide training to nonprofit community and housing development organizations throughout the state. Is that what it really said, or did it say capacity building?

MR. HOFFPAUIR: It said -- well, it said exactly what you said.

MR. CONINE: It said -- this says training.

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: And what we're hearing is that the definition of capacity building is not the same as the definition of training. Would you comment on that? Or why did we ask for training instead of capacity building? Can you help me?

MR. HOFFPAUIR: Yes, sir, I'll sure try. The definition for a capacity building program is broader that just training itself. In the past we have tried allocating funds based on making awards directly to nonprofits in order for them to hire consultants or provide direct technical assistance.

We also had some of our funds go to support our East Texas Technical Assistance Center and the statewide homebuyer education program. Based upon the funds that we had available we felt that providing the training on a statewide basis was the way to reach the most people and provide that service to the greatest number of nonprofits.

MS. BINGHAM: Are you saying that we already have capacity building programs out there? And these technical assistance centers, are they providing capacity building for CDCs?

MR. HOFFPAUIR: Well, I'm not sure I can answer that question completely. But, you know, the technical assistance centers are set up to provide technical assistance to organizations that are in housing development.

MS. CEDILLO: Generally, they're providing information regarding the agency programs. But, actually providing capacity building training, that's usually done when we contract with someone else. And the technical assistance centers provide information regarding the training centers.

MS. BINGHAM: What does Edwina Carrington's organization do? Is she doing technical -- capacity building or training?

MR. HOFFPAUIR: Who's that?

MS. BINGHAM: Edwina Carrington's organization. What is she doing? Or is she doing predevelopment grants?

MR. HOFFPAUIR: She participated in our last predevelopment providing loan fund activity.

MS. BINGHAM: Okay. So we have predevelopment, and all they do is provide money for just the predevelopment activities. If you need an architect or you need engineers or survey, is that what they do?

MR. HOFFPAUIR: Yes, ma'am.

MS. BINGHAM: Okay. Now, capacity building is -- it's organizational development board training? Or does capacity building include board training?

MR. HOFFPAUIR: I think as general as the definition is, it could. What we have tried to do with the training is to direct it as much toward actual training at least to the actual development of housing --

MS. BINGHAM: Right.

MR. HOFFPAUIR: -- to the greatest extent that we feel we can based on the proposals we received. And --

MS. BINGHAM: Thank you.

MR. JONES: Mr. Daross?

MR. DAROSS: I have a question. In Ms. Langendorf's materials that she brought up here, she handed us a page that she says came from the RFP. And the first two entries are category one and category two.

And under category two it says, Personnel information requirements, zero points. But then I see under the scoring summary under personnel it lists 15 points. And on the proposal summary reports I believe that there were points under personnel.

Are we talking about two different personnel items or -- here is the -- the RFP says that there be no points considered for personnel, but the scoring reports we have look like there are points given for personnel.

MR. HOFFPAUIR: What we did score on was the presence of a representative to be providing the training on the topics involved, not -- we wanted to know who the key people were of these organizations.

But what we were scoring on were the actual people that, if they provided those names, that would actually be providing training at what their level of training experience was, not necessarily everyone who is a member of that organization. But we did look to the capabilities of the persons that would be actually doing the training.

MR. DAROSS: Well, I'm not sure that that helps me understand this. I mean, it still looks to me like the RFP said you're not going to give any points for personnel information period. And then they are later scored on personnel information. Isn't that saying one thing and doing something else?

MS. BINGHAM: Well, it -- I'll give you an example. If we requested an application at Municipal

Finance for Rauscher Pierce for a multi-family deal, and they submitted all their staffing -- they've got a lot of personnel. How many of the staff is going to be working on multi-family bond transactions? You're really only experience at multi-family. The firm may be a huge firm that got a lot of folk in it.

A law firm may have a lot of lawyers in environmental law, but if you're looking for real estate then you rate them on their real estate experience.

MR. DAROSS: Well, but, if you can't do that then, in your RFP, you say, We're going to give you X number of points based on your real estate people. You don't say you're going to give them zero points based on any deal.

