

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING
2007 STATE OF TEXAS

Thursday, August 23, 2007

Capitol Extension Auditorium
State Capitol
1100 Congress Avenue
Austin, Texas

BOARD MEMBERS:

ELIZABETH ANDERSON, Chairman
C. KENT CONINE, Vice Chairman
SHADRICK BOGANY
NORBERTO SALINAS (absent)
SONNY FLORES
GLORIA RAY

STAFF:

MICHAEL GERBER, Executive Director

AGENDA

ITEM	PAGE
CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM	3
PUBLIC COMMENT	6
CONSENT AGENDA	
Item 1: Approval of the following items presented in the Board materials	45
ACTION ITEMS	
Item 2: Presentation, Discussion and Possible Approval to Publish Draft Department Rules for Comment in the Texas Register	77
Item 3: Presentation, Discussion and Approval of Policy and Public Affairs Items	107
Item 4: Presentation, Discussion and Possible Approval of Real Estate Analysis Items	113
Item 5: Presentation, Discussion and Possible Approval of Multifamily Division Items	113
Item 6: Presentation, Discussion and Possible Approval of Portfolio Management and Compliance Division Items	138
Item 7: Presentation, Discussion and Possible Approval of Disaster Recovery Division Items	229
EXECUTIVE SESSION	172
OPEN SESSION	172
REPORT ITEMS	
Executive Director's Report	248
1. TDHCA Outreach Activities, July 2007	248
ADJOURN	

P R O C E E D I N G S

MS. ANDERSON: I want to welcome everyone to the August 23, 2007, Board meeting for the Texas Department of Housing and Community Affairs. We appreciate you being here with us, all of you all. And I will call the roll.

Vice-Chairman Conine?

MR. CONINE: Here.

MS. ANDERSON: Mr. Bogany?

MR. BOGANY: Here.

MS. ANDERSON: Ms. Ray?

MS. RAY: Here.

MS. ANDERSON: Mr. Flores?

MR. FLORES: Here.

MS. ANDERSON: Mayor Salinas?

MR. SALINAS: Here.

MS. ANDERSON: We have six members present. We do have a quorum. I believe Mr. Gerber has a couple of opening comments for us this morning.

MR. GERBER: Good morning, Madam Chair and Board members, and our friends in attendance today. I wanted to just start off by acknowledging the loss 12 days ago of former Executive Director of this Department, Larry Paul Manley, who was an advocate for affordable housing

before his tenure here at the Department and certainly afterwards.

And staff over the last couple of -- the last several days have been reminiscing about Larry Paul. He was certainly someone who thought boldly and creatively. The worst thing, several staff remarked, that could happen to you in the Department is to be stuck on an elevator with Larry Paul, because in nine short floors he managed to give you at least ten good ideas that you would have to take action on that day.

And he was certainly someone who thought very much out of the box. He didn't shy away from controversy.

And he was someone who I think all of us could say, when you take the measure of a man, you should look at his entire record.

For staff he was a thoughtful leader, and staff admired him and looked up to him. So if we could ask everyone to pause for just a moment, for a moment of silence for Larry Paul and for his family.

(Pause.)

MR. GERBER: And we ask that we all keep Larry Paul and his family in our thoughts. The second thing that I wanted to mention to the Board this morning is another loss to the Department. Tim Irvine, who is the

Executive Director of the Manufactured Housing Division of the Department, which of course, reports to a different Governing Board, but the Manufactured Housing Division is very much a part of TDHCA and we are part of them.

Tim Irvine has been the leader of the Division for many years. He is a very able attorney. He is an accomplished leader. He has been very much an out of the box thinker. And he has enthusiastically participated in committees and task forces within the Department as a whole. All of us on the leadership team at TDHCA have really depended over the years on Tim's wise counsel, and he will be very much missed.

He goes on to doing -- we look forward to hearing about him doing great things as the Executive Director of the Texas Real Estate Commission. And we are very much excited about the challenges that that task will pose for him, and look forward to hearing about his many successes over there in the years to come.

And we wish him well. But we will certainly miss him. And I hope you all will join me in giving him a round of applause for his years of services.

(Applause.)

MR. GERBER: Tim, best of luck to you. The last thing I wanted to mention to the Board is that we are

excited and want to warmly welcome Sandy Donahoe. Sandy comes to us from the State Auditors Office. And this week, on Monday, started her service as our new internal auditor.

She brings many years of experience doing complex and challenging audits, and we look forward to it, as a management team, working with her, understanding the important independent nature of internal audit. But we look forward to partnering with her as a management team, as we work to build a better, more transparent department, that operates programs as efficiently as effectively as possible for low income Texans. So we welcome Sandy and look forward to her years of service with the Department as well. Madam Chair.

MS. ANDERSON: Thank you. As is our custom, the Board solicits public comment at both the beginning of our meeting, which we will proceed to do. Or if the witness prefers, at the actual, as the actual agenda item is presented.

And we do welcome public comment. We are very fortunate this morning that our first witness is Senator Eddie Lucio.

MR. LUCIO: Thank you, Madam Chair, and good morning. Ladies and gentlemen, first of all, my heartfelt

sympathy for Larry's family. I think it would be an opportune time to express my sentiments on this particular issue as well, because I think it is an issue that we as Texans can meet head on in November. I think we are going to have a chance to look at a \$3 billion package.

I myself as a father have been involved with my daughter. She has fought leukemia for the last couple of years. And thank God she is in remission right now. But there are a lot of families that I have met at M.D. Anderson over the last two years, throughout our state that affects all of our families.

So I would ask everyone here today to consider going out and supporting one of our propositions that will deal with a \$300 million a year, ten year series for cancer research. And I hope that Texas can take the lead in our country to do that. And again, I am very sorry to hear about Larry's death.

Madam Chair and members, it is truly a pleasure for me to have this opportunity to appear before you, and first of all, commend you Madam Chair Anderson and members for all that you do. I have been privileged to work with all of you for the last 20 years in the Legislature and let me tell you, this is an issue. When we talk about affordable housing, it is an issue dear to my heart.

I remember very clearly growing up in Brownsville in the early '50s with a family of 12. And if we hadn't had some kind of government housing afforded to us for at least a couple of years, that we were in need, I really don't know what we would have done. So that continues to be a big issue, not only in our area of the state, but throughout the state, but especially in our area of the state where the poverty level is high.

We have an incredible amount of people that we consider are the working poor of our state. But you know, looking back in those early years in the '50s, I remember how it felt, living in government housing. It gave us shelter, comfort and security. And I know that that is what the people, the families in our great state are looking for.

So I want to say that session after session I have been here, since 1987, and also during the interim, during the interim periods of time, affordable housing has been a legislative priority to me, and to others that I have worked with. And I am pleased that this last session, I authored legislation to approve the First Time Homebuyer Program and also addressing the private activity bonds for affordable housing, and negotiated an increase in the Housing Trust Fund, as you all well know. I do

want to thank Executive Director Mike Gerber and Michael Lyttle for their expertise that they provided to our committee and to us as legislators this past session.

Today, I come to you to make a personal request on a couple of issues. In particular, for approval for forward commitments for Hidalgo County's North Manor Estates Apartments, and the City of Alamos Bluebonnet Senior Village. There is a tremendous need for affordable housing as I mentioned, in South Texas. I don't know what percentage we are addressing, but I certainly would like to know a little bit more in terms of the demographics and the percentages that we are addressing.

We do have thousands of families on the waiting list, just hoping that something will become available. Obviously, we need to give you the financial resources, as the Legislature, and the tools. And I know it is extremely difficult for you to have to pick and choose who gets an award when really, all the applications are worthy of financial support. Behind each one of those applications, there are hundreds of families, as I have mentioned, waiting to move into housing.

Again, I want to ask you for your support for the Bluebonnet Senior Village, and the North Manor Estates Apartments. And Alamo, let me say, that the Bluebonnet

Senior Village is a proposed 36-unit affordable housing development that will replace an obsolete 12-unit public housing development that needs to be demolished.

There are about 200 families on the city's combined wait list for the public housing and Section 8. It is unfortunate that we are not able to serve each and every one of those households in need. But I am asking you to consider helping those senior citizens on the wait list by approving this forward commitment.

Finally also, the North Manor Estates is a proposed 130-unit affordable housing apartment development that will be built north of Weslaco. There are 600 families on Hidalgo County's wait list for public housing in this area. And these households want to obviously live near their families and employment in Weslaco. Yet because of the lack of the affordable housing in that area, they will remain on the wait list for unfortunately, years to come.

I would be remiss if I didn't mention Pharr. I know that they are here as well, and they are in my district. And I know that they will be considered for a forward commitment to them as well. So with that, I just want to say that this is an issue that other than health care, I guess, is one of the most important things.

And any dwelling is a man's castle. But I say that, because my dad, I think, focused on that, just more than anything else. And then after that, with public education for his ten kids. But I am very pleased to be here.

And we don't get a chance very much to tell you how appreciative we are for all the work and the hours that you put in. And I know you represent different areas of the state. But I am glad to see my old time friend. I still call him Commissioner Salinas. We served as County Commissioners back in the -- too many years ago. We were pretty young back then. I am happy to see him still moving along. And Estella Trevino and others that are here, our mayors who over the years have done so much, and invested so much time to help those in need.

I thank you for your support this morning. If there are any questions, I would be happy to address them. Thank you.

MS. ANDERSON: Thank you, Senator. The next witness is State Representative Kino Flores.

MR. FLORES: Good morning, Madam Chairman and members of the Board. Senator Lucio, thank you for being here. Thank you for all your hard work as well as what you all have to do as a Board and Commission. I know we

give you a little bit of money, and give you a whole bunch of applicants to sort through, so my apologies for that.

But I am here -- we have been here with the City of Pharr, and Sunset Terrace. I know that this Board and the staff expressed some concerns about some things that were going on. We were the highest ranked project last go around. You all put us on the list for a forward commitment, and those concerns and issues that both the staff and this Board had have been addressed. You will see the information that is provided to you.

I am going to stop right there, because I know it is 5D on the agenda. If you would please mark on your agenda, 5D, Representative Flores, and Senator Lucio, that we were here, so you all don't forget five hours down the road. Circle that with two stars, please. No, I am just kidding.

But to assure this Board that your concerns were taken very seriously, and they were addressed in both the public comment meeting, and a full Board meeting. And there is already print, both newspaper print and letters that were forwarded to say that your concerns were addressed. So I would ask for your positive consideration on the forward commitment for the Sunset Terrace in Pharr, Texas. Any questions?

(No response.)

MS. ANDERSON: Thank you, sir.

MR. FLORES: Thank you so much.

MS. ANDERSON: The next witness is Todd Gallaher and then Lauren Presnal.

MR. GALLAHER: Good morning, and thank you for what you do. My name is Todd Gallaher. I represent Bob Deuell from Greenville. I serve as his Chief of Staff here. He had another commitment. I just wanted to not take up too much of your time, but again reiterate Senator Deuell's support for the Austin School Apartments and the Washington Hotel Lofts for forward commitment. And if you have any questions, I would be glad to answer them. But we appreciate what you do, and wanted to reiterate Senator Dell's support. Thank you.

MS. ANDERSON: Thank you.

MS. PRESNAL: Good morning, Madam Chair, members of the Board and Mr. Gerber. My name is Lauren Presnal, and I am here on behalf of Senator Kel Seliger. I have given your staff a prepared letter from the Senator, so I will be brief.

Senator Seliger would like to express his support of a forward commitment for project number 07-151, at the Key West Senior Village Phase Two. He strongly

feels that given the growing number of senior citizens in this region, housing needs must be met. Senator Seliger respectfully requests that the Board consider granting a forward commitment to Key West Senior Village Phase Two. Thank you.

MS. ANDERSON: Thank you. The next witness is Michael Kamerlander, to be followed by Lisa Powers.

MR. KAMERLANDER: Madam Chair, members, good morning. Michael Kamerlander. I'm hear to speak for --

MS. ANDERSON: Would you identify yourself for the record.

MR. KAMERLANDER: Michael Kamerlander for Senator Shapiro, to lend her support for a forward commitment of Housing Tax Credits; for Villas on Raiford Road in Carrollton, Texas. They were not -- they did not receive those credits on July 30. And she would like to lend her support for the forward commitment of tax credits. Thank you.

MS. ANDERSON: Thank you for your testimony.

MS. POWER: Hi, there. I am Lisa Powers, and I am here on behalf of Representative Buddy West. I am sorry he was not able to make it today. He was in the district; he had duties to attend to.

I believe each one of you have a letter that he

had submitted for Key West Senior Village Phase Two in Odessa. We have seen that the Phase One was a true success out there, and we want to continue it with the tax credits. I am here just to voice his support, and hope that you will review the letter. And thank you very much.

MS. ANDERSON: Thank you. The next witness is Mayor Rudy Villareal.

MR. VILLAREAL: Good morning now, Madam Chairman. I would like to say hello to my old friend Norberto Salinas, Mayor. As Senator Lucio mentioned -- oh, my name is Rudy Villareal, Mayor of the City of Alamo, Texas, not to be confused with the Alamo City.

As Senator Lucio mentioned, and I want to thank the Senator, an old friend, we do have this small project in the City of Alamo. It is 12 old units, now. And we want to replace it with 36 new units.

When this Bluebonnet was first built 50 years ago, they didn't take into consideration the handicapped, no community space for the elderly. And we would like to have something decent for the elderly there, not only in Alamo, but for the needs of the Rio Grande Valley. Thank you very much.

MS. ANDERSON: Thank you, Mayor. The next witness is Matt Welch, followed by Derrick McGary.

MR. WELCH: Good morning, Madam Chair and members. My name is Matt Welch. I work for State Representative Charles (Doc) Anderson of Waco, no relation to Madam Chair. We are grateful for this opportunity in the open comment period.

And before I go on, let me pass on my regrets that Dr. Anderson couldn't be here. I think we have to be about four different places today. But I am not appealing for sympathy, because I think those notebooks look somewhere north of 1,000 pages.

But we wanted to reiterate our support on behalf of the good folks of Waco, and the city, for the Old Waco High Lofts. I am aware that you have several letters expressing Representative Anderson's support for this project, and he has prepared one last letter that I can give to your staff today to include in your files, reaffirming his strong support for this project, because of its importance for the revitalization of Waco. Your file also shows that this development has the full support of Mayor DuPuy, the City Council, and the broader community, which I think is important.

This building has been vacant since the last graduated in 1971. And there could not be a better use than affordable housing for saving this historical

structure. Representative Anderson thanks you for your service and your continued support. Thank you.

MR. MCGARY: Thank you, Madam Chair, other distinguished Board members. My name is Derrick McGary. I am a City Council member, City of Texarkana. I would like to first of all, thank you for your commitment that you all have to affordable housing for the entire State of Texas. I know that you all have a tough job ahead of you. But once again, thank you for your commitment that you all have made for such a tough task.

On behalf of the Texarkana, Texas, Mayor and City Council, I would like for you to please accept my statement of support for a forward commitment of 2008 tax credits to the Housing Authority of Texarkana, Texas, to be used for the Covington Town Homes development. As you all are aware, this development request received the highest score in the region, but was unable to be funded in 2007 due to insufficient tax credits in the subregion.

Approximately five years ago, the Housing Authority in collaboration with the city and school district began implementing a revitalization targeted to save a historic Texarkana neighborhood. And since that time, the Texarkana, Texas, Housing Authority has made

significant improvements in this area through upgrading existing housing and adding additional senior housing units, Renaissance Plaza senior housing, which was an award received by the TDHCA in 2006. And in turn, the City has reconstructed over 40 new homes, new streets with curb and gutter in Texarkana, improved public transportation availability and improved public safety.

The school district has also made significant improvements to the physical plant of the school and also lower teacher ratios. Our revitalization efforts in Texarkana have just begun. Our goal for the next five years are to include replacement of all the outdated public housing with new mixed-income multifamily housing.

Increase opportunities for home ownership by building another 100 affordable homes in Texarkana. To continue to increase the quality of our public schools by investing anywhere between eight and \$15 million in facilities, opening a community college satellite campus for vocational training for the residents in this community.

Now these improvements have resulted in an increased tax valuation for the city and also the Texarkana Independent School District, which has been reinvested in that entire area. Most importantly, the improvements have contributed to the transformation of

poor-performing schools into TEA Recognized schools as well as quality housing for the most vulnerable low income residents of the neighborhood.

These investments have also leveraged private investment in the area, which is always a good thing. Most recently, through the location of a company in the Rose Hill area which will employ up to 750 of our citizens in Texarkana. The Covington Town Homes redevelopment is a keystone to the success of our revitalization efforts.

The award of this forward commitment at this time would allow the progress we have made to continue at the same pace. These tax credits would provide for the replacement of 60-year-old crowded substandard housings with decent affordable housing. The town home project would not only provide for quality housing for the low income persons who comprise 90 percent of the population in my ward, but would increase the property values for those homeowners who have chosen to remain in our neighborhood to help with these revitalization efforts.

We are asking you all to partner with us in this effort, the city, the school district and the Housing Authority have committed millions of dollars in the revitalization of the Rose Hill neighborhood, and are committed, and have committed millions more. We wish to

leverage our investments with these tax credits to bring further investment in residential and commercial development into the Rose Hill area.

Now, our request today does not come in the form of a simple plan on paper, but in the form of proven history that public partnerships and leveraging private investments do work. The collaborative efforts of the Housing Authority, the city, the school district, the community college have all demonstrated their ability to successfully implement a comprehensive revitalization initiative in Texarkana.

At this time, if time would allow, I would show each of you these accomplishments that have already been made. Unfortunately, we don't have time for that. But truly, the Texas Department of Housing and Community Affairs has the opportunity through the approval of this request for a forward commitment to have a lasting impact, changing lives of thousands of citizens in our city well into the future.

And Madam Chair, I would like to thank you for your time. Also, if you would indulge me just for a moment, I have a letter here from District One Representative Stephen Frost. He was not able to attend this morning, due to a scheduling conflict. But if I

could, Madam Chair, I would like to read his letter real quickly.

It says, "Dear Chairman Anderson, please accept this letter of support for a forward commitment of 2008 TDHCA tax credits to the Housing Authority of Texarkana, Texas, to be used for the Covington Town Homes Development. I write in support of this request because HATT proposal of this project received the highest score, but was not able to receive funds due to insufficient funds in the subregion.

"The Covington Town Homes project has received widespread support from throughout the region. The City of Texarkana, Texas, and TISD have joined with the Housing Authority to build on the infrastructure in place from our efforts. Each organization has made a commitment of time, money, and effort to create a safe and growing environment for young and old alike in this particular neighborhood. Improvements in place now have resulted in increased tax valuation for the city and for TISD, both of whom have reinvested in the area.

"Both have made future commitments as well, working toward additional leverage for federal dollars. The continued success of this project will be greatly impacted by your and the Board's support for the forward

dedication of tax credits. We have come so far, but have a bit more to go to truly making a lasting impact for the citizens of this energetic community.

"The citizens of the Rose Hill neighborhood, where the Covington Town Homes are located can see lasting success just ahead. Madam Chair, you and the Board can make a difference now for the future.

"In advance, thank you for your consideration of this request for assistance for building a brighter future for these families. Representative Stephen Frost, District One, Texas House of Representatives."

Once again, Madam Chair, members of the Board, thank you for your time this morning.

MS. ANDERSON: Thank you. The next witness is Greg Duggan and then Allison Scott.

MR. DUGGAN: Good morning, Madam Chair and Board members and Mr. Gerber. My name is Greg Duggan, City Manager for Dalhart. Mayor Caddell was unable to be here today, and asked that I read his letter into your record.

It is as follows: "Thank you again for the opportunity to come before you to speak about a forward commitment for the application of 07-131 Stoneleaf at Dalhart. We first met at the Board meeting on June 14.

At that meeting, and the July 28 meeting, you heard from myself as mayor, the Dalhart City Council which passed a unanimous resolution of support.

"The Dalhart Economic Development President, David Ollom, General Manager of Hilmar Cheese Company facility in Dalhart, which is now scheduled to open in just five weeks. The Dalhart Independent School Superintendent, the Texas Department of Criminal Justice facility warden. We shared with you why we feel a forward commitment for this 76-unit family community is critical to the City of Dalhart.

"At the July 12 meeting, you heard from Senator, State Representative Warren Chisholm, House District 88, and support letters were read into the record from Agricultural Commissioner Todd Staples, Senator Kel Seliger, District 31, State Representative John Smithy, House District 86, State Representative David Swinford, House District 87, the Dallam County Judge and the Commissioners who provided a unanimous resolution of support for the development. The Texas Department of Criminal Justice facility warden, and the developer, Mike Segrew.

"Additionally, I will remind you that the following non-Texas entities contributed over \$46 million

to attract Hilmar Cheese, the world's largest cheese manufacturer, to Dalhart. The Texas Enterprise Fund, the Texas Capital Fund, TxDOT Infrastructure Fund, Texas Workforce Commission, Enterprise Zone funds, Texas and Dalhart manufacturing equipment sales tax exemption, local tax abatements from Dallam County, and a grant from the Amarillo Economic Development Corporation and the Dalhart Economic Development Corporation.

"In conclusion, we have come full circle. While there are others who would also like to speak in favor of this application, we respect your time. As the Mayor of the City of Dalhart, and for those previously mentioned, as well as the citizens of Dalhart and the Panhandle area, we respectfully request your approval of a forward commitment for federal tax credits for application 07-131 Stoneleaf at Dalhart. Thank you very much for your time."

MS. ANDERSON: Thank you, sir.

Allison Scott.

MS. SCOTT: My name is Allison Scott, and I am here on behalf of Representative David Swinford for the Dalhart Project that was just discussed. And I know that Representative Swinford would have loved to be here today, but he is in the Panhandle. He just wanted me to come

down and let you all know that we know the Dalhart Project is very important, not only to Dallam County, but also the entire Panhandle. They are looking to start production at the Hilmar Cheese plant soon, and without housing, they can't get people to work there. So we are just in full support of this project. Thank you.

MS. ANDERSON: Thank you. Just a note for the record that we also have a letter of support. That is the end of the elected official testimony. We welcome and thank all of our elected officials for being here. I also have a letter of support for Bluebonnet Senior Village from State Representative Armando Martinez.

I am going to ask that we observe a three-minute time limit. You don't have to take all that three minutes. But we still have a number of people that want to make public comment this morning before we begin our agenda. The first witness is Melissa Castro Killen and then Charles Wiley.

MS. KILLEN: Madam Chairwoman, Board members, my name is Melissa Castro Killen, and I am here today to speak on behalf of the San Juan Residence. This is item 5D, and the San Juan number is 07-171.

You have heard many of our residents attend a lot of your meetings. You have seen them in their red t-

shirts. They have been quite a very dedicated group, coming to the meetings, waking at about 5:00 a.m. driving up here. I think last time, Representative Menendez actually drove a van for them, and they were very excited.

They actually got to meet one of their State Reps and it was a great experience.

You have heard a couple of them; Ricardo comes to mind. He was disabled, eventually ended up homeless. He had his little daughter with him. And the only thing that saved them from being on the street was the roof over their head at the San Juan homes.

You have heard from Aurora. She submitted a petition of all the residents. About 100 of them signed it, supporting the redevelopment of San Juan II. You have heard from Sandra. I think she got up here and said how the new development Phase One was looking really good, but the rest of it didn't look so great. And she mentioned to me that both her boys get straight A's, and this is the future for them.

You have heard from Ruby, who is a new mother. And she wants to keep her community looking great and bettering her future and her daughters. And she is even going the extra mile to take parenting classes at AVANCE. So these are a couple of the stories and a couple of the

faces of the residents of San Juan.

I would just like to remind you that the San Juan homes were built in the 1950s. And you have heard from other people, that was a booming area for getting some of the developments up and running. But 57 years ago, it is a long time, and a lot of them are in need of repair. They need to be modernized.

They don't have the modern amenities that you and I enjoy. No central AC, no central heat. The water heater is in the middle of the complex, separation cracks at the bottom. And you know, the San Antonio Housing Authority is trying their best to keep it up. However, some of these go beyond just normal repair. I mean, they really need to be demolished, rehabilitated, rebuilt.

And we just would like to ask you for your support today for a forward allocation, and to continue the good work that this Board started two years ago. I remind you that you guys did approve San Juan I two years ago. It is in the middle of the construction right now. It is leasing up.

The residents are really excited. And they see what can happen to their neighborhood. They can see the revitalization happening. And they like to be there. You know, that is their community. They were born and raised

there.

A lot of them have moved away to Section 8 housing and have ended up coming back to the homes, because that is their neighborhood. And they would just like to see the continued redevelopment and ask you for your thoughtfulness and consideration in approving a forward allocation for San Juan II. Thank you.

MS. ANDERSON: Thank you.

MR. WILEY: Good morning, Madam Chair, and Mr. Conine, co-chairman. My name is Charles E. Wiley. And I am here on behalf of Carpenters Point Senior Housing, TDHCA 07-101.

I stand here today on behalf of the seniors of the Frazier/Dolphin area of Dallas, requesting that this Board approve a forward commitment for funds for Carpenters Point Senior Living Center. This project is a unique project, and it is more than a place to live. This project involves the city, county, school, medical, transportation and many other officials of Dallas. Dallas has committed funds for the purchase of land and infrastructure for this project.

Also, we have commitments from UT Southwest Medical Center, Dr. Martin Haven is awaiting anxiously to address the medical needs of the seniors in this area. We

have also met with the seniors on many occasions, and they have also come and addressed this Board regarding the need of this project. This project also has the full support of VHA as stated in your record, with a letter from Ann Lott, current director of housing in Dallas.

This project is an integral part of the revitalization of the Frazier area. This project is looked upon as a catalyst to spread much needed economic development in current inadequate housing for seniors in the Dallas area. As I close, I was asked by a senior, a few weeks ago, with reference to this body, as to when this project would begin. My reply to her was, it is in God's hands.

MS. ANDERSON: The next witness is Arturo Huerta, and then Bernadine Spears. Oh wait. I think I made a mistake there, Mr. Huerta. I understand that you want to yield to Mr. Dodds at the agenda item. Sorry about that. So, Ms. Spears, and then Michael Clark.

MS. SPEARS: Good morning. Bernadine H. Spears, 124 East Second, Odessa, Texas. I stand before you again, requesting that you consider Key West Senior Village, 07-151, Odessa, Texas, for a forward commitment.

We have local support. We have the support of

our senators, as well as our State Representative. We have my support. You have my Board support. And we are just hoping that this will be the year for us.

I have heard the number 36 so many times today, so maybe 36 is the magic number, because we are requesting 36 units of tax credits so thank you for your time. You have an awesome task before you. Any questions?

MS. ANDERSON: Thank you.

MR. CLARK: Good morning, Madam Chairman, Board. My name is Michael Clark. I am the President of UAH Property Management. Our firm was initially the lease-up, and has managed Key West Senior Village since its inception. And we have been wholeheartedly supportive of the Housing Authority and their quest for an additional 36 units.

Our waiting list has grown to a point in Odessa, for senior affordable housing that we closed it. And the property has operated over the last three years at essentially 100 percent occupancy. So once again, in support of Ms. Spears, I ask that you give that property its forward commitment for an additional 36 units. Thank you.

MS. ANDERSON: Thank you, sir. The next witness is Chan Pak, and then Terri Anderson.

MR. PAK: Thank you, Madam Chair and Board members. My name is Chan Pak. I live in Hilton, Texas. I like to get us to the forward commitment for the Villas on Raiford, number 07-303. I am a longtime citizen of the community. And I am working on this project almost ten years.

