

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Auditorium  
Capitol Extension  
Austin, Texas

9:30 a.m.  
Thursday,  
December 14, 2006

BOARD MEMBERS:

ELIZABETH ANDERSON, Chairman  
KENT CONINE, Vice Chairman  
SHADRICK BOGANY, Member  
NORBERTO SALINAS, Member  
GLORIA RAY, Member

STAFF:

MICHAEL GERBER, Executive Director  
Nidia Hiroms, Administrative Assistant

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P R O C E E D I N G S

MS. ANDERSON: Good morning, happy holidays. Welcome, everyone, to the December board meeting of the Texas Department of Housing and Community Affairs. We're glad to see everyone here.

The first order of business is to call the roll. Vice Chair Conine?

MR. CONINE: Here.

MS. ANDERSON: Mr. Bogany?

MR. BOGANY: Here.

MS. ANDERSON: Ms. Ray?

MS. RAY: Here.

MS. ANDERSON: Mr. Flores?

(No response.)

MS. ANDERSON: Mayor Salinas?

MAYOR SALINAS: Here.

MS. ANDERSON: We have five board members present, we do have a quorum.

Before we begin our agenda this morning, affordable housing in Texas lost a great friend in Senator Frank Madla, and I'd like to ask Ms. Ray to represent the board in making some comments about that sad event.

MS. RAY: Madam Chair.

The governing board and staff of the Texas

Department of Housing and Community Affairs expresses its sorrow over the death, on November 24, 2006, of Frank L. Madla, former Texas Senator and a friend of the department.

Senator Madla served in the Texas Legislature from 1972 until 2006. He was a dedicated public servant and ardent supporter of affordable housing for all Texans.

In his role as chairman of the Sitting Committee on Intergovernmental Relations, the Senator had oversight responsibilities for the department and worked closely with the governing board and staff to ensure that the State of Texas provided quality, safe, affordable housing and community service to those in need.

He worked tirelessly with state agencies, industry groups and stakeholders to maximize the State's efforts on behalf of low income Texans, and to instill confidence in the citizens of Texas that the department was being governed in an effective, transparent, and professional manner.

On behalf of the department, the governing board expresses to Mrs. Frank L. Madla and the entire Madla family their deep sympathy on the loss of Senator Madla and other members of the Madla family.

It was directed that this resolution be

inscribed upon the minutes of the governing board and that a copy be tendered to Mrs. Madla and the Madla family as an expression of the department's heartfelt sympathy.

MS. ANDERSON: Thank you, Ms. Ray.

MS. RAY: Madam Chair, I move that this be put into the record.

MS. ANDERSON: It is so ordered.

As is our custom, the department and this board welcome public comment. We take public comment in two forms in our meetings: one at the beginning of the board meeting, or at the witness's option, at the actual agenda item. We have a lot of public comment this morning, so I'm going to ask that each witness limit their time to three minutes, and Nidia is going to monitor that for us.

The first witness is Aurora Geis, the next will be Barry Kahn, and the next witness then will be Daniel Lopez. Mr. Lopez, do you want to go first?

MS. GEIS: Good morning. My name is Aurora Geis and I want to thank you all each individually for being a public servant. The greatest gift to our community, to our state is our time, and thank you for serving on this board.

My name is Aurora Geis and I'm currently the director of Fannie Mae's Community Business Center in San

Antonio, Texas, and I currently work both in San Antonio and in the Austin market.

For those of you who are familiar with Fannie Mae, we have a core charge by our regulator, HUD, and that is to advance the issues of affordable housing, but very specifically, we look to increase home ownership opportunities, we look to preserve affordable housing stock, as well as increase the supply of affordable housing. And the way that we do that is by working with our local partners in the geographies that we serve.

For many of you who already know, we're in every market, every city, every day providing housing capital for the needs of affordable housing, and we're very fortunate that we have been engaged with TDHCA for many years.

I wanted to be able to come and introduce myself, and I'll also ask Daniel Lopez to come and introduce himself, who works with me to help you all meet the needs of our state.

So with that said, I will turn my time over to Daniel Lopez. Thank you.

MR. LOPEZ: Madam Chair, Mr. Vice Chair, members of the board. My name is Daniel Lopez, and I work in the office with Aurora Geis out of San Antonio. I, in

spring, was appointed as a business manager to help manage the Texas Department of Housing and Community Affairs account for Fannie Mae, and in that role I'm part of a team of people that is trying to help with our shared goals, and that is increase home ownership in the state of Texas.

Some of the recent events and training that we've done are outreach to Realtors to train them on affordable lending, outreach to mortgage lenders to train them on the most current underwriting guidelines for affordable lending, and also marketing. We've done some joint marketing in select markets, again to try and increase the awareness of the Texas Department of Housing and Community Affairs bond programs.

It's our pleasure to look forward into 2007 to work with our shared goals and we look forward to a fruitful relationship. Thank you.

MR. CONINE: Mr. Lopez, do you find those Realtors are a hard group to train?

MR. LOPEZ: I guess I should decline comment.

(General laughter.)

MS. ANDERSON: Barry Kahn, and the next witness will be Dean Robinson, and then Doug Dowler.

MR. KAHN: Good morning. My name is Barry

Kahn, and happy holidays to all.

I'd like to address an issue which will require some further consideration. It has to do with Section 49.15(b)(4) of the QAP. We have an issue where any time up to the issuance of 8609s, tax credits can be revoked due to a developer having another transaction besides that particular transaction going into material non-compliance.

It's going to create a tremendous effect on investors and lenders if they have to worry about a developer's other deals potentially going into non-compliance where the particular deal they're involved in could be at risk. And unfortunately, I'm afraid a lot of deals won't get done if that chilling effect is out there, and it's a very scary situation even on the deals that do get done. And we need to cure this, because, unfortunately, we're going to lose some support from the very members of the financial industry who we terribly need to make these deals work if there isn't a change.

I just want to introduce this. It will probably have to be addressed at another board meeting since it's not an agenda item. There may be another way to fix it which we'd have to leave up to staff and have them look at, other than amending the QAP through the compliance rules. I'm not sure. But anyhow, it's a very

serious matter which does need to be addressed.

It was in the TAP comments, it was not addressed, though, with staff in the final QAP, and so with that, I'll leave it to everyone else to try to resolve the matter. Thank you.

Any questions that anybody has?

MR. CONINE: Madam Chair, this is probably one of those things that in last month's meeting that got overlooked. If we could put it on the agenda for next month where we could take a look at it, as well as have some testimony from some of the syndicators and financial lenders that Barry refers to and see if we want to make a change.

MS. ANDERSON: With the other members' concurrence, I'll ask the staff to do that.

Dean Robinson, then Doug Dowler, and Kurt Arbuckle.

MR. ROBINSON: Good morning. Chairman Anderson and board members, I appreciate you allowing me to come speak.

I'm Dean Robinson; I'm a former mayor of the City of Silsbee. We're a small community, around 6,300 people. I am on the board of directors for the Piney Woods Home Team, and we provide affordable housing. Also,

we set up an advisory group that is dealing with the hurricane redevelopment initiative that's needed to get us back to normal.

Hurricane Rita destroyed our city hall, library, school administration office, grocery store, apartments, banks and many other businesses. We have about 40 to 50 homes that have been abandoned as they are uninhabitable from storm damage.

In our county, a faith-based rebuilding organization has identified a thousand homes and families that are needing help to rebuild. These families and their children are living in deplorable situations, moldy, tattered blue roofs with the rain coming in. It's very bad conditions.

Seven months after the hurricane -- this was in July -- we did a survey of our citizens in Silsbee and we found out that 84 percent of our citizens had damage to their homes. Forty-nine percent had not been repaired as of seven months into the storm, mainly due to lack of funding and funds.

We have a major housing and apartment shortage in Silsbee. We do need 2007 tax credit funding from Region 5 to complete some planned projects that we have been working on.



Let me end with a story, a true story of Mario Gonzales, and right after the hurricane, Mario set up a food station just north of Silsbee, started emptying out his freezer, started cooking, feeding anybody that came, his neighbors started bringing food, they served for weeks. Now, Mario lost his legs in an industrial accident several years ago but he didn't lose his heart.

And the point of this is that we need your compassion, we need your help to provide adequate and safe housing for our citizens. So thank you very much.

MS. ANDERSON: Thank you, sir. Doug Dowler.

MR. DOWLER: Good morning, Chairman Anderson, board members. My name is Doug Dowler. I'm the executive director of the Piney Woods Home Team, located in East Texas.

Last year, as you're very well aware, the hurricane devastation throughout the Southeast Texas region has caused a tremendous amount of hardship on families, especially with low to moderate income. We were very fortunate last year in that we did see special arrangements, housing tax credits were allocated for Hurricane Rita, as well as the general rounds where additional credits were awarded. The sad thing is in 2007, as you know, in the regional allocation formula,

Region 5 -- which is where this location is -- does not have any allocation of tax credits.

The need for housing in Region 5 is tremendous. As you just heard from Dean Robinson, we're a year, 13, 14 months later after the storm, there are still families living in FEMA trailers that are being contacted by FEMA now telling them that if they don't make repairs, they don't find other housing, they're going to lose their trailers.

There are people that have not moved back to the communities because there simply is not housing available. There are dozens, if not hundreds, of houses in small rural communities throughout this region that need repairs, that families don't have the funds to do the repairs with.

We think that the allocation of tax credits for Region 5, if there was any way that the board could find -- and I do realize that you're under statute under the regional allocation formulas, but if there was any way that you could find the possibility to find funding for tax credits, we're prepared to go forward with projects in Southeast Texas to provide safe, decent, clean, affordable housing.

Without a doubt, we could do this for years and

years and still not meet all the need in Southeast Texas.

It's going to be a slow process, but it is one that's needed desperately right now.

Housing is desperate, people are needing places to live. I ask the board to consider, if they can find a way, to make an allocation, and it is a tremendous challenge for you to do, I know, but there has to be something out there, hopefully, that you can find in order to make an allocation in Region 5 so that we can come in and do some housing. Thank you very much.

MS. ANDERSON: Thank you. Kurt Arbuckle, and a witness has yielded time to him. Jeff Garrison-Tate and Jean Langendorf.

MR. ARBUCKLE: Good morning. Some of you will know I've been here a couple of times before, and it's a pleasure to be here again, and I don't know whether it's mutual or not.

I represent one of the applicants that made an application under the Hurricane Rita round and that same application was also submitted in the regular round for tax credits. It's in Region 5, it's a Beaumont development; it's 06-0241.

On today's agenda before the board, item 10(a) lists some projects, one of which is in Region 5, that the

department is recommending that their allocations be terminated because of non-compliance. The specific one that I'm referring to is in Nacogdoches; it's 06-0132, the Vista Pines. I'm not here to say whether or not you should accept the department's recommendation as to whether or not to terminate them, but I am here to say that if you do decide to take the department's recommendation to terminate them, that we are the only other project on the waiting list for Region 5, and according to the July 28 board meeting, the board approved the method to be used for bringing people off the waiting list.

There's four items on there. The first three have to do with money coming back from set-asides for non-profits and things like that. None of those apply here, and that brings us to the fourth one which says that when money comes back in from an allocation that it's to be allocated off the waiting list to the next project in that region. We would be that project in that region; there's no other project in that region that has not been funded.

This project is in Beaumont. Beaumont only got 72 units as compared to Port Arthur that got over 400 because of the way the urban and rural split occurs.

We are ready to go, we already own the land, we

don't have to worry about getting extensions or anything like that. The only thing my client needs to go is to find out how much he's going to be allocated in tax credits. We're only asking for about 400,000; there's more than that that would be coming back.

Almost all the speakers this morning have been talking about the need for housing in the areas that were devastated by the hurricane. This is one of those projects. It's in Beaumont, it's ready to go. It is, as I have mentioned before, a fairly unique project in that it provides sort of a single family environment even though it's a town home project which is something that low income housing always provides. So we're ready to go.

As you may know, we have been in discussions since May with members in the department concerning the fact that we should have gotten allocations back in the Rita round because another project in Beaumont was incorrectly considered a rehab when it was really two old buildings that had never been low income housing at all, and under the Rita round, that was a requirement for a rehab that it had been a low income housing that actually had damage not covered by insurance.

We've been in those discussions. Ever since those ended recently when the department decided not to go

forward with ADR, and as you may recall, I appeared a couple of months ago and mentioned the fact that this is in an area that's considered difficult to develop, so we do have time lines that we have to meet, we can't wait to get allocations in 2008 or something like that because we have to be ready to run by the end of 2008.

It's a meritorious project, it's in an area of Texas that, as you can see from the people who have talked before me, needs this housing. Beaumont particularly needs this housing because it hasn't been allocated as much as some other areas around it, and if the money is going to come back in, according to the board's own methodology, it should be awarded to the next in line in that region which is the Sienna Trails Town Homes.

MS. ANDERSON: Thank you. The next witness I'll have then is Bob Kafka. I can't tell, Bob, if you want to speak now or at the agenda item.

MS. RAY: Madam Chair?

MS. ANDERSON: Yes.

MS. RAY: Could we ask these speakers, please, at the beginning of their talk to identify themselves by name so we can kind of keep up? I'd appreciate it. Thank you.

MS. ANDERSON: Yes.

MR. GARRISON-TATE: Certainly. Good morning. I appreciate this opportunity to be here today. My name is Jeff Garrison-Tate and I'm the chairperson for the Disability Policy Consortium.

The Disability Policy Consortium represents 30 statewide advocacy groups and regional advocacy groups promoting issues that impact persons with disabilities throughout the state of Texas.

Housing is a critical piece of our recommendations and platform for the upcoming year. For folks with disabilities to get to that place where they can pursue their future, of course, we know that housing is that fundamental block that has to occur.

Following the last board meeting where there were several concerns raised by many of the members and other individuals with disabilities, there were two meetings held. And I want to thank Mr. Gerber, as well as other staff, that were a part of meetings with the Disability Policy Consortium membership in an attempt to resolve several issues that were brought to this board.

Mike Vital, Brooke Boston and Erin Farris all worked with us, along with Mr. Gerber, to have, I think, an open and genuine discussion regarding these issues. So we certainly appreciate their efforts to meet with us

regarding our concerns.

One of the things that came out of that that we were very happy to hear was Mr. Gerber's commitment to seating a disability work group to discuss and provide recommendations and provide a forum to bring concerns to this group.

I wanted to say that we continue to have some concerns and we look forward to continued discussion and conversation regarding these concerns so that they can be resolved.

I brought with me and I'll leave some additional comments to the State of Texas Low Income Plan and the Final Consolidation Plan that we have, and I think it's important to note that these recommendations come from consensus from all 30 of those organizations.

So thank you very much for this time this morning, I appreciate it.

MS. LANGENDORF: Good morning. My name is Jean Langendorf. I'm executive director of United Cerebral Palsy of Texas.

We are the lead agency for the Texas Home Of Your Own Program. Texas Department of Housing and Community Affairs has been a partner in this initiative for almost ten years. It's been a very good partnership.



We have prepared together in this coalition. We have 312 home owners across the state of Texas. Of those -- I was recently reading one of your reports that you have as far as people being able to maintain their mortgages -- we have two individuals that weren't able to continue in their homes. We're pretty proud of that percentage.

We're also very involved with the consumers that we serve and the individuals as they go through the process. There is additional assistance that we work with them to address the needs of architectural barrier removal.

The partnership has worked. The proposed plan would end that partnership, unfortunately. We hate to see that happen. As part of the partnership, we are listed on your website, we take the calls for you. I think you could ask a lot of your staff in the mortgage area that have calls, if they mention people with disabilities, they end up over at our shop.

We work with them to find out who in their area might be able to assist them if, in fact, we don't have one of our sites. We have six sites around Texas, mainly around the major metropolitan areas, although Waco and Killeen, we have sites where we are preparing homeowners. We have continued to do this. We have one consumer that

we're working with, this is her eighth year that we're trying to help her save money towards home ownership.

Given what's recommended in the plan, we will not be able to continue to prepare people for the areas that are served through our contract with TDHCA. That's unfortunate, we hate to see it end. We would like you to consider to continue this successful effort, continue to be our partner in this, along with Fannie Mae, the other cities where we're operating and many lenders, Realtors at the local level that we bring to the table to address the needs of people with disabilities.

Thank you very much.

MS. ANDERSON: Thank you. Mr. Kafka, and then Stephanie Thomas, and then Kevin McKeever.

MR. KAFKA: Hi. My name is Bob Kafka. I'm an organizer for Adaptive Texas.

Someone came up to me in the cafeteria and asked me for new kitchen cabinets and I had forgotten I was wearing my Santa Claus hat, so I was wondering and I couldn't imagine why they did that, but now I know. So I'm going to reverse the thing and ask you for something.

One, I just want to thank the board after the last meeting in terms of being responsive. The board gave Mr. Gerber and the staff quite a bit of direction, and to

the credit of Mr. Gerber and the staff, they've been responsive in terms of listening to a lot of our concerns.

So I just want to thank the board and the staff for that responsiveness.

There's a concept called goal displacement where the goal gets lost in terms of getting successful housing instead of the process. And I serve on the Promoting Independence Advisory Committee where we've been trying to transition people, and some of the things that the disability community has been recommending to TDHCA has been to try to build the infrastructure to get the capacity within the disability and aging community for housing, to be able to transition these people and get the timing of the housing linked with when the individual is hooked up with support services.

Texas is actually a leader nationally in the Money Following the Person and we probably very shortly will get an award for support services to help transition people out. That is why the TBRA vouchers and the timing is so critical and so important and so passionate in our community about that.

We in the disability community will openly acknowledge that we have a long way to learn about housing and TDHCA's very bizarre sort of process and things like

that, but this really speaks to working together in capacity-building in terms of building that, but also to get to the flexibility. We've made many, many recommendations about how some of the regional structure that you have, the 13 regions, might be better in a regional system that has been designated by HHSC for relocation of people.

Now, it doesn't fit exactly but it does meet a regional focus but it isn't exactly your 13 regions, and that is where we've had this sort of dissidence between the disability community and the staff. There's this rigidity, and I believe and I hope it's just the arrogance of some lawyers, because we believe there can be some flexibility in terms of reasonable accommodation on that.

So we hope to continue working on an ongoing basis, both through that committee, but also, hopefully we'll have meetings.

MS. ANDERSON: I need to ask you to wind up.