MS. BINGHAM: How did you cover that? Did you --

MR. HOFFPAUIR: Well, what we did was -- as Bryan just explained, we looked at the -- we considered the personnel that were actually going to be doing the training, if those persons were provided.

I understand your concern, and, you know, that very well may be a weakness in our RFP. We have -- that's not to make excuses. This is the second time we've done this in three years.

And, in this process, just like every other process in the trust fund, we try every year to do a better job and do it better than we did the previous year. And I can't sit before you today and tell you that we cannot make improvements on this process. We certainly had every intent of being as fair and equitable in both the allocation of points and considering of the proposals as we knew how to be.

And I'm sure that there will be changes in our methods with regard to future allocation of these funds based on probably several reason. But I absolutely agree that, after only a couple of attempts, there's certainly going to be room for improvement. And I'm willing to address those in the best way possible.

MS. BINGHAM: And I would think that even if the RFP had some flaws I think it would be disingenuous for someone to expect that they would receive points for someone -- on personnel -- that personnel won't be assigned to the project?

MR. BREWER: But I would imagine if you backed the 15 points out on everybody that is lined up, you wouldn't change your lineup hardly -- if you just took those 15 away even. So I don't -- but I sure understand your point.

MR. JONES: Let me make sure I understand something. And don't take this wrong. And I mean no implication by it. But when you say we, staff, review these and award the points, you were the only person that did it? Or was it you and an assistant that did it?

MR. HOFFPAUIR: It was myself and the senior planner who reviewed these applications. The assistant planner checked all the references and recorded the reference information when the references were checked. But the overall review was conducted by myself and the senior planner for our --

MS. BINGHAM: So there were three [indiscernible] again or two?

MR. HOFFPAUIR: Probably only two. I would say two.

MS. BINGHAM: And what was the third -- what did the third person do?

MR. HOFFPAUIR: They called all -- the assistant -- that was the assistant planner, and she called on the references --

MS. BINGHAM: Okay.

MR. HOFFPAUIR: -- and took reference information down. And she scored -- she did score the reference section, but we reviewed that as part of our review of the whole proposal.

MS. BINGHAM: So there were three individuals.

MR. JONES: So there were three individuals involved and then -- did I interpret your answer right? And I'm trying to interpret it, so I may well be wrong.

MR. HOFFPAUIR: Oh, I'm sorry if I'm unclear.

MR. JONES: Do I interpret your answer right that there were two people that were involved in the discretionary points giving part of the process?

MR. HOFFPAUIR: Yes, sir.

MR. JONES: Okay. Thank you. Mr. Conine?

MR. BETHEL: I just wondered how many staff people you have.

MR. HOFFPAUIR: Five. There are five of us at this time, and we currently have a temporary who will be leaving in about three weeks.

MR. BETHEL: I'm sorry.

MR. CONINE: Keith, when did you find out we had $685,000 to get out in this program?

MR. HOFFPAUIR: That would have been in September -- September of '99.

MR. CONINE: So it's been a long time even before the RFP was issued.

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: I'm concerned about the proposal I guess from the Texas group that had -- it was $630,000 -- and why, I guess, we would not in our RFP -- in the famous words of spreading it around, why wouldn't we have a, you know, maximum amount that each would apply for because so that you wouldn't kick one out because it would gobble up all the funds? Can you help me with that?

MR. HOFFPAUIR: Well, sir, we didn't include the total amount of the funds available because we wanted to see what proposals would come in at based on the applicant's own assessment of the training that they were going to provide.

And, from those, we would -- you know, we would make a decision with regard to allocating them based on the amount of funding that we had available to us.

MR. CONINE: So what you're saying is there could be one group that would cover the state like a blanket and it might be the best one and you'd pick that one group. But, on the other hand, if you thought that it took several groups to cover the state, then the one group's going to be kicked out because it's too big of a proposal.

MR. HOFFPAUIR: Well, they weren't scored based upon how much they were applying for.