And this is -- everybody I talk to, the City Mayor or the City Council, everybody is full supporting, that they like that program. And that is why even local churches and the seniors, they want that project for Carrollton city. This is the first-time project city Carrollton housing program. You see the character.

So this is a very unique program to all the seniors in the Carrollton city area. I appreciate the great reservation for this program. Thank you.

MS. ANDERSON: Thank you, sir.

MS. T. ANDERSON: Good morning, Madam Chair and Board. I am Terri Anderson, Anderson Capital LLC is my company. I am here to speak on behalf of Villas at Raiford in Carrollton, Texas. We respectfully request a forward commitment from the Board.

It will be the first development of its kind since 1994. It is 100 units of elderly housing, effectively. And it is located in a census tract that has

higher than average -- higher than the state average income.

The City itself only has .43 tax credits per capita, and then it is a fabulous development. So we respectfully request your approval of a forward. Thank you.

MS. ANDERSON: The next witness is Hugh Harrison and then Eric Opiela.

MR. HARRISON: Good morning. My name is Hugh Harrison with LRG Development. I am also here on behalf of the Villas at Raiford Development. It is a seniors development, 07-303. We are here to request a forward commitment.

And I the second of the information that Ms. Anderson said, and also Mr. Pak. He has been committed to this development almost ten years, trying to find the right location at the right time for the right people, the right community, the right area. And after many years, found this location, which is close to the hospitals, close to services.

It has very good support from the local churches, also the City Council, planning department, City staff, and also the political leadership in the area. We have strong community support. There is a definite need

in the area, as Ms. Anderson spoke earlier.

And I worked with Mr. Pak in the meetings to just talk about the development, how it works, who it would impact, how it will be a leading piece in the community. We have got nothing but support and appreciation for him bringing a senior development to the Carrollton area. We are committed to the development.

I will be working with Mr. Pak going forward to make sure that it is a success and also provide affordable housing for the seniors in the area. So we appreciate your consideration of a forward commitment for 07-303, the Villas at Raiford.

MS. ANDERSON: Thank you, sir.

MR. OPIELA: Thank you, Chairwoman Anderson, the rest of the Board for the ability to address you today.

MS. ANDERSON: Would you identify yourself?

MR. OPIELA: This is Eric Opiela. I am sorry. I come before you today to talk about an issue that I think we all need to be aware of in the larger market situation, that could have an impact over the next year, over the tax credit market here in Texas, and nationwide.

As you are aware, from viewing the news

reports, there is a liquidity crisis right now in this country, in regards to consumer credit. And unfortunately, I was woken up to the fact that it also is beginning to affect the tax credit industry as well.

Yesterday, when a client of mine, dealing with a large national equity provider had the equity provider say, we don't have available equity to put into your project, and so we can't close your project. And I think that that is a wake up call. Because I think that if the crisis that is happening in the markets continues, we could have bigger issues coming into next year, and that is something that the Board needs to consider when drafting the rules that are up on the agenda today.

Also, changes in the calculation of AMIs by HUD and also as we have talked about before, increasing utility costs and taxes have really caused a crunch in making deals financially feasible. From this point last year to this point this year, the resale value of tax credits on the market has dropped eight percentage points.

And that is a big drop.

And that has an impact on financial feasibility of not only this year's deals, but also next year's deals coming up. And so, as we look at next year's rules, I ask that the Board be aware of the market conditions and more

conservatively underwrite deals so that we can make sure that we have the ability to close these deals, once we award the tax credits.

So thank you very much. And I just wanted to bring that issue up, and we will talk about it more in later meetings. Thank you.

MS. ANDERSON: Thank you. The next witness is Bill Fisher, and then Mark Viator.

MR. FISHER: Good morning, Board members and Madam Chair, co-Chairman Conine. Thank you, this morning.

I am not here for a forward commitment. If offered a forward commitment we will decline it. If allocated one, we will return it.

We are actually here on behalf of our Community Development Block Grant application, which you will consider at the next Board meeting on September 13. This Board has always encouraged developers to work with the community.

So I brought for each of you a package of letters, which is not really a requirement of the block grant round, to demonstrate that we do what you ask. We have met with the city officials. They have targeted the areas. They want the housing. They led us to a vacant development that they would like to see demolished and

replaced with new housing.

We have letters of support in your package from the state senator, from the mayor, from the city manager, on behalf of the City Council, the Chamber of Commerce and the local Housing Authority. And as you go forward next month in the consideration, what you will find is that most of these applications, at least as they appear on the self-scoring record also have the same score.

So I think that to the extent that the Board has to make tough decisions, which you do, we wanted to make sure that you knew our Brittany II app, 07-903 had done what you asked, which was to work with the community, and to come up with the development that they wanted that fits in their area. Thank you.

MR. VIATOR: Madam Chair, I am Mark Viator. I am the Chairman of the Recovery Coalition of Southeast Texas. I would like to thank the Board. I would particularly like to thank Mr. Gerber and his staff for the hard work that they have done related to recovery for Southeast Texas.

I am here today to speak related to the Memorial Harmon Baptist of Orange. I appreciate your support of that project. I also appreciate your support of the rental replacement housing, particularly in

Jefferson County.

I would like to -- I was asked to come here today by the City Manager of Port Arthur to tell you that of course, as you are aware, Port Arthur was the very city that was hit by Hurricane Rita, that we have a great need for affordable housing in Southeast Texas, but particularly in Port Arthur. And he wishes to offer his support of the Brittany II project, submitted by Mr. Bill Fisher. Affordable housing, as I said, is the greatest need of Port Arthur.

And personally, I was asked by city councilmen to facilitate this project, in bringing together the Port Arthur Housing Authority, the city, as well as landowners.

And I personally recruited Mr. Fisher to Southeast Texas for this project.

I would like to say to you that it has the support letters as he stated, of Mayor Bobby Prince of the Port Arthur Housing Authority, the Chamber, City Manager Steve Fitzgibbons, and we have worked with their City Planner as well as their Director of Public Services and so forth. But the demolition of this complex is currently unoccupied. It was hit by Hurricane Rita.

This project will provide affordable housing to people in need. And it is for that reason, I would like

to ask for your support for the Brittany II project.

Thank you.

MS. ANDERSON: Thank you, sir. Next witness is Mark Mayfield and then Stephanie Wiese.

MR. MAYFIELD: Ms. Anderson and members of the Board, Mr. Gerber, staff. My name is Mark Mayfield. I am the Executive Director of the Texas Housing Foundation, a newly formed regional Housing Authority serving primarily at this point, the Central Texas area, and the Hill Country. I am also the Director of the Marble Falls Housing Authority. I have been for the last, going on 21 years. I just really wanted to come and just kind of give you an update.

We have been working on a development out in the Hill Country and the cities of Johnson City and Llano, to do a private activity bond, a 4 percent credit deal out there, developing rural housing. It is a very difficult task to say the least. It has been a very difficult task, but one kind of -- you know that all things work together for good, that just kind of keeps you going and moving forward, in the quest of what you are trying to do.

A couple of months back, I stood before the Board and due to some failures of my own was denied an appeal with the HOME program application that we had. And

at that time, I kind of thought that door was closed. But lo and behold, the job creation HOME NOFA came out at that very meeting. And we were able to tap into that.

And due to some growth that was going on there with the new hospital that is being built out in this area, and the growth of the current hospital that is there. So we are just pressing forward. We are pressing forward. It is a monumental task. I began this thinking I was running the low hurdles, and then it became the high hurdles, and right now, I think it is a mountain. But you just keep pushing forward.

And I just want to thank the staff for their willingness to put up with me, and hopefully, we will all still be friends when it is all said and done, and hopefully a year from now, we will be having a real nice ribbon cutting out in these communities, and bringing affordable housing public and social services to these communities that will be second to none. So thank you again, for your support.

MS. ANDERSON: Thank you.

MS. WIESE: Madam Chair, members of the Board and Mr. Gerber. My name is Stephanie Wiese. I am the Vice President of Habitat for Humanity in San Antonio. I thank you for your time today. Habitat in San Antonio is

actually the first affiliate of Habitat for Humanity in the United States.

And we are one of almost 100 affiliates in the State of Texas. We have built 515 homes to date, in the last 31 years for first-time homebuyers. Our mission is very simple. Many of you already know. We don't receive a profit, and we sell our houses at no interest to our families.

We are unique in San Antonio in that we are a housing provider that serves extremely low income families. And really, those families have no other option of affordable home ownership other than the Habitat for Humanity program. As many of you know, there is dire need in San Antonio. While we are not in the colonias area, we do have more than 187,000 individuals that are living in substandard housing currently, and certainly could use affordable housing.

We are extremely grateful to the Bootstrap Program and to other programs through the Housing Trust. In the last several years, we have received, in the last seven or eight years, we have received more than \$1.8 million that have been distributed through Housing Trust Fund rounds for infrastructure projects. So we are extremely grateful.

You do great work. While we are mostly privately funded, we rely on the community for our funding. We wouldn't be where we are today without your great assistance through the Bootstrap and other programs that you have to offer. I wanted to share with you some of the challenges that we face currently.

We have a huge need for land in San Antonio. Land, and the funding for infrastructure. We are fortunate to have Toyota. Many people know the Toyota plant just came to San Antonio. It is great, there on the south side. Habitat builds lots of houses on the south side, and we are competing for affordable land.

Right now, the land that we are building on cost us three times less than what it would cost us today.

And that is just in the last three years. So we always have a need for funding, for land, and the infrastructure that we put on it. Last, about three or four years ago, infrastructure per lot cost us about \$13,000. Today, it costs us upward of \$20,000 per lot. So you can see the great need.

Please know that anything that TDHCA does to invest in Habitat means that you are investing in empowering families. Habitat works with families that really want to help themselves, and all the funding that

comes into our program goes 100 percent to working with our families. Again, our program is successful. As many other affiliates, we have a less than a 1 percent, 1.5 percent foreclosure rate. So we are successful.

We are here today asking for your support with the release of the NOFA for the Bootstrap Program. And I appreciate all the programs that you do, either through Bootstrap or other grant funding that is available to low income housing providers. Thank you.

MS. ANDERSON: Right on time. Great job, Stephanie. Thank you so much for your testimony.

Mr. John Alexander.

MR. ALEXANDER: John Alexander, Executive Director of Waco Habitat for Humanity. I wanted to thank TDHCA for its support of affordable housing for very low income families through the Texas Bootstrap Program. As Stephanie Wiese said, Habitat works with the very low income families and is the only organization that is able to provide home ownership opportunities for these families.

Over the last three years, Waco Habitat for Humanity has expanded its capacity about 30 percent through the use of the Bootstrap loans and with each of the loans that we provide, we leverage those funds with

private donations and the labor of citizens in our community that come together to work with the families in need. Of course, a lot of the labor for the homes is provided by the sweat equity of the families themselves. And through building their own homes, they build the pride of home ownership, the pride of investment in the community.

I want to thank the staff of TDHCA, the staff of the Office of Colonia Initiatives for being very friendly, very good to work with. They see their job as facilitating the use of these funds with the organizations they partner with to provide the most housing possible for low income Texans.

And I want to speak in favor of the NOFA that is coming out, and the creative idea of the reservation system that we think will make that program more effective. Thank you very much.

MS. ANDERSON: Thank you, sir.

I have three witness affirmation forms that I am not clear on what the witness's preference is. So Mr. George King, would you like to speak now, or during the agenda item?

MR. KING: At the agenda item.

MS. ANDERSON: Okay, sir. And Mr. Bill Brown.

Apparently, you are yielding time to Mayor Palacios, and I don't think I have a witness affirmation form for Mayor Palacios.

MR. PALACIOS: I will get it.

MS. ANDERSON: Okay. But you want to speak at the agenda item, sir, or right now?

MS. ANDERSON: Okay, sir. I am sorry. I shouldn't have left. I guess I just left the best for last. But I was confused about the intent of these forms. Thank you.

MR. PALACIOS: That is fine. Madam Chairman, members of the Board. For the record, my name is Leo "Polo" Palacios. And I am currently the Mayor of the City of Pharr. I was here last year representing the City of Pharr in support of the Pharr Housing Authority. Last year, I was here in a lot of pain. Not today. My hip has been replaced.

But the pain continues to grow, as everyday I see the need for more housing in our area. The City of Pharr continues to grow at about a pace of 6 to 8 percent yearly. Currently the school district is building a new high school, another high school, another middle school, another elementary school, which means that the need will continue to rise, for more affordable housing.

Today I am here in support of the Sunset Terrace project for the City of Pharr. And I am here to assure you all that all those requested changes have been met. The project is in good hands. The Pharr Housing Authority continues to be one of the best in South Texas, as year to year has been indicated.

And I want to express my gratitude to this Board for all the past support, the present support, and the future support that you have given to the City of Pharr and the Pharr Housing Authority. I also want to let you all know that I appreciate very much not only the service that you have given us for the City of Pharr, or the Pharr Housing Authority, but the services that you have provided for the State of Texas, in taking time to serve on this Board which has done a tremendous job as far as I am concerned, for the State of Texas.

I want to congratulate all of you for that, and continue to serve our state, a growing state with a lot of needs. Thank you for your support for the Sunset Terrace project for the City of Pharr, and you all have a good day. God bless all of you, and continue supporting affordable housing. Have a good day.

MR. CONINE: What do you think about the Mayor of Mission?

MR. PALACIOS: At this time, I would say, no comment. Unless the Board wants to go into Executive Session. But I will tell you, he has done a tremendous job, not only as a Board member with you all, but he has done a tremendous job as a former County Commissioner, which I was very pleased to serve with him at that time with the probation department, which I am retired from there.

But Beto has done a good job, not only for the City of Mission, but for South Texas and this Board here.

And I am not saying this because I want him to vote for my project. But if he doesn't, I will see him outside. You all have a good day.

Thank you so much, and again, from the bottom of my heart, you all are doing a good job. You are good public servants like a lot of us that are retired, but want to help our community continue, to help to change the quality of life, lots of people that are out there. And you all have done a very good job, and I want to commend you for that. So you all have a good day.

Beto, I will see you later.

MS. ANDERSON: Thank you, Mr. Mayor. That concludes the public comment for the public comment portion of the meeting. We have a number of you, a small

crowd that will speak on agenda items later in the meeting. The first order of business then, for the Board is the consent agenda, agenda item 1. I have public comment on several items.

Let me back up just a minute. Because I am about to overlook this. I want to welcome a couple of guests to our meeting today. I am very pleased to have Amanda Arriaga here from the Governor's Office. Thank you, Amanda, for being here.

We also have with us Melissa Hajar with the Appropriations Committee. And during the legislative session in the first half of the year, Melissa did wonderful, exceptional work to understand our complex budget. And she spent a long number of hours with staff, and in the end, helped ensure that the needs of low income Texas were represented in the State's budget. And so we are very grateful.

During the session the Appropriations Committee staff are some of the most popular people on the face of the planet, and we appreciate that she gave us appropriate time and support in understanding our budget, and helping us move it forward. So we appreciate you, Melissa. Where is Melissa?

MR. GERBER: Melissa, would you stand up?

MS. ANDERSON: Melissa, thank you so much.

(Applause.)

MR. CONINE: Madam Chair, I would like to pull items 1H and 1L off the Consent Agenda and reschedule.

MS. ANDERSON: Okay. That will be done. I do have public comment from a couple of people on items that remain on the Consent Agenda, so we might take that next. Ms. Rosanne Akin and then John Henneberger.

MS. AKIN: I am Rosanne Akin. I am the administrator at Memorial Hermann Baptist Hospital in Orange. And we are here to hopefully get approval for our \$6 million.

And we want to thank all of you for your support to this point. I want to thank you, Mr. Gerber, especially, for helping us. And Heather LaGrone from the ORCA office who helped us through the process, which we would have never made it without it. So thank you.

MR. GERBER: Thank you, ma'am.

MS. ANDERSON: Thank you, ma'am.

MR. HENNEBERGER: My name is John Henneberger. I am the co-director of the nonprofit Texas Low Income Housing Information Service. Madam Chair, am I speaking on -- I have several requests.

MS. ANDERSON: Yes. I know that. You are

speaking on the Housing Trust Fund NOFA, which is on the Consent Agenda.

MR. HENNEBERGER: Okay. Thank you. I received a call yesterday from, I think the largest producer of housing under the Bootstrap Program, Lower Valley Housing Corporation. The Executive Director there, Nancy Hanson was in a car accident two months ago, a very serious accident; life-threatening situation, and called me from the hospital to ask me to come before you and to express her concerns about the proposal that is before you today.

Her concerns are, and I have to admit, that I am not the expert here. I am simply a messenger. But her concern is that she and Lower Valley Housing leverage Bootstrap loans with private bank loans. They put in -- half private bank loan, go out to a private bank, get the money, and then rely on you all zero percent Bootstrap loan to do the rest of it, and produce a house at 45, \$46,000. Self-help. She believes that the structure of the program as outlined here will preclude her from being able to go into the bank with a block of clients in advance, and be able to leverage your money dollar for dollar like she has been doing with private funds. And so that is her primary concern. And her other concern is the ten-unit commitment limit, which she believes that based on her past track

record, she is capable of doing more than that. And she is running into a wall there. And she called me. And she is recovering. And she is doing business from her wheelchair and a cellphone. And has got her staff looking forward to the next round of money. And I would just like to ask on her behalf, that perhaps Mr. Cabello or somebody can speak to her about this. And that the Board remain open to considering who I think is one of the premier housing contributors under the Bootstrap Program about looking at this again, if necessary in order to make sure that we don't lose the largest producer of low income housing, single family housing in El Paso. Thank you very much.

MS. ANDERSON: Thanks.

MR. CONINE: That being said, can we pull Item G off the Consent Agenda as well, for discussion later?

MS. ANDERSON: Certainly. Okay. So then, we have pulled 1G, 1H, and 1L off the Consent Agenda. I have no more public comment on the Consent Agenda.

MR. CONINE: Move the balance of the Consent Agenda for approval

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. We now proceed to agenda item 1G. Mr. Gerber.

MR. GERBER: Madam Chair and Board members, staff is requesting approval of the 2008 Texas Bootstrap Loan Program reservation NOFA in the amount of \$6.5 million. These funds include \$3 million from the 2008 fiscal year allocation and 3.5 million from the 2007 Housing Trust Fund plan as set aside by this Board earlier in the year.

This program is a self-help construction program, which is designed to provide very low income families an opportunity to help themselves obtain home ownership or repair their existing home through sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home.

In addition, nonprofit organizations can combine these funds with other sources, such as private

lending institutions, local governments or any other source. However, according to statute, all combined repayable loans cannot exceed the \$60,000 per unit limit.

In an effort to attract a diverse group of nonprofit organizations that will serve various populations throughout the state, and improve upon the efficiency of the traditional funding method, a reservation system will be initiated with this NOFA as previously presented to and approved by the Board at the June 12, Board meeting. The reservation system will secure funds for owner builder applicants through nonprofit organizations that are certified as nonprofit owner builder housing providers, and that have executed loan origination agreements with the Department.

That agreement ensures compliance with the Texas Bootstrap Loan Program rules and guidelines. Staff believes that the reservation system will assist with the more prompt expenditure of funds, and limit poor contractor performance. I know you are interested also in a response to the question posed by Mr. Henneberger. And I see staff working on that.

And I would like to ask Mr. Cabello to come up in just a moment. Do you want to address the concerns of

Lower Valley? Thank you.

MR. CABELLO: Homer Cabello, Director for the Office of Colonia Initiatives. In reference to Lower Valley, I am a little surprised about the comments, because I did have extensive conversations with her back in July, before she had a car accident.

One of her concerns was, as John mentioned, was being able to take the contract that a certain amount of funds had been set aside, and would leverage those funds with the local bank. And in our July 12 Board meeting, we have put in our writeup that we would issue letters of intent, that as long as they identify families that met the criteria for the program and funds were available, that you know, they can participate in the program. I have talked to her a couple of times, when she was in the hospital, and she didn't express these concerns, so I don't know what her new concerns are now.

I know that in July we addressed her concerns and put in our July 4 letter [phonetic]. But she can still do reservations up to ten; that is the maximum that we are allowing. She also has a --

MR. CONINE: Is that a change from what we have done in the past?

MR. CABELLO: In the past, we used to award

contracts for a number of units. Now it is a first come, first serve reservation system. Just like the first-time homebuyer bond program.

MR. CONINE: Right.

MR. CABELLO: So as you identify families and you are ready to go, you get on our website, and you submit for a reservation.

MR. CONINE: Okay.

MR. CABELLO: And that allows for all nonprofit organizations to participate in our program. Because we are oversubscribed, two to one, three to one. We felt this was a way to help all nonprofits to participate, and hopefully get these houses built a lot quicker, and the monies moved. They cannot have more than ten reservations at one time.

But as soon as they close one, they can go in and put another reservation. So if they close two loans today, they can put two more reservations on the system.

MR. CONINE: And didn't we have a problem in the past with some of that money not getting used in a timely manner?

MR. CABELLO: Yes. Extensions and --

MR. CONINE: And so that is why we are limiting it to ten, to make sure that we don't block up a bunch of

it.

MR. CABELLO: Correct. And then we have certain benchmarks that need to be met during the reservation period. So the reservation is good for 12 months, but it won't sit there for 12 months. They have to be meeting certain benchmarks within those 12 months.

Now, in reference to Lower Valley Housing Corporation, they are finishing up a contract. And then they have another contract for \$600,000 they have yet to start. And that one expires in May of next year, of '08.

MS. ANDERSON: So this really clearly isn't a problem for them until at least they finish the next contract.

MR. CABELLO: Right. And they cannot participate in the reservation system until they complete their current contract, or have met all the performance benchmarks with their current contract.

MS. ANDERSON: Okay. Well, and I think that -- your time, I mean, I think staff worked hard to try to come up with something that would address the low spending rate. And this, looking at it for the next ten or 12 months will tell us whether this is going to work or not.

MR. CABELLO: And we were very concerned with

Lower Valley Housing Corporation. I did call her myself and talk to her. Because she is our largest producer. She can build 50 to 100 self-help housings a year for us.

MR. CONINE: That would be difficult to do under this scenario, would it not? In fact, it would be impossible to do. Because by the time you build and start ten houses, and get them all finished, and hit all the benchmarks, the year has gone by.

MR. CABELLO: She doesn't build them all with our funds. She uses USDA funds, through their self-help program also.

MR. CONINE: I guess my concern is that you have to totally finish one, before you start another. And I am open to the process, but I can sure see an overlap or concurrent sort of situation that would work for someone who has obviously produced in this program in the past. That would be my only concern from what I am hearing.

MR. CABELLO: We can always increase the number of reservations that can be allowed.

MR. CONINE: Let's try it. I am game to try it like it is now. And if it isn't working halfway through the game, be able to come back and readdress it. Move for

approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Agenda item 1H which is the Program 70 bond issue. Mr. Gerber.

MR. GERBER: Madam Chair and Board members, this includes the approval of resolution number 07-026, which is authorizing approval of a single-family mortgage revenue bonds 2007 Series B and authorizing approval of 30 percent of Program 70 statewide bond proceeds to include families earning 60 percent of area median family income or below in statewide targeted areas. Staff has determined that there is adequate demand in the marketplace for these bonds, and our advisors believe that the proposed transaction will be beneficial to the market.

I am going to ask them to come up in just a moment to talk further about that, about the basis of

those beliefs. As of August 6, 2007, 96 percent or 93 million of the 97.1 million in lendable proceeds that were released on June 5 have been originated or are in the pipeline to be purchased, leaving an available balance of 4.1 million in lendable proceeds.

Of that amount, 3.9 million is set aside for one year, for families earning 60 percent of AMFI or below, with a balance of .2 million for borrowers purchasing homes in targeted areas outside of the Rita GO Opportunity Zone. TDHCA has 80.1 million remaining in its 2007 volume cap allocation for single family bonds; staff has successfully obtained an additional \$80 million in 2007 volume cap authority from the Texas Bond Review Board. That would bring this structure to 160 million.

Staff is recommending a basic fixed rate mortgage revenue bond structure utilizing up to 6.5 million in zero percent funds. Staff is working on a compressed schedule to close this structure on September 20, 2007. TDHCA will issue first-time homebuyer mortgage loans statewide, except in the 22 counties in the Rita GO Zone and other targeted areas in the state.

Besides the 20 percent set-aside for targeted areas, state statute requires TDHCA to set aside 30 percent of the bond structure for families earning 60

percent of AMFI or below. Staff request is asking now for the Board's clarification and approval to include families earning 60 percent AMFI or below in statewide targeted areas.

Staff is recommending approval of this resolution, authorizing approval of single-family mortgage revenue bonds Series B, and authorizing approval of the 30 percent of Program 70 statewide bond proceeds to include families earning 60 percent of AMFI or below in statewide targeted areas. I'll ask Matt Poger to lead a little bit more in depth discussion on this, and to address concerns about the current marketplace. And Gary Machak, our financial advisor, is here as well as Elizabeth Rippey, our bond counsel, to talk about other complexities that you might be interested in.

MR. POGER: Good morning. Matt Poger. Director of Bond Finance. I'd like to update the Board on the current market conditions as it relates to the TDHCA upcoming pricing on September 6. Now the volatility in the equity market has had a very different outcome in the muni market.

Usually, after a movement in the equity market, the muni market will make adjustments and the spread will remain the same with Treasuries. Even with the Federal

Reserve reducing its discount rate by 50 basis points to help restore order to the financial market, the spread is widening, causing investors to limit their participation in the marketplace, which in turn has placed additional pressures on the price.

Lack of investor interests at suitable prices has led to a postponement in many levels and deals this past week, as opposed to last week. Because of these events, a working group conference call was held this past Monday to consider options as it approaches our pricing date.

On that call from TDHCA was Mike Gerber and Bill Dally along with Bond Finance, and the Texas Home Ownership Division program. Also included in the call was our underwriter from Citigroup and our professionals, Elizabeth Rippy, Gary Machak and Mark Maldall [phonetic].

We focused on achieving competitive market rates for our product as we reviewed each option.

One of the options is to consider using the \$1.7 million in zeros that will be -- we wanted to use for future use, but we were lacking now, bring that into this program to help lend down mortgage rate. Staff brings these options to the Board as a clarification point to the Board write-up and there is no action needed to amend the

resolution 07-026. Other options we talked about included delaying of the pricing for a week or two to see how the market moves.

The second option is to develop a structure that would include a swap to help us bring it into our -- achieve our rate. Also the third option would be to split up the program into having two closings. One on September 20 and another one on November 13. We would split our program up.

A fourth option, we would also be able to lower the volume, let's say \$120 million instead of 160, and take the other \$60 million and use it for an MCC program.

Before we go and do anything with the market itself, we will definitely be in contact with the Board and devise, the options we would be looking at. There has also been some surveys that Eric Pike has done in the last day or two about the amount of capacity that is out there for the \$160 million.

What I understand from him is several builders as well as lenders out there that are ready for us to come into market. The volume is there for us to hit at what, \$160 million. Any questions?

MR. CONINE: Yes. I have several questions. You mentioned four options. Delay, do a swap, split some

of it; you know, some now, some later. And maybe some in an MCC program. Does this resolution and this authority give the staff total flexibility to do that, or do we need to be more specific in our resolution?

MR. BOGER: What I understand with the splitting it up, we should be able to -- if we do split the program up into two programs, we would have to come back to the Board with another structure. If it is a swap, we have to come back to you and explain to you what the swap is. So that would be delayed until November.