MR. KAFKA: I'll just close by saying some of the same thing about the HOYO program. We understand the regional nature but we don't want to throw the baby out with the bath water if it's not, in fact, going to get us more home ownership. Thank you very much, and happy holidays.

MS. ANDERSON: Thank you. Love your outfit.

Ms. Thomas, then Kevin McKeever, then Walter Moreau.

MS. THOMAS: My name is Stephanie Thomas and I'm also with Adaptive Texas.

When we are talking about Christmas, I keep thinking about people who are spending Christmas in a nursing home, who get to smell the smell of urine as their festive aura or to eat steamed-to-death turkey and have the once-a-year visits of carolers for a couple of minutes for a year. That's not the life that we should be looking for people, and I hope that next year will be the year that we begin to really see an end to that, and I appreciate the efforts that have been made towards going in that direction from TDHCA recently.

I want to support, first of all, item 3(a), the extension of the contract with Coastal Bend for their TBRA vouchers because they have had a very significant effort in making sure that there are quite a few people this year who are not going to spend Christmas in a nursing home.

I also want to say that I respect TDHCA's efforts to redesign your system to serve the whole state and to serve the rural areas, and I think it's a really good thing. But in redesigning a system, we need to look

at what is not working, and how do we allow people to be warehoused in nursing homes. That needs to be part of what you're looking at, in addition to regionalization and some of the other issues that you're looking at.

And how do we redesign to prevent this kind of thing from happening, and to get programs that work to really get spread around the state, not just kind of a simulation of a program but to get the real thing.

So this needs to be done with the input of stakeholders, and having it done without the input of stakeholders is a bad idea and it's something that we don't want to keep going on.

Since the last board meeting, staff has met with us, and we really do appreciate their efforts and they have made some real efforts, but how much can be done at the eleventh minute of the eleventh hour? It's very difficult to work out all the real problems that are there in such a short time frame. And so we really hope that these efforts are going to continue after whatever you approve in terms of the Con Plan and the SLIHP happens, and it isn't just okay we've got to get this done, let's talk to these people and get on to the next thing. It needs to be more than that and we hope that it is.

If it keeps going at the same level, I think we

could come up with some really good solutions that would really be an excellent thing. Because what's recommended now, it's going to need a lot more work to really make it happen and to really make it work and not have it be another failure.

And I'm just going to also say that I'm very saddened to hear about HOYO not being able to continue and I think you should think really hard about that. Thank you.

MS. ANDERSON: Thank you. Mr. McKeever, then Mr. Moreau.

MR. McKEEVER: Good morning. My name is Kevin McKeever. I'm administrator for operations with Lamar Consolidated Independent School District. Dr. Randall, who is the superintendent of LCISD, but he did send me with a letter which you all should have copies of or soon will.

"Regarding agenda item number 10(e), with reference to our letter of September 16, 2006, addressed to Ms. Brooke Boston, Multi-Finance Production Division Manager of the Texas Department of Housing and Community Affairs regarding the housing application submitted by the Lakes of Goldshire Apartments, proposed at the south side of FM 1640 between Reading Road and Lamar Drive in

Rosenberg.

Lamar CISD would like to reiterate our position of opposition of any rental housing applications there being proposed under the similar TDHCA program of tax exempt bonds. Our concern is that the incentive of tax exempt bonds is attracting multifamily residential developments that produce a large number of students.

According to our March 2006 demographic report, the average ratio per occupied multifamily unit is .44 in LCISD. Approximately 3,320 total units within LCISD are occupied with 1,422 students residing in apartments. Falcon Point Apartments which is less than one mile from the Lakes of Goldshire, has the highest ratio of students per occupied apartment unit at .99. Four of the five complexes with the highest ratios are located within one mile of the Lakes of Goldshire.

The school district is in difficult economic times and our schools are rapidly reaching or are at capacity. Funds are not currently available to expand and operate schools in response to this type of multi-residential developments.

Cost analysis to Lamar CISD, using Mustang Apartments, located less than one mile from the Lakes of Goldshire, net cost to educate .63 students in 307 units



is \$404,807. Expenditures are based on local costs per student of \$2,093. The anticipated revenue from M&O taxes from Mustang Apartments is \$59,998.95, and that cost to the district is \$344,808.

We are also concerned that this type of development receives evaluation for tax purposes below the level of developments that do not receive incentives. We cannot support any development whereby school taxes are less than what would be received for a regular development.

We have requested that if incentives are being provided to entice developments into Lamar CISD, consideration should be given by the state to provide supplemental funding to offset the student enrollment impact. We cannot support this program and type of multifamily residential developments until this occurs.

Thank you for the opportunity to express our opinion. Sincerely, Dr. Thomas Randall."

Thank you.

MS. ANDERSON: Thank you.

MR. MOREAU: Hi. My name is Walter Moreau. I'm director of Foundation Communities.

I specifically wanted to bring to your attention in item 7 in the proposed notice for funds

availability for HOME rules, there was a concern that Joy Brown, with New Hope Housing, and I both had that there's a prohibition on using any HOME funds in a city that would apply new for the program.

And I think it was well-intended. We visited with staff, and we understand there's very strict rules; you can only spend 5 percent of your money in a participating jurisdiction and it has to be for folks with disabilities.

This has been actually a great source of funding for permanent supportive housing for folks with disabilities in Houston and Austin and I think in a couple of other cases. Especially it's given the department flexibility over the last four or five years where you have HOME CHDO which are harder to spend in non PJs to be able to go ahead and get those funds spent and serve people with disabilities in cities.

I'm trying to be articulate and clear here.

In visiting with Ms. Boston before the meeting, I think we figured out a way to make this work on a practical level that actually preserves some flexibility for the department. The suggestion is to go ahead and approve the NOFAs you have in your book on item 7 but amend the Con Plan and the SLIHP so that you do have the

flexibility to expend HOME rental funds in a PJ in the future.

It's possible after the next tax credit round that you'll have HOME CHDO funds that need to get spent and that would be a good way to do it. It also gives you the flexibility to get the NOFA out there for TBRA rental assistance money so if there are good programs that can use that money in the urban areas, they have the opportunity to apply for that.

I'm going to look t Ms. Boston to figure out exactly which sentences or words in the Con Plan and SLIHP might be amended. I think it's just a wise practice that gives you the flexibility as the department to consider good supportive housing projects that might be in a PJ in the future.

I appreciate your consideration. Thank you.

MS. ANDERSON: Thank you. That concludes the public comment for this portion of the meeting. Before we do the Consent Agenda, I, in my role as the person that designates committee members, it's a great pleasure this morning to designate Ms. Gloria Ray and Mr. Sonny Flores as two new members of the Audit Committee that continues to be chaired by Mr. Bogany.

And it's my understanding that our annual audit

report is almost ready, so the timing is impeccable to have these two new members help Mr. Bogany with the review of that audit. And I certainly appreciate their service and I know the rest of the board and the staff does also.

Item number one is the Consent Agenda for the board's consideration.

MR. CONINE: Madam Chair, item (h) -- if I could pull from the Consent Agenda.

MS. ANDERSON: Okay.

MR. CONINE: Other than that, I move for approval of the balance of the Consent Agenda.

MR. BOGANY: Second.

MS. ANDERSON: We have a motion, it's been seconded. Discussion on the Consent Agenda?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries. We proceed then to item 1(h). Mr. Gerber.

MR. GERBER: Sure. Madam Chair and board

members, item 1(h) is amending the operating budget for the department.

As you know, in recent months we have brought forward to the board the idea of pulling out the HOME Division from three divisions of the department, Multifamily, Single Family, certainly principally, and the Office of Colonias Initiatives, and recreating, as had previously been the case, a separate HOME Division which will have full responsibility for that program. This amended budget reflects that and provides adequate funding for that division which will include technical assistance which is an important part of getting these HOME contracts through the process and to a successful conclusion. So a new technical assistance component is also accounted for in the budget.

The budget also includes the provision for a new deputy general counsel position. This person would be responsible principally for asset resolution and enforcement which will be handled by Legal Services, and it will also provide funds for that person to have responsibility for future rules development. Now that we have such a significant body of rules for the department, as we look to make changes and tweaks in amending rules and making recommendations to the board, this person will

be the central clearinghouse for that, although program offices will certainly be responsible for bringing things to that deputy general counsel position dealing with leads responses going through public comment and other technical issues that would be appropriate for the program offices.

It's a way to centralize the rule-making process.

Those are really the principal changes that we're reflecting, and this budget reflects that.

MR. CONINE: I notice there's a new organizational chart, I guess was what caught my eye more than anything else, and I just wanted to give you a chance to clarify some of those boxes. You may have done so. Are there any others there that you want to talk about?

MR. GERBER: With the exception of the creation of the HOME Division, that's really the most key part of this. The other addition, since we have increased responsibility for managing the CDBG Disaster funds, you see, given the importance of that, we have a box directly reporting to our deputy executive director for administration, Mr. Dally, a box for CDBG.

Other than that, the only other change is with Single Family. Since a substantial part of our Single Family staff will be going into this new HOME Division, there is a core of staff there that works on our First

Time Homebuyer programs, and we're creating a Texas Home Ownership Program office that will be headed up by a director who will be Mr. Pike. So that's the other notable change in here, as well.

MR. CONINE: I have no further questions, Madam Chair.

MS. RAY: Madam Chair, I move that we accept the recommendation of the staff to approve the amended budget

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

Agenda item number 2 is the proposed Texas Action Plan for disaster recovery for CD Block Grant to assist with recovery with respect to Hurricanes Katrina and Rita. Mr. Gerber.

MR. GERBER: Actually, Mr. Dally and I are

going to handle that one together.

MR. DALLY: Good morning, board members. My name is Bill Dally, deputy executive director of administration.

Subsequent to the publishing on December 7 of this action plan in your board book, we have been in discussions and gotten additional comment, and so I would like to read into the record a few technical adjustments to this particular action plan before you make a motion on it. And at this time I will go ahead and go through those, and then if you have general questions, you can ask of me.

First of all, we received comment from both the City of Houston and Harris County and we had denoted that as Houston/Harris. That will now be reflected in this plan as the City of Houston and Harris County which contemplates that it may not necessarily be one particular plan but that's still to be worked out. But that's one note that will be in here is that it will no longer say Houston/Harris, it will say City of Houston and Harris County.

The next change of some significance is it's been suggested by officials from the Sabine Pass area that in that particular part of our plan which would be page 14



of the plan. Up at the top of page 14, the original language in that first Home Owners Assistance Program read low to moderate income was the cutoff on eligibility which would be up to 80 percent. The suggestion there that we're proposing now is it would read as such: "Up to \$40,000 in home rehabilitation" -- and we are adding in "and reconstruction assistance will be made available for homeowners whose family income is up to 150 percent of area median family income."

There would be a similar change as you drop down to item number 3: "In instances where a homeowner whose family income is up to 150 percent of area median income has experienced damage in an amount equal to or greater than 50 percent of the market value of the home at the time of the storm, based on appraisal, and wants to move out of the flood plain, a grant in the amount of up to \$40,000 will be made available for them to purchase a new home elsewhere in the Rita GO Zone."

MR. CONINE: Bill, could you give us a little background on why they want to make that change?

MR. GERBER: Sabine Pass is unique in that it was the only community that was truly obliterated by the storm, it was ground zero. Because the viability of the community is at stake, the city leadership, in conjunction

with the Governor's Office, felt that because \$37,000 is 100 percent of the AMFI, that raising it to 150 percent, or \$55,000, these folks are still at a disadvantage even with that in terms of the kind of community rebuilding that's needed. It's a unique spot and it would be benefitting really only the 300 to 400 properties that are on that barrier island.

They're, of course, going to have the additional burden of having to elevate their homes for which money is provided in this action plan as well, up to \$30,000. There are many senior citizens who live there as well, and we're advised there are also some disabled persons there. Those folks would be eligible for an additional \$15,000. The elevation money and the money for disabilities is not subject to any income restrictions because everyone in that community is faced with the same burden of having to elevate.

MR. DALLY: I think I would add maybe one other thing that we heard from the locals. If we leave this at a lower level at that LMI, we may well lose -- I mean, the community was concerned that there were going to be people that they were going to lose out of their community because they just didn't have a way to re-establish themselves within that community and they really don't

want to move, and so this would be an accommodation to kind of help keep the integrity of that population in Sabine Pass still in that particular area.

MR. GERBER: And it's important to note that it's estimated that over half the residents of Sabine Pass meet the LMI standard of 80 percent AMFI. It's important also to note that these dollars could be used for relocation. If a resident of Sabine Pass chooses not to go through this and wants to move inland, they can take those dollars and use them for that purpose.

MS. RAY: If half hits 80, what percentage are we hitting with 150?

MR. GERBER: \$55,000 was the 150 percent.

MR. CONINE: The percentage of the community, do you remember?

MR. DALLY: No, I don't know, but I know there are folks here from that community who may be able to provide some public comment on that.

MR. CONINE: Thank you.

MR. DALLY: For the record, we've had some discussions about the census tract versus zip code in that particular Sabine Pass area. We are still not comfortable that we have the right maps and so we're still proposing to leave it as proposed with the zip code but we're going

to continue to work with the locals on kind of getting a refinement. But at this date, when we're trying to publish this thing tomorrow for public comment -- and I should add there will be a public comment period and so this document may well have some other suggested changes from the public.

MR. BOGANY: How many zip codes does Sabine Pass have? Is it just one?

MR. DALLY: I think it's one, but getting the map and overlaying that with what we were doing, we just couldn't get there in a day's time, so we're going to continue to work on that. And it may well be that we'll propose something different.

MR. GERBER: And Mr. Bogany, page 28 of the plan has that census tract. It's Census Tract 116 which runs a fair distance along the coast, and we've wanted to, at the request of the community, draw the lines around Sabine Pass as tightly as we can to serve that community.

MS. RAY: Madam Chair?

MS. ANDERSON: Yes.

MS. RAY: May I address the staff?

MS. ANDERSON: Absolutely.

MS. RAY: As I understand it, what we are agreeing on or disagreeing on is the approval to release

this attached action plan for public comment, so there will be other opportunities, once the public comment comes in, as to what the final makeup of this action plan will be. Is that correct?

MR. DALLY: That's correct, but I think Mr. Gerber may want to speak to the timing issue. There will not be a January board meeting so there will be a February 1 meeting, and I don't know if you want to discuss that, what our thoughts are.

MR. GERBER: Well, Ms. Ray, I would just add that there is a request from HUD to get the action plan in within 60 days, and it's very important that the board, given its responsibilities, have adequate time to review this.

We hope that we have this fleshed out enough on the front end, and having worked with stakeholders to address their concerns, that we will have satisfied that, and our hope is that if we can, we'd like to get in a position to send it to HUD just as quickly as we can because there will be some lag time there in getting these dollars to flow. But obviously, if it's the board's pleasure, we certainly want to bring it back.

MS. ANDERSON: I think that would be the board's pleasure to have it in front of us at the February

board meeting.

MR. GERBER: Then we will have it at the February board meeting.

MS. RAY: Given that clarification, Madam Chair, I move that we accept the recommendation to release the action plan for public comment.

MR. BOGANY: Second.

MS. ANDERSON: Thank you. Are there other questions of staff at this time? There are a number of people that want to make public comment on this draft plan.

MR. CONINE: Did he finish with his technical amendments?

MS. ANDERSON: No, probably not.

MR. DALLY: I had one more that I wanted to add, if you'd consider it in your motion.

Finally, on the infrastructure, we are going to suggest -- we have gotten some comment from our sister agency, ORCA, some of that, it's kind of been late in the day, and so I think we want to take our time and kind of consider that in this public comment period, and we'll be able to bring that back to you.

If you'll notice in the infrastructure section we have \$42 million set up in that particular area, we

have three particular specific needs that have come to the Governor's Office that we've set up and put a set-aside, there will be a balance of funds that will be available to that region. And the only other stipulation that we were going to add in this before we put it out to public comment is that the infrastructure cap on the balance of funds be no more than \$5 million to any one single recipient.

But there will be more details on the method of distribution and stuff that will be fleshed out in the action plan that you see February 1 after we get public comment.

MR. CONINE: I have one more question, if I might, Bill. It says here the money will be distributed in the same manner as done for HAP assistance. How do we deal with insurance proceeds that a particular homeowner may have received? Is this money net of those insurance proceeds, or is it just 40,000 bucks?

MR. DALLY: No. That is an up to amount. There is a compensation formula where we look to see what other things that they have received in the way of FEMA assistance or insurance proceeds, and so what we're looking for then is the gap that they've not received, and so it's whatever that amount is up to \$40,000 would be

what they would be eligible to receive.

MR. CONINE: So if someone is in dispute with their insurance company, they could use these funds as a gap, go ahead and get their house fixed up while they continue to fight the insurance company, is that possible?

MR. DALLY: You know, you bring up a good point, but that's probably -- and I would defer to counsel -- we'd probably want some sort of subrogation clause in there so if they were able to win more funds from the insurance, we'd be in subrogation where we could receive some of that back. But I'm kind of a little bit on thin ice on that particular one.

MR. CONINE: Instead of hashing it out right this minute, why don't we note that as something we need to look at when the plan comes through.

MR. DALLY: Okay. But there is a section in there where it talks about the formula and we are going to back out what they have received in the way of FEMA or insurance funds, but it's whatever that gap is, that loss, then up to \$40,000.

In some instances it also contemplates the fact that if \$40,000 is still not enough that they may need to get additional financing, and we're looking for them to have that whole package put together to receive funds.



MS. ANDERSON: Did I have a second?

MR. CONINE: I heard a second, yes.

MS. ANDERSON: Thank you.

MR. CONINE: We probably ought to second the motion with that one additional comment and make sure that they're okay with it.

MS. RAY: I accept the amendment to my motion.

MS. ANDERSON: Okay. Pete De La Cruz, then Mark Viator, John Dubose, and then Kitty Shivers-Key. And we have a three-minute time limit in place, if you would respect that. Thank you.

MR. DE LA CRUZ: Thank you, Madam Chairman. My name is Pete De La Cruz and I'm with the Southeast Texas Regional Planning Commission. I'm the acting director. The former director, Chester Jurden, as you know, has taken a position in Ohio, but you have before you a letter that I placed and one of Chester's last official actions.

And I'm not going to read the letter to you, but I am going to just cover a couple of points in there that deal with the plan that you have before you and are reviewing today.