MR. CONINE: All right.

MR. HOFFPAUIR: They were -- you know, they were scored based on other criteria. We have -- as a matter of fact, in this funding round we went back and, because they were too spread around, we looked at asking two of the groups who were being recommended for funding to reduce their proposal so that they are not getting funding at the amount requested, but something less than that. And, in turn for that, we were getting some additional training.

MR. BREWER: And that would have been the same for the larger one had they been selected. Right?

MR. HOFFPAUIR: Yes, sir.

MR. DAROSS: Now, I think you've already responded to this, but I would just say that the thing that really troubles me about this personnel information issue is that it looks like we're changing rules in the middle of the game.

And I don't like that. I can see how people would perceive that that's what's happening. And I guess what you're saying is it didn't affect the ultimate score.

MR. HOFFPAUIR: No, sir.

MR. DAROSS: But it still just doesn't look fair, and it's something we have to really watch.

MR. HOFFPAUIR: Yes, sir, I understand. And that -- you know, and I apologize for that. It certainly was not our intent. But, nonetheless, I understand.

MR. JONES: For everybody's information, we're on item 4(a) of the agenda at this point. Just thought I'd remind you.

MR. DAROSS: This is so much fun.

MR. BETHEL: I've been in that place before where you are. And to get it on the table I make a motion we approve staff's recommendations.

MR. JONES: There has been a motion made with regard to item 4(a) of the agenda that we approve --

MS. BINGHAM: I second.

MR. JONES: -- that we approve the Year 2000 Housing Trust Fund capacity building awards and the Year 2000 Housing Trust Fund --

MS. BINGHAM: I second.

MR. JONES: -- predevelopment awards. And it was made by Mr. Bethel, and it's been seconded by Ms. Bingham. Is there discussion of the motion?

MR. CONINE: Yes.

MR. JONES: Yes? Discussion of the motion, Mr. Conine.

MR. CONINE: What are the consequences of us not approving this by August 31?

MR. JONES: Would you care to address that or Ruth?

MR. HOFFPAUIR: I will -- I don't -- if those funds are not committed and encumbered as of August 31 of this year, they would go back to the [indiscernible] fund.

MR. CONINE: And we've been criticized for that previously.

MR. HOFFPAUIR: Yes, sir, we have.

MR. JONES: Further discussion? Questions or comments on the motion?

MR. BREWER: The only thing I would like to say, Mr. Chairman, is I would like, though, when we do it for an RFP for next year that there's discussion or something from the board on -- whether we're going to go out nationwide or if we're going to restrict the RFP to the state of Texas, if that's legal to do.

MS. BINGHAM: I'm going -- could we amend the motion to say that we approve these with the condition that next year we would limit it to the state of Texas?

MR. JONES: We have a suggestion to an amendment. Is that amendment acceptable to Mr. Bethel?

MR. BETHEL: It is.

MR. JONES: And since you made the second, I'm sure it's acceptable to you.

MR. CONINE: As long as we can slip through the legal department.

MR. JONES: Yes -- subject to legal department looking at that motion. Betty, will that be okay with you?

MR. JONES: Okay. They'll be happy to look at it for us -- but, subject to legal department's approval.

Okay. Further discussion of the motion?

(No response.)

MR. JONES: Hearing none, I assume we're ready to vote. All --

MS. WILLIAMS: Are we voting on the amendment?

MR. JONES: The amendment's been accepted by the movement, so I think we are voting on the motion as amended unless there is a point of order. Okay. We will be voting on the motion as amended. And it was accepted by the movement and by the party that made the second. Okay. Further discussion? (No response.) Hearing none, I assume we're ready to vote. All in favor of the motion please say aye.

(A chorus of ayes.)

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

(A chorus of nays.)

MR. JONES: Okay. Let's do it then by hands, if you don't mind, because I can't call that one. All in favor of the motion please raise your hand -- 1, 2, 3, 4. All opposed to the motion please raise your hand -- 1, 2, 3. The Chair votes in favor of the motion. The motion passes.