If we wanted to reduce it into like an MCC program, I believe we have the capability of going ahead and doing that currently, with this. We would have to go probably, I would have leaned a little on Elizabeth Rippy to make sure I am --

MS. RIPPY: Elizabeth Rippy with Vinson and Elkins. If you want to just do the fixed rate bonds, if it turns out that that is what works, the resolution in front of you lets you do that. If you want to issue a lesser amount of fixed rate bonds, the way the resolution is drafted, is in an amount not to exceed. So you can do a lesser amount.

But if you want to come back later and do a portion of it as MCCs, we would be back to you with a

resolution to approve the MCC program. Or you know, you could return the additional allocation. You know, there are options. If you want, if you do decide to do variable rate debt, and do a swap, that is a different set of bond documents, and that is not in front of you.

So we would have to come back for another meeting for that option as well. Does that address your question?

MR. CONINE: So if we go forward with this, we are restricted to the fixed rate debt piece currently.

MS. RIPPY: Right. That is what is in front of you.

MR. CONINE: Although it may not be the total 160 or \$170 million, whatever it is.

MS. RIPPY: Right.

MR. CONINE: Because the verbiage in there is "amount not to exceed."

MS. RIPPY: Exactly.

MS. ANDERSON: If it ends up being split, Matt referred to -- he used the phrase, split closing. Does that also mean that there is split pricing?

MS. RIPPY: Yes.

MS. ANDERSON: Okay.

MS. RIPPY: You would be pricing it --

MS. ANDERSON: In November again. Okay.

MR. CONINE: Could we hear from Mr. Machak? I have, obviously, concerns about jamming 160 million into the market right now, in such a volatile market. On the other hand, I understand that housing finance agencies such as us provide first-time homebuyer mortgages in a period of time where they may not be able to do so.

When Fannie Mae gets a scheduled debt offering, because of prices in the marketplace, that scares me to death. And I don't want this Agency to be -- you know, if the prudent thing to do is to wait a couple of months and let things settle down, the repricing will take its toll, then I would rather wait a couple of months, or do something far less than the entire amount we have got right now. And I would just like to hear kind of your thoughts on the marketplace in general.

MR. MACHAK: Yes, sir. Gary Machak with RPC Capital Markets financial advisor to the Department. Mr. Conine, and Madam Chair and Board members, as you know, you have heard about the liquidity crisis. It is affecting our single-family market too. But there are transactions that are being offered in the marketplace, and they are getting done.

Just within the last two weeks, let me just

rattle off a number of names that have priced issues, and sizeable issues. Some of them in the 90 million and some in the 70. These are deals since August 14, so clearly after this had all started, Pennsylvania, Illinois, North Dakota, Mississippi, Iowa, Massachusetts, South Carolina was just completed yesterday, and Vermont is in the market today.

Those are the state agencies and then there are a number of local agencies too that were also in the market, that were able to get their issues completed. Now, by saying completed, a lot of those were repriced. A lot of those went out, like for instance, South Carolina is an example. They went out with a 5.5 percent on the long bond, and they had to reprice to a 5.55. The buyers are out there.

The main one is Freddie Mac. Freddie Mac is supporting the market. We were on a conference call with them on Monday. They mentioned that they would continue to be supportive and be out there. Just another anecdotal about the market. On Tuesday, the State of Texas with the financial advisor on 4.9 billion of one-year notes, one-year Tran [phonetic] notes. In previous years, we have seen the bids for these notes exceed four to five times the amount that they were selling.

What that shows is that there is a lot of liquidity in the market. There was a lot of interest. Underwriters were willing to take down bonds. Now, in previous years, we have seen this, and this year was one of them.

We saw that coverage produced. And it was produced to a little bit, about 1.7, almost two times coverage. And with that, what we notice though, is that the underwriters were really, at this point, not willing to take as much inventory down. And that is understandable.

I mean, there is a credit crisis of liquidity out there. So they are being told by those underwriters, those people that are bidding on those are being told by their managers not to go long on paper. And when that happens, usually there is a wider spread between the bid and the asked.

Now, that doesn't mean that when we come to market with an issue that our underwriters are not going to be willing to underwrite our bonds for us. It is just a question, at what level. And I think you can see by the evidence, and by issuers of the last two weeks, these levels have been acceptable to those issuers.

Our spreads have compressed since the beginning

of the summer and the beginning of the year, with regards to the amount of -- the rate on the mortgages that we can produce in our program, and the rate of the mortgages that are out there in the marketplace, so that has compressed.

But I think what we are hearing is that that spread is not compressed enough that it would make our product unattractive and unable to originate.

MS. ANDERSON: Mr. Machak, what kind of -- you raised thing about the banks being unwilling to warehouse our bonds. It seems like that is part of why we put them on our teams.

So what kind of conversations have you had specifically with CitiGroup and Goldman Sachs about, and I know it is not September 6 or 20th yet. But what is the nature of the conversations you have had with them about their willingness to warehouse our bonds.

MR. MACHAK: The conversations at this point have been -- they have been supportive of our issue, and supportive of going forward. The underwriting group led by Citi and we would expect them to be supportive when we are out in the market. And they have demonstrated that with other issues that have been in the marketplace, too.

MS. ANDERSON: So they have a record of -- under recent conditions, warehousing bonds for clients.

MR. MACHAK: Under recent conditions and even previous conditions. In fact, those are some of the questions that we ask when we go out for RFP for underwriters; what is their willingness to underwrite these bonds. So we are, too, talking about a different size, too. We are not talking about a billion of one-year notes.

MS. ANDERSON: Right.

MR. MACHAK: That was a \$4.9 billion issue. So that may exaggerate this problem a little bit. We are talking about 160 million. It is a large number. It is a large number for us. But for a large bank, like CitiBank and we have a strong syndicate in other members, too. That is something that you could work with them on.

But again, it would be at what price. And the comment is mainly to inform you of the risks that are inherent in this market, and the spread is widening when there is not enough buyers on the buy side, and then the investment banker is not willing to underwrite it at levels where -- may not be able to underwrite at levels where we think the market is.

MR. BOGANY: I have a question, Madam Chair. In regards to how putting an MCC program in there, what kind of balance does that give us, and how does that look

in the market, or even combining an MCC program with a down payment assistance program, so wherever the rate is, the MCC still gives you, actually, an effective lower rate. So how, if we did a combination of that, of the bonds plus the MCC, which would then give us both sides of the thing, state level grade, if it is MCC, it still stays fairly in the middle of the road. How does that work, and is that possible, based on the resolution as presented before us.

MR. MACHAK: Well, as far as the resolution, I am going to defer to Elizabeth. And then as far as the mix of the product, I will defer to Matt and Eric on that. But again, that is achievable out there. It just depends on the policy of what --

MR. BOGANY: But from a financial side, from your side --

MR. MACHAK: Yes, sir.

MR. BOGANY: If we did an MCC, would that help us at all from your side, from a financial side, based on where the market is today?

MR. MACHAK: Yes. Based on where the market is today, I think we feel confident we can deliver with our zero percent money, that we can deliver rates that are competitive for first-time homebuyer mortgage loan

product, given where the market is today. I think where Matt and staff and the group was going is, is there some way that we can, given the volatile market, expand our flexibility a little more than we usually have, when we go into the market, so that on the day that we are in the market, we can look at these options, and those options can help us with a decision that may be made to not go forward with the whole issue and keep our powder dry on that, and come back maybe with another issue or come back with an MCC program.

MS. ANDERSON: Matt, would you address from your perspective Mr. Bogany's question.

MR. BOGER: Yes. As Gary was saying, I guess the rates that we can go out with right now, in working with Eric and his team, they see that we can be able to move that money. What we are putting those proposals for, and options for, is that let's say we know the market has widened.

We don't know that two weeks from now, it could be twice as bad as it is right now. So we need more options on the table. And that is why we are bringing this forward to you, now. So we will have those. But if not, we can just work with the 160, or if we need to, at the time, we can cut that deal up, and just use different

options.

MS. RIPPY: Just to address how this resolution would work, this resolution authorizes issuing fixed rate bonds up to the total 160 million. If, on the day of pricing, it is a rough market, and you decide to downsize to whatever number you pick, you have still got that remaining allocation. And so we would have to come back to the Board at a later meeting to either authorize an MCC program, or a different type of bond issue for that additional allocation.

But you have got your 150 days to use that allocation. And we still have time to come back to a later meeting and use that at a different time.

MR. BOGANY: And I guess, Elizabeth, this is more of a question. Is the MCC a more viable option in a volatile market at this point.

MS. ANDERSON: Is that an Eric question?

MR. GERBER: Yes. Eric, why don't you come on down and join in on this.

MS. ANDERSON: Yes. Eric, you are sitting way in the back of the room, dude. A low profile.

MR. GERBER: Eric has some great conversations yesterday with the lender network and characterize those to the Board as well.

MR. PIKE: Good morning, Eric Pike, Director of the Texas Home Ownership Program. Mr. Bogany, to address your question, you can't use a low interest rate mortgage revenue bond program in conjunction with an MCC. You can do either/or. But we have had tremendous success with our mortgage credit certificate program in years past.

I haven't done any demand studies recently to know what that demand would be. But obviously, under a mortgage to credit certificate scenario, what you are looking at is a borrower, would be receiving a market rate loan and then they receive the tax credit, up to \$2,000 annually for the life of the loan.

I certainly think there is demand for both. If the market is such on the day that we price, that we needed to look at that alternative. I think it is something we could certainly originate and move.

MR. BOGANY: Okay. Because you know, being in a marketplace from where I sit every day, I think there is still a demand for the bonds. The bond money. I think people have been anticipated coming. You have got builders who are building homes with the anticipation of being able to do these deals, because they knew the money was coming. And I think because our bond programs are not sub-prime loans, a lot of them, people are putting 3

percent down type loans, and a few are doing 100 percent but they are basically doing FHA, VA straight A plus loans. I think the demand is going to be there. And I think even more important, the down payment assistance is going to be very big, because as one lender told me yesterday, it is back to doing business as we did it years ago.

And so you have got to have some money. You have got to have reasonably good credit. And I think our program is going to help. And I think the demand is going to be there. I do believe that the MCC program would give us a hedge on the market, because if the rates did go up, we can still get an effective rate. And it has been shown that you can do a down payment assistance with an MCC program also.

So, I think you guys have got all the options out there. But from the Board side, I do believe the demand is still out there, because we are not offering to hard to get buyers loans. We are offering to a buyers who will pass an FHA or a VA or a Fannie Mae or a Freddie Mac type loan.

MR. PIKE: Right. And I would echo that. We have been -- you know, we had a very successful Program 69. And it was one of the few programs I have been

associated with where we are almost 100 percent originated in such a short period of time. As you know, we have got set-asides that are typically made available for a period of a year.

And generally, those move rather slowly. But under that deal, they move very quickly. Obviously, we had a great rate. But what that has done is, that has spurred demand. I mean, we get calls you know, every day.

When is the next deal coming out? When is the next deal coming out?

And what we also think, in addition to the surveying that we have done is that with the market essentially drying up for sub-prime loans, no doc loans, some of the more exotic products, we are thinking that is going to shift some of these borrowers who might have been going into those markets previously over to the bond program, which will hopefully generate some additional interest. What I have discussed with Mr. Gerber and others is, my thought is, the targeted funds that we are setting aside, 2 million per day, for the target areas within the state, we have \$32 million to move. At 2 million a day, that is 16 business days.

I feel very confident, I think I can say, that we feel that those funds will move within 16 days. My

goal is to try to focus on the what we call unassisted money, which is \$80 million, which is the low interest rate funds. I think there is a significant demand out there for it. We moved under the last deal, we moved 40-some-odd-million dollars in unassisted monies, in a couple of weeks.

So I am hoping we move the 80 million in a couple of months. The assisted funds which carry the 5 percent down payment assistance is targeted to borrowers at 60 percent, who earns 60 percent AMFI or below. Those funds are always historically, have always been more challenging to move, just because you are dealing with a lower income borrower. Those funds, I think, in time will move.

But I am less worried about them, because who knows what the market you know, will be doing next year, when that set-aside were to lift. But I feel -- I think I can say in confidence to you, that I feel pretty good about the 80 million as well as the 32 million that is in targeted funds.

MR. CONINE: Eric, Matt mentioned moving the 1.7 million of assistance into this program versus leaving it for later. Can you address that issue for us?

MR. PIKE: I will try.

MR. CONINE: Or your perception of the need for doing that?

MR. PIKE: Just depending upon the market, the day we go to price, I think what they are doing is asking your permission to have the flexibility to take the \$1.7 million and zeros that will be generated from this structure, to use that to blend the rate, or to buy the rate down should we need to.

MR. CONINE: Okay. And just -- we don't need anything from a resolution standpoint to give them that flexibility.

MS. RIPPY: You don't. That money is just generated by putting a higher rate on these loans. So really, all you are doing is just lowering the rate on the loans. And you are using that money that you might otherwise have used to subsidize a future program to get this rate down. And with the spreads moving the way they have, the advice is to go -- there is nothing, it is not reflected in the resolution. You will do that automatically by setting the rate on mortgages.

MR. SALINAS: How low are you going to go on the mortgages?

MR. CONINE: Where do you currently think your target is?

MR. PIKE: Do you want to address that, Matt?

MR. BOGER: We are looking at -- we originally started with 580 for the unassisted when we started this two or three months ago. Because of the market movement, we are looking at a 599 for unassisted. A week ago we were looking at a 595. So in one week, it moved four basis points.

MR. CONINE: Right.

MR. BOGER: So that is what we are looking at.

MR. SALINAS: This is for first-time homebuyers?

MR. BOGER: This is for first-time homebuyers, correct.

MR. SALINAS: And they get a 599.

MR. BOGER: Correct.

MR. SALINAS: How much are they going to get from the bank if we have money in the bank on time. Are we going to be making any money on the bonds?

MR. BOGER: That is the other question. That is a very good question.

MR. SALINAS: Because if you are going to have a --

MR. BOGER: The interest rate on the GIC that we normally invest our money in, while we are waiting for

the funds to go out is lower than what our bonds are set.

Our bonds are probably long term 550 or so, and our short term would be like at 480, so.

MS. ANDERSON: We have negative arbitrage.

MR. BOGER: On this structure, we will have negative arbitrage for a short period of time. Hopefully, we will get all the money out the door real fast.

MS. ANDERSON: Well, that argues for not letting your eyes get bigger than your stomach.

MR. BOGER: Correct. Yes. And that is a lot of things we are focusing on between now and September 6.

MR. CONINE: Could I ask Gary one more question?

MS. ANDERSON: Certainly.

MR. CONINE: Gary, could you address the counterparty availability on the swap market in the last couple of weeks?

MR. MACHAK: We have still seen swaps available. We have seen the counterparties that you have used, their credit rating still being maintained, and still being reaffirmed. So there would be -- we did talk to Citi about it. I mean, there is interest on their part.

So they would, if we decided. But again, I think on this transaction, that may mean a delay on this transaction, because of what has been submitted to Bond Review Board and what has been submitted to you today.

MR. CONINE: Yes. But the call you guys have to make is do we go ahead and push it out fixed rate now, or do we wait for counterparty swap later.

MR. MACHAK: Right.

MR. CONINE: And is there an advantage to doing that. And that is a tough call if that market has shriveled up any. I just was curious to hear about it.

MR. MACHAK: I think actually, that market is still there. I think it would be available for the amount that we would need in an issue, and would probably from the numbers we were looking at with this, would help us in the transaction. But again, the other alternative would be to do a smaller piece, and maybe look at a swap on the next piece and later in the fall.

MR. CONINE: Madam Chair, I move approval of Item 1H, resolution 07-026.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are

ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. We are going to take about a ten-minute break. I think it is time for a break, so we will reconvene shortly.

(Whereupon, a short recess was taken.)

MS. ANDERSON: We have sent a search party for Mr. Conine.

(Pause.)

MS. ANDERSON: Here he comes. Look. He is running on that bad leg.

MR. CONINE: It is hard to run with a broken leg.

MS. ANDERSON: Okay. We will come back to order. And the next item of business would be agenda item 1L.

MR. CONINE: Madam Chairman, after discussion with our General Counsel during the break, we are going to pull Item 1L and put it on next month's agenda.

MS. ANDERSON: Okay. All right. Without objection, that is what we will do. And then we are then

ready for Agenda Item 2, which concerns a large body of rules for publication in the Texas Register for public comment. Mr. Gerber?

MR. GERBER: Madam Chair and Board members, as we move into the rules, which are the next agenda item, staff is requesting that we be allowed to make technical and typographical changes as we find them, as we prepare the rules for publication.

These changes include numbering issues or where a rule refers twice to HTC in a row, rather than to HTC and HTF in the same sentence, changes like those, just for clarification and to make sure we get it right. We won't change any item that substantially changes the rule of course. So if that is acceptable to the Board, we will assume that this is included with the motions that are made, regarding each approval of the rules. And we will just take them in order.

Item 2A is the presentation, discussion and possible approval to publish a proposed repeal of 10 TAC Chapter 60, Subchapter A, the Compliance and Monitoring Rules and to draft proposed new 10 TAC Chapter 60, Subchapter A Compliance and Monitoring for comment in the Texas Register. These rules have been rewritten with the goal of providing clear, concise and standard

requirements.

All of the significant sections of the rules have been noted in your Board write-up, and I will highlight some of the major revisions to the Rule. And after public comment, staff will be happy to answer any questions that you may have. The new rules lower the level at which developments can reach material noncompliance.

Noncompliance is a critical issue for some developers, because if a properties cumulative score exceeds the threshold for material noncompliance, the owner of the development is not recommended for any additional assistance from the Department. Under the housing tax credit program, noncompliance is reported to the IRS on a building basis, and is therefore scored by building. For all other programs, noncompliance is identified and scored by unit.

Therefore, the material noncompliance threshold for all housing tax credit properties is 30 but for non-housing tax credit developments, the score increases by the size of the property. So for non-housing tax credit property with 50 units or less units, the current threshold is 30. And staff is not recommending any change.

Staff is recommending that the threshold for non-HTC properties with 51 to 200 units be lowered from 120 points to 50 points, and for non-HTC properties with more than 200 units, be lowered from 150 points to 80 points. These changes are recommended because the previous scores were too high to identify non-housing tax credit properties with significant incorrect and noncompliance, hurting the ability for the property to recover and the availability of the units for targeted levels and in some cases, the tenants.

Another major change in the rules relates to utility allowances. The previous utility allowance rule modification has been withdrawn, and is now incorporated into a more streamlined fashion within this rule.

The proposed rule keeps previous methods, but allows for a new option based on actual consumption, provided that the owner is able to supply a 12-month billing history for 20 percent of each unit type, or five units of each unit type, whichever is greater. The proposed rule also eliminates mid-construction inspection by the Department but requires submission of any construction inspection reports supplied to the syndicator.

The Department's evaluation of the uniform

physical construction standards or UPCS report in relation to our material noncompliance methodology has also been clarified. Department staff reviews UPCS reports to determine if the property has, one, no findings of noncompliance, two, minor violations, or, three, major violations.

Under HUD's UPCS, deficiencies are now rated as Level 1, 2, or 3, depending on the severity of the violation. In addition, the HUD UPCS scoring methodology scores each property on a scale of one to 100.

After reviewing many UPCS reports, staff is recommending that if 20 percent or more of the units inspected have a Level 3 deficiency, or if the overall score is less than 60, that the property be cited with the finding, major violations of UPCS. If 20 percent of the units have any Level 2 deficiency, or if the score is between 69 and 79, staff is recommending that the property be cited with the finding, minor violations of UPCS.

Staff is recommending approval of this draft rule for publication in the Texas Register where it will go out for public comment. And after public comment --

MS. ANDERSON: I do have public comment on this item. Mr. Henneberger on the Compliance rules, sir.

MR. CONINE: You look better with a hair cut, I

will tell you.

MR. HENNEBERGER: Just for you, Mr. Conine. I am John Henneberger, Texas Low Income Housing Information Service. I wanted to flag an issue that we will be addressing in writing, and bringing back to the Board at your next meeting again. A number of the advocates from the disability community and the tenants' rights community and those of us who work on the interests of low income people.

And that has to do with this utility allowance change. This is a very big deal to us, and I know it is a big deal to the industry. And I know that this Board has always been fair in trying to weigh the interests of the industry with the interests of the tenants.

But in our opinion, the proposed rule is too broad in terms of being able to grant the owner of a property an ability to lower the utility allowances that would be paid to a tenant. There is a couple of specific concerns that we have got. It allows in essence for the first time, for an owner to sort of self-survey the development, and to collect information from 20 percent of the apartments in order to make the case for the fact that utility allowances ought to be lowered.

We are very concerned that this be done in a

truly blind or random manner, and that the developer not be allowed to sort of cherry-pick the lowest utility using tenants in order to justify this. So there needs to be more language in the rules that is going to clarify that.

In addition, changes in utility allowances fundamentally affect the lives and the ability of the tenant to stay in the units. And there need to be triggering provisions that require the developer, if they are going to do this type of review and proposed to lower the utility allowance, that they notify their tenants that they are going to do that, and they share with their tenants the information that they are submitting to you as a Department.

Because the tenants are the other interested party, and they may not know that this process of review is going on. So we will be providing you some written information about this. I wanted to flag it, because it is such a major issue, out in the tenant community. Thank you very much.

MS. ANDERSON: Thank you.

MR. GERBER: Thank you, John.

MS. ANDERSON: That is the end of public comment on this agenda item.

MR. CONINE: Move for approval of Item 2A.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Item 2B are the rules on accessibility requirements.

MR. GERBER: Madam Chair, I want to apologize to everyone. This item has to be pulled from the agenda, and it will come back to the Board in September, due to an administrative error. Part of the rule wasn't published in the book.

These rules will be placed out for public comment still as planned, and staff will shorten the time that we have for addressing public comment so that they can be approved in November with the other rules. But I believe a corrected version is now posted and available. And we certainly would welcome. Do we have any public comment on that item?

MS. ANDERSON: No.

MR. GERBER: Okay. Pulled. And we will move on to 2C. Item 2C is asking for the Board's approval. It is the final Subchapter in the new version of the Compliance chapter. I am sorry. This is the final Subchapter in the new version of the Compliance chapter, is the rules to the administrative penalty provisions that were placed in Senate Bill 1908, which was passed into law during the last legislative session. As you recall, the Legislature has provided the Department with up to \$1,000 per day, per violation in administrative penalties. In the past, the Department did not have a good way to enforce our land use restriction agreements if a person did not desire to participate in our programs. Since our primary option was to prohibit them from further activity in our award process. While the rules apply to everyone, we anticipate that persons who apply for additional awards are less likely to be in noncompliance due to the bar against additional funds when in noncompliance. The new rules follow statutory language fairly closely. You will notice that Compliance has assisted in the drafting of these rules, where they believe most of the problems are found in the penalty table, which is a requirement of the

statute. Please note that as our primary goal, our primary goal is compliance. When a developer owner achieves compliance, the penalties are greatly reduced and could be waived altogether if the Board desires the administrative elements to this are, first, after Compliance has attempted to resolve the issue, the matter is referred to Legal Services. Second, the Director of Compliance and Legal Services with the Enforcement Committee will offer the responsible party or owner an informal conference to resolve the issue. Three, if the informal conference is unsuccessful, the Executive Director issues a notice of alleged violation to the responsible party or owner, and awaits a response. Four, if the responsible party or owner pays or corrects the activity within 20 days, the matter is dropped. If the responsible party or owner requests a hearing on the matter, the issue will be set for hearing. Five, the Board is authorized to hold these hearings, but staff recommends that the matter be referred to an administrative law judge for a proposal for decision to be drafted for the Board's determination and order. Six, once the ALJ produces its proposal for decision, which will include a summary of the facts, and conclusions of law, the Board will then issue an order. Seven, at that

point, the responsible party or owner can pay the penalty or challenge the order in civil district court in Travis County. While this sounds involved, it is generally the same process used by other state agencies who administer administrative penalties, except that because of the complexity of the program, we are not using the State Office of Hearings examiners, and the State will be contracting with an administrative law judge who will be charged with understanding our complex programs. The staff recommends approval of this draft rule for publication for the Texas Register for public comment.

MR. CONINE: Move approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 2D is the QAP. And I am going to ask Robbye Meyer to

be ready to talk about specific sections of it that might be of interest to you. But changes to the draft rules include statutory changes, as well as additional language that make the 2008 QAP and rules consistent with the other multifamily program rules. These rules will provide greater flexibility and choices, and higher standards to improve the overall quality of multifamily developments. A round table was held on August 2 to garner preliminary input on the QAP, and a summary of several of the most significant items that were changed has been provided to you in your Board book. However, as you will note, there are a number of changes to the rule, and we can proceed as the Board might wish to talk about specific items, or if it would be helpful for us to walk through several items of interest, we can provide that to you. This is probably the most, certainly complex of the rules we will be looking at today.

MS. ANDERSON: And we have one person that would like to make public comment. Only one. Right. So maybe we don't need any discussion. Ms. Bast.

MR. CONINE: It will probably change when it comes back around.

MS. BAST: I will waive my comments.

MS. ANDERSON: Okay. So we have no one making

comment on the QAP. What is the Board's pleasure. Would you like to Robbye to -- do you have questions?

MR. BOGANY: I have a couple of questions of Robbye.

MS. ANDERSON: Okay.

MR. BOGANY: I want to thank staff for the summary of significant recommendation. It really does help me, and I am sure, the other Board members.

I had a couple of questions in there in regards to a HUB verification. We talked about HUBs being able to verify that they had gotten what they had did, to try to increase minority participation or underutilized businesses. I didn't see that in here. I know we talked about it.

The other question I had was a concentration issue on and especially in major cities, we had been doing the three-mile rule. How do we tighten that down? And whether or not we had this broad -- we were giving seniors pretty much able to go wherever they wanted, you know, do whatever they wanted to do as far as concentration goes. Are we beginning to look at that.

The other one I had, I had talked about more points for green building. And the reason I brought that up, we were talking about issues with utility costs. So

we are building more efficient units and more efficient, energy efficient units. That may help us offset that.

And the last thing is, is it anywhere in the QAP, I noticed this year, that we had a lot of developers who came in and said hey, we are going to put these items in my unit. And then later on, come right back after the units are built, and say, well, I forgot those units. I forgot those garbage disposals, or I didn't do what I told you I would do. I missed it. I don't understand how you can do that, but I have seen that a lot this year.

Is it any rules in here that we can penalize those? There is an automatic penalty, or are they able to appeal that penalty in the QAP, where it comes back for us? See, I don't think that is an appeal. If you tell me you are going to do something, and you don't do it, I don't see why you are appealing to me about it. But is it anything in the QAP that addresses those issues?

MS. MEYER: Yes, sir. I will try.

MR. BOGANY: That is a lot, but I kept notes if you need some help.

MS. ANDERSON: I wrote them all down .

MS. MEYER: I will try to address all of them.

Robbye Meyer, the Director of Multifamily Finance.

Your first question was on the HUBs. And what

we have added to the QAP for 2008 is not only do they have to say that they will have a plan, but they will need to produce that plan. And then when they actually come, at the end of cost certification, they will need to send a report that states how successful that plan was in using HUBs or the minority-owned businesses.

MR. BOGANY: Okay.

MS. ANDERSON: That was done to try to address your concerns, because you know, I think you had a valid concern that we give points for producing a plan, but we never have a way to collect the data on the back end to see if it made any difference.

MR. BOGANY: Okay.

MS. MEYER: To address your concentration issues, those will be addressed by Mr. Gouris in the underwriting rules. But I would like to make one clarification that we do need to, that will also address part of this, and it is, we have points for our elderly developments, if you are producing an elderly development in an area that doesn't have any other elderly developments, that is actually in the selection point.