We've worked very hard with the staff. I'd like to thank Mr. Gerber and his staff for the many hours that they've put in place to help develop the plan for the

initial funding that was put in place for the damaged area affected by Rita. That was about \$75 million. So we have these additional funds coming and we feel like we have a great working plan in place, we've staffed up at the councils of government to do the intake, work hand in hand with these special needs folks that are eligible for this funding.

And what you have before you in the plan is we're happy with many points in the plan, but the one point of contention that we'd like you to take a closer look at deals with the process of intake. With the folks that we've ramped up with, we feel that we have enough individuals in place, and if we need to get additional individuals in place in order to do adequate intake, we'd like to do that at the local level.

Our local elected officials and our community leaders that are involved in this process feel that it's important that we keep that local connection with the intake in place, and the way that the verbiage reads now, they're encouraging the contractor to use the applications that are in place, but we don't feel that that language is strong enough. And so we'd like to ask that you take the opportunity to look at that and modify that language so it says that the new subcontractor will utilize the intake

process that's in place.

The second issue that I'd like to address deals with the funding. Currently the funding is concentrated in the areas that were most affected by the region. In the new plan we're wanting equal access to all 22 counties in that region. So we feel that the areas that were most affected -- which Sabine Pass is in the Southeast Texas area is one of those areas, and I know they have been given special consideration, but we still feel that the folks that were most affected should have access to a greater amount of funds.

Thank you very much.

MS. ANDERSON: Thank you.

MR. VIATOR: Madam Chairman. Thank you so much, board, we appreciate it. I'd like to again pay special thanks to Michael Gerber. I'm Mark Viator, the chairman of the Recovery Coalition of Southeast Texas. I'm also the project manager for the Sabine Pass Rebuilding Initiative.

I'd like to thank you for the Sabine Pass restoration program. \$12 million, we're very pleased with and very appreciative of. I'd like to share you with that 118 homes have been demolished of the 245 that were standing in Sabine Pass. Many people are living in FEMA

trailers currently, and that community continues to suffer. And the thing that we discovered was to have low to moderate income, we were not going to be able to fulfill the intent of restoring the community.

The way it was previously, it was going to almost provide an incentive for people to move out of the community. That was going to devastate the school, it was to devastate the businesses, it was going to devastate the faith-based organizations, the churches in that community, and so we are very appreciative.

I'd like to also state that there's a need for urgency. These folks are supposed to get out of the FEMA trailers soon, so if we were December 23 for the third supplemental, the money is just now flowing, it will just flow, it will take a year. The more we prolong the submission of that plan to HUD and the money flowing, I would just ask, humbly ask that you might consider having that plan in so that we can not have those funds delayed.

I'd like to give you one quick concern. The concern is that we want to make sure that those who are most vulnerable, the disadvantaged, the elderly and the disabled. What we found through this whole process of recovery is that these individuals are the people that do not have the wherewithal to be able to access information

and they need hand-holding, to state plainly. So I'd like to make some recommendations as it relates to contractor selection. We know, and it has been stated, and I'm very appreciative of how this board wants to be very physically responsible for our state.

We need to have a contractor that had that expertise, of course, but I'd like to ask that we accomplish it with the way you intended it by selecting a contractor that's able to work with the community and consider these people who are most vulnerable and help process them. So I have, quickly, three recommendations.

Number one, case management that puts the aspect of personal assistance for those who are seniors and disabled, and we appreciate the language that you've placed in there related to utilizing our faith-based community. We could not have started the recovery process, yet finish it, without that faith-based community, so we appreciate that aspect in the plan.

Secondly, continuity of process. We've put a lot of work in the \$26 million coming to the three-county region in Southeast Texas. We would like a seamless transition, we would like to ensure that we're not losing anything that we currently have established.

The third item is local representation. In the

selection of the contractor, I'd like to recommend that we have local representation that helps with the criteria of the selection of the contractor, the selection of that contractor, and then feedback and accountability back to the community to ensure that we are servicing those people.

Because I know your intent. Your intent is to have this money be utilized to the best of our citizens' needs, and for that, I want to thank you, and especially I want to thank Michael Gerber. Walking through the halls of Washington with him, he worked very diligently on behalf of our state, and Michael, I appreciate it. And I appreciate this board for the down payment assistance and everything else that you've provided the victims of Hurricane Rita. Thank you

MS. ANDERSON: Thank you. Mr. John Dubose, Kitty Shivers-Key, and then Dale Watson.

MS. DUBOSE: Good morning, Madam Chairman and board members, Mr. Gerber. My name is John Dubose. I'm a county commissioner in Orange County, also with Southeast Texas Regional Planning. In the real world, I'm a CPA and make a living doing taxes, so if any of you need any tax help, I've got some cards here I'd be glad to leave for you.

(General laughter.)

MR. DUBOSE: I won't take as long as Mr. Viator, but I have some of the same feelings that I'd like to express to the board.

We're concerned that you might feel that you need to come up with a completely new system for intake and evaluation determining eligibility and project monitoring or case management. We have that system in place now and working on the first batch of money that's come down, it's working well -- it's finally working, we're finally getting it going, actually doing some work on houses now which is what our plan is to do and that's what you folks are all about. We're trying to help our folks.

The second area of concern, all 22 counties were not affected in the same way by Hurricane Rita, and to divide funding on that basis is simply unfair. I think the board can agree that funding needs to be looked at on the areas that are most affected.

Please allow the COGs to provide these services to our local people. The COGs are very well equipped to deal with this, that's what we do. At the COG level we deal with grant money, we know how to do that. Please let that happen. Let's use the system that's in place and

working now.

And lastly, I'd like to say thank you and applaud the board and Mr. Dally for the recommendations on Sabine Pass. It's outside my county but it's in our region and those folks were devastated, and we appreciate the changes the board is looking at in affecting that area. Thank you very much.

MS. SHIVERS-KEY: I'm Kitty Shivers-Key. In the year 2000, my husband and I sold our business, he retired, I got my degree from Lamar and my first appointment from the Texas Annual Conference of the United Methodist Church, and I serve the Churches of St. John's in Port Arthur and Greater Port Arthur and the United Methodist Church in Sabine Pass.

I want to, on behalf of my congregants and the residents of Sabine Pass, to thank you for making this opportunity for a set-aside available, and I want to strongly encourage you to support the recommendations that our citizens have brought to you.

I realize that you have a tremendous financial responsibility. I also have stood by these people while 118 homes were pushed down. I think that I would like for you to just very briefly know a little bit about the citizens of this community which is not anything like what



the people told me I needed to say.

That 118 homes was pushed down voluntarily by residents of Sabine Pass at no expense to anyone. Those same people have come together as a community of volunteers and run their point of distribution center for months. They have organized themselves in the Sabine Pass Organization for Disaster Relief to provide information which brought us to this point today to the residents of that community.

As volunteers in that community we have found volunteers to come in and give over 28,000 hours of volunteer work, provide the materials for that work, and you are looking at the construction site manager.

We hope that with the assistance that you are able to afford us and our residents that some of this burden will be lifted from them. It's a very, very difficult thing to take on these actions when you're not living in your home. \$55,000 is a very generous gift that will go part way to replacing everything in a family's life.

I would like to give you parts of the letters that were sent from St. Paul Mission. This is a letter from Sinclair Oubre, the priest there, and I'll read only three parts of it.

"Sabine Pass is one of the first cities founded after Texas independence and continues to be a strong and vibrant community. Hurricane Rita has inflicted substantial damage to the structures of Sabine Pass but it did not damage the will and the commitment of the people of the community. The business community has made a commitment, the local not-for-profits have made a commitment and the faith-based institutions have made a commitment to rebuild Sabine Pass. My hope is that the leaders of the state of Texas in an effort to continue this or at least not impede us. Sinclair Oubre, Pastor, St. Paul Mission."

Thank you very much for your time.

MS. ANDERSON: Thank you, ma'am. Mr. Dale Watson, Mr. Adam Saunders, Mr. Robert Reyna.

MR. WATSON: Good morning, Chairman Anderson, members of the board. My name is Dale Watson. I'm director of planning for the City of Port Arthur.

I wanted to take this opportunity to thank Michael Gerber, Jennifer Molinari, and other members of the TDHCA staff for listening to the concerns that the City of Port Arthur and the residents of Sabine Pass had with some of the provisions that were previously proposed. Those changes that were outlined today to that program

address those concerns and we really appreciate that. And we assume during the next several weeks during the hearing process on the complete plan that they will continue to have that same cooperation and listen to our concerns, and I'm sure we can work through any questions or problems that we have with the program.

I just want to thank you, Mike. Also, if I can help you out on identifying the area better, I'd be happy to do that. Thank you.

MS. ANDERSON: Thank you.

MR. SAUNDERS: My name is Adam Saunders. I'm a resident of Sabine Pass, and I want to first thank you also for realizing the need for our community and doing so by having the set-aside proposed, and the \$12 million is greatly needed and appreciated.

As many of you know, our community suffered a large percentage of loss and many of our residents are facing their second Christmas in a FEMA trailer. Many of those residents are above the LMI line. They also need assistance in that. I strongly urge you to take the recommendations that were presented by Mr. Gerber because it will help our community come back.

I also want to point out a small point in the set-aside part that I would like to have rebuilding be

part of the elevation money. There's some wording in there that could be changed, and I think we discussed that earlier but it was not presented in the recommendations.

You've voted, I understand, but if you do make those changes before the public hearing, it does help us prevent rumor and panic and other things because as it's written now, it does not address rebuilding. And the hearings are coming up, one on the 20th, and many of us will be there too. But for us to be able to control the emotions of people who have suffered, it's not a forgotten inconvenience, it's a daily reminder, as they sit in their basically travel trailers are these FEMA trailers -- that are greatly appreciated but they're a challenge -- and adding these changes, these recommendations that they've given, when it's presented tomorrow for public hearing, it will greatly help us, once again, prevent panic and concern because I know that you want this money to be spent to help my community and my people.

I thank you for it, strongly urge you to take the recommendations, and if possible, ask that those recommendations be put in before the public hearing -- I don't know if that's possible. But it will help me and Kitty keep everybody happy and know that you guys are there to help us rebuild and recapture a great community.

Thank you.

MR. CONINE: Could I ask a quick question? Just my curiosity, how has the insurance industry responded? Are the residents 50 percent satisfied, 25, 100?

MR. SAUNDERS: We've been pretty pleased with the insurance. Understand my community is a community that many people have lived there for many years. My mom would be a good example that lives in a home that she grew up in that was a home that her mother grew up in. So many people were in homes that were not insured or very much under-insured. So we're happy with the response but a very large number of the residents did not have insurance or not enough, and are now still waiting. They've been approved for SBA but keep in mind that many have not received that money yet.

So happy with the insurance. Unfortunately, not enough of my people had the insurance that they needed for their homes.

MR. CONINE: Thank you.

MS. ANDERSON: Thank you very much for being here today.

Mr. Reyna. The next witness then will be Candy Anderson, then Gay Ferguson.

MR. REYNA: Thank you. I'm a little nervous, I've never done this before, so bear with me.

I am Robert Reyna. I'm the executive director of the Housing Authority of the City of Beaumont, and before I get into my prepared remarks, let me tell you a little bit about Robert Reyna.

Grew up in public housing from 1959 to 1972, went to St. Mary's University, started working in public housing 1974. I have been at this literally all my life.

This is not a job for me, it's almost a calling. I'm here today to share in some of the expressed concerns that you've heard already about how the disaster relief funds are going to be administered.

The last housing authority I worked at prior to coming to Beaumont was the Houston Housing Authority. I was there for 13 years, I saw how folks in Houston handled disasters and emergencies. I can tell you, I've been in Beaumont three years, I was amazed at how these communities pulled together in the face of disaster and didn't wait for emergency assistance to arrive. I was there twelve hours before the storm hit, I was there twelve hours after the storm hit, and these people were models in how they took charge and protected and helped each other.

When the board considers approving this plan, I ask that you consider this. The money that we requested initially was \$50 billion. Now we're looking at some \$420-some-odd million. If you set up a separate administrative branch here, that estimated budget is going to be about \$24 million. There are literally hundreds and thousands of families and properties that \$24 million can do a lot of good on, it can rebuild a lot of homes, it can put on a lot of roofs, it can fix a lot of infrastructure.

Remember, these families have been waiting now for over 14 months, and part of the plan is now suggesting that if families want to access these dollars, aside from the set-asides, they'll go through a NOFA process, an application process. That application process could take as long as six months.

So you're already looking at families waiting 14 months, adding an additional six months. Come on, you're talking two years that folks will have to wait for some relief. We're better than that. It is unconscionable to make a family wait that long.

As far as the housing authority is concerned, we're glad to see that HUD recognizes that these funds are suggested to be used for repair and rehabilitation. It shows that somebody in Washington has paid a little bit of

attention to all of the representatives and Mr. Gerber going up and pounding them on the heads.

I want you to know that the housing authority in Beaumont did not just sit idle. We submitted an application for a HOPE-6 grant. Any of you that's been in housing knows HOPE-6 grants are designed for major revitalization-demolition projects. We just got word in October we were the only housing authority in the state of Texas to be awarded a \$20 million HOPE-6 grant. This is something unheard of for Beaumont, Texas because three years ago that agency was in receivership. Now we're getting ready to implement a \$20 million HOPE-6 grant.

The draft plan that you're looking at requires that at a minimum the affordable housing to be constructed with these funds be at least equal to what was demolished before. Our HOPE-6 grant proposes to double the amount of housing we're going to demolish. We're demolishing 195 units, that grant is going to allow us to bring back right at 400 units of rental, fair market, and home ownership units.

The plan also encourages recipients to use these funds to leverage other dollars. When we were working with the coalition, we put in our request for approximately \$50 million to do HOPE-6-like work and also



work with faith-based organizations. The amount, of course, was reduced, so what we would like to do today is ask this board to consider a set-aside for the Beaumont Housing Authority in the amount of \$10 million.

We're not coming to this board empty-handed. If we get this money, it will reduce the amount of funds we have to either apply for in a loan or apply for tax credits. If the board gives us this \$10 million set-aside, that frees up that much more tax credit dollars for other agencies to use. We're just asking help us do more housing in the Beaumont area.

The draft plan also requires that the work identified be started within at least twelve months. I want the board to know that HUD Washington staff have already been down to do their site visit, they've already given us a pre-approval on our plan, they've already asked us to submit our pre-development application, pre-development budget. They are ready to go, we are ready to go, and we are ready to literally break ground in June or July of next year. We're going to be way ahead of schedule.

But again, if we can get a \$10 million set-aside and not have to go through a tax credit application round, it's going to speed up the process that much more.

In summary, I just want the board to understand again we have not sat idly by, we're not coming to the table empty-handed, and we have partners at the ready, both faith-based, at the city level with our elected officials, to make this a very successful program.

Thank you very much.

MS. ANDERSON: Ms. Anderson, then Gay Ferguson, and Judy Johnson.

MS. CANDY ANDERSON: Thank you. My name is Candy Anderson. I'm community development director for the Southeast Texas Regional Planning Commission.

I just have couple of things. The first one is if you have not read Mr. Jurden's letter, I would encourage you to do so. He makes some very positive points.

The second thing is I, too, want to thank all the TDHCA staff, Mr. Gerber, Jennifer Molinari, Bill Dally, Cynthia Vallejo, all for working so terribly hard with us as we've tried to put this program together and get past all the hurdles that seem to be contingent with state and federal funding.

That said, we have spent a lot of time and we have spent a lot of money getting the process that we now have in place to the point it is now, and we just find

that it sounds like a doubling of efforts, as well as expenditures, to now set up yet another process to do the intake and eligibility.

We are in complete agreement in hiring a management firm to oversee the bid process, the construction process. One of the things that we found out in doing this is we don't want to be in construction management. We've actually contracted with a Houston developer and they're going to do our construction management on the money we have now, and we think that it's a very good idea.

However, for eligibility, intake, we are finding it is taking 20-30 hours of time with a lot of our elderly, disabled, lower educated individuals to get them to the point where they can be approved for assistance, and I don't believe that a management firm is going to come in and want to put in that kind of time. We're working closely with faith-based agencies in order to get this done, and as Chester put it in his letter, we don't think we need to throw the baby out with the bath water.

We encourage you to look at doing that, and we would also ask that you look at a particular percentage amount of the areas that were most distressed by the storm. That is what was in the first action plan, they

identified where the damage was. The ET COG area did not even receive housing assistance because there wasn't adequate damage, and yet now they're going to be considered on the same level as the areas that were most damaged by the storm.

Other than that, we again would like to thank you for all the time that you've put into this, and ask that you give serious consideration to our recommendations. Thank you.

MS. FERGUSON: Good morning. My name is Gay Ferguson and I'm with the City of Orange, and would like to thank you for all the assistance you have provided for us this past year.

The city of Orange has made good progress in its recovery after the hurricane, but our greatest concern now is for assistance in demolition. An assessment was made of damaged buildings and an inventory of 267 structures were identified as substandard.

The city is an entitlement city with HUD but our allocation is small. We spend about \$100,000 each year for our demolition program.

We were fortunate enough to get a grant from a local foundation and we have taken down approximately 100 homes. These funds are almost expended and our waiting

list still has 111 homes to be demolished, 14 commercial buildings, one apartment complex, and two schools that we still need to take care of.

We would appreciate you considering allocating funds in the action plan for demolition. Thank you.

MS. ANDERSON: Ms. Johnson, then Linda Clark, and Andy Narramore, and Joe Higgs.

MS. JOHNSON: Thank you very much for this opportunity to be here today. There are four of us here from the faith-based organizations. I am Judy Johnson. I am president and CEO of Southeast Texas Interfaith Organization for Disaster Recovery.

We are a coalition of faith-based organizations, such as congregations, and affiliated organizations, such as Habitat for Humanity. Our partners include the Hardin County Disaster Relief Committee, Nehemiah's Vision, which is associated with the Southern Baptist Convention, Rita Recovery which is associated with the United Methodist Conference, Catholic Charities, Lutheran Social Services for Disaster Response, and the Mennonites.

Mr. Gerber, we'd like to thank you for the opportunity we had for the conference call we had with you in November right before Thanksgiving. And we're very

with this money coming down to Southeast Texas where it is desperately needed.

The next couple of speakers will address a number of issues about which we are concerned. Linda Clark, who is our supervisor of case management for Lutheran Social Services, will address case management which we feel is extremely critical to help the elderly, the disabled and the disadvantaged which is whom we work with, walk through the process of getting their homes repaired.