Ruth, I believe item 2(b) [sic] of the agenda we need to take up. Correct?

MS. CEDILLO: Yes, sir.

MR. JONES: Okay.

MS. CEDILLO: And, Keith, you can stay there also. Keith and Stephen Apple are going to make a presentation on -- or recommendation for approval of a contract to administer $250,000 revolving preservation demonstration fund for the U.S. Department of Agriculture, Section 515 rural properties.

MR. HOFFPAUIR: Although this program is going to be administered by the Trust Fund, it is coming to us. So I will provide as much information as I can. And Ruth and Mr. Apple will back me up as best they are able to.

TDHCA came out with a Request for Proposal to look for someone to manage a development and preservation fund in the amount of $250,000. The purpose of that fund is to facilitate the completion of predevelopment and due diligence reviews USDA Rural Housing Service Section 515 rental properties. These are properties that are in rural areas.

The concern, as I understand it, with these properties is that many of them are now reaching an area -- reaching a point in their life where the prepayment option is available and possibly more attractive to the owners where they can opt out of these properties and these properties would then become part of what you would call market rent housing developments. Many of these are older properties that are in need of some rehabilitation and need a little help getting fixed up.

The purpose of the funding of this RFP would be assist in paying for predevelopment expenses such as site reviews, appraisals, engineering, inspection services, environmental reports, title surveys, legal surveys, accounting services, and other services related to predevelopment.

There was one responded to this RFP. That was the Greenbridge Development Corporation. And we are requesting approval of awarding this $250,000 to the Greenbridge Development Corporation for the administration of this revolving predevelopment fund.

Greenbridge will serve to assist an organization called the National Affordable Housing Preservation Associates, Inc. to identify these 515 properties that have a potential to be acquired by the National Affordable Housing Preservation Associates.

They will go through a step -- a series of steps, the first being Greenbridge will identify the properties for NAHPA [phonetic] to acquire. Then there will be due diligence with regard to financial analysis that will be provided by NAHPA. And a notice to purchase that property will be issued.

After the notice to purchase is issued a site visit will then take place by representatives from the National Affordable Housing Preservation Associates. And if the site visit turns out positive then they would submit a draw request to us to pull down some predevelopment money to address the expenses that I've outlined.

The final stage of this process would be to seek permanent financing for the acquisition of these properties. And upon the first lien financing on the acquisition, these funds would be paid back -- these predevelopment dollars that were utilized in that process would be repaid back to the fund. This will be a two-year contract.

MR. JONES: Ruth, do you have any comments?

MS. CEDILLO: I was going to ask Stephen if he had any comments, but I had a comment also.

MR. APPLE: The only other thing I would add is that the USDA has offered to subordinate the loans that they currently have on the property. And that's how the whole program would work is that the properties would be able to bring in new financing from the renovations, and the funds that we're offering will help the nonprofit with the initial due diligence to determine how feasible the financing on each property will be.

MR. DAROSS: I move we approve the Revolving Fund Preservation Fund Pilot Program with Greenbridge Development Corporation as the administrator.

MS. BINGHAM: Second.

MR. JONES: Motion made by Mr. Daross, seconded by Ms. Bingham.

MS. SAENZ: I'd like to --

MR. JONES: Comment, Ms. Saenz?

MS. SAENZ: Yes. How did we arrive on giving Greenbridge Development Corporation this?

MR. APPLE: They were the only one that submitted.

MS. SAENZ: It's the only one that responded?

MS. CEDILLO: Yes, ma'am.

MR. JONES: Ruth, I think you had a comment about this.

MS. CEDILLO: I just wanted to say that Ginger Brown McGuire [phonetic] from the Greenbridge Development Corporation is here if you have any other questions.

MR. JONES: Thank you.

MR. CONINE: I have one question.

MR. JONES: Yes, sir.

MR. CONINE: You said that upon successful completion or acquisition then part of the predevelopment cost would be paid back?

MR. HOFFPAUIR: Yes, sir.