But the clarification that we need to make is, we need to add in, an elderly development, a proposed elderly development, and we left out the word "elderly."

So if, at the Board's pleasure, if we could add that one word in. And that is on page 57 of 84.

On your green building, we did add points on your selection for green building this year. And there are several items in there that they can receive points for on the green building. And that is in section 50.9(I). That is all your scoring items. I am sorry. It is in the threshold items, point items in the threshold for common amenities.

MR. BOGANY: Okay.

MS. MEYER: So that is 50.9(h). And your last, the question had to do with the amendments, if they say they are going to do one thing, and they come back and do another one.

MR. BOGANY: Say we forgot.

MS. MEYER: That has to do with the adherence to obligations and the amendment process. And there are penalty points involved with that and there is also staff added a monetary assessment for that also.

MR. BOGANY: Okay.

MS. MEYER: And that would be at the Board's discretion.

MR. BOGANY: Thank you.

MS. ANDERSON: If I could just make an

editorial comment. We have seen a number of those this year, and the Board has to date been reluctant to invoke the penalty points, we have not invoked penalty points to date.

And so this gives the Board an additional tool, but if we don't -- we could invoke penalty points. We could do that today. But this QAP gives us an ability to in addition or in lieu of, invoke a financial penalty.

MR. BOGANY: Okay.

MR. FLORES: Madam Chair, question. Robbye, on neighborhood organizations, there is a broad definition of neighborhood organizations here.

MS. MEYER: Yes, sir.

MR. FLORES: How do we account for a superneighborhood that we have got a problem with?

MS. MEYER: Superneighborhoods would be included in the new broad --

MR. FLORES: Where does it say that in here?

MS. MEYER: It doesn't actually state it. We didn't actually state what would qualify. As long as they meet the other criteria of a qualified neighborhood organization, then they would be included in that definition.

MR. FLORES: Mr. Gouris agree with that

statement?

MR. HAMBY: (No audible response.)

MR. FLORES: I was trying to find out who it was. Somebody else in here.

Okay. Kevin, do you agree with that statement?

MR. HAMBY: Yes, sir. The way we have changed it is, that you will notice in that QCP section, item 2 there, that it now moves the date forward, so anyone who sends us a letter that makes a comment would be on the record with the State, because whenever they send it to us, it would be on record with the state. And so the conflict there has always been the city recognized neighborhood groups, but we didn't necessarily. And the statute requires that they be on the record with the county or the state.

And then the other thing that we have done that now a lot of superneighborhood groups to be included, is we have removed the size limitation. Whereas before we had said it could not include a whole city or a larger area.

That limitation has been removed because the Legislature has defined what a neighborhood group is. And so it is -- as long as their primary issue, or their primary issue is to promote the neighborhood, then they

are a neighborhood group under the legislative definition.

MR. FLORES: Thank you.

MS. ANDERSON: Any other questions on the QAP?

MS. MEYER: Madam Chair, if I could make one more clarification.

MS. ANDERSON: Yes, ma'am.

MS. MEYER: On the USDA set-aside, we would like to make a technical clarification on page 20 that states how that will actually be, the USDA rehabilitation would be out of the at-risk set-aside, and the new construction would come out of the regional.

MR. FLORES: Do you need a motion.

MS. ANDERSON: Yes, sir. I do.

MR. FLORES: So moved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume -- are you ready to vote?

MR. CONINE: Yes.

MS. ANDERSON: Okay. Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 2E is the draft 2008 multifamily housing revenue bond rules to be published in the Texas Register. Changes to the draft rules were very minimal and included several statutory changes as well as additional language that made the 2008 multifamily housing bond rules consistent with other multifamily program rules.

The only significant changes include the addition of language that addresses the existence of a new possibility of multiple site bond applications which was created under House Bill 3552, and will be clarified in rule by the Bond Review Board. The rule addresses how multiple site applications similar to the Rainbow transaction that is later on your agenda will be handled in our review process. Specifically, each individual application will be scored on its own merits, with the final score being determined, based on a weighted average of all the individual applications in the portfolio.

Additionally, the rules will address how we will charge bond application fees for those same multiple site applications. Instead of the applicant paying

\$10,000 for each individual application, they will be charged \$10,000 or \$30 per unit, whichever is greater.

All other changes were fairly routine or administrative in nature. Staff is recommending approval of these rules to be published in the Texas Register for public comment.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: The next item, Madam Chair and Board members is the REA rules. Item 2F.

MR. CONINE: REA.

MR. GERBER: REA.

MR. CONINE: A/k/a Tom Gouris.

MR. GERBER: Let me brief you on just a few of the more significant changes before you bring Mr. Gouris

up for grilling. As you will recall, the 65 percent expense to income ratio was fairly well discussed by the Board during this past cycle.

However, you will note that staff is not proposing to eliminate the 65 percent expense to income ratio as we ultimately felt that it served as a bellwether for other potential problems in several transactions. In only one application this past round was the ratio, the sole criteria for not recommending an award on an application that had scored well enough to warrant an award.

Staff believes that this new rule was successful in preventing point chasing with regard to deep rent targeting where such targeting was not realistic for the long term. In addition, staff is recommending some alternative modifications to address the concerns that we have heard over the course of the past year.

By adding another automatic exception criteria that allows the development which is project-based restrictions on the rent, even if it has no specific rental subsidy, as long as the current market rents are 10 percent higher than the restricted rent. This will specifically address concerns from USDA funded developments that have no rental assistance, but have not

had a problem getting rental increases to cover operating expense increases.

Staff is also recommending expanding the ability of the Executive Director to waive any of the REA and feasibility criteria where the ED believes specific and unique circumstances provide sufficient mitigation to the infeasibility criteria. Staff already has the ability for an automatic exception for several known mitigation criteria in the rule, such as project-based rental assistance.

However, there could be circumstances that have not been widely seen or contemplated by these rules that clearly mitigate the infeasibility condition. Any such waiver will be addressed in the underwriting report, and the Board will still have the ability to consider the appropriateness of such a waiver granted or not by the ED, as part of its overall approval of a final award recommendation.

To address other Board comment over the last several months, the rules also propose a new concentration criteria. This criteria was modeled in some part after the Houston concentration plan, based on the total amount of rental units in an area.

The proposed new criteria calls for no new

units other than replacement units be allowed in census tracts where more than 1,432 units per square mile of rental housing, and buildings with three units or more, or where the entire primary market area has a concentration of 1,000 units or more per square mile. Staff is also recommending a reduction in the capture ratio for elderly developments and urban areas, from 75 percent to 50 percent, based upon comments from several Board members.

Finally, in addition to adding clarification to a number of areas, staff is recommending the addition of language specifically allowing the Department to make market decisions based upon demographic data acquired directly by the Department. While staff believes that the ability to accept or reject a market study acquired by the applicant has long been in the rules, it was not clear that the acquisition of independent data could be used as a justification for such acceptance or rejection.

With that, we are recommending approval of these rules. And Mr. Gouris and his team are of course, here ready to take fire.

MR. CONINE: Any public comment?

MS. ANDERSON: No.

MR. CONINE: Move approval.

MR. FLORES: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 2G reflects the proposed draft Housing Trust Fund rule. This draft rule ensures compliance with all statutory requirements including recent changes to Chapter 2306 of the Texas Government Code and incorporates some public input, and includes recommendations for revisions of necessary policy and administrative changes to further enhance the Housing Trust Fund's operation.

Key changes include, first, the addition of new definitions to work in concert with other programs and their guidelines. Two, the introduction of a new Subchapter on ineligible applications activities and restrictions, which creates additional conditions that may deem an applicant and any applications ineligible such as the conviction of a felony. Third, the formalizing of

program processes, such as those involving the application procedures, award process, applications layered with tax credits, and the documents necessary for supporting mortgage loans.

Overall, staff believes that the rules have not made significant policy changes to the program. Jeannie Arellano who heads up our HOME Division and her team have worked very hard on these rules. And we are available for comment. But we recommend approval and moving them to the Texas Register now for public comment.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 2H is a change that merely removes the administrative penalties from the existing asset resolution and

enforcement rule. The new rule will be limited to properties the Department makes loans for, and general contract enforcement issues where an administrator contractor or subrecipient is not performing on its contract, including the recommendation of reduction in administrative funds.

This rule will continue to contain the Department's debarment policy, as would directly relate to contracts. Staff is recommending approval of this draft rule for publication in the Texas Register and that it be available for public comment.

MR. BOGANY: So moved.

MR. FLORES: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair, Item 2I is our first-time homebuyers rules as enacted and referenced by Senator

Lucio earlier today. Senate Bill 1908 and House Bill 1637 during the 80th Legislative Session resulted in the need to create a new Chapter 7 of the Texas Administrative Code which implements the Texas first-time homebuyer program.

The new chapter sets forth the types of assistance available, eligibility requirements, the application procedure, the application fees, and describes the qualifications that mortgage lenders must meet to participate in the Texas first-time homebuyer program. The program make mortgage loans and mortgage credit certificates available to first-time homebuyers with an income that does not exceed 115 percent of area median family income, or up to 140 percent in target areas, and down payment and closing cost assistance for incomes that do not exceed 80 percent of AMFI.

Rider 11 additionally requires that at least 30 percent of the bond proceeds available be set aside for one year, and that down payment assistance be made available to individuals and families at 60 percent of AMFI. With the exception of providing down payment assistance to borrowers up to 80 percent of AMFI, there are no significant differences between the Department, between the program as proposed, and this rule and the program as currently administered by the Department.

Staff is recommending approval and publication in the Texas Register, and that it be available for public comment.

MS. RAY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 2J is addressing a technical issue that staff has identified, due to differences in program databases. What this rule would do would provide a single point for changing the address of a person working with the Department to ensure that all program areas receive notice, instead of just a single person that the person may have notified. We are placing this in the administrative rules so that everybody will be on notice that calling the staff member you may deal with most

frequently may not correct every database. It is unfortunate that all of our databases do not communicate, but the cost in programming time to reach this result is prohibitive at this point. Under this rule, persons will be able to update their contact information by either first class mail, email, or on the Department website. Staff is recommending approval of this rule to be published for public comment in the Texas Register. And we again, appreciate your support.

MR. CONINE: So moved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. That is, I want to thank the entire staff, particularly Kevin and Jeff and the Legal Services Division who now have oversight responsibility for reviewing rules and so forth. We will see what happens in the next 60 days. But so

far, I think this is the smoothest draft rule approval process we have ever had.

And on the last rule, about making the contact information, I think the Board also should know that Curtis Howe, Director of Information Services has helped us ease the implementation of this rule for our communities by creating a web solution, where someone can go into our website and they don't even have to make a phone call. Just go into the website and change their address and then it will be properly propagated out. So we thank Curtis for that as well.

MR. CONINE: Madam Chairwoman, could we get staff to articulate the public hearing process?

MS. ANDERSON: Yes, sir.

MR. CONINE: When and where.

MR. GERBER: Madam Chair and Board members, there will be six public hearings that will be held. The first will be in El Paso on the 24th of September. The second will be in Houston on the 26th of September. The third will be in Lubbock on the 28th of September.

The fourth will be in Dallas on October 1. The fifth will be in Brownsville on October 3. And the last will be here in Austin on October 4. The rules will be available for public comment, Mr. Hamby, for how long?

MR. HAMBY: Thirty days.

MR. GERBER: Thirty days. And we expect that they will be published in the Register next week. Well, they will be sent to the Register, and then they will be in the next Register.

And I would be remiss if we didn't thank in advance Michele Atkins. No, go ahead and speak, Kevin. But Michele Atkins who is making the trains move in getting these things to the Texas Register. She has really done yeoman's work in that regard.

MR. HAMBY: We anticipate them to be published one week after submission. We are hoping they are going to be submitted on Monday. That is our goal. So then it would be the 8th of September, and they will be available for public comment then, when they come back.

We take obviously, testimony at all the public hearings, and we also accept written comment. And during that 30-day period, between September 8 and the end of the comment period, which would be somewhere the second week of October, then between then and November, staff scrambles to answer those questions and to give a reasoned response as to why we accept or don't accept something.

And then they will appear again on November 15 at your Board meeting. November 15 or 13th? Your

November Board meeting.

MR. CONINE: Would you state your name for the record?

MR. HAMBY: Kevin Hamby, General Counsel and Secretary of the Board.

MS. ANDERSON: Okay. Thank you, Mr. Hamby. We are now, Board members ready to proceed to Agenda Item 3, which is discussion and possible approval of policy and public affairs items.

Mr. Gerber.

MR. GERBER: Madam Chair and Board members, TDHCA along with the Office of Rural Community Affairs and the Department of State Health Services are preparing the 2008 State of Texas Consolidated Plan, One-Year Action Plan to submit for public comment. The action plan reports on the intended uses of funds received by the State of Texas from HUD for program year 2008 which begins on February 1, 2008, and ends on January 31 of 2009.

The action plan covers the state's administration of the CDBG program, the emergency shelter grants program, the home investment partnerships program and the Hopple [phonetic] program. The plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives

identified in the 2005 through 2009 State of Texas Consolidated Plan.

The 2008 Action Plan reflects the following significant changes. First, a performance measurement system with specific objectives and outcomes that closely mirror the performance that we report annually to HUD.

Second, for the HOME program, we are making HUD aware that we are familiar with their maximum amounts. But that it should be noted that in the HOME rules you will see next month, staff will be recommending a lower maximum level. But since the rule is still up for discussion, staff proposes that the Con Plan reflect the generic federal maximum.

For the HOME program, the Plan provides an updated allocation plan for the housing programs for persons with disabilities and reflects new statutory changes, as well as input from the Department's disability advisory workgroup. For the HOME program, the Plan clarifies which program activities are included in the regional allocation formula and lays out the new allocation amounts for each activity. For the HOME program, the Plan reflects changes to the recapture and foreclosure sections.

For the emergency shelter grants program,

changes were included regarding the Department's use of funding for statewide efforts, to address homelessness, to provide greater flexibility for the Department to meet federal guidelines. This draft, as with all the other rules before you today will be made available for public comment.

Comment will be accepted in writing directly to the Department and at the six consolidated hearings throughout the state. We welcome your questions. And I'm happy to respond.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 3C is required under state law to use regarding the regional allocation formula. Under state law, we are

required to use a regional allocation formula to allocate our HOME, Housing Trust Fund, and housing tax credit funding. The RAF is intended to objectively measure the affordable housing needs and available resources, and 13 state service regions use for planning purposes. Legislative changes made the factors to be included more discretionary.

But as the Department ran several factor change tests, the results seemed to impact one or two areas substantially, without providing any significant increase in other areas, and no substantial change has been made to the formula, other than movement of areas from urban to rural based on the new definition. The regional allocation formula also allocates funding to rural and urban areas within each region.

TDHCA, in order to be responsive to changing needs in each community reevaluates this formula annually to reflect updated data, to respond to public comment and to better assess regional housing needs and available resources. The 2008 RAF incorporates legislatively required changes, including a change to the urban and rural definition, and the reservation of certain funding amounts before the formula is applied.

In addition, the RAF reserves a minimum rural

allocation of \$500,000 per region, and a statewide minimum of 20 percent of the total state allocation. Like other documents, again, this draft will be made available for public comment upon Board approval, and we welcome your questions about the RAF.

MR. CONINE: Move approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, Item 3C deals with the AHNS, the affordable housing needs score, which is used to evaluate HOME, housing tax credit and Housing Trust Fund applications. The formula is submitted annually for public comment, and the final methodology and the resulting score are published on the TDHCA website.

The 2008 affordable housing needs score

reflects the following changes. There are updated definitions for rural and urban places, and a separate Housing Trust Fund needs score, to reflect updated program activities. Department homes that through the needs score, applicants are encouraged to request funding to serve communities that have a high level of need.

Like the other documents today, this draft will be made available for public comment upon your approval. Staff is requesting permission to make two minor changes to the needs score methodology prior to the release for public comment.

The version that was posted in the Board book does not reflect the updated total points shown in the QAP. The posted version shows total points of seven, and the proposed QAP reflects a total of six points. So we ask for that change. Each score would be reduced by one point in the version released for public comment.

Also, the rural/urban designation on the housing tax credit AHNS needs correction. In updating the needs score based on legislative changes, staff miscoded exurban places as rural rather than urban. So like other documents, we request your permission to make those changes, and then they would be available for public comment, and we would welcome your questions.

MR. BOGANY: So moved.

MR. FLORES: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair, moving on to Item 4A, there are no appeals that have been filed with regard to underwriting reports at this time.

MS. ANDERSON: Yea.

MR. GERBER: I can also tell you happily that Item 5C has been removed. There are no multifamily appeals.

MS. ANDERSON: Five A?

MR. GERBER: Five C has also been removed. There are no housing tax credit appeals. So that should move us along. We are going to go to 5A next.

MS. ANDERSON: Yes. I am sorry. Yes. Agenda item 5A.

MR. GERBER: Madam Chair and Board members, Item 5A is a tax exempt bond applicant that is requesting a 4 percent housing tax credit determination for the Rainbow Housing Assistance Corporation bond portfolio. This Priority 3 application consists of 13 properties that will be pooled into one bond transaction and issued through the Texas State Affordable Housing Corporation.

This Priority 3 application consists of 13 properties again, that will be pooled into one bond transaction and issued through Texas State Affordable Housing Corporation. The properties are all acquisition rehab, and will consist of a total of 1,014 units targeting the general population, to be located in the cities of El Paso, Odessa, Lubbock, Amarillo, Victoria, Brownsville, Fort Worth, Lampasas and Copperas Cove.

The Department has received a letter of support from Mayor Debra McCartt for the Amarillo developments, and no letters of opposition have been received on any of the developments. The applicant is requesting \$2,033,723 in housing tax credits.

Additionally, several other letters of support were received from the transaction in the last few days, including from Senator Glenn Hegar for Salem Village Apartments, Mayor Roger O'Dwyer and a city resolution from

Copperas Cove for Cove Village. Again, Mayor McCartt from Amarillo for Spring Terrance and Windlin Village.

Judge Susan Redford from Ector County for Chaparral Village. Senator Eddie Lucio for Los Urbanos. Senator Troy Fraser for River Park Village East. Congressman Neugebauer for Garden Apartments and High Plains Apartments. And Mayor Judith Heatherly [phonetic] for River Park Village.

You may remember earlier in this year, the Board approved three waivers for this transaction. The first was the threshold requirement to have a minimum rehabilitation of 12,000 per unit that be applied to the combined total units in the portfolio, not to each individual property.

The second waiver was that the minimum debt coverage ratio to be applied to the total portfolio, and not to each separate property. And thirdly, that you would allow portable dishwashers to be made available to those units that were not compatible for a full sized dishwasher.

Staff is recommending approval of a determination of housing tax credit in the amount of \$1,985,907. This was a challenging transaction. Both Robbye Meyer, the head of Multifamily and Tom Gouris are

here to walk through the intricacies of these deals and the 14 underwriting reports that were involved.

MS. ANDERSON: I also have public comment on this item, if that is the Board's pleasure to hear that first, if the witnesses do want to testify.

Chris Porter, and then Joseph Sherman.

VOICE: (No audible response.)

MS. ANDERSON: Thanks.

MR. CONINE: Robbye, what is the grand total? You may have mentioned it, Mike. The grand total of the bond amount? It is not added up. I can do it. I just thought you might have had it.

VOICE: [inaudible].

MR. CONINE: How many?

MR. GERBER: Thirty four, 900,000 [phonetic].

MR. CONINE: Yes. All right. I am tickled to death. I think this is the way it ought to work. Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: The next transaction is Home Town on Belford in Houston. Madam Chair and Board members, the second item is a tax exempt bond applicant that is requesting a 4 percent housing tax credit determination, again, for Hometown on Belford Development. This Priority 3 application proposes the new construction of 210 units targeting the elderly population, to be located in Houston. The bonds will be issued through Houston Housing Finance Corporation. The Department has not received any letters of support or opposition. The applicant is requesting \$781,100 in housing tax credits. Staff is recommending approval of tax credits in that amount.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: The third development under this item is The Villas at Shaver. Madam Chair and Board members, the tax exempt bond applicant that is requesting a 4 percent again housing tax credit determination, for this development. This Priority 2 application proposes the new construction of 240 units targeting the general population, to be located in Pasadena. The bonds will be issued through South East Texas Housing Finance Corporation. The Department has not received any letters of support or opposition. The applicant is requesting \$1,138,094 in housing tax credits. And staff is recommending housing tax credits be awarded in that amount.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Agenda Item 5B. Mr. Gerber.

MR. GERBER: Five B. Madam Chair and Board members, the owner has requested a site -- the first item is Sunset Haven. I am sorry. These are all housing tax credit amendments.

The first is Sunset Haven, 06-0118. The owner has requested a site plan change from five buildings to three, to adhere to local code. The net rentable square feet would change however, the number of units and the unit mix will remain the same.

Staff is recommending the amendment without penalty, because it would not negatively affect the development. And the owner is requesting the change to implementation.

MR. BOGANY: So moved.

MR. FLORES: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair, the second item under 5B is Churchill at Commerce Apartment Community. The owner is requesting a reduction in the common area and a change to the site plan, with an increase in the number of buildings, from seven to nine.

The clubhouse was reduced in size from 3,208 square feet to 2,834 square feet. The owner states that the increase in the number of buildings from seven to nine was to create diversity in the design. Due to the increase in the number of buildings, the buildings were spread over 8.2 acres instead of 6.9 acres of the original site.

The owner is requesting a waiver of any assessment of penalties. Staff recommends the approval of the amendment with the assessment of the penalties as stated in the QAP, because the amendment was requested after the implementation of the changes.

MR. BOGANY: So moved.

MR. FLORES: Madam Chair, question.

MS. ANDERSON: I have public comment on this

item. Mr. Barry Palmer and Mr. Brad Forslund, in whichever order you all prefer to speak.

MR. FORSLUND: Madam Chair and members of the Board, Mr. Gerber, if I could, I have got a handout.

MS. ANDERSON: Would you identify yourself for the record, please?

MR. FORSLUND: Yes. Brad Forslund with Churchill Residential. That handout is a series of pictures of Churchill at Commerce that also include pictures of the additional amenities that were added subsequent to the application. We are asking the Board to approve the 374-square-foot reduction in the size of the clubhouse.

In changing the two two-story buildings to four one-story buildings. We request that the Board consider our inclusion of additional amenities as an acceptable financial offset to any reduction in development costs, resulting from the 374-square-foot reduction, and waive the two-year penalty that would effectively put us out of the program.

The background; we originally reduced the clubhouse, to make it more efficient, to take inefficient space out of it. The space came from hallways and entry areas only. We did not reduce or eliminate any of the

amenities that we had committed in the application. We consolidated the laundry room and the mailroom into the clubhouse, merely to make it more convenient for families to use the other amenities in the clubhouse.

Compensating amenities included, one, the cost of going from the two story to the one story, was approximately \$164,000. This change was to make it more attractive, also to lower density, and make it more attractive to the families. Basically one-story buildings.

We also added additional land to the site. We ended up having eleven acres in it. We only got credit in our application for 269,000. Our cost was 300,000. I have got a shaking leg here. Excuse me. We also added a playground for \$10,000. We added microwaves at a cost of \$16,000.

We added Energy Star appliances at a cost of \$2,500. We also increased the wall system and ceiling installation systems to bring down the costs of utilities for the residents. All of this was an additional cost to us of \$260,000.

The cost of adding 374 square feet in a clubhouse at \$75 would be less than \$30,000. Again, we are requesting the Board to consider our approval and

waive the penalties. Thank you very much for your time.

MS. ANDERSON: Thank you.

Mr. Palmer?

MR. PALMER: My name is Barry Palmer. I am with the Coats Rose law firm. And we represent Churchill Residential. And we are here today asking the Board to approve the amendment on the commerce program without imposing penalties on this developer.

I have handed out a book that includes pictures and material on the properties that Churchill Residential has developed under the program over the last five years.

They have developed nine properties, six of them being elderly. Some of the nicest tax credit properties that you will ever see.

Included in there is their property in Plano which received a silver medal award from the National Association of Homebuilders, as the best overall senior living community in the U.S. I point these out to you because what we have here today is over a really minor change in a tax credit application.

The imposition of penalties that would put this developer out of business for the next two years. The penalties include ten points on 9 percent credits, which effectively makes you non-competitive, so you might as

well not apply for the next two years. And it prohibits you from doing 4 percent bond deals.

And these penalties are really out of proportion to the proposed offense. And like Chairman Anderson said earlier, they have never been imposed on any developer, because they are so severe. And so the Department is looking at next year, coming up with penalties that are more appropriate for making changes in a tax credit development.

But I would urge the Board to waive the penalties in this case. To not make this the first time that we ban a developer from the program over a minor change in the tax credit application. This was not something that they got points for. It is not a case where they signed up saying they were going to get points for doing something and didn't do it.

You know, it is 300 square feet out of the community building, and they offset that with a number of other amenities. So I guess we would ask the Board to approve this amendment without imposing the penalties.

MS. ANDERSON: Does the Board have questions for Mr. Palmer.

(No response.)

MS. ANDERSON: Mr. Palmer, I have a question

for you. Why did the developer not notify the Department because when they were making more than a 10 percent change in the square footage as the QAP required them to do? Why did the developer not notify the Department at the time the change was made, because that is the issue here.

MR. PALMER: Yes. It was merely an oversight through the design process.

MS. ANDERSON: Thank you for your answer.

MS. RAY: Madam Chair.

MS. ANDERSON: Yes, ma'am.

MS. RAY: I would like to hear from staff, please.

MS. ANDERSON: Okay.

MS. MEYER: Yes, ma'am.

MS. RAY: Could you explain to me the severity of the impact of imposing that penalty. What that will do this, from the staff's perspective, of what that will do to the developer?

MS. MEYER: They will have ten points deducted from their score for the next two following years, or they will be eliminated from the bond program for the next 12 months.

MS. RAY: That is severe.

MR. CONINE: Robbye, from now on, if you don't mind, in these staff reports that we get, would you mind articulating what those penalties are, under the penalty assessment paragraph.

MS. MEYER: Yes, sir.

MR. CONINE: So that we can -- because my memory is not that good.

MR. SALINAS: Is there any thing wrong with waiving those penalties and allowing him the -- yes?

MS. ANDERSON: Mr. Palmer and Forslund, would you be seated, please?

MR. HAMBY: Can I clarify your question. When you say, is there anything wrong with doing it? Is there anything --

MR. SALINAS: Is there anything wrong with us waiving the penalties?

MS. RAY: What would be the impact, I guess.

MR. SALINAS: What is going to be well, do we have the authority to do that?

MR. HAMBY: You have the authority to do it. It is a rule that you created that assessed the penalties.

MR. SALINAS: We can waive it today if we want to.

MR. HAMBY: You can waive it today if you want

to. It is legally, in the way you drafted the rules, you can waive any rule that is not statutory. This particular rule is not statutory.

MR. SALINAS: Well, I am going to make a motion to waive.

MS. ANDERSON: Well, we have a motion pending on the -- I don't know. Did it get a second.

MR. HAMBY: It did not get a second. Mr. Bogany's motion did not get a second.

MR. SALINAS: I move to go ahead and waive the penalties.

MS. RAY: I second that motion.

MR. FLORES: Discussion, please.

MS. ANDERSON: Yes, sir, Mr. Flores.

MR. CONINE: Yes.

MR. HAMBY: I am sorry. Can I get a technical clarification on that. You are actually approving the amendment and waiving the penalties.

MR. SALINAS: Exactly.

MR. HAMBY: Okay.