Andy Narramore will address spending the money wisely and well.

Faith-based organizations in the counties of Jefferson, Hardin and Orange have already repaired approximately 500 homes without any federal monies at all.

And we would ask that in the process you look at for passing down this money that you would not discount the work that we've already done. If you work with us, we can help your money go much further and help more people who are desperately in need.

We want to thank you for the opportunity that you're giving us to express our concerns and ideas, and we wish you a very merry Christmas.

MS. ANDERSON: Thank you.

MS. CLARK: Hi. I'm Linda Clark. Thank you so much for this opportunity. As Judy introduced me, I am a case management supervisor and I am here to say please remember case management as you prepare your decisions.

We've been working in the Port Arthur area targeting the elderly, the disabled, the single parents with vulnerable children, and the very poor, and going into those homes and finding out that people are still living with mold. We have one woman who is sharing her bed with pots and pans because every time it rains, it's leaking in her home.

Someone needs to go in and work with these individuals to help them to navigate themselves through the process of preparing the paperwork, getting hold of their deeds and all of the documents that's necessary. Case management allows Miss Susie and Mr. Johnnie to invite somebody into their home that was once safe and important to them and be able to tell their story of what's been going on with them, while the case manager is able to say well, let me help you find the paperwork, let me walk through your home with you, let me take the pictures of your home and what it looks like now.

There's a respectability of having case management in the home with Miss Susie and Mr. Johnnie so

that when they're doing that paperwork, somebody is there to make them feel like it's okay that I don't read real well, it's okay if I'm not walking real fast.

So please, as you make your decisions, remember that the case manager plays a vital role in helping link those services to the people who most need it. They're still living and breathing mold, they're still having rain come into their houses. They don't always get to the site centers to fill out the paperwork. They call you and say, Baby, I got this letter, I'm not sure what I'm supposed to do with it. They need somebody to show them this is what you do with this letter Miss Susie, let me help you complete this, let me take you down to the county; don't worry, I'll get your deed, I'll make sure that you get what you need.

So we would like for you to remember that case management is a vital piece, and it's going to make a difference as you prepare what you're doing to know that that piece is going to help the truly needy get what they need and to get their homes repaired. It's well into 15 months and it will be longer. Let us not let them wait much longer.

Thank you so much for the opportunity.

MR. NARRAMORE: Chairman Anderson and board,



appreciate the opportunity to speak to you on behalf of Nehemiah's Vision, which was born out of Texans' desire to go and help their neighbors in Louisiana.

I'm sorry. Andy Narramore, executive director of Nehemiah's Vision, that was born out of Katrina's devastation in Louisiana and our response in Southeast Texas to want to go and help them. Plans were made to go and set up an area where volunteers could be coordinated in that area, and of course, as you know, Rita came along and so we were able to take the plans that we had made back home, not to help people across the Sabine River but across our street to rebuild.

It's been a great privilege to see what has happened in the last few months in Southeast Texas, and I just want to re-emphasize what the faith-based organizations have been able to accomplish.

Those 500 home that have already been repaired and rebuilt represent a lot of money that would have been poured into complete rebuilds at this point a year later, but because they were repaired early, hit the ground running in November or October getting roofs on houses and getting sheetrock back up and dealing with mold issues, those sort of things, many people's lives were put back into some sort of normalcy early.

And so my concern is that you consider, the appeals have been made, that those folks that have already spent over a year in working with these folks would continue to be a vital process.

I try to put myself in the shoes of my neighbors who, like were mentioned earlier, just don't know how to maybe address issues like this in a formal way, and yet they've found case managers which are really advocates for them, friends from down the street possibly, that are able to do that, and for them to now have to consider applying somewhere else to another entity that they're not aware of, perhaps from another area of the state, that's going to have some people fall through the cracks.

The other issues that I see with that also is that it would be unethical for us in the faith-based organizations who have over 4,000 applications already on hand, most of those have already been assessed, we've already looked at their homes, we've been through it, we've walked through this 30 hours of time that we talked about already that it takes to deal with this, and not making promises but allowing them to feel a little bit of hope and a little bit of peace that someone cares that knows what's going on in their household and they intend

to do something about it. It would be unethical for us to continue to keep them on our case management with the opportunities for an entity like this to present \$40,000 worth of help to them.

And we want to do that, we want to be able to make these new funds available to these folks who are already in the system. Our fears are if they don't meet all the criteria that is put here, where do they fall? Do they come back to us, do they still trust us to get the job done? And so we encourage you to please consider how much work has already been done.

On the construction end which Nehemiah's Vision is doing, we've already done 189 --

MS. ANDERSON: I need to ask you to wrap up, sir, please.

MR. NARRAMORE: Okay -- 189 homes already. Some of the issues that we see a major majority of the people who need the help will not meet these state construction codes are already in their home, and if you put those sort of stipulations on them to receive that help, they will not be able to receive the help. And you'll find that a majority of the people who need this help will not be able to meet those requirements because their homes are substandard already. Thank you.

MR. HIGGS: My name is Joe Higgs. I work with Southeast Texas Interfaith Organization but I also work with a network that's statewide, the Industrial Areas Foundation which has organizations like COPS in San Antonio, Austin Interfaith in Austin, TMO in Houston. And I've worked in various places in the state with the faith-based community but I really have never seen people work as hard as they are in Southeast Texas together across some lines that normally divide people to try to really get practical things done.

And so you've heard from some folks from the cities, from the faith-based community about the need there. I won't reiterate that. I just want to reiterate a couple of things.

I hope you understand out of this conversation today that if you don't fund serious case management, if that's not going on, you're not going to be successful repairing people's homes, because putting up a website and putting up an 800 number is not going to reach the people who most need to be reached. You're going to have to have somebody really help them go through that process because they're in trauma, they don't see well, there are all kinds of obstacles. We won't reach who we want to reach unless we have a real serious effort at case management.

Secondly, FEMA has told us that in Jefferson, Hardin and Orange counties alone there are 19,000 senior citizens, people over 60, who had damage to their homes who did not have insurance and who did not qualify for an SBA loan. That's the pool, in just those three counties, of the people who are going to be needing help, 19,000 people. There's over 1,800 people over 60 living in trailers. So you can see the scope of the need that's there.

We've got to figure out several things in case management. Number one, I don't think you should just encourage the management company to do that, you should require them to do that and it to be a full-bodied part of this plan.

Number two is we think there's real potential with the COGs and some of the existing methods to do that case management through them. If that's not working, hire somebody else, but I haven't seen anything at the state level that tells me that Accensure or somebody else does a better job at that. I'd like to see us try locally, the system that we've worked on setting up.

Number three is we think that the people who are fastest on their feet aren't necessarily the ones that need to get the money first. Some of these seniors are

going to take a long time to get qualified because their homes are in bad condition, they don't have all the paperwork, they won't respond right away. So just as you've set aside part of the money for people with disabilities, we feel like you ought to set a significant part of this money aside for a period of time for people who are over 60 that have some fo these multiple needs. I'd suggest 50 percent of the money, \$105 million be set aside for the first year for those who are senior citizens. And if they're not coming in, if you don't have the cases, then you open it up to everybody.

But our concern is there are going to be people who are fast on their feet who have less damage who are going to get in line first, and when you set up a first come-first served system, you're going to have people scrambling like crazy to get in there and we're going to leave those who are hardest to serve behind.

Another couple of concerns about construction, and one thing I would say is you need to get people to sit down with Andy Narramore and the Emcorp [phonetic] and others who have successfully constructed 500 homes for an average cost of less than \$8,000; they've done it with contractors and they've done it with volunteers.

We don't want to feather the beds of a lot of

private contractors who come up here and run up the costs.

There are some things we can tell you how to do that, so we would like you to require those management companies to sit down and talk with people about how to get homes rebuilt in Southeast Texas and not to import high cost methods to do that.

MS. ANDERSON: I need to ask you wrap up, sir.

MR. HIGGS: We just want to ask you to work with us because we've made it work, we think we can stretch these dollars, but you can't administer this from Austin, there's got to be some real local input.

Thank you very much.

MS. ANDERSON: Thank you.

That concludes the public comment on that item, and some of the board may have questions for staff. I have a couple of comments that I would just like to make for the benefit of everyone in this audience.

And I believe I speak for the entire board when I say that this staff and this board acutely understands the importance of case management and in treating these people as individuals, and it is our intent to set up a structure and a process that does that. It is not our intent to set up a duplicative or a repeat intake process, and I know that that is Mr. Gerber's point of view.

And so that when we prepare the RFP for the professional program management firms to compete to administer this very large contract, I'm comfortable that staff will hear my personal request that their approach to case management be an important and appropriately scored item, that they describe their plans in their response to our RFP for working with existing intake, not redoing the intake, not undoing the intake, to leverage what has been done, to work closely with local partners of all kinds from the councils of government through the faith-based organizations. And I have every confidence that this staff, as they work on developing that request for proposal, will keep those kinds of tenets in mind because it's certainly been the position of this board all along.

What questions does board have of staff? Mayor Salinas?

MAYOR SALINAS: What are the county judges' role going to be on this grant? I remember that they were the ones that came here some time ago, and what is the role as far as working with this board? How long are we going to take and why is it taking so long? Why can't we get this money out as fast as we can? I just don't want you to wait too long. They've been waiting long enough.

MS. ANDERSON: Mayor, I have to say we didn't



get the action plan from HUD until -- the guidance until November 1 or October 30. We've been waiting a long time on the guidance from HUD. This staff is moving very quickly.

MAYOR SALINAS: Okay. So are you going to find a management company and when are we going to be able to award that management company?

MR. GERBER: We're working now to try to identify, we are working within the department to make sure that we can get the right RFP developed, and as soon as this goes out for public comment, as soon as it goes to HUD, I hope that we will have an RFP lined up fairly close, and we're trying to do what we need to do to get that RFP together, and we'll be working with everyone in this room and others.

MAYOR SALINAS: It's going to be on our agenda in February?

MR. GERBER: On February 1, yes.

MAYOR SALINAS: And then we wait another 30 days?

MR. GERBER: We'll have to wait for HUD's approval of our action plan.

MAYOR SALINAS: And another 30 days, it would be March?

MR. GERBER: It could be potentially that time.

MAYOR SALINAS: So we're looking at probably  
May?

MR. GERBER: It took 60 days last time for HUD  
to approve the action plan.

MS. ANDERSON: And they already have a draft.

MAYOR SALINAS: So they won't see any money  
till about May.

MR. GERBER: I'm not happy about it either.

MAYOR SALINAS: Well, we need to call the  
senator or somebody.

MS. ANDERSON: Well, Congress voted the money  
in the spring and we didn't get the guidance for the  
action plan until --

MAYOR SALINAS: I know, but it just frustrates  
me to see that they've been waiting for quite some time.  
I just want to be able to tell them you won't see anything  
till about April or May.

MS. ANDERSON: Sorry, Mr. Bogany.

MR. BOGANY: I have a couple of questions. And  
I agree with you, Madam Chair, about staff, I believe they  
can do this job, but I'm just curious to see what the  
rationale was behind taking it from the local level to the  
state level, or can these people that are doing it on the

local level now, will they be able to apply for this RFP in this process, and if so, it doesn't change, all you do is just come in and apply for it forward. So I just wanted to get your thoughts on that.

MR. GERBER: Sure. I think it's fair to say that there have been real questions about -- it's been challenging for the councils of government to administer \$40 million in housing dollars and for the cities to administer the \$30 million on the infrastructure side, Mr. Bogany, and in the Governor's Office, working with stakeholders, including elected officials, and working with the COG leadership, developed the idea of collectively a third party entity working to manage whatever funds would be available for this homeowner assistance program.

The department has always envisioned, since we were entrusted with these funds, having a very strong partnership with the community to make sure that we were managing this third party entity and making sure they were being responsive to the community's needs and to not duplicate services and to make sure we were fully integrated with the existing system.

But I think that having been to the COGs -- and I think, Candy, you might want to add to it -- it has been

a challenge to administer these dollars and I think there is a sense that we're at capacity and having a third party entity that is responsible and responsive to this department and to those COGs, working as our partners, we certainly have a responsibility to handle this one.

MR. BOGANY: So the local ones could apply for this RFP also.

MR. GERBER: Oh, yes, sir.

MR. BOGANY: The second question I had, we had set aside money for LMI, 60 percent of median income where we're doing the bond program. Why can't we set some money aside for the elderly and give them a time frame to get it done and then move on? Why can't we do that?

MS. ANDERSON: Please be seated. Candy, the public comment on this agenda item.

MS. CANDY ANDERSON: I was just going to respond to Mike asking the question. I just want to say we are in favor, as Mike said, of a third party, but we also want local input, which the way the plan is written right now really did not allow for a lot of that.

MS. ANDERSON: We're not writing the RFP in the action plan intentionally, so that would be the point in time for you to have input.

MS. CANDY ANDERSON: We don't want to apply to

be the grant manager, no, we don't want to do that. What we want to do is the eligibility and working with the people to get them to the third-party contractor.

MS. ANDERSON: Mr. Bogany.

MR. BOGANY: If you could tell me is it possible to set something on set-aside for the elderly and give them a time frame to get to this money, and if they don't, then it goes to the general population? Is that something that we can do or is that too far-fetched?

MR. GERBER: It's not far-fetched. I think the choices that you see in this document reflect the choices that were made, again, with the governor in the driver's seat, in selecting the allocations and with his office working to determine what those allocations would be with locals. This was a consensus, and this was really one of the first times that need was identified in doing that kind of a set-aside.

MS. ANDERSON: Well, and the dilemma is when you set things aside for a period of time, that fights against what we've just heard this morning about wanting the money out today, not tomorrow. And these local entities that have been working on case management I hope have identified a number of those households so that those people wouldn't be last in line; they would be early. And

the outlines of the plan are pretty clear what we would be looking for when we got to that point, I hope.

MR. BOGANY: I have one more question, Mr. Gerber. In regards to substandard housing that was already substandard before Rita got here, how are we going to tackle that? It seems as though if it was substandard, why don't we pull those over and just start them from new? Because it seems like that could drain a lot of money coming in and fixing something that was already bad initially, and then you're put bad on top of bad because you've got to bring it up and fix it.

So I'm just wondering: Any thoughts on the substandard housing and what qualifiers for us to be able to consider it? Is that the reason you have the construction codes in there, what it has to be to apply for the money?

MR. GERBER: That's exactly why. Whatever happens, any money that's invested of any of these dollars is going to have to result in a home that meets housing quality standards as determined by HUD, meet local building codes, and that's going to present some challenges, and we are dealing with a lot of substandard housing stock, and our money, we believe, will be a critical part of, in many cases, a broader financing

package that will make that rehabilitation or reconstruction possible, but in all cases, meeting housing quality standards will have to be met.

MR. BOGANY: Let's just say -- and this is my last question; I'm sure the other board members have questions -- say I've got a substandard house and it's been demolished, a lot more substandard because of the storm, what does that individual do to be able to now try to get something that they can live in?

MR. GERBER: Well, and we've seen that. I was actually in Beaumont looking at individual case files and there were houses just like that. These only monies can only go to repair damage that was caused by the storm, and it's incumbent on the homeowner providing information, hopefully from insurance and from FEMA inspectors and others, they've been providing that information to the COG and will have to provide it to this third party entity that will have an intake to justify that it was Rita damage.

MR. BOGANY: Okay. Thank you.

MS. ANDERSON: Mr. Dally.

MR. DALLY: Steve Schottman just pointed out to me that there is a special needs set-aside already proposed in this NOFA. Now, it is set at 10 percent and

that includes the elderly. So we have set a number in there for special needs of set-aside.

I guess some of the question would be is necessarily 10 percent enough, but that's what we've put out in this plan and it will be out there for public comment.

MS. ANDERSON: So it's like 180 days or something.

MR. DALLY: Yes, and it's for 180 days, so both of those elements are in the plan now.

The other thing is there was a comment made on the Sabine Pass where we talked about the 150 percent, but I do want to say we also added language in there that said "reconstruction". So we are contemplating rebuilding homes in Sabine Pass.

MR. GERBER: We'll clarify that.

MS. ANDERSON: Other questions?

(No response.)

MS. ANDERSON: We have a motion on the floor. Seeing no other questions or discussion, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.



(No response.)

MS. ANDERSON: Motion carries.

The next item is agenda item 3(a), which is a request for amendments to HOME contracts. I want to say to the audience that we have a number of very important things we're talking about today, and the board wants to take due time to talk about those. That said, there are board members with constraints and we're going to lose a quorum at 3:00, and so we're going to maybe move some things around on the agenda.

We're going to cut the amount of public comment time for each person to two minutes, and I'm going to encourage you not to have multiple colleagues come up, and sometimes it's better not to have too many people come testify on something. I'll leave that to your discretion, but we need to move through the agenda a little more quickly, and still with due care, but a little more quickly than we have this morning.

So I appreciate your consideration and we will try to give you due consideration as well.

Mr. Gerber, 3(a).

MR. GERBER: Item 3(a), the first item is Brewster County. At the June 9, 2006 board meeting, the county was granted their first extension for eleven months

due to delays by the Texas Historical Commission in completing the environmental process. The county is requesting a second amendment to extend the end date of their contract for two additional months. The county is stating that unseasonable October rainfall caused demolition and foundation work to be delayed by the contractor and the contractor lost 20 days of work.

The number of assisted households would also be reduced from nine to eight. This reduction in the number of units will result in de-obligated of \$68,557. All eight homes are more than 50 percent complete. The county is stating that a two-month extension is necessary to complete the reconstruction of these homes.

The department is not recommending approval. If the board chooses to approve the amendment, we'd ask the board to consider a four-month extension to ensure sufficient time to complete construction. The required beneficiaries will be reduced, again, from nine to eight and the contract end date would be extended to March 31, 2007.

MR. BOGANY: Can I have questions of staff?

MS. ANDERSON: Yes, Mr. Bogany.

MR. BOGANY: Can I have staff tell me why you're not recommending? I kind of understand but I'd

like to elaborate a little.

MS. ANDERSON: Mr. Hudson, if you'd be seated for minute. There's a method to what I'm trying to do here.

Answer Mr. Bogany.

MS. TREVINO: Lucy Trevino, manager of PMC. The first amendment was granted in June and the letter of request stated the demolition was occurring in October, so there was an unexplained, I guess, time gap that it just wasn't compelling enough for us to recommend approval.