MR. CONINE: Under the perfect world scenario if every one of them hits what percentage of the 250- comes back, or is it 100 percent?

MR. APPLE: It's 100 -- the development costs that we expend per project would be repaid at the financing. It's only that --

MR. CONINE: Is that outside the 250- or is within the 250-?

MR. APPLE: That is the 250-.

MR. HOFFPAUIR: That is the 250-.

MR. CONINE: That is the 250-.

MR. APPLE: Right.

MR. CONINE: So there's a chance we can get it all back.

MR. HOFFPAUIR: Yes, sir.

MR. APPLE: There is a chance. We don't --

MR. CONINE: There is not -- yes, you don't have a perfect world, but --

MR. APPLE: -- think it's likely that we would get everything back though.

MR. CONINE: Okay.

MR. BREWER: We need the preservation.

MR. JONES: Any further discussion on this item? (No response.) Any further questions? (No response.) Hearing none, I assume we're ready to vote. All in favor of the motion please say aye.

(A chorus of ayes.)

MR. JONES: Opposed to the motion say nay.

(No response.)

MR. JONES: The ayes have it. Thank you very much.

MR. HOFFPAUIR: Thank you.

MS. CEDILLO: Thank you.

MR. JONES: We move to item 4(c).

MS. CEDILLO: The next item is recommendations for the year 2000 Housing Infrastructure Fund awards from the Annuity Development Block Grant Program. And Sandy Mauro will be presenting those.

MS. MAURO: The best for last.

MR. JONES: I know. Now, you asked me earlier about the Power Point presentation.

MS. BINGHAM: Don't speak too long.

MR. JONES: All I can tell you is it's --

MS. MAURO: I understand it's late.

MR. JONES: Yes.

MS. MAURO: We will do it as quickly as possible.

MR. JONES: Thank you.

MS. MAURO: I won't go into a lot of detail. I can click through them real fast -- click, click. Thank you, Mr. Chair and other board members and Ruth.

We thought that since we don't -- the CDBG program doesn't come before you very often we would give you a little clarification on what this fund actually is. But we will try to do it -- once we get the thing running -- as quickly as possible.

Keep in mind that the Housing Infrastructure Fund is a part of the big pot of money. We receive approximately $85 million for 2000, and we don't know what we're going to receive in 2001. But we'll let you know as soon as we get those numbers. This thing moves a little slower.

We received 13 applications on April 3, and we will be making those funding recommendations today. That is slow.

MR. BETHEL: So we just approved a budget to -- for software, didn't we?

MR. DALLY: This was the low bid.

MS. MAURO: While she's working on that, I don't know if all of you all have met Heidi Cohen, who's the new program manager at CDBG. And she kind of took my place. We're real happy to have her because she does have a lot of housing expertise, which is something that we lost. Okay. Keep in mind the Housing --

(Presentation of slide show.)

MS. MAURO: The Texas Community Development Fund -- we will be talking about the 2000 Housing Infrastructure Fund [indiscernible]. Keep in mind that this fund does provide public facilities in support of new affordable housing so that the residents can actually own the homes themselves.

Eligible activities -- keep in mind under CDBG only cities and counties and municipalities are eligible to apply under this program, and they are the non-entitlement communities that are less than 50,000 in population for cities, and for counties less than 200,000 in population.

These funds can be used for public facilities only under these developments. And those include items such as water and sewer improvements, street paving and drainage, any related engineering, and project administration costs.

The beneficiaries of the development -- at least 51 percent of the residents or homeowners would have to be low to moderate income for this type project to be approved.

We encourage leveraging of public resources. And, by public, we're referring to things like the HOME program, the LIHTC program, the Texas Rural Development for Permanent Home Loans, and the Revenue Bond Program -- Mortgage Revenue Bonds.

Now, none of these programs actually have any of the other funding commitments at this point, but they've all indicated an interest to receive HOME funds to assist with the actual cost of the homes.

We -- the Housing Infrastructure Program also encourages private resources like local financial institutions. We have commitments from private foundations and also from local or regional utility corporations or companies.