MR. FLORES: Question either to Kevin or Robbye, either one. There was a statement made by a previous speaker regarding penalties that have never been assessed to anyone. Is that a correct statement? Do you

all recall? Can anyone clarify that?

MR. HAMBY: The staff has certainly recommended them previously.

MR. FLORES: No. I understand that.

MR. HAMBY: But I do not believe they have been assessed.

MR. FLORES: They were talking about the Board. The Board ruling that never approved --

MR. HAMBY: I can't recall.

MR. FLORES: That is a correct statement?

MR. HAMBY: That is a correct statement.

MR. FLORES: Is it possible for this Board then, Kevin. This is a legal question, to assess points something less than ten?

MR. HAMBY: Wow.

MR. FLORES: They way I was told, the penalty is ten points by some rule that we made. Can we arbitrarily reduce that on a case by case basis?

MR. HAMBY: Well of course, you couldn't arbitrarily reduce it, but you could for good cause probably reduce it.

MR. FLORES: Of course, we always have good cause.

MR. HAMBY: You may have good cause. You may

see that this is a different violation. It is not --

MR. FLORES: It is allowable under the rules, though?

MR. HAMBY: You know, that is a question I do not have an answer for you. And I apologize.

MR. FLORES: It is a good question, I know. But I need a good answer.

MR. HAMBY: If you could hold this, table it until after lunch, I will get an answer for you.

MR. FLORES: I don't want to do that.

MR. CONINE: I actually want to piggyback on that. Because the penalty assessments weren't in our little write-up, this appears to be a little tougher than I thought it might have been when I was reading it. So I would like to ask the maker of the motion, unless there is some time table that we can't -- that is unforeseen now, if he would accept a motion to table this item until our next month's meeting.

Because I think there is some more information that I need to get, and I don't want to take the time in the public process here to get it. But I need some more information relative to this case. And so I make a motion to table.

MR. FLORES: Madam Chairman, before you do

that, what is the effect on the project, if indeed, we delay it 30 days.

MS. ANDERSON: It is already built.

MR. HAMBY: I assume it's at cost.

MR. FLORES: Okay. So it doesn't cost you anything. Fine. Thank you.

MS. ANDERSON: Close down the 8609s, but for 30 days, I think that is acceptable. It is only three weeks.

MR. SALINAS: What has become of the motion that we made.

MR. HAMBY: Actually, we have a --

MS. ANDERSON: Mr. Forslund, would you be seated please. Public comment for the item is over.

MR. HAMBY: We actually have a privileged motion to postpone that has to be accepted or rejected.

MR. SALINAS: What is going to happen to our motion and our second?

MR. HAMBY: Well, if the privileged motion to postpone is accepted, then the motion will die because it is a postponed motion, and it is a privileged motion under Roberts Rules, the governing rules of this Board. If it is not accepted, then it just comes back to your motion that is on the floor. But it is a privileged motion to postpone to table. I assume he said September 13 meeting.

MR. CONINE: Right.

MR. FLORES: Madam Chair, could I have the developer answer the question about the effect of the
30 --

MR. HAMBY: Actually, we have to take a vote on the motion to postpone. I am sorry.

MS. ANDERSON: I second the motion to table. And it is not debatable. So we need to ready to vote on the motion. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(A chorus of nays.)

MR. HAMBY: It fails for a tie vote.

MS. ANDERSON: Even if the Chair votes aye?

MR. HAMBY: Yes. It fails on a tie.

MS. ANDERSON: Okay.

MR. FLORES: Okay. May I ask the developer what the effect is.

MS. ANDERSON: Yes, sir.

Mr. Forslund, would you come answer Mr. Flores' question.

Would you restate the question?

MR. FLORES: The question is, what effect does a 30-day delay have on whatever is going on with your

project?

MR. FORSLUND: Well, we have been trying to get the debt converted. We are trying to get these 8609s. We are trying to get the balance of the equity funded. And this really -- this whole process has been waiting on this Board meeting for now, for almost 45 days, as we have worked through it.

My concern is that it would impose additional extension fees due to the construction loan, and potentially have to restart the whole conversion process again. So that is the impact of the postponement. Thank you.

MR. FLORES: Thank you.

MR. CONINE: I am going to move to table one more time. Until the next September meeting.

MS. ANDERSON: Second. Not debatable. Are we ready to vote? All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(A chorus of nays.)

MS. ANDERSON: Motion to table fails.

MR. SALINAS: I move for the question of previous motion.

MR. FLORES: I am sorry, Mayor. Go ahead.

MS. RAY: Move the previous question.

MR. HAMBY: The Mayor just issued another privileged motion for a previous question.

MR. FLORES: And the previous question was?

MR. HAMBY: The previous question was to approve the amendment and not approve the penalty recommendation of the staff, or waive the penalty.

MS. ANDERSON: Discussion on that motion?

MR. FLORES: Well, I am concerned about penalizing them for some additional time here, for what I feel is --

MR. HAMBY: Actually, Madam Chair, there is no discussion on that motion, because it is a privileged motion.

MS. ANDERSON: Sorry about that.

MR. FLORES: Oh, okay. Thank you.

MS. ANDERSON: When he moved the question. So he moved the previous question. All in favor of moving the previous question, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(A chorus of nays.)

VOICE: No.

MS. ANDERSON: The motion to move the previous question failed. So now we are back to the main motion.

MR. SALINAS: I move to have it on the meeting of September 13 for discussion.

MR. HAMBY: Are you withdrawing your original motion? Is that what you are -- because the previous question was just whether or not we were going to vote on it, and cut off debate. Your motion is still on the floor.

MR. SALINAS: I thought that they had --

MS. RAY: No.

MR. SALINAS: Okay. My motion is still on the floor. I will go ahead and call for the question again.

MS. ANDERSON: No, sir. We just had that vote.

MR. HAMBY: We just had that vote.

MR. SALINAS: Yes. That is what I thought.

MS. ANDERSON: Would you please restate?

MR. SALINAS: My motion is saying that we ought to table it until the next meeting of September 13.

MS. ANDERSON: Are you withdrawing your original motion?

MR. HAMBY: Are you withdrawing your original motion?

MR. CONINE: Yes. He is changing it.

MR. HAMBY: Okay.

MS. ANDERSON: Okay. So now --

MR. FLORES: Can I make that motion?

MR. HAMBY: We have a motion on the floor, if it receives a second. He withdrew his original motion.

MS. RAY: Second.

MR. HAMBY: We have a motion and a second. I feel like an auctioneer. We have a motion and a second to table to the 13th.

MS. ANDERSON: So we have a motion and a second to table to September 13.

MR. HAMBY: Correct.

MS. ANDERSON: That is what we are voting on. Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. FLORES: No.

MS. ANDERSON: Did I not call for no votes? If

I didn't, I am very sorry.

MR. FLORES: No. You were just moving a little fast. You did call it. It was just kind of hard to hear.

MS. ANDERSON: Okay. I am sorry. That was certainly not my --

MR. FLORES: I voted.

MS. ANDERSON: Okay. Mr. Gerber.

MR. GERBER: The next item is Artisan at Salado Creek, which has been withdrawn from consideration by the owners. So we move on to Shady Oaks Manor. The owner requests the Board's acknowledgment of a correction to the net rentable area of the development.

MS. ANDERSON: I have a question. They are requesting an amendment that you said they just withdrew, which I think, they have to get the amendment to get their -- does that mean they just are deferring it to another meeting?

MS. BOSTON: Actually, the purpose of their appeal had to do with their financing on a local political subdivision. They actually did have another alternative source that was turned in on time.

MS. ANDERSON: This is about parking lot new site, loss of parking?

MS. BOSTON: No. They just asked to table it

until next month.

MS. ANDERSON: Okay.

MS. BOSTON: Sorry about that.

MS. ANDERSON: Thank you. Okay.

Sorry, Mr. Gerber.

MR. GERBER: That is okay. I am sorry. Shady Oaks Manor; the owner is requesting the Board's acknowledgment to a correction to the net rentable area of the development. Staff is recommending approval of the acknowledgment of the correction with no penalty assessment.

MR. FLORES: Move staff's recommendation.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. I know this is going to disappoint everyone.

MR. CONINE: Hang on. Can I address --

MS. ANDERSON: Yes.

MR. CONINE: This last agenda item. After the meeting or some time during the 60-day process on the QAP, some of this stuff, albeit important that the Board know that it is going on, is really fairly trivial.

And we need to find a proper balance between what you guys can approve as a staff, and what us Board actually needs to see. And whether it is on a consent agenda for some of this trivial stuff, or whether it is on the regular agenda. This to me, needs some massaging.

MS. BOSTON: We actually totally agree with you. And we are going to be bringing a policy to you all in September that is an amendment policy that will get into a little bit more detail about just what you said. What can be approved internally. What can be approved on consent. And then what would require something on the larger mainstream agenda.

MR. CONINE: I look forward to seeing it.
Thank you very much.

MS. BOSTON: It will follow statute.

MR. FLORES: And Brooke, I want to add to that, that trivial is in the eye of the beholder. What may be trivial to him may not be trivial to me. So you are well presented with due time and detail I would imagine.

MS. BOSTON: We will give you enough detail to hopefully be clear about what would fall into that category.

MR. CONINE: Keep that slide rule in front of you, Sonny.

MS. ANDERSON: Okay. With the Board's -- for the knowledge of the audience. We have an executive session today. And we are going to do that over lunch. And so we are going to go into executive session about 12:15.

And because of so many of you that want to speak on agenda item 5D, with the Board's indulgence, I am going to move past agenda item 5D, which is the forward commitment item, and proceed with agenda item 6A, which are Portfolio Management and Compliance items.

Mr. Gerber?

MR. GERBER: Madam Chair. The first item deals with the City of Cotulla, and this item has been pulled from this months agenda at the request of the Mayor of Cotulla. So we will move on to the City --

MS. ANDERSON: Wait. I have public comment on that item, I think. Don't I? Isn't there someone from Cotulla here? Would the witness from Cotulla please come down, while I am looking. Oh. Mr. Robert Chavira.

MR. CHAVIRA: Ma'am. I will be fine until the next meeting.

MS. ANDERSON: Okay. Thank you.

Sorry, Mr. Gerber.

MR. GERBER: The next item is the City of Granger. And this request, again, is from the City of Granger. And the city was previously permitted a nine-month extension at the December 2006 Board meeting. The contract budget amount was reduced by \$131,500. And the number of required households was reduced from three to one. The City is requesting a second amendment to further extend the end date of their contract for six additional months, from June 30, 2007, to December 31, 2007. The City states that they have had difficulty procuring a construction contractor. As of August 15, the City does not have a signed contract with the contractor to begin the construction of the one house. The home has not been demolished, and no construction is begun. In 32 months, the City has not assisted any households and has not committed any funds for this contract. Staff does not recommend the approval of this amendment.

MR. BOGANY: So moved.

MS. ANDERSON: Hold on just a second. Let me make sure.

MR. WOOD: Madam Chair, I had signed up.

MS. ANDERSON: Just a minute. What is your name, sir?

MR. WOOD: Leo Wood.

MS. ANDERSON: Okay.

MR. WOOD: Madam Chair and members of the Board. I am Leo Wood from Georgetown, Texas. I have been representing the City of Granger for about 20 years. The mayor and council asked me to come over and ask you to consider giving an extension for this one house. It is an elderly lady. She is probably around 85 years old. She has moved out of the house, with her children. There has been difficulties with contractors. There has been difficulty with the family. And it would be sad. We have been doing the HOME program for many years and have not ever been turned down on an extension. And this is a very -- it would be disheartening to the lady, the family, and the City if we didn't get this extension. We have a contractor that is ready to do it. And I respectfully request that you consider giving this another six-month extension where we can get Ms. Trevino into this home.

MR. BOGANY: I have a question for staff. How many extensions have we given them on this project.

MS. ANDERSON: Mr. Wood, if you would step

aside and let staff answer questions. Thank you.

MR. GERBER: The nine month in 2006.

MS. TREVINO: That is correct. Lucy Trevino, Manager in PMC. This request came before the Board in December, 2006, where they were granted a nine-month extension. At that time, they committed to finishing the project. And they have not.

MS. ANDERSON: And so they got a contract on October 1, 2004, and it was never for more than one unit. I mean, since inception only been for one unit.

MR. BOGANY: So before they came to the Board in December 2006, what was the time frame? When did the contract, this award was made?

MS. TREVINO: The contract started --

MR. GERBER: October 1, 2004.

MS. TREVINO: It has been 32 months since the contract started, and no assistance has been provided to any families.

MR. BOGANY: They can't find a contractor to rule this out?

MS. TREVINO: No. They say that they have had several conflicts along the way. Finding eligible households at first, and then it is finding a building contractor. But they have gotten several chances; 32

months and have not made any progress, any substantial progress.

MR. BOGANY: Okay. I have one question for the witness. Have they found a contractor finally, now?

MR. WOOD: Yes, sir. We have a contractor that is ready to jump on it tomorrow. We sure do. And we have been doing this for a long time. We have just had a ton of problems with this particular project. And we have been doing them for years and years. Urban renewal projects, HOME projects, CDBGs and it just --

MR. BOGANY: How far along is it completed now?

MR. WOOD: The lady is out of the house. We think, Mr. Conquest [phonetic] told me this morning on the phone, that he thinks we can get it done in 60 days.

MS. ANDERSON: And you are the consultant to the City on this?

MR. WOOD: Yes, Madam Chair.

MR. BOGANY: I move that we give them a 60-day extension.

MS. ANDERSON: They will never build a house in 60 days.

MR. SALINAS: Just give them six months.

MS. ANDERSON: Do we have a motion on the floor, Mr. Bogany?

MR. BOGANY: Yes. I move that we give them 60 days to complete it.

MS. ANDERSON: They haven't started it. The home on the lot, according to the staff write-up, has not been demolished. Sixty days?

MR. WOOD: I think we could have it finished easily, I would like to have her in by Christmastime.

MR. CONINE: Could I ask one more question of the witness?

MS. ANDERSON: Yes, sir.

MR. CONINE: How long has the individual been notified that she qualified to have the house replaced?

MR. WOOD: Oh, gosh. Maybe a year and a half or so, ago.

MR. CONINE: Okay. So it has been a contractor issue, not an identification of a qualified recipient issue.

MR. WOOD: Yes, sir.

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

MR. FLORES: Madam Chair, I would like to make one. I move we extend the contract for six months.

MS. RAY: Second.

MS. ANDERSON: Discussion?

MR. BOGANY: I'd like to get something from the

contractor on this deal. I am not comfortable giving five years to build a house. And I would like to get something from the contractor stating that he can do it, and he has the wherewithal to do it. Or whatever staff needs to make them feel comfortable with it.

MR. WOOD: We can get that.

MS. ANDERSON: Lucy, would you -- Mr. Wood, would you please be seated?

MR. WOOD: Yes, ma'am.

MS. ANDERSON: Thank you.

MS. TREVINO: We did request the contractor's schedule and did not get one. And actually, what they told us, they had not been able to find a contractor to accept the construction of this house. So this is new.

MR. BOGANY: This is new to you, too.

MS. TREVINO: Yes.

MR. GERBER: When did we most recently request a contractor's schedule?

MS. TREVINO: As part of the amendment request. So it would have been within the last, you know, 30 days.

MR. BOGANY: I have one other question. So if we vote against this, they can always reapply for this.

MS. TREVINO: That is correct.

MR. BOGANY: Okay.

MR. CONINE: We have, I think, historically -- Lucy, am I wrong in saying in other extensions, we have asked for monthly progress reports back to the Board on these specific items.

MS. TREVINO: And they have submitted their monthly reports. But you know, no progress. No substantial progress.

MR. CONINE: I guess, what I would ask the maker of the motion to accept as an amendment would be that we would get monthly progress reports ten days before the next month's Board meeting so that if we are unsatisfied with the progress, then we can put it on the agenda and vote to deobligate at that time.

MS. ANDERSON: But once they demolish the house, we will never do that.

MS. TREVINO: The house is not demolished.

MS. ANDERSON: So I think the way to set up the condition on the motion is to, if we don't have a contractor letter -- bring this back next time. If they don't have a contractor letter signed, sealed, delivered for our review, before the September 13 meeting, then you deobligate. Because once you let them demolish --

MR. CONINE: [inaudible].

MS. ANDERSON: I know. But well, he says he

has got one. So he can --

MR. CONINE: Okay. I will accept it.

MR. FLORES: So it would be subject to a construction contract prior to the next meeting.

MS. ANDERSON: Yes. Prior to the next Board meeting. In time for it to be posted in the books.

MR. FLORES: Okay. Madam Chair, I amend the motion that that would be subject to receipt of an executed contract by the next Board meeting.

MR. CONINE: I am okay with it.

MS. ANDERSON: Do we have a second?

MR. BOGANY: Second.

MR. FLORES: I was amending my motion. So I hope the second.

MS. RAY: Second, considering the amendment.

MS. ANDERSON: Okay. So we all know what we are --

MR. BOGANY: Could you explain to me, Mr. Chairman, what we are doing, now?

MS. ANDERSON: We are voting to approve the amendment, but subject to receipt prior to the next, in time for publication to the Board book, prior to the next Board meeting, an executed letter from the contractor, saying that he can finish it in six months.

MR. HAMBY: Which, I believe, would be somewhere in the neighborhood of September 4, in order for us to get it.

MS. ANDERSON: Right.

MR. HAMBY: So they have ten days.

MS. ANDERSON: Yes. Well, he says he has it. So he ought to be able to produce a letter in ten days. So that is what we are voting on.

MR. CONINE: Call the question.

MS. ANDERSON: Discussion? Oh, we can't do that. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. WOOD: I want to say thank you on behalf of the City of Granger, and I will get that to you. Thank you so much.

MR. CONINE: Thank you.

MR. GERBER: Thank you, sir. The next item is Lifetime Independence for Everyone, Incorporated. This a request. The administrator was awarded \$178,686 in TBRA funds in March 2005. The first amendment approved through a board action item in September 2005 increased the

contract budget by \$116,600 and extended the end date of the contract for two months, from August 31, 2007, to October 31, 2007. The administrator is appealing the Department's denial of the second extension request. The administrator is requesting a second amendment to further extend the end date of their contract for eight additional months, from October 31 of '07 to June 30 of '08. The administrator states that an eight-month extension will allow them to continue assistance to their existing very low income and disabled tenants for an additional eight months, and prevent them from possibly returning to nursing facilities. None of the households that would be affected by the extension would exceed the 24-month contract term. Staff is not recommending approval of this amendment.

MS. ANDERSON: I have a number of questions for staff on this one.

MR. GERBER: Ms. Trevino.

MR. CONINE: Is there public comment?

MS. ANDERSON: No. Oh, yes, there is. I am sorry. Let's have the public comment first. Ms. Crain. Thank you.

MS. CRAIN: Good afternoon, Madam Chair, Board, Mr. Gerber. My name is Michelle Crain, and I am the

Executive Director of Lifetime Independence for Everyone, Incorporated. My reason for being here today is to ask for you all's approval for the contract extension to allow us to continue relocating individuals from long term care facilities back out into the community.

I know that we have administered previous contracts, and we have a program, a relocation contract with the Department of Aging and Disability Services. And administering this contract, we got off to a slow start because the intense case needs and coordination that goes along with that program has to work in tandem with the housing voucher program. And so we have increased our activity.

And a lot of the individuals that we are currently getting out are accessing that program. So we are asking for your approval to allow those individuals to relocate or exercise their freedom to relocate to the community as well as be able to remain in the community through these vouchers. Thank you.

MR. CONINE: Can I ask the witness a question?

MS. ANDERSON: Sure.

MR. CONINE: Could you articulate the problems in getting the money out to those folks? Is it just not enough of them leaving the nursing homes? What has been

the problem?

MS. CRAIN: Well, no. actually, the vouchers came along with the novelty of the relocation program. And like I said, it was a way of trying to get those two programs to work in tandem.

Like say for instance, an individual that is coming out of a nursing home, you might give them a voucher, approving a voucher. But some of them might get out in a month's time. Some, three months time. It all depends on that service coordination and everyone being on the same page.

And it is on an individual basis. And that is what is hard about this particular contract, is the time constraints and trying to meet those thresholds when you have so many variables with the different individuals.

MR. CONINE: So it is an issue of the people going through the process of getting approved, but then not getting released from the nursing home.

MS. CRAIN: And anything can happen. They can go back into the nursing home, or they can have, actually, they have surgery or something that might put that off. It could be families that could also put that off.

And I also wanted to comment on the fact that you say this is the second amendment. The first amendment

was because we decided to take on additional vouchers because of a previous contractor not being able to fulfill their obligation. We did not request that. It was only a two-month extension.

We didn't request that. We just assumed that came along with absorbing those extra vouchers, to make sure that they did not go back to a pool or something.

MR. SALINAS: And you are asking for how many -- six months?

MS. CRAIN: An additional eight months.

MR. SALINAS: Eight months.

MS. CRAIN: Yes, sir.

MR. CONINE: Have you provided staff a projection over those eight months of how the funds would be used up, identifying that?

MS. CRAIN: Yes, sir. We have.

MS. ANDERSON: I have questions about that.
Thank you.

MS. CRAIN: Thank you.

MS. ANDERSON: Ms. Trevino. My question is, there is like 144,000 left to run on the contract, more or less. And the letter, the June 14 letter from Ms. Crain lists and enumerates a series of people that have been identified. And that totals up to only \$65,000. So then

she asks for approval to be able to revive, like to keep it going to provide rental assistance for people that are not yet identified. Am I reading this right?

MS. TREVINO: That is correct. The opportunity for the households listed in their letter, to continue assistance to them for eight months. And then if other households are identified, they would be assisted for --

MS. ANDERSON: For some period of time, but no later than June 30. And in your opinion, what is the wisdom of continuing. Or what would be the right time to cut off giving vouchers. Because it sounds to me like we could be in a position where we identify someone, to Ms. Crain's point, on September 1. They don't get out of the nursing home for 90 days. So we are starting the assistance on December 1. And then we are going to tell them it is going to end on June 30. I mean, what is the wisdom of that, in your view?

MS. TREVINO: That would be difficult. Because then they would have to find another place to live without -- find rental assistance, so --

MR. SALINAS: Why don't we just go ahead and do the eight more months? It is not going to hurt us.

MS. TREVINO: For the households that are already identified, only?

MR. SALINAS: For the money that you have got, there is just another 80,000. Because if she identifies some people, we will be doing some good to those people that might need housing, that are getting out of the nursing home.

MS. ANDERSON: I am fine, Mr. Mayor, with extending the contract for the existing clients that are already receiving vouchers, for the people that are listed in this letter. But not for new clients who then six months from now, we have to communicate that that contract is over. And we have this difficulty with TBRA a lot. We have other recipients coming to us and saying, let us give them more than 24 months worth of assistance. And so I think what we would want is the applicant to begin to communicate now to their clients that this assistance is completed, you know, on June 30. Because this is intended to be temporary assistance. It is a difficult program to work with, for sure.

MS. CRAIN: The individuals during that letter, there were individuals that are on the program. But we also have people that are pending to come out. And those individuals, we haven't put anybody else on the program, because of not knowing about how this was going to turn out. But housing is a tremendous barrier for this

population. And a lot of the -- there is really, I don't see the harm in helping these individuals, you know, come out for eight months. And we do have pending relocations.

MS. ANDERSON: Okay. So what, if you are sitting up here in the Board's shoes, and you don't want to just give somebody a voucher. I mean, what is reasonable. You give them a voucher next April, and it is over June 30. When should the cutoff be, Ms. Crain?

MS. CRAIN: Well actually, and I can get back with you on how many we have pending. But I know that we have more than 15 pending on the program, that can actually utilize some additional --

MS. ANDERSON: That are ready to do it tomorrow?

MS. CRAIN: Yes. I could get you a list tomorrow. And like I say, my only hesitancy with putting people on the program is the outcome of this. So they have been put on.

MS. ANDERSON: May I ask you to answer my question, which is, what is a reasonable cutoff in your view, about a time after which we would not put any of this contract money toward a new voucher for someone, knowing that on June 30, the assistance is going to be completed.

MS. CRAIN: I would say, within six months out.

MS. ANDERSON: Okay. Thank you. So, December 31.

MS. CRAIN: Yes.

MS. ANDERSON: They would have to be in the unit, not just starting the process. They would have to be ready to be in the unit. Okay, thank you.

MR. CONINE: Sounds like a motion to me, that we approve an extension of eight months, with a cutoff on 12/31/07 of any funds not obligated for through at that point to a specific individual that the funds be cut off at that time.

MR. SALINAS: Second.

MS. ANDERSON: And allocated means not just the person identified and starting a 90-day clock, but actually the readiness to be in the occupying unit.

MR. CONINE: Yes. It is okay with me. Yes. I think she knows what she has to work with. Do I hear a second.

MR. SALINAS: Yes. Second.

MS. ANDERSON: Yes. Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say

aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, the next item is Kendall County. The County is requesting a waiver of the \$60,000 per unit cap to allow \$77,275 in rehabilitation for one house, listed on the historic registry of the Texas Historical Commission. We have provided a work write-up in your Board book showing where the administrator has identified, where they believe additional cost are required, due to the historical designation. The county is also requesting to reduce the number of required households from two to one, or a 50 percent reduction. The reduction of the number of units will result in deobligated funds of \$33,500 if the Board grants the additional funds for the one house. The County is also requesting a six month extension in order to complete rehabilitation of this historical home. The County states that the increase is necessary, since this is the only qualified applicant that they have been able to identify, and as of August 15, no site specific environmental clearance has been given yet to the County.

In 22 months, the County has not assisted any households, or committed any funds to this contract, so staff is not recommending approval of the amendment.

MS. ANDERSON: I have public comment on this item.

Ms. Ainsworth?

MS. AINSWORTH: Madam Chair, members of the Board, Mr. Gerber. It is a pleasure to address you this afternoon. My name is Jennie Ainsworth. I represent Grantworks. We are the consulting firm for Kendall County, administering this grant. First, you have in front of you a letter from the Judge, Judge Schroeder in Kendall County. I would like to read that to you just briefly.

It is addressed to Ms. Trevino. "I regret that I am unable to attend the August 23 Board meeting. I hope the Board will look favorably upon Kendall County's amendment request in spite of my absence. Due to scheduling conflicts, it is very difficult to get away. The home owner for whom we are seeking assistance, Elle Eicholtz [phonetic] at 102 Idlewild, is in dire need of assistance. The current condition of her home is dilapidated to the point that her safety could potentially be compromised. And due to the historic status of the

home, rehabilitation is our only option. However, as you can see from the work write-up, this work is costly, and we will need permission to exceed the per-unit cap. We hope that you will look kindly on this request, so that we may preserve this historical site, and assist a deserving citizen in need. Thank you for your time and consideration." Signed, the Judge.

I would like to add, I have spoken obviously, personally with both the homeowner, Ms. Eicholtz and her daughters, Bonnie in particular. They are amazing people.

They have been very accommodating with us, very patient through this process. Part of the environmental assessment, the reason we haven't gotten environmental clearance is working with the Historic Commission. And we have put that on pause in order to address this issue today of the cap, exceeding the cap. Ms. Eicholtz actually lives off of Social Security. She makes \$9,925 every year. So she certainly doesn't have the means to make these repairs on her home. And the home is actually a beautiful structure, but molding and falling apart. So I would ask that you look favorably upon this request and let us help this very deserving homeowners.

MS. ANDERSON: Questions? I have a question. Do any family members live with this lady?

MS. AINSWORTH: No. She lives alone.

MS. ANDERSON: Okay. And it is a four-bedroom house. Do I understand that accurately?

MS. AINSWORTH: It is a very large house. Yes. I believe it is four bedrooms. It is like 2,600 feet.