MR. BOGANY: Do you feel that if we gave an approval that this is going on and on and on? Because that's one of the questions we've had at other meetings is it just seems like it is going on and on and on, when will it stop.

MS. TREVINO: We do have an updated, I guess, completion percentage. Four of the homes are completed and two are 95 percent complete and the remaining two are 80 percent complete, so they have made more progress than was initially indicated in their request.

MR. BOGANY: And so if we didn't give the extension, what happens to those ones that are 85 and 95 percent complete?

MS. TREVINO: There would not be enough funds

to reimburse them for the remainder of the construction.

MR. BOGANY: Okay. Thank you.

MR. CONINE: Move to grant the four-month extension.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. GERBER: The next one is a second request from Edinburg Housing Opportunity Corporation. This administrator is requesting modification to their income targeting requirements from the 30 percent income level to the 60 percent income level for 15 households to allow them to provide assistance in conjunction with the Colonia Bootstrap Program which allows income levels up to that 60 percent level.

Since the majority of applicants to the program have incomes that are below 60 percent of the area median

family income, the administrator is stating that they will be able to comply with the amended income limits.

To date, nine homes have been completed, eight homes are near completion, and an additional seven homes have been initiated.

One of the assisted households is at the 80 percent income level. To allow for successful implementation of the HOME contract with the Bootstrap Program and to allow assistance to one household at the 80 percent level, the administrator has requested an increase in the income limits, again, as indicated in your board book.

The department is not recommending approval, but again, if the board was to choose to approve the amendment, the income targeting requirements would be modified as indicated and require the administrator to meet the special requirements as stated in the board book.

MAYOR SALINAS: They're asking for an extension of the contract?

MR. GERBER: No. The income targets.

MS. TREVINO: They're not asking for an extension, just an increase in their income levels.

MAYOR SALINAS: Why is that?

MS. TREVINO: They're administering the HOME

program in conjunction with a Bootstrap contract and the Bootstrap income limits are at 60 percent, so they're just trying to bring the income limits in line with the other program.

MAYOR SALINAS: You don't think they should do that?

MR. GERBER: I don't think we have the flexibility to do it. We felt it important to be consistent with the rules put in place by this board. We felt it was important to bring it back to the board that first denied by upholding the rules set by the board.

MAYOR SALINAS: What happens if we deny it?

MS. TREVINO: If they deny it, they would have to find households that qualify at the income levels that they have now.

MAYOR SALINAS: But they agreed to do that income level when they were approved.

MS. TREVINO: That's correct.

MAYOR SALINAS: Okay. I move that we go ahead and accept the recommendation.

MS. ANDERSON: To accept staff recommendation?

MAYOR SALINAS: Yes.

MR. BOGANY: Second.

MS. ANDERSON: I have a question. The seven

homes, we say that nine are complete, eight are near completion, additional seven have been initiated. What does that mean?

MS. TREVINO: I tried to get clarification on that, and I'm not sure.

MS. ANDERSON: I would move to amend the motion by -- well, no, I guess I've got to vote against it. I think I would not want to put -- this is a continuing problem we have and that's why the board sees all these requests for change, but I'd have a concern of the board taking an action that puts the 17 that are either completed or near completion at risk. That's why I asked about the other seven because I'd be willing to de-obligate the money that was attributable to those.

MS. TREVINO: I have an answer. Of the ones that have been initiated, the first nine and eight, all but one are below the 50 percent limit. There was one household that was assisted that was actually at 80 percent. So to ensure that the families that have been assisted to date qualify, they would need at least one household to be allowed at the 80 percent limit. The others have not been committed funds to.

MAYOR SALINAS: Well, I really don't understand, that's why I voted for the recommendation of

the staff. They have seven homes already started. Right?

MS. ANDERSON: Introduce yourself for the record, please.

MR. CABELLO: Homer Cabello, director of the Office for Colonia Initiatives. We have closed on seven construction loans under the Texas Bootstrap Program. I'm not sure if those seven homes are going to be utilizing these HOME funds. I do know that they need the HOME funds for the Bootstrap Program to help them cover the closing costs, the funds that we are leveraging with the private lender.

They're getting ready to break ground, they're just going through the permitting process.

MS. ANDERSON: It would seem to me we need to understand that because I'd have a question, if they are the same seven homes, I'd have a question about how our right hand and left hand aren't aligned if we're closing Bootstrap loans when we've got a HOME contract that's not performing according to its application.

Could we table this?

MR. GERBER: We can table this till next meeting.

MS. ANDERSON: We have a motion on the floor.  
Yes?



MS. TREVINO: Just to say that when this contract was awarded back in 2002, the Bootstrap Program wasn't attached to it yet, that came later, so that explains the differences in the income limits.

MAYOR SALINAS: But they have had this contract since 2002.

MS. TREVINO: Yes -- I'm sorry, 2003.

MAYOR SALINAS: So they're recommending that we just go ahead and deny them. Right? That's my motion.

MS. ANDERSON: That's the staff recommendation because we have not given them latitude to do anything other than follow exact letter of the program rules. And so it sounds to this chair like there are some open issues about the details of the homes, and so we can take a vote on this motion, or if the board's pleasure would be to table this until the next meeting.

MR. CONINE: Move to table.

MR. HAMBY: Madam Chair, I was just going to say you have a privileged motion. A move to postpone is a privileged motion so it has to be taken up before more discussion can be done on the subject.

MS. ANDERSON: So you're moving to postpone?

MAYOR SALINAS: I withdraw my motion first.

MR. CONINE: Move to table to our next meeting.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. FLORES: Madam Chair, the third request is from the City of Granger. The city is requesting to reduce the number of assisted households from four to one, or a reduction of 75 percent. The reduction in the number of units will result in de-obligated funds of \$131,588. The city is also requesting a six-month extension in order to complete construction.

Again, the department is not recommending approval. If the board were to accept the approval of the amendment, the contract end date would be extended till March 31, 2007 and the required beneficiaries would be reduced, again, from four to one.

MR. CONINE: Move to grant the extension subject to staff conditions.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair, the fourth item is Coastal Bend Center for Independent Living. The administrator was awarded \$265,000 on February 1, 2005. The first amendment which increased the contract budget by \$487,264 and extended the end date of the contract for three months was executed on November 30, 2005. The administrator is requesting a second amendment to further extend the end date of their contract for twelve months or until October 31 of 2008.

The administrator states that a twelve-month extension is necessary to allow them to assist disabled households for an additional full year to prevent them from returning to nursing facilities. The department is recommending this extension.

MS. RAY: So moved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: I have two people who would like to make public comment on this. Thank you very much.

Seeing no other discussion, I assume we're ready to vote.

All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. GERBER: Board members, with your indulgence, I'd ask that we look at the last three requests together, as they all have similar requests, San Augustine County, Trinity County and Angelina County.

San Augustine County, Trinity County and Angelina County are each requesting a six-month extension and modifications to their income targeting requirements from the 30 percent income limit to the 50 percent income limit for three households per contract which is the total number of households each contract has.

The counties have not yet committed the funds, however, because the original contract term was only

twelve months and because of the original restrictive income limits, the county requested a contract extension prior to the commitment of the funds.

The department is recommending approval of this. If the board did approve the amendment, the contract end date would be October 31 of 2007 and the income targeting requirements would be increased to the 60 percent limit.

MAYOR SALINAS: So moved.

MAYOR SALINAS: I have a motion and a second.

MR. BOGANY: Second.

MR. CONINE: I have a question. I mean, there's 30 percent income limited people in homes in every county in this state. How can they come in and ask for three and then not be able to find three people that they originally asked for? I don't understand that. Is there any reason?

MAYOR SALINAS: Well, that's unusual. Right?

MR. CONINE: It really is strange.

MAYOR SALINAS: I'm sure they have three people.

MR. CONINE: We have a legislative mandate to get some 30 percent money out the door and here we are turning it back around. I don't understand.

MS. TREVINO: The counties have said that they'll try and assist as many 30 percent households as they can, but apparently they haven't been able to find houses that were damaged, specifically by Hurricane Rita, that qualify at the 30 percent limit.

MR. CONINE: Then I would suggest this board grant them an extension of time but not on the income limits, especially if nothing is started. We need to serve that 30 percent population and they've got them in those counties, I know they do.

MAYOR SALINAS: Can we do that, change the income level to 60? We can amend the motion.

MR. CONINE: Yes, I think the motion would have to be amended, Mr. Mayor.

MR. CONINE: I'll move to amend the motion to grant the time but not the income adjustments.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

We're going to skip item 3(b) for right now and proceed to item 4(a), which concerns possible rescission of 4 percent credits. Mr. Gerber.

MR. GERBER: Madam Chair, item 4(a) is the Mansions at Turkey Creek. The Mansions at Turkey Creek is a 252-unit family development which was approved at the October 2006 meeting for a determination of tax credits associated with private activity tax exempt bonds issued by the Houston Housing Finance Corporation.

The original approval was based in part on the map and market study that incorrectly located the site. Staff recognized this error and requested, and ultimately received, a revised market study that redraws the primary market area as appropriate, and staff has reviewed the new study and concluded that it is consistent with the department's requirements except that it was submitted less than 60 days prior to the TDHCA board meeting.

This timing requirement can only be waived by the board, and as such, staff is not recommending the determination notice at this time. Should the board waive this timing requirement, the credit amount would be consistent with the original approval or \$1,059,669.

Again, staff has also confirmed that the conditions of the underwriting amendment regarding the noise assessment has been adequately addressed that had come up previously.

MR. CONINE: Move to grant approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

Let's go to 5(a).

MR. GERBER: Board members, item 5(a) are the compliance rules. These rules were tabled at the November board meeting. Staff has proposed changes to the rules to address the board's concerns about material non-compliance.

The proposed changes would reduce a development's score to one point below the material non-compliance threshold if three conditions were met: 1) the



development has no uncorrected issues of non-compliance; 2) all issues of non-compliance were corrected during the corrective action period; and 3) all corrective action documentation was provided to the department during the corrective action period.

Upon approval by the board, the rules will be published in the Texas Register and there will be a 30-day public comment period. Staff is available to further explain any of those changes to the rules.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Mr. Kahn? You know there's a motion to approve these rules that's on the floor. Thank you.

No other discussion. Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: Madam Chair, item 5(b) needs to be pulled. Item 5(c) are the REA rules. This item had been included in the board materials for the November meeting,

but due to time constraints, was tabled until today. The item requests the approval of repealing of the existing 2006 rules and adoption of a new Title 10 of the Texas Administrative Code, Sections 1.31 through 1.37.

There are several highlights to this which I can go through that may be helpful for the board. Some of the key ones are that the real estate analysis rules follow the same publication, public hearing schedule as the QAP and other rules being presented. Written and oral comments were received from many sources which the summary and response are included in your book.

Language changes from the REA rules are shown also in your book. There's a number of key areas which if you'd like us to walk through those, we can certainly provide that to you.

MR. CONINE: I have a quick question, Mike. When are we going to get these rules back for final approval?

MR. GERBER: This is final.

MR. CONINE: Okay. Go ahead with your presentation.

MR. GERBER: We'd like to go through some of the key areas that staff is recommending changes in. Tom, would you like to touch on a couple of those?

MR. CONINE: I'd be more concerned if there's any public comment from the development community. Let's let them go first.

MS. ANDERSON: Mr. Jim Brown.

MR. BROWN: I'll yield my time to Granger McDonald.

MS. ANDERSON: Mr. Granger McDonald.

MR. McDONALD: Quickly, Madam Chairman, we appreciate the efforts of the staff, Mr. Gerber and Mr. Gouris particularly, in working out compromises. We've come to a suitable compromise on every issue except for one, that is (i)(2) in Section 132.

We would simply like to add that the executive director have the ability to grant waivers if a good case can be made for that particular issue. This is the one regarding rents in a particular area.

MS. ANDERSON: Mr. McDonald, would you explain?

I read TAPS letter earlier or some correspondence about this earlier. I don't understand what you're trying to get at. Any time you want the ED and not the board to see something, then I want to understand why.

MR. McDONALD: Well, what it boils down to is that the overall exit of the 40 percent versus 60 percent of AMFI has nothing to do with some of the actual rents.

And the example that we'd like to propose is like in a rural community if the market rate rent are generally about the same as tax rate rents, and the way this is written currently, one would have to come all the way to the board at the time, all the way through the application process and then to the board to ask for a waiver of this. And if you have a suitable case, for example, you're in a rural community where there hasn't been anything new built in 25 years, obviously you're going to be able to get more rent than the market rent, and we'd like to be able to make that case on an individual case-by-case basis to the executive director for the purposes of a waiver.

MS. ANDERSON: But you applied assuming a lower level of rent serving a lower level of income?

MR. McDONALD: No, ma'am. We'd be applying for the same regular income, but what this affects would be the fact that market rents could actually be lower than what tax rate rents are, but you should be able to get those rents because of the fact that you're going to have the first new product in an area in maybe 20-25 years, modern facilities, good energy efficient units, and we've proven time after time that you can get those rents in those regions.

MS. ANDERSON: And why is it burdensome to come

to the board with that situation?

MR. McDONALD: Because you spend thousands of dollars in the 9 percent process before you ever know whether you're going to get a shot at doing that particular deal, your underwriting could be knocked right off in the beginning.

MS. ANDERSON: Thank you. I still don't understand. Who wants to continue to try to help me?

MR. CONINE: Well, I hear what he's saying. What he's saying is that a two-bedroom rent in the rural community may be 400 bucks but a brand new two-bedroom that he's proposing might fall under the 60 percent income limit say at \$500, and because there's nothing else in town that's at \$500, then Tom would be instructed to mark it back down to 400 bucks when he knows he can get 500 or thinks he can get 500.

MS. ANDERSON: Okay. Because the market study would tell us we can get 500?

MR. GOURIS: Tom Gouris, director of Real Estate Analysis.

It's possible that there could be some confusion in the market study, that the market study didn't completely and thoroughly evaluate the comparables and what we got was something different than what the

developer thinks is what's going on there, and they're able to provide additional substantiation after the fact.

There could be a case that could be made that we would address it.

I think they're just looking for a little bit of extra ability to have that kind of dialogue and the security of having that kind of dialogue through the executive director, whereas, I think they're feeling like that the way it's written out is sort of an absolute and we're going to say yes or no and be done, and they're looking for a little bit more latitude there.

MS. ANDERSON: Well, would we write this into the rules with some sort of language about that developer needing to bring evidence that would satisfy the ED that these whatever conditions.

MR. GOURIS: You'd have to have well documented evidence that satisfies the ED.

MR. CONINE: The market study would have to confirm what the developer had submitted. It would just enable the developer on the front-end to submit more income on his project which generally leads to a successful finding.

MS. ANDERSON: And the rule would be written the executive director may, so the executive director then

would have latitude to bring it to the board if he wanted to?

MR. GOURIS: Yes.

MS. ANDERSON: Ms. Ray.

MS. RAY: I have a question. If the executive director did not agree with the developer, would the developer then have an appeals process by which it could be brought to the board?

MR. GOURIS: Yes.

MS. RAY: I just want to know why the staff would be opposed to that recommendation from the developer.

MR. GOURIS: Well, it may be an issue of it not being entirely clear up front and staff feels strongly that they haven't substantiated the documentation test and they would like to ask the executive director to look at that specifically.

This is a sort of new requirement and I think there's a lot of anxiety about this requirement, and I think this is just one way of kind of helping assist the development community knowing that we're wanting to work with them and that we would take it an extra step in between to get the executive director to review those sorts of decisions before they have to go all the way to

the board.

MS. RAY: What you appear to be communicating to me is you're in favor of this recommendation and to let the executive director have that latitude and to make the decision whether it should come before the board or not.

MR. GOURIS: I think that's the board's decision to make.

MS. ANDERSON: You may be seated. Thank you.

MR. CONINE: There's no motion. I thought we had public comment.

MS. ANDERSON: That was it.

MR. CONINE: That was it?

MS. ANDERSON: Yes.

MR. McDONALD: All other items were completely resolved.

MR. CONINE: Wow. That borders on a miracle. I move that we approve the real estate analysis rules with the one amendment that would allow the executive director to make the change referred to in Mr. McDonald's comments.

MAYOR SALINAS: Second.

MS. ANDERSON: Discussion? The only thing I would add is just to amplify what I said before about it doesn't mean the ED has to do it, if the ED wants to bring it to the board and that there will be some sort of -- and



I don't know how you write this into the rule -- some sort of evidence that would satisfy your internal process for that procedure. Let's just make sure we get a little clarifying language in there.

Any other questions or discussion about this?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

We are going to take as close to only a 30-minute break for lunch right now as we can, and the board is going to have an executive session which I'm going to read this boilerplate. So the lunchroom is right across the hall and we'd ask everybody to really back here. The other thing I should announce is that the next agenda item we're going to take is 11(a), which is the Lancaster Apartments issue. That will be right at 12:30.

On this day, December 14, 2006, 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, December 14, at 12:00 noon.

The board may go into executive session (close its meeting to the public) on any agenda item, if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Consultation, pursuant to Chapter 551.072 of the Texas Government Code, with respect to an offer regarding a land transaction related to 6.5 acres of undeveloped land in Tyler, Texas.

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, reassignment, duties, discipline or dismissal of a public officer or employee.

Consultation with attorney pursuant to Section 551.074 of the Texas Government Code:

1. With respect to pending litigation styled TP Seniors II, Ltd v. TDCHA, filed in State Court in Travis County, Texas

2. With respect to pending litigation styled Gary Traylor et. al v. TDHCA, filed in State Court in

Travis County, Texas

3. With respect to pending litigation styled  
Dever v. TDHCA, filed Federal Court

4. With respect to pending litigation styled  
Ballard v. TDHCA, filed in Federal Court

5. With respect to any other pending litigation  
filed since the last board meeting.

(Whereupon, at 12:00 p.m., the meeting was  
recessed, to reconvene this same day, Thursday, December  
14, 2006, following a lunch break.)

A F T E R N O O N   S E S S I O N

MS. ANDERSON: I have a required statement I need to read starting out here. I hereby certify that this agenda of an executive session of the governing board of the Texas Department of Housing and Community Affairs was properly authorized pursuant to Section 551.103 of the Texas Government Code. The agenda was posted with 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 with the exception of Sonny Flores, and that it's a true and correct record of the proceedings, pursuant to the Texas Open Meetings Act, Chapter 551, Texas Government Code.

We are back in session now with agenda item 11(a), which is the Lancaster Apartments.

Mr. Gerber.