These are the scoring criteria. I won't go into the whole thing because some of them have as many --

MR. CONINE: Can't imagine why.

MS. MAURO: Some of them have as many as six factors under them, so I won't go into a lot of explanation. But those are the things we scored the applications under, and there is a total of 165 points.

For program 2000 we have approximately $2,134,000 available. The contract maximum is 400,000; the minimum is 75,000.

The ranges that will be recommended today -- the size of the homes are -- they vary from 1,046 square feet to 1,587 square feet. The price ranges are 56,000 to

95,000. Keep in mind that each one of these represent approximately a $14,000 subsidy per lot.

And we have leveraged over $11 million from other funding sources on these projects -- on these six projects, no less. These are the leveraging percentages. Other funding sources are 83.5, local contribution is 1.5, and CDBG funds is 15 percent. Good return on the dollar.

For brief -- keep in mind this is our third year to do this program, so the dots -- those are green -- so the green dots are the '98 funding. We'll go with the '99 funding -- are the red dots. And then the 2000 fundings are the blue dots. And those are all the projects that have been funded under this program. It's pretty new, and it's only a little over 2 million.

We just thought for -- so you could get a feel for it --

MR. BETHEL: Go back to that one slide right before that. Can you go back one? Where's I-35?

(All talking at once.)

MS. MAURO: These are just a look at some of the houses that have been built from the affordable housing program. So, as you can see, they are real nice single family homes. And you have to be low to moderate income to own 51 percent -- I mean, 51 percent of the homes must be sold to low to moderate income persons.

And that's it. So, with that, that gives you an idea of the program. I'll quickly go over the funding recommendations. We are recommending the top six communities for funding. Do you want me to read them or do you want to just look at the book?

MS. BINGHAM: I have read them. I need to -- are we doing them one by one?

MR. BETHEL: I've got about three questions.

MR. JONES: Yes. Why don't we address questions at this time --

MS. MAURO: Okay.

MR. JONES: -- as opposed to you reading them. I think everybody's read them.

MR. MAURO: Okay. That's fine.

MR. JONES: Do you have some questions, Ms. Bingham?

MS. BINGHAM: I'll let him go first.

MR. JONES: Okay.

MR. BETHEL: On -- and it may be under underwriting. There was a -- let's see. On -- let's see what town -- Pittsburg, Texas, where the broker is paying $25,000 for the lots and using $5,000 for closing costs.

MS. MAURO: Yes, sir.

MR. BETHEL: That seems -- twenty percent of that seems to be pretty high for closing costs to make, you know, for a $25,000 lot. I don't know -- it'd be paying for --

MS. MAURO: The developer is also -- is actually the consumer.

MR. BETHEL: Oh, good.

MR. BOB JONES: My question is is that the down payment assistance part of that or --

MS. MAURO: That may be the down payment assistance from --

MR. BOB JONES: It is -- the down payment assistance is the $5,000 from the HOME fund program --

MR. JONES: Will you come up, please?

MR. BETHEL: Thank you [indiscernible] -- Tom's -- the underwriting report under the land cost -- Tom maybe can answer this.

MR. GOURIS: I'm Tom Gouris. I'm the director of credit underwriting. The fact -- percentage wise, that's a large percentage, but the $5,000 is not a significant amount of money compared to the entire project.

And I think they include some, you know, closing cost real estate fees -- various other things involved in that number. That was just kind of a gross estimate. I don't -- they're not sure that it was --

MR. BETHEL: So you're saying 5,000 is not very much money.

MR. GOURIS: On a larger transaction.

MR. BETHEL: I'm not [indiscernible].

MR. GOURIS: It wouldn't be. It's because the land -- because the $25,000 land price seems so -- is so low.

MR. BETHEL: Okay.

MR. GOURIS: Relatively speaking, it's low.

MR. BETHEL: All right. Let me ask you one other question while you're here then.

MR. GOURIS: Sure.

MR. BETHEL: On the next one, Waxahachie, where we've got -- the seller is Dorothy Cliff --

MR. GOURIS: Uh-huh.