MS. ANDERSON: Okay. Oh, I have one other question. The staff write-up says that the consultant fee on this will be zero?

MS. AINSWORTH: That is correct.

MS. ANDERSON: Does that mean that Grantworks is waiving all of its fees on this particular?

MS. AINSWORTH: Yes. In order to accommodate this homeowner.

MS. ANDERSON: Okay.

MS. RAY: May I ask one question? She may have said it, but I might have missed it. How old did you say this homeowner is?

MS. AINSWORTH: She is 88.

MS. ANDERSON: Thank you.

Ms. Trevino, I have a couple of other questions. This falls, because of the income level, into the sort of the five-year deferred forgivable loan. Or how does that --

MS. TREVINO: It is a grant. It was the 2005 board. So it is still --

MS. ANDERSON: Okay. And are we used to seeing in home OCC things, a 10 percent contingency fee on the part of the contractor?

MS. TREVINO: It is not uncommon to see a contingency for rehabilitation. Just when they start knocking down walls, sometimes they will discover additional items that need to be repaired that maybe weren't visible with the initial inspection.

MS. ANDERSON: And do you know if there is any local match on this?

MS. TREVINO: I do not. I am not sure.

MR. BOGANY: Ms. Trevino --

MS. TREVINO: Most contracts, unless they are disaster contracts require a 25 percent match, but I can't say for sure. But typically, that is how it works.

MS. ANDERSON: I don't think they have come in for a match waiver, anyway. And have we -- has the Board ever raised the per-unit cap on the -- it think we went from 55 to 60.

MS. TREVINO: I remember one instance where the Board approved a waiver of the cap, in order to accommodate a septic system.

MS. ANDERSON: Okay.

MR. BOGANY: Ms. Trevino, I have listened to everything. But tell me again why staff does not recommend it? Is it because they haven't did it in the time frame?

MS. TREVINO: Right. It is towards the end of their contract. It is 22 months into a 24-month contract. There is no substantial progress.

MR. BOGANY: Okay. Once we restore, say, once we restore the home, what happens to the home at that point, after say, the lady passes away. She is 88, right?

MS. TREVINO: It is a grant.

MR. BOGANY: So what would happen? The family would get the house.

MS. TREVINO: Yes.

MS. ANDERSON: Is the family -- well, we don't know. Never mind.

MS. TREVINO: The biggest issue is the increase in the cap, which is a lot higher than we normally allow.

MR. BOGANY: Okay. So that is the major issue.

MS. TREVINO: And then, the substantial progress.

MR. BOGANY: And no progress has been made.

MS. TREVINO: Right.

MR. BOGANY: Okay.

MR. CONINE: I am going to move staff recommendation.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(A chorus of nays.)

MS. ANDERSON: The motion carries.

MR. GERBER: The next item is Edinburg Housing Authority, contract number 1-000490. This request from the Edinburg Housing Authority, and they are requesting a modification to the income requirements in their contract, as noted on the table in your Board book. The administrator states that they have not been able to identify sufficient households to qualify for the homebuyer program at the 30 percent income level. The administrator states that the increase would allow assistance to other households who are in need of adequate

housing, but whose income is above the 30 percent income level. The administrator is also requesting a 12-month extension in order to locate eligible households. In 22 months, the administrator has not assisted any households, or committed any funds to this contract. They have not submitted a plan as to how they would meet the requirements in the next 12 months. Staff is not recommending the approval of this amendment.

MS. ANDERSON: I have public comment on this item.

Ms. Trevino.

MS. E. TREVINO: Madam Chairlady, members of the Board and Mr. Gerber. The Edinburg Housing Authority is requesting a change in the area median family income in order to accommodate the families we serve.

The bank has requested that families have a minimum income of at least \$11,000 in order for them to take the families into consideration. The reason is, that a family with an income of 30 percent of AMFI will not have sufficient funds to pay the cost of owning an house and all that goes along with it, such as property taxes, insurance, maintenance, landscaping and utilities.

Therefore, we are requesting that ten families be at 80 percent, ten families at 60, 20 families at 50

and ten families at 30. Attached, please find a copy of the fiscal year 2007 area median family income limits. And I think they are attached to the letter.

The Edinburg Housing Authority is requesting a time extension for the disbursement of these funds. We ask for an additional six months, after September 27, 2007, to help more families.

With a previous employee that I had, that was supposed to be working on this program is no longer with the Housing Authority. We have hired Olga Regalado now to handle the program, and she is working very diligently, and is working hard to get this accomplished. While Mr. Gutierrez was on staff, he instead, went to the City for down payment assistance instead of drawing on our grant.

The Edinburg Housing Authority is proud to announce that since 1999, we have had the home ownership program. Throughout the years, we have had 81 families become homeowners, which is the American dream of all citizens. From these 81 families, eight are participating in the Bootstrap Program, and all of these families are extremely happy that the Edinburg Housing Authority has been able to get help from the Texas Department of Housing and Community Affairs for down payment assistance.

Like I mentioned, Ms. Regalado is now the

person in charge of this program. She has nine families now that have already been approved by the bank, and are in your system. The other families, they are working on eight more in the Bootstrap Program.

We pledge ourselves to work diligently with all our families on the waiting list. And we submitted a copy of the waiting list, which is about 33 additional families besides nine, that are waiting to be approved by you before we can continue. So we are requesting your help in approving this amendment. Thank you.

MS. ANDERSON: Thank you.

Ms. Regalado.

MS. REGALADO: Hello. My name is Olga Regalado. And I am currently the home ownership coordinator.

What I can say is that we have six out of the nine families. We have got the environmental clearance through your office. And so we are working on it. And if we can get our request approved, it would be great.

MS. ANDERSON: Thank you.

Ms. Trevino, Senora Trevino mentioned something, nine families in process, plus another seven for Bootstrap. What is sort of the lead time, if they have identified families for Bootstrap, but we haven't

started building the house.

Do we not give the down payment assistance until closing? So that leaves it open? We are talking another 12 or 15 months. Okay. Thank you.

MR. CONINE: This is construction on homes?

MS. ANDERSON: This is homebuyer assistance.

MR. CONINE: Down payment assistance.

MS. ANDERSON: But they put the HBA with the Bootstrap.

MR. SALINAS: I move that we go ahead and allow them six more months.

MR. FLORES: Second.

MS. ANDERSON: The applicant is requesting a 12-month extension.

MR. SALINAS: Twelve months, then. They have a good track record in Edinburg. It is one of the best programs I have seen.

MS. ANDERSON: Well, and that is seconded. Discussion? I would have to offer concerns about giving a 12-months' extension for all 50 units when they haven't produced any units yet. They have nine families on deck, plus the seven in Bootstrap, which, I don't believe can be completed in 12 months. And so I would offer an amendment to the motion to --

MR. CONINE: December 31, again. I think.

MS. ANDERSON: Okay. So no Bootstraps could be -- no homebuyer assistance related to Bootstraps could be granted after December 31 of this year.

(All talking at once.)

MS. ANDERSON: Okay. So that would be my amendment if the maker of the motion would accept that amendment.

MR. SALINAS: I will accept your amendment.

MS. ANDERSON: Okay. Discussion.

MR. FLORES: Madam Chair, may I ask Ms. Regalado to come back. Lucy, were you going to say something?

MS. TREVINO: I just want a clarification on the motion.

MR. FLORES: I think we just eliminated Bootstrap with that motion, is what we did.

MS. ANDERSON: But we said, the Bootstrap -- anybody that would be receiving homebuyer assistance under this award with Bootstrap, that that person, we have to be in process on that, on December 31. And not do any more of them next year, because they will never finish by September 28 of 2008. Because of the long lead times.

MR. FLORES: Got you.

Ms. Regalado, my question to you is, do you have a contractor?

MS. REGALADO: Four of the nine, we built. The other --

MR. FLORES: What do you mean, we built?

MS. REGALADO: The Edinburg Housing Authority.

MR. FLORES: I am sorry. Who?

MS. REGALADO: The Edinburg Housing Authority.

MR. FLORES: But you are not contractors. You don't build. You don't have hammers or nails, do you?

MS. REGALADO: I am sorry.

MR. SALINAS: I think they do.

MS. REGALADO: And the other five, they went out to look for their own.

MR. FLORES: You mean, you let the individuals contract directly, go find a contractor?

MS. REGALADO: Go find a home already built. And this is with a Section 8 HOME voucher.

MR. BOGANY: Are you guys encouraging them to use realtors to help them in this process. It just seems that -- and I am okay with nonprofits. But you need to, I encourage you to go and get people who do it for a living as a consultant to help you in this process.

Because it is much easier to find a house with

somebody who does it for a living than doing it on your own. And it bothers me that we continue to extend. And I know you need the housing. I know it is important.

But to me, you need somebody with you guys that are experts. And Edinburg has a Realtors Association. Someone may be willing to go down there and help. And I think you need to hire people that do this for a living to help you guys, so you can complete your task.

As I go through this, I have yet to hear anybody mention they have hired a realtor to help them. And it just bothers me. Because we are extending this money where somewhere else in the state, it could be used.

MS. REGALADO: Well, the bank is helping them, selling them their repos. They are very nice.

MR. FLORES: Ms. Regalado, that was that person's opinion. We are not recommending that you go hire a realtor.

MR. SALINAS: Answer that question.

MR. BOGANY: It won't get done.

MS. E. TREVINO: I think we are speaking about two different issues here. The Bootstrap Program is aside. I just gave you that information because our nonprofit is doing that one.

This one, this program that the Housing

Authority is doing is under the Section 8 program. And that is why we got the down payment assistance money from you, or tax credits from you, to allow these families to become homeowners. And the mortgage payment for these families is paid by the, well, part of it is paid by the contract.

And the down payment assistance helps these families lower their payments. And so it is really two different programs.

MR. BOGANY: Madam Chair.

MS. ANDERSON: Yes, sir.

MR. BOGANY: I have worked with the Section 8 program in Houston and in Harris County. I have put probably to date, eight to nine families. I have got three that are closing at the end of the month. Moving from Section 8 to home ownership is a very difficult program.

Once again, I recommend you hire a realtor to come in and teach them what they should know, and tell them to go help these families. And the County did not tell these families to go out and look for houses. They brought in an expert to help them.

MS. ANDERSON: In Harris County.

MR. BOGANY: In Harris County. So I have done

the program. So that is -- I know it works. And I know it is not easy. But what I am encouraging you to do is to get somebody who can help these families find houses and identify them.

We have also found that when we sent the families out on their own, it never happened. There was too many issues. Because at least the realtor knows the house has to be in good condition, that this is not going to work, we need this, this, this.

And so I am just encouraging you, Ms. Trevino that I like what you are doing. But you need somebody to go along with your expertise.

MS. TREVINO: I understand what you are telling me. My Chairman is a realtor. The Chairman of the Board.

But in this Section 8 program, you can't steer families. They have to buy where they want to buy. And if it meets the standards of the bank and all that is in it, it goes through. But I can't tell them, I want you to live here.

MR. BOGANY: No. I am not saying that. What I am saying is, hire a realtor to help the families locate a home. And so the realtor can look all day long, and help those families.

And so I am just encouraging you to get your

Chairman of your Board, maybe they need to get a little bit more involved. Because we would truly like to help these families.

MS. TREVINO: I appreciate it.

MR. BOGANY: And so I am just telling you, get an expert. I have done the program. It is hard to do without expertise.

MS. TREVINO: Thank you so much. I appreciate it.

MS. ANDERSON: Yes, Ms. Ray?

MS. RAY: I move the previous question.

MS. ANDERSON: Thank you. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Sorry, Mr. Hamby. We are late to adjourn for lunch. We are now going to adjourn for lunch. And I am guessing we are going to be out an hour and 15 minutes or so. So we will be back.

MR. CONINE: You realize you have still got a few more left.

MS. ANDERSON: And I know, I am stopping in the

middle of the agenda item, but I am sorry. We have a hard stop. So I will read into the record, then. On this day, August 23, 2007, in the regular meeting of the Governing Board of the Texas Department of Housing and Community Affairs held in Austin, Texas, the Board adjourned into a closed executive session as evidenced by the following.

The Board will begin its executive session today, August 23, 2007, at 12:30 p.m. The subject matter of this executive session and deliberation is as follows.

Item A, the Board may go into executive session and close this meeting to the public on any agenda item if appropriate, and authorized by Open Meetings Act, Texas Government Code Chapter 551(B).

The Board may go into executive session pursuant to Texas Government Code 551.074 for the purposes of discussing personnel matters, including to deliberate the appointment, employment, evaluation or reassignment of duties, discipline or dismissal of a public officer or employee. Number one, annual review, and possible salary adjustment for Executive Director Michael Gerber.

Item C, consultation with attorney pursuant to Section 551.071(A) of the Texas Government Code with respect to pending litigation styled Dever v. TDHCA, filed in federal court. With respect to pending litigation

styled Brandal v. TDHCA filed in state court in Potter County.

With respect to pending litigation styled Ballard v. TDHCA filed in federal court. With respect to contract negotiations with selected vendor on HAP Disaster Recovery RFP. With respect to any other pending litigation filed since the last Board meeting.

(Whereupon, Board went into Executive Session.)

MS. ANDERSON: Okay. Let's see. The Board has completed its executive session of the Texas Department of Housing and Community Affairs on August 23, 2007, at 2:00 p.m.

I hereby certify that this agenda of an executive session of the Governing Board was properly authorized pursuant to Section 551.103 of the Texas Government Code. The agenda was posted at the Secretary of State's office seven days prior to the meeting pursuant to Section 551.044 of the Texas Government Code, that all members of the Board were present, and that this is a true and correct record of the proceedings pursuant to the Texas Open Meetings Act. Chapter 551 of the Texas Government Code.

MR. CONINE: Madam Chair, if I could, I would like to put forth a motion as a result of our Executive

Director review, annual review, even though it is the first one. It has been 16 months.

But we had a chance to visit with Mr. Gerber about his performance over the last 16 months, and have chosen to let him continue on, as we have moved forward. And I would like to put forth a motion that we recommend a 10 percent increase in salary for Mr. Gerber effective September 1, 2007.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

(Applause.)

MS. ANDERSON: At this point, we will pick up again with agenda item 6A. I believe the next amendment concerns the Temple Housing Authority. Mr. Gerber.

MR. GERBER: Madam Chair and Board members, the Housing Authority is requesting an amendment to extend the

end date of their contract for 12 months, from September 28, 2007, to September 30, 2008. The administrator states that due to a slowdown of the Texas housing market, increased interest rates, and continually rising home costs, demand for homes under the program has slowed.

In 22 months, the administrator has only assisted six of 48 required households, and has only committed and drawn \$60,000 since the original contract project funds of \$500,000. They have not submitted a plan as to how they would meet the requirements in the next 12 months, so staff is not recommending approval of the amendment.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: I have public comment.

MR. CONINE: Second.

MS. ANDERSON: Barbara Bozon.

MS. BOZON: Hi. My name is Barbara Bozon. I am the Executive Director of the Temple Housing Authority. And I am here today to request the one-year extension on our down payment assistance contract.

To give you some background, we have been a grant recipient under this program since 1997. We have had nine TDHCA grants and have disbursed over \$2 million

in down payment assistance funds and built 362 homes under this program. I feel like we are one of the most successful programs in the state, with this.

Due to overwhelming success with past programs, we would routinely apply annually for funding, so that we would not have any gaps in funding. At the time we applied for this grant, we did not anticipate any problem with expending the grant funds on a timely basis.

Over the last few years, like the rest of the market, we have experienced a slowdown with rising interest rates, rising costs of homes and land. And we have had a great increase in the cost of homes, from about 57 to 86,000, while the AMFI has not increased accordingly. It has only increased 11,200 to 39,700 for a family of four as of today. Our homes are still very reasonable in cost, but our AMFI is low.

Another issue is increasing number of applicants who have to be turned down because of a poor credit history. In accordance with TDHCA requirements, good business practice, all of our homebuyers must qualify for a standard fixed rate mortgage. Subprime loans have never been allowed.

With the slowdown, we requested a six-month extension on our 2003 grant to March of '06, expended 99

percent of that grant. On our 2004, we did a six-month extension to March of '07 and expended 96-1/2 percent of that grant. And we started using this 2005 grant in March of this year.

Once we realized, of course that the slowdown was continuing to affect our program, we did not apply for additional funding in '06 or '07. In 2006, we did have 24 home closing. As of the end of July in this year, we had eleven, six of which were under this contract. We have another -- we currently have four spec homes, that were built using program criteria, available for immediate purchase, plus another one under construction.

We have six custom homes under contract for qualified buyers. And they have been entered in the TDHCA system. And we have also purchased another six lots that are available and ready to build on. We are committed to making this program a continuing success, and believe that our past performance is a reasonable basis on which to grant this extension.

We do have great community support. Our cities that participate provide another \$2,500 in down payment assistance in addition to the \$10,000 that they receive under this program. And we respectfully ask the Board to approve our request.

MS. ANDERSON: Questions for the witness.

MR. BOGANY: I have a question for Ms. Bozon.

MS. ANDERSON: Yes, Mr. Bogany.

MR. BOGANY: Mr. Bozon do you have a realtor that is helping you guys with this money? With the houses, the for spec homes that you have? Have you had them listed with the Realtor, put in MLS, so that everybody knows about them? What are you guys doing on that side of the market?

MS. BOZON: Generally, we have five builders that are approved under our program, four of which were originally, since 1997 in our program. And they are the largest builders in our area. And a lot of our people hear of our program through them.

If they find someone that is qualified, they have in-house real estate people. And so if they find someone qualified, they are referred to us. Sometimes the lenders refer people to us. And then we of course, advertise our program, as well.

MR. BOGANY: Because my suggestion would be that if you have a broker on staff or somebody that is working with you guys, to be able to get those houses, get most maximum exposure, versus word of mouth. I would highly recommend that you guys get a realtor involved, who

might have this thing about affordable housing and want to really help. And see if you guys can more exposure.

Because the market has slowed down all over. And we are seeing builders come to us who have never come to us before. So my recommendation would be, you know, if we are going to give you an extension, I think you ought to have a marketing plan in place to help you move these houses. Give yourself a shot.

MS. BOZON: And a lot of our builders, too, have even built subdivisions or areas up. Because they know about our program. Originally, the Housing Authority actually built and developed this. And then once the builders had success, they will.

Like for instance, we had a subdivision recently where there were 90 homes built. They were all built you know, that they would fit this criteria. But they could also sell them to somebody who made \$50,000. And out of those 90 homes, 48 went to our homebuyers.

So we have had really good success with that. And we have -- we can close at least two to three houses a month pretty easily.

MR. BOGANY: Okay.

MS. BOZON: And it just kind of snowballed when we had to do the other extensions. But we are very

confident that we can carry this program out.

MR. BOGANY: Okay.

MR. SALINAS: Was there a motion made on these items?

MR. BOGANY: Yes.

MR. SALINAS: What was the motion.

MR. BOGANY: The motion was to not to extend.

MS. ANDERSON: I have a question for the witness. Given the slowdown in the housing market, I mean, what is going to be different about your -- I understand that you were working through another contract up until about March. But what specific steps, you know, is going to make this different, and enable you to get through this money in the next 12 months, now that we are in a tighter market?

MS. BOZON: Well, since we have a number of homes going right now, and we have had a history of the last couple of years --

MS. ANDERSON: No. I am asking about in this market.

MS. BOZON: Well, we still feel that we can close at least two to three homes.

MS. ANDERSON: Why do you feel that way.

MS. BOZON: Because we have routinely done

that, even in 2006.

MS. ANDERSON: In this kind of a market?

MS. BOZON: Yes, ma'am. Even this past year, we closed 24 homes.

MR. SALINAS: You are asking for an extension. How many months?

MS. BOZON: Twelve months.

MS. ANDERSON: So Mr. Bogany, your motion is to --

MR. BOGANY: Not to extend.

MS. ANDERSON: Is to move staff recommendation.

MR. BOGANY: Right. Go with staff recommendation. I am sorry.

MS. ANDERSON: And it has been seconded.

Mr. Conine?

MR. CONINE: (No response.)

MS. ANDERSON: Okay. Any other discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(A chorus of nays.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, the next item is the City of San Benito. The City is requesting an amendment to extend the end date of their contract for six months, from September 8, '07 to March 31 of '08. As well as a modification to the income requirements as noted in the table in your Board book.

The City states that they have not been able to identify sufficient households to qualify for the homebuyer program at the lower income levels. The City states the increase would allow assistance to other households who are in need of adequate housing, but whose income is slightly higher. In 22 months, the administrator has assisted 22 of 30 required households.

The administrator has committed \$232,541 and drawn a little over, and drawn over \$194,000 of the original contract project funds of \$300,000. Staff is not recommending the approval of this amendment.

MR. BOGANY: So moved.

MS. ANDERSON: Mr. David Cortez.

MR. CORTEZ: Thank you, Madam Chair and Board.

The City of San Benito historically has been awarded about four grants. Each one of them, which we have not only -- well, we have exceeded the number of households,

as was stated in the application. And this is the first time that the City is requesting an extension for its application.

Staff, in my organization or the City, they feel confident that they can exhaust these funds if given this extension. As indicated on your documents, there are families already identified. However, they are exceeding 60 percent of the area median family income. Given this amendment, these funds can be fully expended. Thank you.

MS. ANDERSON: I have a question for you.

MR. SALINAS: This is the first time you have asked for an extension?

MR. CORTEZ: Yes. This would be the first time the City of San Benito has requested an extension.

MR. SALINAS: I would ask that you all consider giving San Benito an extension of how many months?

MR. CORTEZ: The packet says, I believe, six months.

MR. SALINAS: Six months.

MS. ANDERSON: I have a question for you, sir.

In the revised income limits, at the 30 percent level, the original application was for five households at 30, and now the request for that is three households at 30. Do you really think that you can find three households at

30 percent AMFI between now and next March? Do you have any of them identified yet?

MR. CORTEZ: The required three households under 30 has already been met.

MS. ANDERSON: You have already done those.

MR. CORTEZ: Yes.

MS. ANDERSON: Oh, okay. Thank you.

MR. SALINAS: You know, there is more than -- if they really get to it, they will find two or 300. But the thing is, that maybe they take it a little slack on the program. But I would like to make a motion that we go ahead and give him the six months he is asking for.

MS. ANDERSON: We have a motion on the floor, Mr. Mayor.

MR. SALINAS: But he didn't have a second.

MS. ANDERSON: Yes, he did.

MR. SALINAS: He did?

MS. ANDERSON: Mr. Conine's second.

MR. SALINAS: Well, the second was to deny him.

MS. ANDERSON: That is the motion on the floor, sir.

MR. BOGANY: I have a question for Mr. Hamby.

Mr. Hamby, as looking at a lot of these, it really seems like it is hard for the rural community to

find people at this AMFI to be able to qualify for these homes.

And I know they made a change in the last legislature. Is it possible that this may help? That change may help these groups get rid of their HOME funds by now being able to qualify people at a higher AMFI?

MR. HAMBY: Well, actually that is not a legislative change. That would be a HOME rule change, or a HUD change.

MR. BOGANY: Okay.

MR. HAMBY: I think one of the questions that we have had, and I believe HOME staff is addressing it is whether or not the 30 percent level is actually one that we should have as a targeting area, because of the difficulty of getting them. If you will notice, most of the appeal or most of the requests that you have are people who did deep income targeting, and then they find out that a person who is making \$12,950 can't actually afford a home under the program requirements. And so I think that is what HOME staff was looking at, actually, in the HOME rules that you should see in the near future.

MR. BOGANY: Okay.

MS. ANDERSON: I have a question for staff about the ADI program.

MR. GERBER: Jeannie Arellano.

MS. ANDERSON: Hi.

MS. ARELLANO: Jeannie Arellano, Director of HOME Division.

MS. ANDERSON: Hi, Jeannie. Do I recollect correctly that the rules governing the use of ADI funds have some unique tweaks that make it harder for us to deploy this money, and harder for people to use it?

MS. ARELLANO: There are two differentiations. One is that it is limited to 10,000. And that it has to be a first-time homebuyer.

MR. SALINAS: How many do you have in South Texas that do first-time homebuyers? How much money do you spend in South Texas? Like in Brownsville, McAllen. Mortgage? I mean, how much money do you send to the Valley for first-time homebuyers?

I just don't want people to think that we couldn't find three people in San Benito. I am sure they doing business with Ellie Mortgage, or they are doing business with somebody else. But there is a lot of people that are getting this money for the first-time homebuyers through the -- they are buying from Casa Linda. They are buying from Pulchra. They are buying from other people.

And now the City has a program here for three

houses and I can understand why some of my colleagues can get upset and say well, you can't find three people in San Benito. But I am sure that we can find more than that.

MS. ANDERSON: We allocate the money regionally, according to the Regional Allocation Formula, like with our other programs. Is that right, Jeannie?

MS. ARELLANO: Correct.

MR. SALINAS: You don't know how much?

MS. ARELLANO: Unfortunately, I don't have that information with me. We would have to look it up.

MS. ANDERSON: It is whatever. Right.

MR. SALINAS: I think it is a big allocation for the region, for first-time homebuyers.

MR. BOGANY: Can I make a comment?

MS. ANDERSON: Yes, sir.

MR. BOGANY: I am looking at the service area. And I really know we need housing down here. But we had the City of Edinburg here just earlier, servicing some of the same area, and they were having trouble meeting their needs. And I just want -- I would like to ask the witness, do you really -- how is this.

How you guys competing with each other, and how is that working? Because I know you all got the same goal, but it looks like they are having trouble too. So

what makes you feel you are going to be able to get your deal done?

MR. CORTEZ: We are not competing.

MR. BOGANY: Okay.

MR. CORTEZ: They would service their jurisdiction and we service our jurisdiction, I feel confident that we can expend the rest of \$80,000 that is left on our grant. In fact, we have families ready to close, that have real estate contracts. I hate to go tell them the bad news.

MR. BOGANY: So you have contracts right now that are sitting there, ready to fund this \$80,000.

MR. CORTEZ: But I cannot fund them because I do not have the authority, because they exceed 60 percent of the median income.

MR. BOGANY: So if we -- are they going to be able to use this money?

MR. CORTEZ: Yes. I would say they could close within 60 days.

MR. BOGANY: So you could fund those contracts you have got sitting in escrow, then.

MR. CORTEZ: That is correct.

MR. BOGANY: If we give you an extension.

MR. CORTEZ: Yes, sir.

MS. ANDERSON: And change the income limits.

MR. BOGANY: Okay.

MR. HAMBY: Mr. Bogany, the extension is not really the issue. Had the extension come through -- it was the first extension they have requested. The operating procedures allow for the Executive Director to give one six-month extension.

The real material change here, as it was in the City of Edinburg is they did the deep income targeting on the homebuyer program. And they are asking to move it from 30 to 80. Thirty and 50 to 80, and that is the difference.

MR. BOGANY: Okay.

MR. HAMBY: That is what he is saying. That he has people at 80. He doesn't have anybody at 30 or 50 which is what his current contract requires.

MR. BOGANY: Could we do that, to allow him to be able to do that?

MR. HAMBY: You certainly can. It has been this Board's general attitude that you don't really want to see people move from the lower incomes up to the higher incomes. But again, because of the homebuyer assistance or ADI in this case, that tends to be very difficult. The 30 percent tends to be a very difficult one to find.

MR. BOGANY: I withdraw my motion.

MR. SALINAS: I will move that we go ahead and accept, and give him an extension of six months.

MR. BOGANY: Second.

MS. ANDERSON: And change the income levels, Mr. Mayor?