MR. GERBER: Madam Chair and board members. Lancaster Apartments is a Priority 2 bond transaction with TDHCA as the issuer for the new construction of a 252-unit development to be located in Katy. The bonds will be publicly offered through CapMark Securities, credit enhancement will be provided by Fannie Mae through a standby irrevocable transferable credit enhancement

instrument. Through the construction phase, Fannie Mae will be protected by a letter of credit issued by Bank of America.

The bonds will carry a triple-A rating with a 30-year term and amortized over 35 years. The applicant is requesting \$14,250,000 in bonds and \$1,137,287 in housing tax credits.

There were 239 people in attendance at the public hearing conducted by the department on November 8 and 26 people spoke for the record. Twenty-five people who spoke at the hearing were in opposition.

The reasons for opposition are as follows: overcrowding of various schools creating an additional burden on the community and the school district; increased strain on emergency services; an increase in traffic congestion; decrease in property values; no public transportation available; increase in the crime rate; and concerns regarding tenant screening process, specifically background checks not being performed on underage children.

There were also assertions made at the public hearing that several of the applicant's other tax credit properties were not being maintained.

The department has received opposition from

State Representative Bill Callegari, School Superintendent Leonard Merrell, 36 letters from the community, and a petition containing 318 signatures. Staff is, however, recommending approval of this application.

MS. ANDERSON: Is that the end of the staff's presentation?

MR. GERBER: Yes.

MS. ANDERSON: What's the board's pleasure, would you like to hear public comment before we put a motion on the floor? There's numerous public comment on this item and we have a two-minute time limit in place.

Mr. Jeremy Mazur, then Steven Pustejovsky, Ms. Buxkamper, and then John Burleson.

MR. MAZUR: Madam Chair, members of the board, Mr. Gerber, thank you for providing me the opportunity to be here. My name is Jeremy Mazur. I'm the chief of staff for State Representative Bill Callegari, who could not be here today. He is out of town because his grandson is going to be going for surgery shortly.

He asked that I read a portion of a letter submitted to Mr. Gerber on November 8 regarding the proposed Lancaster Apartments. In the interest of time, I'll not read that letter but summarize two key points for you.

The first is that the Katy Independent School District opposes this apartment complex. As you'll hear in subsequent testimony, the district's resources are taxed to the limit and district officials believe that the proposed development will further strain the resources.

The second point that the representative makes in his letter is that the developer has not worked closely with the community early in the project's development. Some of you may remember that during the 78th Legislative Session in 2003, Representative Callegari sponsored Senate Bill 264 which was the department's sunset bill at the time. One of Representative Callegari's underlying beliefs to the bill was that a dialogue occur between the developer and the affected community well before the development came to the board for a vote. In representative Callegari's opinion, that dialogue has not occurred soon enough.

Madam Chair, members, today you'll hear from several Katy residents with regard to the proposed development and why they oppose it. Before I close, I ask those that came from Katy to be here with you today to stand so you can recognize the magnitude of the group.

These concerned individuals were among the 500 who were at the public hearing to testify against the

development at the public hearing on November 8. These folks boarded a bus at 5:30 this morning to be here to share their concerns with you.

The representative appreciates your time and dedication to the matter and respectfully asks that you listen to their concerns. Thank you.

MS. ANDERSON: Thank you, Jeremy.

Mr. -- please say it for me.

MR. PUSTEJOVSKY: Good afternoon. My name is Steve Pustejovsky, principal of Sundown Elementary School in the Katy Independent School District.

I sincerely appreciate the opportunity to address the TDHCA board and I'd certainly like to begin by helping the board understand the situation at Sundown Elementary as it currently exists.

Our top concern is with the impact this or any development would have on the Sundown facility and resources. We currently serve students from two major subdivisions, Sundown and West Green, and four multifamily housing complexes, and we have a total of 772 students.

Sundown Elementary is an extremely unique campus in the Katy Independent School District. Our campus currently has the largest percent of students who are classified as academically at risk for not completing



their public education in the Katy Independent School District, and our campus currently has the largest student mobility rate in the Katy Independent School District.

And at this moment, out of 772 students, 505 students, approximately 66 percent of our present student body, is in need of accelerated academic instruction and this translates into approximately seven out of ten students that come through our front door.

To meet this academic need, our school currently provides a number of academic support programs.

They include: pre-kindergarten for four-year-olds; bilingual classrooms for kindergarten, 1st, 2nd, 3rd and 4th grades; special education pre-school program for children with disabilities; special education life skills program, special ed resource program; accelerated reading programs for our kindergartners for bilingual and regular education students; reach intervention programs for our regular ed and bilingual students; Title 1 support service for our primary grades; Title 1 instruction support for our intermediate grades; a bilingual instructional aide to provide instructional support; compensatory education; math reduction classrooms and reading intervention teachers for both bilingual and regular ed; accelerated math instruction for our regular education students and

our bilingual students; ESOL; special education speech services for our regular education students and our bilingual students.

We house a University of Houston Quest 2 pre-student teacher program at our campus, and we have a parent center where 15 parents come each day to increase our English proficiency skills.

The reason I mention that is that these are special programs that require specialized teachers and additional classroom space.

Due to this large number of specialized instructional programs, our campus currently has 14 classrooms housed in portable buildings outside and our demographers predict that this development could bring 111 additional elementary-age students to our school.

This increase in enrollment will translate into needing additional specialized teachers and classroom and instructional space that we currently do not have. Our campus is landlocked, there's no available land for expansion. Our campus facility was not constructed to house this increase in student enrollment.

And I want you to know that the Sundown faculty and staff is certainly committed to children, however, at this point Sundown Elementary is at its maximum capacity

to perform. At Sundown Elementary, I sincerely feel that adding this development would put a tremendous strain on the facility and the resources that cannot be met.

I would respectfully ask for the TDHCA board to understand and recognize the enormous academic and facility challenges that currently exist at Sundown Elementary and to reject this application. Thank you for your time and consideration.

MS. ANDERSON: Thank you, sir. Ms. Buxkamper, then Mr. Burleson.

MS. BUXKAMPER: Good afternoon. Thank you. I want to thank the board first for giving me this opportunity to speak.

My name is Katherine Buxkamper. I'm a 25-year resident of the community that is located immediately adjacent to the proposed development. My children have attended the schools there that will be impacted for the past 14 years. I have been an active Katy ISD volunteer during that entire time, particularly at Sundown Elementary. I have served on a number of district-wide school boards as well, including the superintendent's parent advisory board. So I have an intimate knowledge of the schools that are being affected by this development as well as a broad-based understanding of the district itself

and that is part of the reason I have come to you with my request.

I am here as an advocate for children, all children, but especially those who struggle against disadvantages. As an advocate, my goal is to help ensure that all children are provided opportunities for a good education and opportunities for their families to better provide for them.

It is my concern over the inability of this proposal to provide those things that brings me here to speak against this project. It is my concern for those children who will be brought into this community by this development, as well as for those already in the school that prompts me to speak against it.

Over my of volunteering I have watched and participated in the struggle to provide exemplary education to all the children at Sundown Elementary. I have seen the effects of overcrowding and the unrelenting stress that's placed on the resources, staff, teachers and volunteers to fill the gaps, go the extra mile, and do with too little. The effort is nothing short of heroic and has been very successful.

This school in particular has a long history of a long struggle to serve a largely disadvantaged

population. Nothing has changed, these numbers just keep getting larger, and the struggle goes on with successful results to this point, but that is my very point. Every system has its breaking point, and I fear adding an additional multifamily housing development, particularly one that will bring additional disadvantaged students into an already largely disadvantaged student population, will be the breaking point.

The excellent education and the special care that are given at this point simply will not be able to be maintained. It will be the children, both those already in attendance and those coming with the hopes of a better future, who will be let down.

So I ask that you reflect on the TDHCA's mission statement to help Texans achieve an improved quality of life through the development of better communities and say no to the development that would test and probably reduce the ability of the community to do right by its most precious resource, and that's its children. Thank you very much.

MS. ANDERSON: Thank you. Mr. Burleson.

MR. BURLESON: Good afternoon. My name is John Burleson. I'm the assistant chief of Westlake Volunteer Fire Department.

Our primary concern here is in life safety and being able to develop an effective water supply in case of a major event. We calculated a three-story building that they would build to be around 2,200 gallons per minute in needed fire flow. We spoke with the engineer. He stated that the hydrants in the area should be able to produce 1,100 to 1,300 gallons per minute. We went out and tested hydrants and our estimates came up to just over 900 gallons per minute.

So we have a concern in the event of any kind of major incident that due to the water supply in the area, we won't be able to effectively save the property, and unfortunately, maybe some lives. So that's our major concern.

And those are calculations, of course, that would be the best of times, it doesn't take into consideration mornings and evenings and other special times, droughts and stuff like that. So that's our big concern.

MS. ANDERSON: Thank you, sir. Mr. John Blanke, and the next witness is David Buxkamper.

MR. BLANKE: Good afternoon. My name is John Blanke. I'm a CPA and a 27-year resident of Sundown Subdivision. I am also on the board of directors of Fry

Road MUD.

Two issues that I would like to discuss right now. One is that on the plans that was given to us, I did not see nor did the engineer see anything about detention pond. That has been required for all construction in our district.

The second is financial. The board requested that the tax assessor-collector for the area for our district to go ahead and give us some projections on what the value of the property would be. Based upon his calculation, comparing that to the four projects in the area, they expect to have \$5.8 million valuation difference between this project and market value projects.

That is going to relate to a substantial fund difference which the subdivision, from the MUD district standpoint, will have to make up that difference.

Our district has been going from a Caucasian to a mixed race, Hispanic, African-American. This may put a strain on some of the people that are living there who are living from paycheck to paycheck.

We request that you go ahead and reject this project. Thank you.

MS. ANDERSON: Thank you. Mr. Buxkamper.

MR. BUXKAMPER: Good afternoon. I thank you

for allowing me to express my opinions. My name is David Buxkamper, a 25-year resident of Sundown Subdivision which is adjacent to the subject property.

I've received the developer's market study and have concluded that the statistics used to determine the market demand are misleading due to an aberration in the statistics caused by the influx of the Katrina evacuees. The market demand will potentially decline in the near future as the Katrina evacuees make their way out of Houston. This may already be happening as there has been a minus nine absorption rate over the last twelve months.

From the same statistical report, the market analysis highlights the absorption of 1,099 units over the last twelve quarters. They make not note of the aberration in the statistics created by one quarter, the third quarter of 2005 which comprised greater than 50 percent of the 1,099 units. Looking at the historical data, there was an 86.2 occupancy rate in the second quarter of 2005, pre-Katrina. In the third quarter of 2005, that jumped to 94.13 percent, post-Katrina.

The influx of Katrina evacuees has biased many of the statistics which go toward determining the potential market demand, as well as the very important inclusive capture rate that is used for low income



housing.

The market study also says considering that 27 percent of the population lives in rental housing in the subject market area in 2006, there is potentially a sufficient demand for the proposed subject property. If you remove the Katrina evacuees that will leave the area, that potentially sufficient demand is less potential. As I stated earlier, that potential has already decreased over the last twelve months. There are also 510 units under construction which will be vying for that remaining potential.

One other comment about misleading statistics, the market study purports that the absorption figures are positive in nine of the last twelve months. If you use all the apartments in the subject area, that is only positive in seven of twelve months.

In conclusion, I contend that the aberration in the third quarter 2005 statistics created by the influx of Katrina evacuees has created a statistical picture of greater market potential than actually exists. As Katrina evacuees leave, they take some of this potential with them.

I contend that the inclusive capture rate before you is flawed as it was computed using the biased

statistics. I contend that if the inclusive capture rate were re-computed using statistics which made allowances for the statistical aberration, that the inclusive capture rate could possibly exceed the 25 percent, a rate which the underwriting will not recommend approval to the board for.

Based on my analysis, I recommend that the board vote against this project. Thank you.

MS. ANDERSON: Thank you, sir. Mr. Martinez, Efrain Martinez, and then Terry Carr Miller.

MR. MARTINEZ: Good afternoon, board members, staff, and distinguished guests. I'm joined this afternoon by Emma Martinez, Erica Tillano and Juana Tillano [phonetic].

My name is Efrain Barrella Martinez, a 27-year resident of the Sundown Subdivision, which is adjacent to the proposed project.

In 1999, I retired from the U.S. Department of Justice after working for 28 years in a division that assisted communities throughout the U.S. in addressing racial issues and problems involving allegations of racial discrimination. One of my last major efforts in 1998 was guiding the City of Jasper in overcoming the traumatic killing of James Ray, Jr. by the white supremacists.

Over the past few years I've been observing my neighborhood change in its racial makeup from predominantly White to predominantly Hispanic. These new residents have purchased homes, started new lives and are maintaining their homes in an exemplary manner and are a real asset to the community.

Since some of these homeowners heard of the proposed Lancaster project, they have voiced great concern. Recent news in the Houston area have mentioned the rise in violent crime, especially in apartment complexes, where they claim that the areas in east Houston and other Black and Hispanic barrios where they came from were full of apartment projects and are now very afraid that the negative elements they left behind will now follow them to their new home in Sundown.

Many Hispanics and Blacks that we have talked to recently have raised the allegation that these low income apartments are being built in our neighborhood mainly because it is now predominantly minority and the builders think they won't complain.

During my long career with the Department of Justice, I came across many an instance where minorities complained too late that somehow a new highway, a sanitary landfill, the auto wreck businesses, and big polluting

plants were mainly located in their areas. Why, they would ask me, are these "dumps" not being built in high income areas.

Here in Austin, for example, where I worked in 1995 in police abuse issues in east Austin, African-Americans would ask me why was I-35 built in a way that separates their predominantly Black community from the rest of the city.

I now get this question regarding the proposed low income Lancaster Apartments project. Hispanics ask why are these apartments not being built south of Interstate 10 in the high income neighborhoods, there's plenty of vacant land there. They themselves provide me the answer: because they are not predominantly Hispanic and Black and they think we won't complain.

But I'm here to complain on their behalf, and on behalf of the over 500 residents that attended the November 8 public hearing to oppose this project, and on behalf of the hundreds that signed the petitions that circulated the neighborhood, and in no uncertain terms, I request that you not approve this project. Perhaps the federal money has to be spent and perhaps it would make a lot of money for some other people, but it will be all at the expense of our neighborhood.

Again, I respectfully request that you do not approve this project. Thank you for the opportunity to address you at this time.

MS. ANDERSON: Thank you, sir.

MS. MILLER: Hi. My name is Terry Miller. I'm a longtime resident of Sundown Subdivision and I agree with and support the opinions of my neighbors and constituents that have come.

Yes, I am opposed to this development. The developer has presented us all a very nicely wrapped present, however, he has been misleading and on the inside of this gift is something that is not so nicely wrapped.

I feel they have misrepresented themselves to all of us. In light of this, I decided to take a look personally at the security issues that the developer has in other sites that he has developed.

On Sunday, November 4, I took and visited five properties that this developer has had a hand in. The thing I did not find at any of the properties was security, none, there was none anywhere. I had no problem driving through open gates, rigged to stay open, I might add, and where the gates weren't open, nobody bothered to do anything, they just let me on through. So as they made me welcome into their complexes, I decided to stay for a

bit and take a look and see what was there.

And I made myself very comfortable. I stayed at each property in excess of one hour. I got out of my van with my son, who is five, and I walked around these complexes, I drove through each of these complexes, and I made a list of the things that I saw such as broken fences, bent boards, fences beyond repair. Trash was everywhere, overflowing the trash bins, on the sidewalks, on the ground and in the patio areas. In all the common areas, as well as in the streets and the grounds and parking areas there were mattresses, beer bottles, washing machines, dryers, couches, desks and more.

I personally witnessed a couple of crimes going down and made sure that I left the area. I also saw a guy dealing tires out of his garage. Too bad they wouldn't fit my van.

There were barbecue pits in the street, cars illegally parked, some blocking fire lanes, motorcycles parked on the sidewalk. There were expensive vehicles, H-3s, BMWs, Cadillacs, lots of new cars. There were a few old ones; some were nice but some had busted out windows, flat tires, trunks tied down, and some cars were being worked on.

I saw a tree that looked like it had been

tortured, it was bent and had obviously been set on fire at some point.

MS. ANDERSON: I'm going to need to ask you to wind up or get someone to yield time.

MS. MILLER: Okay. I bring this to your attention simply because security is an issue. It's not an issue just for our subdivision, it's an issue for the people who reside in the apartment complexes. The apartment complexes I went to were a security nightmare. Okay? They were not secured. At no time at any of the five complexes in over an hour that I spent at each apartment complex did anyone ever approach me at all.

I am a professor at Texas Southern University, I have a degree in criminal justice and I have a master's in criminology. I would implore you all to look, for the betterment of the people that will be living in these complexes, at the security issues they pose not just to them but to everybody, and for the safety of their children as well as ours.

I teach a GED course and I always tell my students: Never give up, never, don't let anybody tell you you can't do something with your life, because the kids that I teach are in the Third Ward of Houston, Texas --

MS. ANDERSON: I need to ask you to wind up, please.

MS. MILLER: Okay. I'm sorry, I'm trying. But in that case, I just simply want the best for everybody, not must for us but for the people that are going to be coming into the development. And we also don't oppose the development if they want to go anywhere else. Sorry. Anyway, thank you.

MS. ANDERSON: Ms. Wisenhunt, then Steven Grubbs, then Connie Merrill.

MS. WISENHUNT: Hello. I'm Leta Wisenhunt and I'm a 13-year resident of the Sundown community, and I want to say thank you for my opportunity to speak here today also.

I'd like to begin by stating I am an advocate of low income housing, affordable housing, as long as it can be built in an area that it's going to benefit from and benefit to, and I don't truly believe this development is going to benefit this area.

I'm not going to repeat what everybody has said, but you hear all of the school strains, the taxing strains, everything else, as well as emergency services. I know that his developer, if he could have worked with the community surrounding this development in an early



portion of the process, in the application process, in the planning process.

I worked with many developers. My profession is HOA management I worked with Chris Richardson and the Blazer Development back in 2004 with Providence Place. It is the same project based on these same bonds and tax credits right next to Sundown Elementary. That is the property, the last final property that landlocked Sundown Elementary where it's at now.