MR. BETHEL: -- McElroy. And then the developers are the McElroy, and then it seems like that maybe the -- you had a market study that was a member of the family -- or could have been related to the family? And then you said that it wasn't a hands on or arms length operation?

MR. GOURIS: Right.

MR. BETHEL: Could you just kind of --

MR. GOURIS: Right. As far as the market study goes, typically in CDBG projects the market studies aren't third parties --

MS. BINGHAM: That needs to change.

MR. GOURIS: -- and that's -- it's a cost issue for the program, and they feel like that that helps reduce the cost to the project.

MS. BINGHAM: So your underwriting standards are different from CDBG than from --

MR. GOURIS: Yes, ma'am.

MS. BINGHAM: -- tax credits? I cannot accept that you can have a market study from the same party that's the developer. In fact, I would move to remove the Waxahachie project from this list until a number of issues are addressed, including the lack of a third party market study. There are other identities of interest; the fact that there is no resume on the developer; the fact that he's appeared to be a dentist -- no housing experience. There are a number of issues, which I would move to remove this Waxahachie project from the list until further study.

MR. BETHEL: I think, Ms. Bingham, if we do it just on the basis of market study, I think, out of the six that have been recommended to --

MS. BINGHAM: No, I have some other -- you missed my other issues.

MR. BETHEL: Okay, yes. But, I mean, there's others haven't had the market study out of the six.

MS. BINGHAM: I have a number of issues on the Waxahachie transaction.

MR. JONES: Okay. As I understand, we have a motion on the floor to not approve the Waxahachie project.

MS. BINGHAM: To send it back for further consideration and study and clarification.

MR. CONINE: Do we have a time limit thing on this one?

MS. BINGHAM: Huh?

MR. CONINE: Do we have a time limit on this one? We got to get the money out by a certain time or --

MS. BINGHAM: If you don't have a time limit on it, it's going to fail anyway based on what I'm reading. You've got a failure that's been proposed. So I -- notwithstanding the time deadline I would suggest that -- my motion would be to refer it back to the Department for further study and consideration on a number of issues.

MS. SAENZ: I second that.

MR. JONES: Okay. We have a motion that's been made by Ms. Bingham, and a second has been made by Ms. Saenz. Ruth, your comment on the time considerations.

MS. CEDILLO: The time -- there is time because these are 2000 funds. And from the time the funds are awarded to the Department we have 15 months to obligate. And we really have until approximately September 2001 to obligate the funds.

MS. BINGHAM: And you can come back with the next one -- whatever that's in line. But if we can't clarify the fact that you have no third party independent market study -- you have a -- you know, you have a dentist that's the developer, and you don't even have a resume of him. You -- there's a whole bunch of issues in this deal -- a number of issues in my mind.

MR. JONES: We have a motion on the floor. It has been seconded. Further discussion of the motion? Yes.

MR. BETHEL: What was the motion again?

MS. BINGHAM: To refer it back --

MR. BETHEL: Is it to remove this one from consideration?

MS. BINGHAM: To refer it back to the Department for further --

MR. BETHEL: Okay.

MS. BINGHAM: And reconsideration.

MR. JONES: Are we clear on what the motion is? (No response.) We are? (No response.) Okay. Everybody knows what the motion is. Further discussion of the motion? (No response.) Hearing none, I assume we're ready to vote. All in favor of the motion say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it. And we are still on the same agenda item, which is item 4(c).

MR. CONINE: Move for the approval of the amended list -- recommended list.

MR. JONES: We have a motion that we approve --

MR. DAROSS: Second.

MR. JONES: -- the amended list with that one deletion. And it has been made by Mr. Conine. It has been seconded by Mr. Daross. Discussion of that motion? (No response.) Any questions? Any discussion? (No response.) Hearing none, are we ready to vote? (No response.) I assume we are. All in favor of the motion say aye.

(A chorus of ayes.)

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

(No response.)

MR. JONES: The ayes have it. Thank you very much. I believe that completes our agenda today, since we've already had the executive session. Do we have any report items from the executive director?