MR. SALINAS: And change the income levels, of course.

MR. CONINE: I have one more question of the witness.

MR. CONINE: Yes. Mr. Conine.

MR. CONINE: Are the eight, or however many you have got teed up, are they all first-time homebuyers?

MR. CORTEZ: Yes, sir. They will be eligible for this program.

MR. CONINE: The fact that they were over income made them ineligible kind of sort of, but I wanted to make sure that they were still first-time homebuyers.

MR. CORTEZ: They are first-time homebuyers. They are under the 80 percent, but they exceed the 60 percent.

MR. CONINE: Right. Okay. Thank you.

MR. FLORES: Madam Chair.

MS. ANDERSON: Sir.

MR. FLORES: I would like to ask to make a motion, if he would add to that motion that we require the administrator to provide the Department with a monthly contract progress report.

Mayor Salinas, you made the motion. Do you accept that amendment?

MR. SALINAS: Yes.

MS. ANDERSON: The amendment has been accepted.

MR. SALINAS: Yes.

MS. ANDERSON: Any other discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. BOGANY: Madam Chair.

MS. ANDERSON: Yes.

MR. BOGANY: Before we move forward, before we took the lunch break, we had a situation with Edinburg that had --

MR. SALINAS: The same thing.

MR. BOGANY: That had something to do with the same thing, where they wanted more of an opportunity to raise it to a higher income, AMFI, am I right, Kevin?

MR. SALINAS: Ms. Trevino or Kevin.

MR. HAMBY: That was the item that was the City of Edinburg. I am sorry. The Edinburg Housing Authority. And the motion that was made was to grant an extension but it did not change the income variances.

MR. BOGANY: But they needed the income variances.

MR. HAMBY: That was the request that they had made. That doesn't mean the Board has to grant that. And the motion that was made was to extend the time limit.

MR. BOGANY: Okay. I would like to make a motion that we --

MS. ANDERSON: We have to --

MR. BOGANY: Can I?

MS. ANDERSON: I think you need to make a motion that we rescind the Board's prior action on that item, and start there.

MR. BOGANY: Okay. I would like to make a motion we rescind Board's action on that item.

MR. FLORES: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. The item is rescinded.

MR. BOGANY: I would like to make a motion that we give the City Housing Authority of Edinburg an extension, but also raise the AMFI, which gives them the opportunity to get their project off the ground.

MR. HAMBY: To their requested levels?

MR. BOGANY: Yes. To their requested levels, if it is okay with staff.

MR. SALINAS: Second.

MS. ANDERSON: A motion has been made and seconded. I would propose an amendment. This Edinburg contract was for \$500,000. We have tied up \$500,000 since October 3 of 2005, and we have produced no units yet.

And so, I am certainly willing to let them have the income levels they want, and give them a one-year extension. But I would propose an amendment that we

reduce the number of units under the contract from 50 to 30 and deobligate the rest of the money.

MR. BOGANY: I would accept that friendly amendment.

MR. SALINAS: Second.

MS. ANDERSON: Any other discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair and Board members, the next item is a request from the City of Primera. The City is appealing the apartments denial of its amendment request. The City is requesting an amendment to extend the end date of their contract for 12 months, from September 28 of '07 to September 30 of '08.

The City states that they have had difficulty locating income eligible households with a per-unit rehabilitation cap of \$10,000. The City also requests that the required number of households be decreased from

21 to four to allow \$60,000 in assistance for each household. The City has 12 potential households on a waiting list, most of whom would require reconstruction of the existing structure.

In 22 months, the City has not assisted any households or committed any funds to this contract. And accordingly, staff is now recommending approval of this amendment.

MR. SALINAS: I think there is somebody here.

MS. ANDERSON: I am sorry. Yes. Mr. Javier Mendez.

MR. MENDEZ: For the record, my name is Javier Mendez. I am the City Administrator for the City of Primera. We have constantly tried to get this contract amended. And we have submitted two contract request amendments and extensions. The first one we made was in the end of last year. A little bit of history; I started working with the City of Primera about a year ago.

As soon as I saw these 21 homes for \$10,000, I realized we weren't going to be able to rehab anything. So we submitted a request. I believe staff denied it, because we did not get the required information that they needed.

We again submitted another request to lower the

number of households to, I believe at that time, it was 16. It was also denied. And this time, on behalf of the citizens of Primera, the board of aldermen, we request that you consider that amend our contract, give an extension for one year. And allow us to do four homes. Currently, you have two contractors that we can go to and start construction within the next 60 to 90 days.

And I am sure that we will be able to finish the contract and build those four homes within the allotted time. Thank you very much for your time. And I will take any questions, if anybody has any.

MR. SALINAS: Those four homes that you will be able to do, how much money are you going to be able to --

MR. MENDEZ: I think we have got committed to the grant, I believe there is \$232,000. And I am guessing within 50 to \$55,000 we would be able to do reconstruct a home.

MR. SALINAS: I move that we go ahead and give the City of Primera a one-year extension for four homes, and also change the amendment to -- what are you asking?

MR. MENDEZ: We are asking for a one-year extension. And instead of doing 21 homes for \$10,000, rehab, to do four homes for reconstruction.

MS. ANDERSON: Have you identified the four

households that would be the eligible households.

MR. MENDEZ: I believe I sent a list. Yes, I have, ma'am. We have.

MS. ANDERSON: I don't have that information. By name?

MR. MENDEZ: Yes, ma'am.

MS. ANDERSON: And you have income-qualified them?

MR. MENDEZ: We have got the application. We have got the initial inspection. We have done everything.

MS. ANDERSON: And they have been income qualified?

MR. MENDEZ: Yes, ma'am.

MS. ANDERSON: Thank you.

MR. CONINE: Madam Chair, I have got, I guess, a problem with this, in that it seems to -- we are taking money, in effect. We are taking money out of an owner-occupied rehab program that we have allocated funds around the state to, and we are making a homebuyer assistance program out of it by amendment, rather than asking the City of Primera to come back through --

MR. MENDEZ: This is reconstruction.

MR. CONINE: Hold on. Let me finish.

MR. MENDEZ: Sorry, sir.

MR. CONINE: Asking the City of Primera to come back through, reapplying.

MS. ANDERSON: Can I ask you to sit down, please?

MR. CONINE: So it is kind of a usurping of the allocation. And that is the issue that I have when we are converting --

MS. ANDERSON: Lucy, was this originally an OCC thing that was proposing to do units at ten grand apiece, not HBA?

MS. TREVINO: It is an OCC before, and with the amendment it will still be an OCC.

MS. ANDERSON: They were just going to do ten grand rehab.

MR. CONINE: How can it still be an OCC when you are rehabbing four houses instead? And when you are rebuilding four houses instead of rehabbing 21? It is just the same dollars, is all you are saying, technically. But the practical outcome, is you are rebuilding four houses.

MS. TREVINO: But they already own their existing homes. So they will be demolishing the home and building a new one instead of rehabbing their existing ones.

MR. CONINE: I would have to speak against the motion.

MS. ANDERSON: Would you like to elaborate?

MR. CONINE: There is a motion on the floor, I think.

MS. ANDERSON: Right.

MR. CONINE: I just think it is a usurping of --

MR. HAMBY: I don't have a second on that motion, unless I missed it.

MS. ANDERSON: Oh, there is no second on the motion.

MR. CONINE: I move we --

MR. FLORES: I second the motion.

MR. HAMBY: Okay.

MR. FLORES: I thought there was a second.

MR. SALINAS: Well, they are really going to build the home owner a brand new house. And I think that it is only fair that I speak in favor of the motion. I speak in favor of those poor people that have been promised a house. I am sure they did that. I don't agree with the system they are using in coming in here and asking for extensions. And I am sure if it was in my business, I would not give them one. But being that we

are here to help some of these people, I think it is only right that we go ahead and give him that extension. If not one year, give them six months. If they can't build four homes in six months, they don't deserve the money.

MS. ANDERSON: Mr. Bogany.

MR. BOGANY: My comment is that if we had 21 houses, we have given him \$241,000. If they can do four houses, well, we keep to the plan, and that is, give them \$10,000 for those four houses. That is what they had requested. Deobligate the rest of the funds and get it to someone else who might be able to make it work. I am not saying not give them an extension. Give them the extension. Give them \$10,000 per four houses, just as they originally came to us in the beginning. They asked for 21. They have identified four. Okay. Give them four. Give them 10,000 per house. Take the funds, and move it over to someone else who can get it done.

MR. CONINE: Or ask them to reapply in the HBA program, which is where they should be to begin with.

MR. FLORES: If you give them \$10,000, you might as well defeat the motion. Because the new administrator just told you that the reason he is changing is because he can't make the deal work on 10,000 a unit. He needs 50,000 to make things work.

MS. ANDERSON: But it is clear that the integrity of the application process, what they applied for is totally different that what they are trying to come in and do through an amendment process.

MR. HAMBY: I think that is the point I am sure. This was a bad application in the sense that it is all the proper -- if they had come in and applied for four homes, doing complete reconstruction under OCC, they would have been able to do it. They came in asking for rehab dollars for 21 homes. So what they applied for is substantially different than what they are doing now. But it is allowable under the same program guidelines. It is just than whenever they applied, they said they were going to do to do \$10,000 rehabs that they got into the program. They discovered there was no need in their community to do the \$10,000 rehabs. And so they --

MS. ANDERSON: They are trying to hold on to the money.

MR. CONINE: There's not 21 low income people in the City of Primera that need \$10,000 bucks worth of work done on their house.

MR. HAMBY: Well, I am sure that there are. But they also have to come up to the code standards. And so they may not be able to do it for the \$10,000 and meet

the code standards that would be required under the program.

MR. SALINAS: What they are going to do is demolish four homes, and rebuild four homes.

MR. CONINE: We have a program for that. Homebuyer assistance.

MS. ANDERSON: Okay. Is there any more discussion on the motion? Does everyone understand what the motion, it is the Mayor's motion. Does everybody understand the motion?

MR. BOGANY: No, I do not.

MS. ANDERSON: Okay. Mr. Mayor, would you restate your motion, please?

MR. SALINAS: I move that we go ahead and extend the City of Primera 12 months for four homes.

MS. ANDERSON: And that has been seconded. And what else.

MR. SALINAS: And change it from 21 homes to four.

MS. ANDERSON: Okay. And that has been seconded. Is there any other discussion? Are we ready to vote?

(No response.)

MS. ANDERSON: I assume we are. All in favor

of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(A chorus of nays.)

MS. ANDERSON: I am sorry. Could I hear the noes again?

(A chorus of nays.)

MS. ANDERSON: The Chair votes no. The motion fails.

MR. FLORES: So what is the action on this?

MS. ANDERSON: Mr. Hamby?

MR. FLORES: Objection?

MR. HAMBY: If the amendment didn't pass, then they would have to meet the terms of their contract. The amendment didn't pass. So it dies. And so they would have to meet the terms of their contract, which is 21 homes at \$10,000.

MR. FLORES: So if they can't perform it, they have to turn the money back? When is the next time they can apply for --

MR. HAMBY: In the '08 round. We have these provisions in the '08 round.

MR. FLORES: And that is what month of the year?

MR. HAMBY: I believe the application deadline is March 1. Or it is going to be open this year. We are changing it just a little bit, to be on the HOME rules.

MR. FLORES: I don't know where Mr. Cortez is. I hope he is taking notes.

MS. ANDERSON: The rules for that will come to us next month.

MR. FLORES: I was looking for the administrator Mr. Cortez. He needs to be taking notes. Because obviously, if he wants to fix this, he has got to come back next year.

MS. ANDERSON: Okay. Newton County, Mr. Gerber.

MR. GERBER: The last HOME amendment request is from Newton County. And the County is requesting a waiver of the \$60,000 per-unit cap to allow \$71,000 in reconstruction for one of the six required homes. The increase will allow for the replacement of a manufactured home to accommodate a family with ten household members.

The family consists of eight children, all under the age of 18. The father is severely disabled, having recently had heart surgery. The mother cannot work, due to caring for the father and their children.

The family's need for a five-bedroom

manufactured home cannot be met with the \$60,000 cap currently allowed. The family's previous manufactured home was destroyed by Hurricane Rita. Labor and materials for a new septic system as well as furnishings for the new home have been donated locally by the community.

The County has committed assistance to all six required households, and will remain within the overall contract budget for all six homes. Due to construction delays, due to the extensive spring and summer rains in the area, the County is also requesting a second extension for three additional months to complete the replacement of the six manufactured homes. Staff does not recommend the approval of this amendment.

MR. CONINE: Move approval of the amendment.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. Oh. I have public comment. But you might --

MR. SALINAS: I would like to speak against the motion because of the need. And the county is asking for the three months.

MR. CONINE: I approved it.

MR. SALINAS: No. The recommendation was --

MR. CONINE: My motion was to approve the amendment.

MR. SALINAS: Okay.

MS. ANDERSON: Would the witnesses like to waive their opportunity to testify.

Mr. Taylor? Mr. Dougherty.

VOICE: [inaudible]. I want to make sure I understand.

MS. ANDERSON: Mr. Conine has made a motion to approve the amendment. Staff recommended not approving it. But Mr. Conine's motion is to approve the applicant's request for an amendment. And it has been seconded. Is there any more discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. Okay. Now we go back to Item 5G, which you have all been waiting for.

MR. GERBER: Madam Chair and Board members. Item 5D relates to the allocation of forward commitments from the 2008 state credit ceiling. First, to provide a clarification.

At the July 30 Board meeting, the Board approved an award to an application that included credits from both the 2007 ceiling, which is the amount of \$681,450 and the 2008 ceiling in the amount of \$518,550 in credits. This action was needed to make this application financially complete.

In the Board materials, we noted that the first available 2007 credits would be used to make this deal fully funded from 2007 if possible. We are very pleased to announce that the Internal Revenue Service announced last week the dispersal of national pool credits. Texas received \$548,821 in additional credits to be included in the 2007 ceiling.

Therefore, these credits are being used to fully fund that split application from the 2007 ceiling. And therefore, no allocation of 2008 credits is necessary.

Staff is not recommending that the Board allocate any forward commitments from the 2008 ceiling. Any forwards will reduce the amount of Housing Tax Credits available in 2008 to other qualified applications.

The scoring process was objectively applied to all 2007 applications, and those applications not recommended for an award in general did not achieve a competitive score. Based on Board comment at the July 30, 2007, meeting staff would like to make the Board aware of two developments that were on the list to be funded, but were removed due to legal issues that have both been resolved.

These properties were Poteet Housing Authority Farm Labor Development, or TDHCA 07-110 in Region 10 and Sunset Terrace, TDHCA Development 07-183 in Region 11. Again, the legal issues around both of those developments have been resolved.

Staff is not making any recommendation regarding these developments, but the Board requests us to investigate the issue, and we are reporting back simply the results of that investigation. We would be happy to provide more information about the implications of forwards or information about anything you might wish in this category.

MR. CONINE: Are you done?

MR. HAMBY: Yes, sir.

MR. CONINE: Madam Chair, I would like to make a motion that we extend 2008 low income housing tax

credits forward commitments to the following projects. Project 07-131, Stoneleaf at Dalhart, and that is in Region 1. Project 07-171, San Juan Square, Region 9. Project 07-110, Poteet Housing in Goliad, I think, Region 9. Project 07-183, Sunset Terrace in Region 11. Project 07-185, Bluebonnet Seniors, Region 11. And project 07-151, Key West Seniors project, Region 12.

And I think, just to make sure we clarify, these will be 2008 forward commitments. They will be taken off of the waiting list for 2007, so that any future 2007 credits that might happen to show up will fall back to the normal procedure, waiting list with these 2008s removed.

MR. SALINAS: Would you include another one? 07-205? That is the one Senator Lucio came to speak --

MR. CONINE: Not in my motion, Mr. Mayor.

MS. ANDERSON: Let's wait. Mr. Mayor?

MR. SALINAS: Yes.

MS. ANDERSON: If I could ask you to second the motion that is on the floor?

MR. SALINAS: I will second it.

MS. ANDERSON: Thank you.

MR. FLORES: Could we reread those numbers again?

MR. CONINE: Yes. Just the numbers?

MR. FLORES: Just the numbers.

MR. CONINE: 07-131, 07-171, 07-110, 07-183,
07-185 and 07-151.

MS. ANDERSON: I note for the Board's information, the approximate total of those, of the proposed forwards in the motion is about \$4.3 million. And then, as the Board write-up indicates, we already have a commitment of forwards in the amount of very close to \$3 million in 2008 binding allocations. If the Board remembers, because of the increase of construction costs for the 2004 and '05 and '06 deals, we granted forwards to the 2005 deals out of the 2007 ceiling, to accommodate the cost increases.

And likewise for the 2006 deals, we already have a binding allocation to the 2006 deals out of 2008 credits in the amount of very close to 3 million. So with the one, two, three, six developments that Mr. Conine just read into the record, about 4.3 million and the 3 million in already binding allocation, that is a total of 7.3 million out of the 2008 expected allocation of around 43ish million.

And we have a lot of public comment if the Board will entertain the public comment. And I am going

to limit it. We need to -- I am going to limit this, as I need to. So I would ask that people keep their comments brief, if they choose to testify.

Mr. Mike Sugrue.

VOICE: (No audible response.)

MS. ANDERSON: Thank you, sir. Mr. Fernando Lopez.

MR. LOPEZ: Thank you very much.

MS. ANDERSON: Thank you. Mayor John Cook.

MR. COOK: Madam Chair, Mayor Salinas, Board members, Mr. Gerber. I want to -- first of all, I want to thank you for the courtesy you extended me the last time I was here, and the favorable consideration you gave to our request.

Once again, I am from El Paso, Texas. The fourth largest city in Texas. But we also have some other things which we are not really proud of. For example, we are the poorest zip code in the United States is 79902, which is where this project that we are asking for funding for happens to be located.

There are some extenuating circumstances which I think you probably have a concern about the cost of construction for these projects. During base realignment and closure of Fort Bliss, Texas, which is within the city

limits of El Paso received 19,000 new troops, 25,000 family members, and we are expecting another 11,000 troops which are not part of Bragg to be dispatched to Fort Bliss, Texas.

As a result of that, there is over \$2-1/2 billion worth of construction projects that are going to be done on Fort Bliss alone. And keep in mind that the military installations typically only provide housing for about 40 percent of their soldiers. And the civilian community has to take care of that other 60 percent.

Our Housing Authority currently has a waiting list of 11,000 people trying to get into either Section 8 or public housing. So I hope that you would keep those things in mind while you are making this decision. The City has made a lot of commitments, not only for base realignment and closure, but also for restoring this very impoverished neighborhood.

I am originally from Brooklyn, New York. So I am very familiar with Ellis Island. And I can tell you that this Segundo Barrio area of El Paso is the Ellis Island of Texas. It is basically an immigrant community of people who come to the United States, get their first housing opportunities and send their kids to school, get an education, and try to become American citizens with the

American dream of home ownership.

So I would ask that you seriously consider our request for the forward funding. And I was wondering if anyone is interested in what I am holding in my hands here.

MR. CONINE: A guitar.

MR. COOK: Can I sing a little song about El Paso for you? Do you have time?

MR. FLORES: We'll take points off.

MS. ANDERSON: Hear, hear.

(Singing and guitar playing.)

MR. COOK: Thank you.

(Applause.)

MR. CONINE: You guys will do anything.

MS. ANDERSON: The next witness is Vince Dodds.

MR. DODDS: Gee, how do you follow that up?
Good afternoon, Madam Chair and Board members. Mr. Gerber and staff. I am Vince Dodds from the El Paso Housing Authority.

I am here to request a forward as was our illustrious mayor, a forward commitment of 9 percent credits for the 58-unit Alamito Place development in South El Paso. It is development 07-224. The handout that I am providing to you has a few pages that I want to quickly go

over.

This is a development that is an extensive development with a HOPE VI grant. The Alamito Place portion of the development is 58 units. Of this development, we are two years into a four and a half year grant from HUD, and obviously, there is -- we are hustling to get the 349 units built. And if you look at the first page, you can see that it is not only downtown, but part of our development is on the east and west side, where we are mixing in public housing and affordable home ownership with market rate housing in our city.

The second page will show you the downtown development and the piece that is Alamito Place, this Board was good enough to approve a 4 percent credits for us for the Alamito Terrace piece, which is the elderly piece on the west side of the property. The third and fourth pages show you the subdivisions where are doing public housing rentals and also affordable home ownership amongst market rate homes and subdivisions in our city.

And the final page is a picture showing you that our downtown site has been abated and demolished, and we are ready to go on the whole site. We have relocated 340 families from the site. They are anxious to come back.

And your consideration of helping us to accelerate the development of this property by granting us a forward would be very much appreciated. And I will answer any questions that the Board may have. Thank you.

MS. ANDERSON: Thank you. Mr. Palmer.

MR. PALMER: Barry Palmer with Coats Rose law firm. I just wanted to point out a couple of things. This project received a HOPE 6 grant in 2004 from HUD of \$20 million. It was one of only a handful across the country of housing authorities to receive a grant.

But a crucial part of that financing is to get a 9 percent tax credit allocation. Under the grant agreement, we only have 4-1/2 years to complete the project, or we lose the HOPE 6 grant. We are two years into that period now. This is the second year that El Paso Housing Authority has applied for 9 percent credits and hasn't received an allocation. Without the allocation for 9 percent credits, the project doesn't work.

I think the most telling page in Mr. Dodd's presentation, if you look at the last page of his booklet, you see the site in downtown El Paso. It is a 17-acre site. I don't know of another major city in the country where there is a 17-acre site in downtown that is ready for affordable housing to be built on it.

This is a key to the downtown revitalization of El Paso. And we would urge the Board to consider a forward commitment to the City of El Paso for this important project. Thank you.

MS. ANDERSON: I apologize to the folks from El Paso if I got these a little out of order, which I think I did. Mr. Ramirez. Ms. Ramirez, I am sorry. And then next witness will be William Zorn.

MS. RAMIREZ: Good afternoon, Madam Chair and Board members. I am Kenda Ramirez. And I am the Chairwoman of the Housing Authority of El Paso, Texas. And I am here to tell you about the support that this project has.

It is a project that has united El Paso from our public sector, our private sector. We have the support, like you saw the Mayor of El Paso, the senator, our state representative, Paul Moreno, Joe Pickett, Norma Chavez. We have our school districts. We have nonprofits. We have everybody that has wrapped around this project. It has truly united El Paso.

And most of all, we have like Vince Dodd said, the 340 families that can't wait to come back to their neighborhood, a neighborhood that is going to have mixed income housing. They are very excited. The whole

community is excited. We really would like to have your support for us. Thank you.

MR. BOGANY: I have a question for staff.

MS. ANDERSON: I have got one more witness.

MR. BOGANY: Okay.

MS. ANDERSON: Can you just hold that thought.

Mr. Zorn?

MR. ZORN: Good afternoon, Madam Chair and members of the Board. I am with the architect's office. My name is Bill Zorn of Moore Nordell Kroeger Architects.

I am here mostly for technical questions or the costs, and just to bring out some more of what the Mayor was saying, about with the Fort Bliss work and all the booming construction work in our city, costs have really escalated in the last few years, and really caught us, to where we need some help with the project. So if you have any questions, I would be happy to help.

MS. ANDERSON: Thank you. That concludes the public -- no, it doesn't. Sorry. That is the end of the public comment on that particular transaction. The next witness is George King, and then Hollis Rutledge.

MR. KING: Good afternoon. I thank you, Madam Chairwoman and Board. I have a letter from the Mayor of

the City of Dallas regarding Carpenters Point, 07-101. It says, "It is my pleasure to recommend your approval of an important project in Dallas.

"The Carpenters Point Senior Housing Development is a proposed housing development in the City of Dallas, which will provide needed housing for our growing elderly population. I would ask you to take note of the following. The development is strongly supported by me as Mayor, and our City Council, as evidenced by the passage of a resolution by the Council for \$750,000 loan for the development at our June 27 meeting.

"The development is part of the Frazier revitalization initiative, which includes some 1,100 acres near the Fair Park area in Dallas. The overall plan calls for more than 300 million of redevelopment and new development of retail and various residential components.

The Dallas Housing Authority, Frazier Court Residential Development with families coordinated with Carpenters Point for Seniors, together represents the cornerstones of further development in a neighborhood.

"This would be the only development receiving an allocation of tax credits in the City of Dallas. Carpenters Point, together with the Dallas Housing Frazier Court project will be the first major new development in

the immediate neighborhood during the past 30 years. It is an area of Dallas much in need of investment in general, and the type of housing units included in this project.

"I strongly urge you to give the Carpenters Point positive consideration as you deliberate forward commitments for the 2008 tax credit round. Thank you."

Sincerely, Tom Leppert, Mayor of Dallas. Thank you.

MS. ANDERSON: Thank you, sir. Mr. Rutledge, and the next witness will be Mike Lopez.

MR. RUTLEDGE: I actually am going to go ahead and yield my comments to Mike Lopez. My name is Hollis Rutledge, and I am here in support of the Hidalgo County Housing Authority project that we were hoping to have a serious consideration for a forward commitment.

I was hoping to bring my accordion. But after that superb performance from the Mayor of El Paso, I knew I could not compete. So I am going to spare you the agony of hearing my voice.

MS. ANDERSON: You don't sing nearly as well as the Mayor does.

MR. RUTLEDGE: I don't sing nearly as well. So with that in mind, I will yield my comments, Madam

Chairman, to Mike Lopez.

MR. LOPEZ: Madam Chairman, members of the Board, Mr. Gerber. Thank you for the opportunity to address you. And I just want to go on record. Mike Lopez, Executive Director with the Hidalgo County Housing Authority. Go on record, just requesting a forward commitment on our project, North Manor Estates, 07-205. Thank you.

MS. ANDERSON: The next witness is Mark Caldwell, and then Randy Stevenson.

MR. CALDWELL: Thank you, Chairman Anderson and the Board, Mr. Gerber. My name is Mark Caldwell. I am with DelMar Development. And the I am the developer for an elderly development in the City of Orange called Palm Garden Apartment Homes.

And the Mayor, Brown Claybar that has been here before the Board a few times, most recently in June, asked me to express his continued support for the development. He is recovering quite well, thank goodness, from quadruple bypass surgery that he has undertook in June. But I wanted to just bring this development to your attention again, and talk about all the support that it has had.

Not just from Mayor Brown Claybar, but from

State Representative Tuffy Hamilton who has been before the Board has well, in June, in support of the development. Civic organizations, we had a unanimous support from City Council. And Senator Williams' office had provided a letter of support as well.

And possibly the most important, the Southeast Texas Regional Planning Commission has committed \$450,000 to the development. That obviously allows you guys to leverage the credits that you have. We can't overlook the fact of how much those third party funds help.

It is probably important too, to point out that had there been enough credits in that region, rural region 5 that the development was the highest scoring development in that region. And we really would have gotten an allocation. I was looking at all the support that the development has across the Board. There is no opposition.

And it is important to understand why all that support is there. That the City of Orange has never had an elderly development allocated to it over the past ten years. And the housing stock there, before the hurricane, was in bad shape. But since the hurricane has hit, it is in absolutely dire shape. Those folks are living with blue tarps on their roofs still.

And if I could, Chairman, I will just submit these to you guys. This is an example of what -- these are both elderly developments that Gabe Ferguson [phonetic], the city official had taken and submitted for us. But on behalf of all those who have supported the development that we have gone through on the list here, we would respectfully request a forward commitment for that development. And thank you for your time.

MS. ANDERSON: Thank you, sir.

Mr. Stevenson.

MR. STEVENSON: I'll pass.

MS. ANDERSON: Thank you, sir.