And Mr. Richardson is a prime example of a developer who got out there and did exactly what Representative Callegari wished one would do. He literally knocked on the doors physically himself till he found the people he needed to find. The board members for the communities and the residents who wanted to become involved, and he took the time and looked over his own analysis of the area and came to the realization that just because it's on paper doesn't mean it physically works in the field.

And he was out there and he came to the realization that a multifamily complex was not what this area needed, that the residents of that complex were going to suffer as much as the people who already resided within that area. And we worked with him and got him to change

is plan to a senior community and that is what works in that area.

So I'm not a person who is opposed to affordable housing, it just has to be in the right area and benefit the people who are going to reside in it as well as the people who already reside there.

And I just want to thank you for the opportunity to speak today, and I am going to ask that you do reject this project.

MS. ANDERSON: Thank you. Mr. Grubbs and then Ms. Merrill.

MR. GRUBBS: Good afternoon. I'm Steve Grubbs, vice president of the Sundown Property Owners Association. We had 300 people at the last meeting, the November 8 meeting, we only have 550 homes.

I have just a few quick personal observations to share with you this afternoon concerning the Lancaster Apartments.

First, the developer commented to us at the local meeting that the lack of school capacity was not his problem, that was the Katy School District's problem. He's wrong. That is our children's problem.

Second, the comment was made that the developer can just as easily build these apartments without tax

credits and rent them any way he chooses. The property is very close to the newly expanded -- 18-lanes, I believe -- Interstate 10. The freeway noise is so bad at times that free market renters won't go there. If they would, other people would have already built apartments there. I don't think these people should have to take second rate locations just because they're poor. My thoughts.

Third, local residents can't get jobs in the area. I know this for a fact. My daughter cannot get one in the area, she has to drive out of the area. There is no public transportation in this area. The last one in the area went out of business and left.

Last, we're not against affordable housing. We worked with the last developer. They put in housing for the elderly. We supported it, we actively supported it. We sent out letters saying bring him in, and he's there, and we are very happy with that individual and his development.

Thank you for your time. We would really appreciate it if you'd reject this project just based on what you've heard today.

MS. ANDERSON: Ms. Merrill.

MS. MERRILL: Thank you. I do want to make a clarification about my timing, that I have one additional

time lot yielded to me. Thank you.

Ladies and gentlemen, my name is Connie Merrill, and my objective is to summarize my community's opposition to Lancaster Apartments.

By now you've heard testimony from several Sundown community leaders, professionals who are representing critical elements of the infrastructure that support our diverse, working neighborhood: the schools, the volunteer fire and emergency medical services, water and sewer operations, homeowners association. And you've heard from concerned citizens of Sundown.

I am one of those concerned citizens and I ask what benefit would Lancaster Apartments bring to the Sundown community? I see that Lancaster Apartments would bring only increased cost and decreased value.

Increased cost to support the additional burden on the already strained to the max Sundown Elementary School facilities, staff and required programs. We are a diverse, working community. As such about 65 percent of the students attending Sundown Elementary are currently enrolled in the free and reduced lunch program.

Mobility rates which directly relate to the relative difficulty of educating the students is the highest in KISD. Construction of Lancaster Apartments

would create a greater financial burden on the area schools and additional costs would be borne by the low income and middle income families and students already enrolled in the school.

If it is the goal of this program to disperse affordable housing and to prevent over-concentration, then to me it makes no sense to build this project in a community that is already struggling with a large percentage of its families that are economically disadvantaged.

I mentioned decreased value coming from the development of Lancaster Apartments. I see it in the form of lower tax revenue from this apartment complex compared to alternative market value properties in the area.

Bob Laird Interests, a tax assessor in Houston, Texas, used the Lancaster Apartments land and improvement specifications compared to two subsidized apartments, Millstone and Katy Manor, and four market apartments in the Katy area. This is to indicate a reasonable assumption of the anticipated valuation as certified for Tax Year 2006. Let me share their findings.

"The following valuation is suggested. For the subsidized land and improvements, the valuation would be \$5,600,000, and for comparable market land and

improvements, \$11,300,000. This difference translates to a 50 percent lower revenue for schools and water/sewer taxes coming from the owners of Lancaster compared to a market based complex. It is not clear to me the source of funds to make up the shortfall. In any event, community services would still be provided should Lancaster Apartments be built."

Envisioning increased costs and decreased value, I ask again, what is the benefit of Lancaster Apartments in my neighborhood?

Thank you for your time and listening to my comments.

MS. ANDERSON: Ms. Merrill, do you have a letter that you're reading?

MS. MERRILL: Yes, ma'am. It's the next topic, if I might.

MS. ANDERSON: Yes, ma'am, please.

MS. MERRILL: Thank you very much. Yes indeed, I'm sorry if that was intrusive. I'm going to change hats and have an unbiased hat because I duly represent two members of the Mayde Creek Community Acting Together, Incorporated, and that is Judith McLaughlin and Tess Zimmerman. They're directors of MC CAT. And they do send their regards and I want to give one opinion, and that is

they really appreciate the opportunity to offer their remarks to you on the process.

And what I would like to do, Madam Chair, is to read excerpts. I will not paraphrase or what-have-you, but I will read excerpts to the letter that you have in front of you, and this is from Judith and Tess.

There have been some failures in the community outreach process that will help the TDHCA board put into context the community's opposition and suggest areas for improvement in the future.

Number one, notification process. The developer complied with the QAP requirements by notifying the only two community organizations on record, the MC CAT and the HOA located in another school district. The notification of our organization was to have occurred in July but was not delivered due to an address change. It was not until early October that the developer contacted MC CAT directly.

We met with the developer on October 10 and agreed on which neighborhoods to involve. A full scale meeting with the community was held on November 4, followed by a TEFRA only four days later.

It is clear that the notification process failed for two reasons. One, the reliance on lists that

had no visibility to the very organizations they're intended to identify, and two, a sharp reduction in time that the QAP specifies for the community dialogue to take place.

As you know, having adequate time to comprehend the issues surrounding affordable housing is critical. It is clear that the delayed start of the outreach impacted the quality and tone of the dialogue for this project.

Number two, a missing track record. One of the key concerns of this community is the effect of multifamily developments on the community's quality of life standards, including the incidence of crime and how these apartments will be maintained over time. The issue of crime was specifically raised at our October 10 meeting, and the developer assured us that the steps that he had taken with his existing projects were very effective. We asked him to present his information in the planned community meeting. Unfortunately, this presentation was not made.

The issue of maintenance of the developer's existing properties was, however, raised by the community, placing the developer in a defensive position. The critical message for this project is that the community is a stakeholder in the developer's proposal, and with any



proposal it is good business to address uncertainty and risk by showing the stakeholder in the project you record of performance.

We believe that the developer is adequately compensated to remain engaged in the outreach process and that his failure to earn the community's trust by demonstrating the performance of his existing portfolio was a significant failure.

Number three, a missing value proposition. One of the key opportunities lost in the execution of this process as the articulation of a value proposition. That is, conveying to the community the larger social benefits that affordable housing bestows.

We have maintained that the community has to understand the greater good to weigh against the potentially negative effects of the development on their community. We have also argued that this role should be served by the TDHCA staff rather than the developer. Again, this process fell short. In the entire outreach process, all three issues contributed to a poor dialogue and a failure in the process.

We'd like to continue to work with the legislature, the TDHCA staff, and the board to move toward improvements in the process.

Thank you for the opportunity to address you today. On behalf of Judith McLaughlin and Tess Zimmerman, directors, Mayde Creek Community Acting Together, Incorporated, we thank you.

MS. ANDERSON: Mr. James Montgomery.

And Mr. McElwain, I think I'm doing you a little out of your requested order but I just found your forms.

MR. MONTGOMERY: Madam Chairperson and members of the board. My name is James Montgomery. I am a 16-year resident of Sundown Subdivision.

I am one of the 200,300, 500 -- depending on who you're going to listen to -- members of the subdivision that attended the public meeting to voice their opposition. Unfortunately for you today, since we are not as well organized as the builder, you will have to accept me as the PR person.

You've heard the statistics. Liars use statistics, statistics lie. I cannot go further than that. Presented in a business-like manner for your consideration, they all point to one thing: the builder attempted to sail this project under the radar and convince you, using flawed data, that it was a good proposition. I sincerely believe that you are more

intelligent than that.

Financial numbers. Numbers do not lie. Once they are put on a piece of paper, they do not move. That is the wonderful thing about it. Unfortunately, you can put numbers down in such a manner that they will say anything in the world you want them to say. We've all heard the stories about the accountant who applied for a job and who told the manager, after he asked him to add two and two, for the answer he said, What do you want it to be? He got the job.

I would like to address one facet of the problem that no one has spoken to. The people who will occupy these apartments, what about those people. We have, as a community, presented our objection to the project in general, the lack of infrastructure, how much it's going to cost, how much tax revenue we're going to lose, how overcrowded our schools are.

Nobody said anything, but we are serviced by the sheriff's deputy and they are overtaxed. The fire marshal did not mention that he responds four to one to apartment complexes and it is a volunteer fire department.

I do not believe that the record of subsidized housing or low income housing has a stellar record of contributing to volunteer fire departments.

Nevertheless, what about these people, where are their jobs, are you offering them a leg up in an environment that will provide them an exit from these subsidized housing, or is it that you are building probably one of the best-looking luxury liners out in the middle of the desert.

I have seen renderings of the apartment complex -- yes, ma'am, I'm winding up -- and they look real good on paper, very professional. What will they look like a year from now, given his record?

I do not envy you. You are the keeper of the public purse, you also have been appointed to be the keeper of the public interest. We are the public, this is not in our best interest.

In summary, no matter how much lipstick you put on this pig, it's still ugly. Thank you.

MS. ANDERSON: Mr. McElwain.

MR. McELWAIN: Madam Chair, members of the board. My name is Peter McElwain and I am the district architect and planner for Katy Independent School District. I am part of the senior administrative team, working closely with Superintendent Dr. Leonard Merrell. Dr. Merrill was, unfortunately, not able to attend today. You have received two letters from Dr. Merrill previously

on this particular matter and in opposition to this matter.

I'm speaking not only on his behalf but on behalf of our district and the students in our district, and specifically those at Sundown Elementary, Morton Ranch Junior High, and Morton Ranch High School, all of which will be impacted by this apartment complex.

We plead with the board not to approve this application regarding Lancaster Apartments. These schools are under tremendous strain because of the exponential growth in our district. All have several portables on site. You've heard that there are seven portables on site at Sundown Elementary; there's four at Morton Ranch Junior High, and there's 15 portables on site at Morton Ranch High School, all the feeder schools for this apartment complex.

Katy is the fastest growing large school district in the Houston area. We are not a wealthy district. There is no heavy industrial or commercial base. All of our school facilities are bursting from this strain of growth. Certain schools may be shown as being under capacity but as Mr. Pustejovsky had mentioned, there are several small programs, so it's a misleading number if a developer says we're under capacity because a capacity

is based upon full class sizes in every classroom. In a school such as Sundown that has special programs, individualized attention, there aren't as many students in a classroom.

Our schools in our district are full. Sundown Elementary, at 772 students, will be very much negatively impacted by this development. As I mentioned, it has seven portables, 14 classrooms outside the building. This subsidized apartment complex, per well respected demographers, will generate .8 students per unit, a marked increase from the .3 students projection for a standard apartment complex. At the elementary level, through this application, an additional 100 students will be added into this facility, 100 on top of the 772 existing enrollment.

We're in difficult economic times. The state offers developers this incentive plan to build these complexes but does not give districts funds to help accommodate these students.

Also, from evaluation perspective for tax purposes --

MS. ANDERSON: I need to ask you to wind up, sir. I'm going to do the same thing on the other side. So if you'd wind up for me, please.

MR. McELWAIN: Evaluation for tax purposes, the

valuation is far below for this complex what a regular apartment complex would be. Our tax assessor, as well as confirmed by Bob Laird, we're losing or will be losing \$104,000 a year in taxes. The Millstone Development done by the same developer has recently sued our appraisal district to reduce their valuation. In this particular case we are losing a tax revenue of \$122,000.

I'd like to thank the chair and the board, and on behalf of the district and the students of our district, please do not approve this application, please recognize the concerns voiced by the community officials, community members, but above all, please do not approve this application in the best interest and the well-being of our students and staff.

MS. ANDERSON: Thank you. The next witness is Sarah Anderson, and then Pamela McGlaschen.

MS. SARAH ANDERSON: My name is Sarah Anderson and I was the developer's representative with the community, and I'd like to go over some of the issues that you've heard today from the community and clarify some things.

First of all, as you heard, when the developer went through the process to try and find out who they were supposed to work with, they were given two names, and one

was not even close by, and the other they sent notification to, and the notification was actually returned to sender because of a problem with the address.

Evidently their attorney had moved and not done an appropriate change of address, and so the notification that would have gone out in July in plenty of time was sent back.

When the developer realized that perhaps what they got wasn't going to cut it, that's when I was engaged, and I was engaged to find out who in the community to work with, and I, from a previous life had known Judith and Tess and had contacted them directly to find out which entities we should work with.

With that, I would like to point out that I contacted four of the homeowners associations in the area: Sundown, Westlake, West Green, and Parkway West. Sundown, obviously it's by the proposed site and they are the ones that we had the most dialogue with. Westlake, I sent a lot of information to, and we never really received any comments back that there were specific issues, although I understand that perhaps their board was not representative exactly of their constituency.

West Green, I never received any kind of response, and I sent three, four, five e-mails, several



calls -- felt like a stalker -- never received anything back from them. Parkway West -- and I feel like I should retire after this and I have an e-mail for you -- actually I'd like to read the e-mail from them. It says, "Received the e-mail attachment which was information about the development. Presented it to our board on Thursday. Everyone was quite impressed, and as a result, we have no concerns or questions."

So believe it or not, there is a community or part of Katy that has no issues with this development.

In addition to the neighborhoods and trying to engage the community, we also spoke with the Westlake Fire Department, and Mr. Ford will give you more information on an agreement they have signed regarding volunteer fees. We also met with the Sundown Elementary Principal Mr. P., also met with Mr. McElwain with KISD Planning. In addition, we met with all the local elected officials, the state rep, state senator, congressman. We had a community meeting. I actually went to the Sundown HOA board meeting. And I feel like we did a lot of outreach.

I will tell you that I was a little disappointed in the process because the people that I thought were representing the community did not want to have a dialogue. When I showed up to meet with them, four

slides into the presentation, I was told there is nothing you can say that is going to change our mind. And that pretty much was the way that this went from the beginning.

I was concerned when I went to the community and the things I was hearing from people that they were being told when they were signing that petition. I met someone specifically and was talking to them about the proposed development and showed them pictures of what we were going to be doing, and this person actually felt like they had been lied to when they signed that petition. She said, I was told that only people that get welfare, and that's it, are going to be living there, they're going to be all Section 8, nobody ever told me the amenities to this development, and had I known the truth, I would not have signed that petition.

I'd also like to go through very quickly --

MS. ANDERSON: You need to wind up.

MS. SARAH ANDERSON: Was that four minutes?

MS. ANDERSON: Ms. Anderson, that's your four minutes. You know better than anybody what that buzzer means.

MS. SARAH ANDERSON: I should have never helped with those rules.

MS. ANDERSON: Unless, of course, I would love

to have somebody that signed up to yield time to Steve Ford yield time to you.

MS. SARAH ANDERSON: Can I take one of yours, Steve? Thank you very much. Okay, I'll take two more minutes.

MS. ANDERSON: We get two minutes less of Steve Ford.

(General laughter.)

MS. SARAH ANDERSON: With respect to the school overcrowding, when we met with the school district, I walked away very concerned also, and from the doom and gloom that was presented to us, I was concerned. And I went back and we requested information from the school district, and the numbers that they're putting out, they will tell you yes, those are the numbers, but they're not the numbers.

And so when you're planning and you see that there is a brand new school opening a mile away from here, an elementary school that's opening next fall, and that you have another school that's 300 under capacity a mile to the south, and the Sundown is listed also as being under capacity, I don't know what a developer can do when those are the figures that are being put out and that is what they're looking at as they go forward.

When I met with the school district, we tried to come up with other alternatives. They're in the middle of land use zone and trying to figure out what area is going to go to what school, right now they're going through that. And when I met with them, I said, Well, can't we then go through the exercise of putting this particular site to a different school? And they were not willing to discuss any alternatives. Their position was we do not want an affordable development in this district and they were not willing to discuss any alternatives.

So to me, they've done a disservice to their own community because now they are stuck with, if this goes forward, they really can't go to a school that is opening up that is going to have plenty of capacity.

I would also point out that when they talk about that all of these schools that supposedly not at capacity but they are, you look at their student-teacher ratios and they are no different than any of the other schools. So to me, I'm not sure where this is coming from. When the student-teacher ratios are all pretty much the same, that to me shows that there are not an overabundance of special programs. In addition to what they've reported to TEA, none of these schools, except for the ESL programs at Sundown, shows that there's a high

percentage of these special programs going on.

Thank you.

MS. ANDERSON: Ms. McGlaschen.

MS. McGLASCHEN: Thank you. Madam Chairman, directors of the board, my name is Pamela McGlaschen, and I am the regional vice president for Orion Real Estate Services. I have been in property management for 25 years, starting -- back way before I'd like to mention -- as a leasing professional, and I've moved my way up.

I'm here to discuss our management role, not only in the Lancaster but also in several of this developer's communities. We are responsible for the day-to-day operations of many of Mr. Hinson's and Mr. Ford's communities, in addition to managing the Richardson Providence Place which you've also heard about.

We did have some pictures presented to us at the public hearing in Katy which we didn't feel really accurately represented the maintenance of our communities.

Just as in any traditional neighborhood, as you are well aware, an apartment community, as in a traditional neighborhood, is always going to pose challenges to those who do not want to conform with rules and regulations. It's our job to ensure that they do and to make sure that those communities are maintained. We are proud of our

work, not only at this development but at other developments in Houston, Colorado. I've also been involved in Louisiana and Florida.

Our site teams are well versed, not only at TDHCA, but more importantly, in the operations of the community. We are always trying to improve the communities and welcome comments to ensure that our residents have a great sense of home, and more importantly, a great sense of community.

We do work with an amazing group of developers, especially in this case. I will tell you that we are accountable to not only the asset managers for the owners but the owners themselves. It is not uncommon to see Mr. Ford and Mr. Huntson on our communities even on weekends. In addition to being accountable to them, we are also accountable to the staff of this board, in addition to our underwriters.