MS. CEDILLO: Yes, sir. At the last meeting our Section 8 Access Task Force presented a statement of policy to you, and we just wanted to give you an update.

The policy document submitted by the Section 8 Task Force will be place into the federal -- no, to the state -- Texas Register for publication on August 25, 2000.

Published along with the policy is announcement of two public hearings. The first hearing is scheduled for 1:00 p.m. on September 28 in Dallas at the offices of the Dallas Housing Authority. And the second hearing will be on September 29 at 1:00 p.m. here in Austin in the Department's board room.

After accepting public comment staff will develop and present a proposed rule to the board for your approval. The proposed rule will then be published in the Texas Register. Staff will then present the final rule for adoption. We anticipate that this will occur during the November board meeting. Any questions?

MR. JONES: Any further items?

MS. CEDILLO: That's it.

MR. JONES: Okay. Yes, Mr. Bethel?

MR. BETHEL: Mr. Chairman, in light of some of the public testimony that was given, I would like for the staff to consider the feasibility of establishing an advisory committee that would report to the board to address some of these issues that are facing people with disabilities in obtaining housing services in Texas.

And it was -- I know it was brought up about three or four times. And if they could do that and maybe report back to the board and see about -- maybe we could establish this advisory committee on people with disabilities.

And also what was -- was John on the HOYO?

MS. CEDILLO: Yes, sir.

MR. BETHEL: Okay. And then maybe getting someone to replace him on --

MS. CEDILLO: Yes, sir. We do plan to have somebody to represent the -- our agency on the organizations that John has served on.

MR. BETHEL: Okay. I'd like to do that please.

MR. JONES: While we're speaking of Mr. Garvin, Mr. Garvin, could you please come down, if you don't mind, just for a second? We'd all like to kick you for leaving. And, if you don't mind, I think it's only fair that I get to do it first.

No, we just want to thank you for your service to the Department. We certainly appreciate it. It's certainly been a joy for each and every one of us to work with you.

MR. GARVIN: Thank you very much.

MR. CONINE: Even though he does have an accent.

MR. JONES: All right. What else? Anything else?

MS. BINGHAM: There was a report from -- I received this report from the Texas director on the de-obligation policy of the Department. When are we going to take this up for -- is this just for review?

MS. CEDILLO: Yes, ma'am. That was for your review. And we will be glad for the chairman to put it on the agenda whenever you wish to discuss it.

MR. JONES: Why don't we put it on the agenda for the next meeting? Speaking of the next meeting, there have been several people that have suggested to me that there are conflicts. And I would like to propose that we move it to September 7 if we could. Does anybody have --

MR. BREWER: I will be out of state.

MR. JONES: Okay. Do you have problems with that? Yes.

MR. DALLY: We've got a meeting set up on the LAR for the 7th.

MR. JONES: Okay. So we can't do that.

MR. DALLY: And there have been comments that we like -- maybe we could bring the LAR to you folks first before that meeting on the 7th. So I don't know if you consider that.

MR. JONES: Well, then, we may have a problem with that 7th date. I know there have been several people that approached me about problems. I think it's currently set for the 15th. Is that not correct? Several people approached me with conflicts about the 15th.

Why doesn't everybody look at their calendar? I may make another suggestion after I talk with Daisy about the date for that meeting. And if we can move it, we can. If we can't, we can't. We'll just do what we can. Is that all right? Anything else?

MR. DAROSS: Move we adjourn.

MR. CONINE: Second.

MR. JONES: We have a motion that we adjourn. All in favor say aye.

(A chorus of ayes.)

MR. JONES: All right. We're adjourned.

(Whereupon, at 2:40 p.m., the meeting was concluded.)

C E R T I F I C A T E

MEETING OF: TDHCA Board

LOCATION: Austin, Texas

DATE: August 11, 2000

I do hereby certify that the foregoing pages, numbers 1 through 128, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Housing and Community Affairs.

08/17/2000

(Transcriber) (Date)

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