Veronica Delafuente? And then Kenneth Fanbro.

MS. DELAFUENTE: Good afternoon. My name is Veronica Delafuente, and I am with the Hidalgo county judge's office. And I just wanted to offer our support for project 07-205. Judge Salinas was unable to attend this meeting this morning, and extended until this afternoon, because of family emergency.

But we just wanted to offer our support. And we are happy to see that you have supported some of our cities in their quest for services in the area. Thank you.

MS. ANDERSON: Thank you.

MR. FANBRO: Madam Chair, members of the Board. Kenneth Fanbro, Integrated Real Estate Group, speaking on behalf of Pinnacle Pleasant, Humble in Region 6. I just request a forward commitment allocation for 2008 credits. This deal was recommended by real estate analysis, however, was approximately \$2,400 short in the regional allocation.

The City of Humble is still supporting the development, as well as the neighborhood organization and State Representative. And definitely wants the deal. Thank you.

MS. ANDERSON: Thank you, sir.

Mr. Bill Enrique and Michael Hartman.

MR. ENRIQUE: Good afternoon. My name is Bill Enrique. I am speaking on behalf of project 07-285. I think the guitar smashed this. I am here as a member of the Sears Park Revitalization Committee. We are a volunteer community based organization formed in 1997 who submitted a neighborhood plan to the City of Abilene. It was approved.

This is the plan right here. This plan took years to formulate, and involved timeless hours of hard work from residents within the community and partnerships throughout the entire Abilene community at large. Our

plan details many areas of concern, but a major concern is our senior population.

We are supporting New Life Foundation in their effort to obtain a forward commitment for the Anson Park Sears project, because we need affordable housing for our senior citizens. According to the 2000 census, the Sears Park neighborhood has a population of 5,700 individuals. Over 2,000 of us, including myself are over 55 years of age. That is over 35 percent of the population.

We have 2,034 household units. Of those, 57 percent are owner occupied; 43 percent are renter occupied. Of these 2,034 household units, 1,700 of them were built prior to 1970. Between the years of 1990 to 2000, less than 50 new homes have been built in our neighborhood.

All of these numbers and percentages mean only one thing. We need affordable housing for our senior citizens in Abilene, Texas. Our neighborhood plan specifically addresses this area of concern. The Sears Park superneighborhood is comprised of the northwest quadrant of the City of Abilene. And there is no housing in this area that is totally committed to affordable housing for senior citizens.

The affordable housing available in Abilene at

the present are at Arbors at Rose Park and Windsor downtown. The Windsor is full, and has a waiting list. The Arbor is near capacity. This is a new project. Abilene has a population of 116,000 and only 160 units dedicated to affordable housing for senior citizens.

In closing, I made this trip from Abilene today. I actually got up at 3:30 this morning. With the support of the City Council and the Sears Neighborhood Revitalization Group in hopes that my plea for affordable housing for our seniors would result in a forward commitment to the Anson Park project. Thank you so much.

MR. HARTMAN: Good afternoon, Madam Chair, members of the Board. My name is Michael Hartman. I am here in support of application 07-285, Anson Park Seniors.

I know you have got a lot of people to listen to, so I will try and be brief.

Two points that I wanted to bring out. One of the things that we have been trying to do in this program is encourage new developers to come into the program and to bring more diversity to the pool developers. This project gives you an opportunity to do that. New Life was started in 2003 as a nonprofit, providing social services to tax credit properties. They have done that for the

last four years. Now they want to take the next step, and move up and become developers of affordable housing themselves.

With my help, since I have experience that I am volunteering to them, they want to become developers. If this project gets approved, it will be their first one. And it would give them a leg towards becoming their own independent developers.

The second thing I just wanted to point out is that Anson Park score was the same as the urban development that was approved in July at the Board meeting. Anson Park lost on the second tie breaker, which is housing per capita. One thing that the formula doesn't take into account, as was mentioned earlier is that it doesn't differentiate on a per capita basis between senior housing and family housing.

I believe if you look at the prior developments in Wichita Falls, five of the six are family housing. So we added another family deal where we already had five deals. And yet, in Abilene, which does have a higher per capita, you have two senior deals and you have five family deals. And we did not add a senior deal in a city that has only 160 units of senior housing. Thank you very much.

MS. ANDERSON: Thank you. Ms. Theresa Martin Holder, and then the next witness will be Joel Loya.

VOICE: I signed up to give my minutes to Michael Hartman. But Theresa Holder is the President, and she became ill after she signed in. So I wanted to pass out her brochures. And inside, I know it is late. But she did have us a small presentation here.

And if I would, the most important thing she was trying to do with this was to make you all understand that we are a valid nonprofit with a lot of background in strength. So if you would read her presentation, I know she would certainly appreciate it. Because she has been sick. Took some Demerol in order to dull the pain, in order to make the presentation.

So it would be nice if you would look at this, and look at the brochure, and look at our website. But we are doing some wonderful things for children, families and seniors. We have a lot of seniors in our neighborhoods. And we are full time working in the social service aspect of TDHCA. Thank you.

MS. ANDERSON: Thank you.

Mr. Loya, and the next witness is Richard Harrington.

MR. LOYA: I am Joel Loya. And I am an

educator. I have been an educator for over 30 years. And I am from Abilene, Texas. And I am here and hoping, and I know you all have done a lot of work to pick the numbers that you pick. But I want to add on one more number. And that is that 07-285. And that is with the Anson Park Housing.

The reason for it is that we also in the neighborhood about nine years ago got together. We formed an organization to work in the neighborhood. And we developed a program called Access Learning Center. Of course, Access is a program basically done for children. But after working with children all these years, we find out that half of them or a lot of them live with the grandparents.

So we have now the C-SAP as part of our program, doing a lot of training for senior citizens. One of the things that we do find is that a lot of these seniors cannot afford housing. Some of them are still living in their cars, or living somewhere else. So they are homeless. But we are trying to help them get trained, just like every other one.

The American dream is one to be self-sufficient and to be able to get going. And we can't do it because we don't have the housing in Abilene to support that. So

my request is in support for the senior citizens of Abilene and the surrounding areas, is to provide this housing. Which is that 07-285. Thank you for your time.

MR. HARRINGTON: Good afternoon. My name is Richard Harrington, Jr. And I am the Executive Director of the Housing Authority of the City of Texarkana, Texas.

Madam Chair, members of the Board, Mr. Gerber. During the public comment period you heard from Councilman Derrick McGary.

From the City of Texarkana, Texas, as well as a written statement from Representative Steven Frost requesting a forward commitment on 07-164, Covington Town Homes. 07-164 was ranked the number one application in Region 4 with 197 points, but not funded due to not having enough money in the region.

We have the full support of all the major component parts of the city for this application. Texarkana College, TISD, the City of Texarkana, Bowie County, the Rose Hill Neighborhood Improvement Association, state officials, the Chamber of Commerce, as well as a lot of the major local businesses that are there.

While our name may be on the application listed, this is truly an example of public and private

partnership at its fullest. All of them see this application as the cornerstone of the Rose Hill neighborhood revitalization effort that is going on in Texarkana.

While there is much more to say, I will stop here and ask you that you look favorably toward the forward commitment of 07-164. Thank you.

MS. ANDERSON: Thank you, sir.

Mr. Bill Skeen.

VOICE: (No audible response.)

MS. ANDERSON: Thank you, sir. Wise man. That concludes the public comment on this agenda item. We have a motion on the floor that has been seconded. Is there any further discussion?

MR. CONINE: Uh-huh.

MS. ANDERSON: Mr. Hamby. I am sorry to do this again. I just want to make sure the clarification of the motion that was the -- I believe six properties, and that included that they had to go through underwriting, be subject to underwriting and be subject to compliance testing. I just wanted to make sure that was in the motion. Correct?

MS. ANDERSON: Current on all compliance requirements.

MR. CONINE: Yes. I will ask Mr. Gouris. How many of these have been underwritten?

MR. GOURIS: Appears to me that --

MR. BOGANY: Could I hear them again?

MR. CONINE: Yes, sir; 07-131 which is Stoneleaf at Dalhart, 07-171 San Juan Square, 07-110 Poteet Housing, 07-183 Sunset Terrace, 07-185 Bluebonnet Senior and 07-151 Key West Village.

MR. BOGANY: Okay.

MR. CONINE: And I think my addition was wrong on the credits. It looks like it is a tad over 3-1/2 million of credits here, plus the 3 million that Ms. Anderson mentioned from our binding agreements, and from past cost increases. So 6-1/2 million roughly.

MS. ANDERSON: Any other discussions, questions of staff?

MR. BOGANY: I have a question. What would the two projects that were taken off last meeting?

MR. CONINE: They are included in this.

MS. ANDERSON: They are included here. Poteet Housing and Sunset Terrace.

MR. BOGANY: Okay.

MS. ANDERSON: Any other discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

Congratulations to some of you. And it is a tough process. But we are very lucky in Texas to have a very vibrant, competitive tax credit, lots of competition. Lots of good developers. And so we are grateful to all of you all for taking part in building affordable housing in Texas. The next agenda item is Item 7A.

MR. PALACIOS: Madam Chairman?

MS. ANDERSON: Yes, sir.

MR. PALACIOS: Thank you so much for allowing us and Board members to be here again.

MS. ANDERSON: You are welcome, sir.

MS. ANDERSON: And again, I want to say --

MS. ANDERSON: Get it built. Build it good.
Right.

MR. PALACIOS: Congratulations for a job well done. And I will see you after the meeting, and I will tell you about Beto.

(Crosstalk.)

MS. ANDERSON: Okay. It is not getting any earlier in the afternoon. Item 7A. Mr. Gerber.

MR. GERBER: Madam Chair and Board members, Item 7A is staff's recommendation for the program management firm selected to administer the 210 million set-aside for the housing assistance program or HAP set-aside, as well as the \$12 million set-aside for the Sabine Pass Restoration Program for using Community Development Block Grant dollars that are being administered by the Department as part of round two of funding that we received. And that was detailed in the Action Plan that was approved by HUD earlier this year. On May 10, 2007, the Board approved the request for proposals for publication and directed me to appoint a review team to make recommendation to the Board. The primary objective of this RFP is for TDHCA to obtain a turnkey solution managed by one firm to administer the programs, and to distribute CDBG funding in accordance with the plan and applicable laws, regulations, procedures and guidelines as they now exist and as revised throughout the term of any agreement resulting from this RFP. To be considered for award, offerors were required to submit a written proposal which satisfied the requirements outlined in the RFP

approved by this Board no later than Monday July 9, 2007.

Pursuant to the RFP, I appointed an evaluation team who examined the totality of the best and final offer presented. The evaluation team has determined a final recommendation of ACS, State and Local Solutions, Inc., for the Board's consideration. The maximum score that may be received by an offeror is 100 points. Staff awarded ACS 95 points. The evaluation team believes that ACS will work closely with the Department to help ensure the success of the disaster recovery program. ACS is committed to meeting the challenges of this important project, to working in partnership with the Department in achieving its goals. Staff is recommending that the Board direct staff to enter into contract negotiations with ACS, State and Local Solutions as the program management firm engaged by the Department to administer the 210 million set-aside for the housing assistance program for Southeast Texas and the 12 million set-aside for the Sabine Pass Restoration Program. And we would be happy, as I am sure there are, to answer lots of questions. Any questions you have about this contract.

MR. BOGANY: So moved.

MR. GERBER: Maybe not.

MR. CONINE: Second.

MS. ANDERSON: Do you want to talk about this or about the other disaster recovery items, Mr. Henneberger?

MR. HENNEBERGER: (No audible response.)

MS. ANDERSON: Then you may address us. I was looking back there for you. I thought you had disappeared.

MR. HENNEBERGER: I was trying to expedite things. John Henneberger, Texas Low Income Housing Information Service. Board members and Madam Chairman, I am particularly concerned about the report that you have before you regarding the performance of the COGs on Ground One funding for Hurricane Rita.

MS. ANDERSON: I am sorry. I think Kevin would tell me that I can't have you speak on that while we are on this specific ACS item.

Or is it okay? Do we have an exception for 3:15?

MR. HENNEBERGER: I am done with talking about it now. I will move on to the next thing. I am done with that part. I think it is very important that we, in considering this contract, and how Round 2 will be administered, that we learn from the mistakes that were made in Round 1. And I have some concerns that there are

structural problems built into the design of the contract for the Round 2 program. And they are specifically the following. First of all, you are calling for your contractor to exercise a \$40,000 maximum beneficiary limit on Round 2 money. The majority of the people who were impacted by Hurricane Rita were poor people. They were low income families. They are going to need more money than that to rebuild their homes. But within the RFP you basically say that if you don't have \$40,000, if \$40,000 won't build the house, and you can't demonstrate that you can go out and get the extra money to build or rehabilitate your home, then you are not eligible. And I predict that what will happen, we will be back here in six months with the contractor saying, we have a lot of people.

MS. ANDERSON: You will see in the Housing Trust Fund next month that if it comes the way I expect it to, that there will be relief specifically to address that issue.

MR. HENNEBERGER: Wonderful. So if there is gap money, that will take care of that problem. The second issue has to do with an issue which has plagued the first program, which is providing proof of damage. You

have called in the RFP for your contractor to require the people whose homes were destroyed by Rita to demonstrate that there was \$5,700 of damage before they are eligible to receive assistance under the program. Now the problem is, you can do that in three ways under your RFP. You can go and show an insurance inspection from private homeowners insurance. But the problem, as we know is, that surprise, a whole lot of these families, maybe half of them, didn't have homeowners insurance. So they have no proof from their homeowners insurance. The second thing they could do under your RFP is show that they have an SBA loan. But again, they are low income, so they didn't get the SBA loans. They didn't qualify, and most of them didn't even apply, so there is no proof there. So the only way they can demonstrate \$5,700 of damage and qualify for assistance under your Round 2 program, is going to be to be able to show a FEMA damage report in that amount. Now the problem is, is that within the Port Arthur among the religious organizations which are trying to provide assistance to people, they surveyed and found that 52 percent of the households who really have houses which are unliveable now today, didn't initially have \$5,700 FEMA damage estimates. So I am afraid that what the program does, the way it is set up, is going to

exclude the most needy. The other problem has to do very quickly with the notion that there is a requirement that there be proof of proper expenditure of the initial FEMA monies. A lot of people got \$1,000 or \$2,000 of assistance up front. You are going to require them under the terms of this RFP to come in and show you hard proof that they spent that money for what they were supposed to spend it? These were families who were homeless, who were taking that money and going out and spending it on all sorts of basic emergency things. And the experience in Round 1 is that people don't have that type of proof. And I am very concerned that we are going to be back here in six months with a whole lot of elderly and very needy low income people if we are not careful, and have those people not qualified, and push this process back another few months. So I would urge you to, you know, look at Round 1, and take the necessary actions to adjust this RFP and the agreement with the contractor to make sure that this program doesn't -- we don't have to do another amendment six months or nine months from now in order to get the low income people to qualify. Thank you very much.

MS. ANDERSON: Appreciate your input, Mr. Henneberger and we will take that into consideration as we jointly work through contract negotiations. And should a

contractor be selected today, we also would look to them to be receptive to your input and take advantage of their experience in other states, and sooner, rather than later give us advice on places where the program design needs adjustment.

MR. CONINE: Let me ask a question. Can we amend the program design at our September meeting, if staff takes a look at Mr. Henneberger's comments and I think about it and the rest of the Board does too.

MR. HAMBY: Actually of course, it would be amending the Action Plan, because most of the requirements that Mr. Henneberger was talking about were created in the Action Plan.

MR. CONINE: Correct.

MR. HAMBY: Where it will be submitted to HUD and it was approved by HUD. So that is probably be where we would have to amend first.

MS. ANDERSON: Well, I think it would depend on if it was material or not.

MR. HAMBY: Correct.

MS. ANDERSON: And we have got some others. Anybody else from the Disaster Recovery Division want to speak to this?

MS. JOYCE: Hi. Jen Joyce in the Disaster

Recovery Division. Just a quick note of clarification. I think there might have been some misunderstanding in what he was looking at with the RFP.

We did roll in the eligibility guidelines from the action plan part of that was that was that they would have to prove up, if they received FEMA assistance in the amount of \$5,200 or more for damage and that was separate from it. It is not a minimum requirement that they have that much damage. So just a point of clarification.

MS. ANDERSON: Okay. Thank you.

Mr. Don Atwell.

MR. ATWELL: Madam Chair, members of the Board, Mr. Gerber. My name is Don Atwell, and I am the project director for ACS, if we are approved for this project. And I just wanted to say real quick, that I understand how complicated this project is. Mr. Henneberger pointed out a lot of the things that make this complicated. We are affecting people's lives here.

And we are, if selected, more than willing to sit down and talk to make certain that we are coming up with the right answers under the action plan that has been approved. I just want to say that we understand that this affects people's lives. If we are selected, we look forward to starting as soon as possible to get the money

out there. And I am here to answer any questions you may have.

MR. FLORES: Sir, I have a question for you. Will someone from your organization with authority be at these meetings once a month with us?

MR. ATWELL: Yes, sir. We will.

MR. FLORES: We certainly would like to have them face the music, if indeed the music is what -- I hope that is not what it is going to be. But if it is like the report we have got there, you know, I don't want it unvarnished.

I want people from Orange, Texas, and Beaumont, Texas, sitting there wagging their finger at you as well as us for not getting our job done. Whoever it is, has to be deeply engaged with us, and I am looking forward to that. Because the other system is not working very well. We are looking forward to having you on board and helping us get this job done.

MR. ATWELL: Yes, sir. You have my commitment that I will be here for these meetings.

MR. FLORES: I am looking forward to getting to know you better.

MR. ATWELL: Yes, sir.

MR. FLORES: Thank you.

MS. ANDERSON: Thank you. We have a motion.

MR. BOGANY: To adjourn.

MR. CONINE: A motion to approve Item 7A.

MR. BOGANY: Second.

MS. ANDERSON: That is okay. Are there other questions or discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we are ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

Congratulations to ACS and now the real work starts. And you commended yourself well in the selection process with your proposal and your oral presentation. And we look forward to working with you. And we will be pushing you, and we expect you to push yourselves, and we know you will. Thank you.

MR. GERBER: And I would just add, we look forward to working with them to expedite the contract negotiations. We need to do that well. We need to do it right. And we need to do it quickly.

MS. ANDERSON: Okay. Item 7B.

MR. GERBER: I am going to ask Kelly Crawford, our Deputy Executive Director for Disaster Recovery to come forward and give the monthly update.

MS. CRAWFORD: Good afternoon. Kelly Crawford. I am here from Beaumont. I think I have become a resident there. I am out there quite a bit, and I agree that this has been somewhat slow in getting started. And staff has been out this past month.

We have a weekly meeting with all the COGs to address any of the impediments in the program that is preventing repair and replacement of homes. We also conducted a monitoring review this past month with the HOME PMC staff, as well as the CDBG staff for all the disaster recovery related funds, so that we can see if there are any weaknesses in the programs to help that goal.

With that being said, I have to say, it is time for some good stuff. Last month, I came up before you and crickets were chirping because I had nothing to report. And that is not the case this month. I want you to know how far we have come since the last Board meeting. We have made a lot of headway breaking through some of the impediments to getting some of these funds out.

And not only have the COGs put homes on the ground for manufactured homes, but hammers are swinging on two homes right now, as we speak. And each COG has seen accomplishments in that they have all now put homes on the ground. Every single one of them.

As of today, DETCOG put their first family of many to come in a manufactured home. Houston Galveston has also just placed their first family in a home. And Southeast Texas Regional Planning Commission has now placed six families in manufactured homes. That is four in the last two weeks alone. And they have three at the ready to go. So they also have the hammer swinging on the two homes.

With 16 more stickbuilts out for bid to be awarded by mid-September. So the Lock family, the Mays family, the Johnson family, the Martin family, the Brown family [phonetic] and in a whole slew of others who have been waiting for relief could conceivably be in a brand new or rehabbed home by Christmas. Now that we have got this train moving, I want you to know that we are not going to sit back and relax. We are going to keep on pushing forward. The COGs and staff have worked very hard up to this point. And we are finally getting this underway.

Even though things have really started to move, I want you to know if backsliding on production occurs, with no significant activity towards these goals, we will begin looking at other options to serve these Texans. I have been out in Beaumont quite a bit. And I have become more and more committed each and every day, to seeing this project through. And if that means finding other ways to ensure the citizens of Southeast Texas are served as quickly and as effectively as possible from this point forward, I will do whatever is necessary.

The award to the HAP provider that you just approved is an excellent way to move some more money, and an option that we are going to keep close by to ensure that we are effective. And however, I have really been depending on and counting on the COGs for this initial round of funding. And they have really stepped up over the last month. And I have no reason to believe that this great work on their part won't continue. And we still remain partners in achieving this goals.

What you really need to know is that right now, there are 51 homes in Southeast Texas region either nearing completion or hammers are beginning to swing. So we have got it underway. It has taken a while, but it is there. Yes, sir.

MR. BOGANY: I have a question. What has been the cost between people doing stick-built versus system-built house, or manufactured housing.

MS. CRAWFORD: I am sorry. The first part of the question.

MR. BOGANY: What has been the reason between the people in that region choosing stick-built versus manufactured housing or system-built housing which can be built much quicker and a lot less contractor input, and being able to put them on the ground in six weeks. Why are people choosing to go stick built?

MS. CRAWFORD: Well, I would say the vast majority of people that are going manufactured home, were manufactured home. Some are accepting manufactured homes for something quicker. But a lot of folks have stick-builts. They want stick-builts. That is what they are opting for.

And that process is really getting underway. Now in the Deep East Texas COG region, most of them, I think about 85 percent of them are going to be manufactured homes. But not in the Regional Planning Commission's area.

MR. BOGANY: Okay.

MS. ANDERSON: Kelly, what ability do we have

to get back in sync so that the expenditure of admin dollars gets a little more in line with the expenditure of program dollars?

MS. CRAWFORD: That is a really good point that we have been discussing this past week with staff. Just because folks have done 40 percent -- we had a 50 percent cutoff. There was no production and admin reached 50 percent, then that wasn't going to continue. But we are going to actively ensure that the balance gets there.

If they have spent, some of the COGs have spent 35 to 40 percent of their admin funds. Just because they have got a house or two on the ground doesn't mean that they are going to get to go crazy with it. We are going to work on some ways to get the balance there. And I don't have the answer of how that is. But we are beginning to work on it.

MS. ANDERSON: Will you be prepared to discuss some options with us in September.

MS. CRAWFORD: Absolutely.

MS. ANDERSON: Thank you.

MR. FLORES: Kelly.

MS. CRAWFORD: Yes, sir.

MR. FLORES: I know this is like pushing a rock up a hill here I know it has been pretty rough on you.

You were pretty excited when you got this job. I remember talking to you.

MS. CRAWFORD: I still am.

MR. FLORES: I am glad to hear of your enthusiasm. I appreciate that. But if you need any help from this Board, don't be reluctant. And if I need to be your champion, you call me anytime and let me know. But we really need to get this thing going.

MS. CRAWFORD: Yes, sir.

MR. FLORES: We have got the right person.

MS. CRAWFORD: I appreciate that.

MR. FLORES: You just need to push. You need to keep on pushing, and when it knocks you down, make sure you get up and dust yourself off, and do it one more time.

MS. CRAWFORD: And I am getting stronger. I couldn't lift this much when I first started, and I am getting a little stronger. And the staff has been tremendous. And I can say, I have had nothing but the best support from the Executive Director and the Agency and you all. And we will do this, and we will do it better and better.

MR. FLORES: Good luck.

MS. CRAWFORD: Thank you.

MR. CONINE: Kelly, in the Board write up, the

financial activity chart is showing a total of 40 million and change in the current budget column.

MS. ANDERSON: For housing.

MS. CRAWFORD: Okay.

MR. CONINE: Is this just for housing. That was going to be my question.

MS. CRAWFORD: Right.

MS. ANDERSON: That is just housing.

MR. CONINE: So it doesn't include the other 35 million.

MS. ANDERSON: That is on the next agenda item, 7C.

MR. CONINE: Never mind.

MS. CRAWFORD: That was an easy one.

MS. ANDERSON: Was that just the housing report, is someone else making the ORCA report?

MR. GERBER: Heather Lagrone is here from ORCA. I can give a quick overview, but Heather, do you want to come forward and talk about ORCA. So we can be moving. If there is no more comments on Item 7B, we will move to Item 7C, which is the report from ORCA. And Heather, we are glad you are here.

MS. LAGRONE: I am Heather Lagrone. I am with the Office of Rural and Community Affairs. Charlie Stone

couldn't be here today. So you get me. As of --

MR. CONINE: Much better, by the way.

MS. LAGRONE: Thank you very much. As of right now, we have spent about \$4.6 million on the non-housing activities under Round 1 of the supplemental money.

I think Charlie mentioned to you that our communities were working on their environmental releases, and that can be as much as a 60-day process. Right now, we have got greater than 50 percent have completed those environmental processes. So we expect to see the volumes continue to increase. We have got procurement in those environmentals continuing within those first 95 contracts.

We are fully staffed in the field now. All of our field coordinators are out visiting those communities, getting status reports, providing technical assistance for impediments. And they are also establishing milestones with those communities and setting up tickler systems to encourage those communities to get draws in as quickly as possible.

Under the second round of supplemental funding you approved Memorial Hermann \$6 million to date. We are going to be visiting with the two other set-aside communities next week to hopefully get a recommendation to you soon for those. And then the competitive process, the

\$22 million; we received 26 applications totaling over \$73 million.

MS. ANDERSON: Good. Heather, I would like to make a request. Although it is harder for you than for Kelly on the housing side, I would like to request that starting with next month's Board meetings, that you give us a spreadsheet.

And I know you have got a bunch of different contracts with all these little cities and counties. But show us the geography or the contractor, what their plan beneficiaries are, you know, contract total. What is drawn to date, and what of that is admin, so that we can see how they are drawing their admin versus their program funds.

MS. LAGRONE: Okay.

MS. ANDERSON: If you would give us that detail, that just brings transparency to the process.

MS. LAGRONE: Sure. We can add that in. Not a problem.

MS. ANDERSON: Thank you.

MR. BOGANY: Beth, are we going to start a report from ORCA?

MS. ANDERSON: That was what that was.

MR. BOGANY: Okay.

MR. FLORES: Are we going to get written reports now.

MS. ANDERSON: I just asked them for a lot more detail by contractor.

MR. FLORES: Could we get it in writing, though?

MS. ANDERSON: Yes, in writing. Heather, you understood that is likely to be a big spreadsheet.

MS. LAGRONE: Yes.

MR. FLORES: Yes. Thank you.

MS. ANDERSON: Okay. Anything else?

MR. GERBER: No, ma'am. That is it.

MR. CONINE: Executive Director's report.

MS. ANDERSON: Seeing --

MR. CONINE: Is he speechless after he gets his raise.

MR. GERBER: I am. There is only a list of our outreach activities. And thank you for your --

MR. FLORES: Its been a good day, Mike.

MR. GERBER: Yes, sir.

MS. ANDERSON: Seeing no other business to come before the Board, we stand adjourned until September 13.

MR. CONINE: It is not Friday is it?

MS. ANDERSON: No.

(Whereupon, at 3:36 p.m., the meeting was adjourned.)

C E R T I F I C A T E

IN RE: Board Meeting
LOCATION: Austin, Texas
DATE: August 23, 2007

I do hereby certify that the foregoing pages, numbers 1 through 261, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Stacey Harris before the Texas Department of Housing and Community Affairs.

(Transcriber) 8/29/2007
(Date)

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