We have listened to the residents of Katy and we have heard them at the resident public hearing, and we assure you, and most importantly, the residents of this community that we have well maintained communities and will always have an active role in the Lancaster, and more importantly, to the community of Katy. Thank you.

MS. ANDERSON: Excuse me. Would you come back

for a minute, Ms. McGlaschen? Mr. Bogany has a question for you.

MS. McGLASCHEN: Sure.

MS. ANDERSON: Thank you.

MR. BOGANY: There were a couple of comments made about security and there were a couple of comments made about overrunning trash and all that. What's going on there?

MS. McGLASCHEN: You know, I'm going to disagree with those. We have gated communities on every development that this owner has. Gates are as good as gates. There are going to be times when they are broken. We have a contract so they are out there constantly repairing gates. It is something that we take very seriously. Depending on the day, we have garbage pickup three or four times a week. If a community is visited on a Sunday afternoon, the area around the dumpsters are going to be a little bit more cumbersome than they'd normally be.

I'm very proud of our communities and invite you guys to come out and take a look. They're very well maintained.

MR. BOGANY: Thank you.

MS. ANDERSON: Thank you. Ms. Campbell, and

then Britton Leever.

MS. CAMPBELL: Hi. My name is Kiki Campbell, and I have come here today to tell you a little bit about myself and sister property, Millstone Apartments, it's nearby to Lancaster. I am the current manager there.

I do have a family of five and we found Millstone Apartments about 3-1/2 years ago, and it was absolutely the best thing that my family had found. We are in a place where my kids can go to the best school district and it's affordable for us.

We do have a variety of residents at Millstone and an excellent community. We take great pride in it and we have a great program called the Good Neighbor Program. It's \$85 a month; they have games, homework help, snacks, movies, crafts. And we also have 15 computers in our business center, fitness and laundry. We have all of that that we provide. We've also done community outreaches. We had snow delivered one year. Our residents donated food to the local community, to the churches and things like that.

The highest percentage of move-out that I have on my property is to purchase a home. We congratulate them for using this opportunity as a stepping stone to become better financially.



These are hardworking individuals that deserve an excellent place to live to feel they are worth more than people sometimes make them feel. I myself am a testimony. Like I said, I've lived at Millstone for almost four years and I'm now building my first home. At what apartment community can this be done? This is a very special program.

Our applicants must meet the minimum income requirement of 2-1/2 times the rent. And some other requirements include being employed, no owed rents, absolutely no felonies or aggravated violent misdemeanors.

We have regular monthly inspections on our apartments to ensure preventive maintenance programs and to maintain the state regulation. And not only do we have our own inspections but we have owner inspections that come by and we work closely with them so that we can have the best quality of affordable housing.

I have learned through this process that the fire department doesn't get donations from apartment communities, and I'm implementing that on Millstone that we will be able to support them.

These apartment communities, Millstone and Lancaster, are opportunities, and implore you to see how much opportunity you will be granting the 252 families of

all sizes for allowing us to build this community. There are no other communities in Katy like Millstone and Lancaster that offer the prices for people to afford them.

I would like to introduce Britton Leever, he is one of my residents, so that he can give his personal testimony as well.

MS. ANDERSON: Mr. Leever.

MR. LEEVER: Good afternoon. My name is Britton Leever. I've lived at the Millstone since the end of July. With all the amenities of this complex, I work full time, I go to school, and I have a little boy with epilepsy and he needs much more attention than a normal kid, and it's very hard for me to find a place that can watch my son that would even be affordable. He has many doctor visits, hospital stays. He actually is having a problem right now with his bone marrow so he is not able to go to school, and that's one reason why my wife cannot work.

So I'm slowly trying to support my family, and with the money that I make, I normally wouldn't have a place like the Millstone with garages, ceiling fans in every room, crown molding, ice makers, it's just something I've never had in any apartment I've lived in before.

And I'm very happy to be a part of this

community. I can't really stress how much this community does help people in my situation.

In the Katy area alone or in the west Houston area which is where I came from, any apartment complex with two bedrooms and a garage is going to start well over \$1,000. I'm paying right now just a little bit over \$700 a month, and it is a very good apartment for electricity. I'm paying over \$100 a month less than an apartment that I was in which was an older building which it really helps my pocket. I can give a lot more to my family. It feels like I'm living in a \$1,500 a month apartment which is something that my parents are proud of, I'm proud of.

And the community, as far as the safety in the community, I have a wife and a little boy, I have no problem with them being out at night. I leave my garage open, I have a motorcycle, foosball table, I have no problem worrying if people are going to come in and mess with it. It's also a very clean community, and I'm overall very, very proud of this community and I do support it.

MS. ANDERSON: I have one question for you, Mr. Leever. Do you see trash and furniture and things like that out in the yard and on the property?

MR. LEEVER: I will say no, I never see any

trash or anything in the yard. Around the dumpsters, if somebody in an apartment has something like washer or dryer or a couch, they normally don't have the resources to go take it somewhere, so they put it by the trash, and then the people who pick it up will take that away for them, so something like that. It's not left there very long.

Actually I leave my barbecue grill out in the front yard because it gets hot, and I was told I can't do that in the morning just for a couple of hours because it doesn't look as nice.

It is very strict, they want us to keep it up very well. And that's what I have to say. I don't have any problem with trash or anything that's not making the property look as good as it can.

MS. ANDERSON: Thank you. Mr. Steve Ford.

MR. FORD: So I get to bat cleanup here. Most of the board members know me. For those that don't, we have a pretty long, extensive experience in this business, and I think I have had neighborhood support on one project. We currently own 6,000 units, so that's not a very good track record.

We don't typically go in expecting to have neighborhood support. Since I've never had it, I really

wouldn't know a whole lot about it. I think the last time I had support in Fort Worth, it was only because another developer they hated worse than they hated me, so they figured they'd take me over him.

The biggest issue apparently here is the school district, and I really don't have a great answer for that.

The problem with higher density housing is it is always going to impact something. I cannot tell you we're going to have less traffic, I can't tell you that the crime is going to go down, I cannot tell you you're not going to have impact on the schools, the fire, the security.

The problem is this exists everywhere, the problem is not just in Katy. The problem exists, as you'll remember, when I had the Peninsula project in south Houston, the Pinnacle project in northwest Houston, the Baytown project, the Pearland project. Everybody has the exact same problems: school overcrowding, transportation, crime, property values.

My problem is I'm not an educator and I'm not a fireman and I'm not a policeman and I'm not a transportation person, what I do is build housing. It will impact.

I think we do a better job than anybody else at it. I think that the issue of trash and open gates and

drug deals going down on Sunday morning -- I know that's a big time for drug deals -- but if they're happening, I don't know about it. I go see my sites any time of day, and I'll tell you, we don't tolerate gates being open. Now, maybe there was a security key open. We do have our gates open in the morning. Most of our people work pretty much seven days a week, they don't have the luxury of sleeping in on Sunday morning, going to church, they work, so the gates are open from 8:00 to 10:00 so they don't have to wait in line to get out.

Like I say, I don't know how to solve the school problem. They just passed a \$360 million bond election and apparently they're so underwater after that that they should have made it maybe a billion.

There are four new projects, multifamily, non-affordable projects slated to go into Katy. I have not seen one letter of opposition on any of these projects. I've looked at four separate subdivisions that will have over 500 homes in the Katy Independent School District. I've seen no opposition to these. Maybe it's because they pay enough taxes, I don't know the answer. But it would seem to me that impact is impact, so if my impact is different than theirs, then I need to see it.

I don't set the tax rates. The Millstone

property they're talking about had a net cash flow after debt service of negative \$10,000. If my taxes go up, that project becomes a market project.

By the way, on the engineering, I've got my engineer here to discuss water loads, fire loads. I also have two market study guys to talk about the market. I have a letter from the flood control district, and I will read it.

"Thank you for informing the flood control district about the referenced project. The flood control district will not require on-site detention."

You can have this letter. Other than that, I'm here for questions.

MR. BOGANY: I have one question.

MS. ANDERSON: Yes, go ahead.

MR. BOGANY: In regards to a tax credit deal, Mr. Ford, do you pay less taxes, or are you like every homeowner?

MR. FORD: The taxes we pay are based on the income of the project, not the cost of the project.

The Sundown Subdivision, say those houses are appraised on the tax rolls between \$70-, \$90-, \$100,000, I that range. Our project will cost \$112,000 a unit; our taxes will be based on the income of the property when the

property is placed in service which is two years out, and it will not be based on the cost of the property.

MR. BOGANY: Then based on income.

MR. FORD: On the income of the property, that's correct. It's assessed value, it's just not based on the cost of the project.

MR. BOGANY: Are market rate apartments done the same way?

MR. FORD: They use three methods: they'll use a comp sale method -- and since we have no sales, it's very hard to use a comp sale; they will use the income approach; and they'll use the cost method, and they'll come up with something in between.

And incidentally, suing an appraisal district is not an uncommon thing, unless anybody knows it, because we do it every year on about 60 properties statewide. So if it seems like I'm being inadvertently mean toward the Cimarron MUD, I'm not.

MR. BOGANY: One last question so I can get a clear understanding, I was making some notes. In regard to the taxes, if this was a market rate complex, just like the rest of them that are at market rate, would they be paying taxes based on the income or would they be paying taxes based on what the value of the property is?



MR. FORD: The value of the apartment would be determined by the three methods. They would look at income, they would look at cost, and they would look at sales, and then they would put all three of those together and they would create an assessed value. Ours, by state law, is done on income of the property only.

MR. BOGANY: That's by state law.

MR. FORD: That's by state law.

MR. BOGANY: Thank you.

MR. CONINE: Mr. Ford, I assume Katy doesn't have zoning. It's one of those Houston cities that doesn't have zoning.

MR. FORD: No, they do not have zoning.

MR. CONINE: Have they done a master plan for the city of Katy?

MR. FORD: Actually, we're not in the city of Katy, we're actually in Harris County.

MR. CONINE: You're in Harris County.

MR. FORD: Unincorporated Harris County.

MR. CONINE: So it's the Katy School District that goes out into the county that's causing the problem.

MR. FORD: That's correct.

MR. CONINE: I was just curious about what maybe the land use plan for the overall area was going to

be. There seems to be a lot of vacant land out there, obviously, based on this aerial I've got in here.

MR. FORD: And that's current.

MS. ANDERSON: I have a question, Mr. Ford, about the comments that were made earlier about the ability to fight a fire in a structure like you're proposing to build, and I think the testimony was that they don't have the water pressure to do 2,200 gallons a minute or something. Did you have someone on your team that can address that?

MR. FORD: Yes, my engineer is here and he can address it. Now, I would like to say this also, our property is completely sprinkled, so it has a sprinkler system and an alarm system, so that means every building is hard-wired alarm. If one unit has a fire, everybody in that building is notified, and that's an automatic.

But yes, David Brown, who has a witness affirmation, is capable of addressing the water line issues, and he has the drawings and maps.

MS. ANDERSON: I'd just like to ask him to come up just briefly and give me his perspective on that topic, on that particular piece of testimony that was about he amount of water pressure capacity needed to fight a major fire.

MR. BROWN: Madam Chair, my name is David Brown. I'm the engineer of record for the Lancaster Apartments.

Early in the process we met with the MUD district. We also received graphic information system data from the district engineer that describes and shows the locations of all existing water mains.

This property is a little bit unique in that it doesn't have streets on just two sides, there's actually a public street that cuts through the middle, bisects the project, and a good portion of the project actually has street frontage on three sides of the property. On two sides of the three -- well, on all three sides of the property there's a twelve-inch water mains. These water mains are looped by nature into the utility district system, thereby if you turn on a fire hydrant, you're going to get flow from both directions in the main because of the loop nature of the system. Obviously, they all tie eventually back to the water plant.

Interestingly, the lines are all twelve inches. Most lines in the residential area are all eight inches in size, much smaller lines. Pressure usually is dictated in the system by a combination of the size of the line but also pumping capacity at the plant.

One thing that I can tell you is that when we visited with the MUD district board, there was discussion in their board by their own district engineer that monitoring of their well system had indicated that they're not getting 100 percent return on their pumping rate and that they needed to look real close at possibly making improvements to their well.

Pressure in the line, of course, at any given point in time is a function of demand. Most districts, even most municipalities won't guarantee a developer a rated pressure within a line. Usually, as a function of a system design, we will take, just as the fire chief told you here, we'll take pressure and flow readings at a fire hydrant. Even though that flow reading is reduced, maybe it's only 40 psi, maybe it's 50 psi, and then based on the size of the line, we can develop flow rates.

That data, however good or however bad it is, is used to design the sprinkler system and the piping network within the project to make sure that that piping network for fire protection meets all International Fire Code standards and all International Building Code Standards. Now, we are in the county and the county does not have a building code in force and effect, however, we do meet all current IBC and IFB requirements on all of

these projects.

In addition to the sprinkler system that serves each of these buildings, we have fire lanes that are designated throughout the project that meet International Fire Code standards for hose-way length and maximum distance to farthest point on a first floor of any building. We also have, internal to these projects, an additional looping system that will tie to this same public piping network to further bring that higher flow and higher pressure to fire hydrants internal to the project and not more than 300 feet hose length from any apparatus.

These fire lanes are also designed to not only handle pumper trucks but also ladder trucks where we do have some three-story buildings. Most of these projects that Mr. Hinson does, by nature we have maybe one or two three-story buildings. They're usually located adjacent to existing public thoroughfares and not deep and internal to the project. The balance of the buildings internal to the site all are all two-story buildings and are also, as Mr. Ford said, equipped with internal fire suppression systems.

Also one last item: Immediate to the project, these twelve-inch lines that I speak of are fed by a 16-

inch transmission line. You can't get much better than that. If there's a flow issue, it's more a pumping situation at the district's plant, and they've acknowledged that at some of our previous meetings. Thank you.

MS. ANDERSON: Thank you.

MR. FORD: Any other questions for me?

MS. ANDERSON: No. I think what I'm going to recommend we do is you might want to stay down front because I'm going to let the community pick one person to make about a one-minute statement and then have you have the opportunity to do the same thing.

We just have had a lot of things been said, a lot of data, and I just want to give each side an opportunity to sort of summarize their position.

MS. MERRILL: Board, I apologize for the delay, I'm collecting my thoughts. I did have my notes in case I got to rebut the group. Sorry ma'am.

MS. ANDERSON: Go ahead.

MS. MERRILL: Thank you.

You heard two sides of the story. I hope that you heard honesty from both sides. We're sitting here as a community, I feel it, saying if we have more time, we could have come up with our engineer to talk about eight-

inch pipes versus twelve-inch pipes, because indeed, we have the technology, we have the capability, and our water district is a viable, thriving MUD.

If we had more time, we could have really dialogued more about the demand, we could have done a lot of things. We are a neighborhood community, a working community. We hope that we have described it to you and how we embrace the diversity of our community and how we have worked to help bring everyone together to support Sundown Elementary and all of the children who go there and who would go there.

Regarding the process, it is my feeling, and I believe the feeling of my fellow constituents, is the developer gave up on the process. We were engaged in October and early November and we asked for answers to our questions at both public meetings, a community meeting and a public hearing. We received no inquiry to meet again. We did receive a flyer on our door: Contact Sarah Anderson if you have any questions. That is true.

I believe that's my closing. It feels that we were left short of the process and that we did everything in our possibility. We want to display to you a community that is working, that is diverse, that is trying the very best to stay afloat and thrive. And we thank you for your

time.

MS. ANDERSON: I apologize to Darrell Jack, Bob Coe and Granger McDonald because I just found these sheets. Are you going to pass?

MR. FORD: As far as Bob Coe and Darrell Jack both, if you want to address the issues of the market, if you have issues, they're ready to address those issues.

As far as the engagement process goes, I'm not sure there can ever be enough communication or too much. The problem is that I haven't been very successful in that process, I hired Sarah to meet with everybody and go through it. Dwayne met with them, I've met with the neighborhood, we stayed for 3-1/2 hours or 4 hours at a TEFRA hearing.

You know, I think blaming the process is probably a pretty good idea probably on both sides. I wish I didn't have to ask anybody for permission to do this and they wish I had to ask everybody. So there's obviously someplace in between.

As far as whether we complied with the letter of our requirements, I'm confident we did. Whether it's the spirit, it's a function of opinion.

You know, you've heard about Chris Richardson's elderly deal. He went in to do a family way, by the way,



he didn't go in to do an elderly deal. And I was told the same thing: if you'll do an elderly deal, we'll support it. Well, I don't think the demand is as great for the elderly as family, I'm sorry.

MS. ANDERSON: Thank you.

What is the board's pleasure?

MR. CONINE: I think we need a five-minute break.

MS. ANDERSON: No, no break right now, not while I've got this leverage.

MR. BOGANY: I move that we accept staff's recommendation.

MS. RAY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

We're going to go back now, Michael, with time constraints, we're going to go now back to agenda items

6(a) through (d). These are approvals for the Final State of Texas Low Income Housing Plan and Annual Report, the Final State of Texas Consolidated Plan One-Year Action Plan, the Regional Allocation Formula for the HOME Program, and the Affordable Housing Needs Score for the HOME Program.

I'm going to ask staff to abbreviate its reports, but board members to ask whatever they need to ask to get prepared to vote.

MR. GERBER: Board members, Ms. Boston will guide us through these.

MS. ANDERSON: I have two people that want to make public comment on HOME, I think.

MS. BOSTON: Do you want to hear that first?

MS. ANDERSON: Why don't you go ahead and make your presentation.

MS. BOSTON: Being very brief, I just wanted to comment on the State Low Income Housing Plan.

MR. BOGANY: Which one is that?

MS. BOSTON: This is 6(a). And maybe the better way to do this is instead of giving a whole lot of detail about why we do the plan and what's in the plan, I know you have time to see it, so I won't go there and I'll assume you'll ask if you have questions.

The one thing I would like to mention is a proposed revision, and it is a comment that Walter Moreau referenced earlier, and it has to do with the way the HOME funds can be used in participating jurisdictions. And we have talked quite a bit with the disability community and some of the folks who do SROs who had concerns about this, and I think we've come up with at least a solution -- I wouldn't necessarily call it a short term solution but a solution for today.

And what that is is in the SLIHP right now and the Consolidated Plan -- so what I'm saying would apply to both documents -- we say that you can't do any rental in a participating jurisdiction and we're basically saying that because we had intended for those monies to go purely just towards two new set-asides or two new programs we've created for people with disabilities. However, because the SLIHP is the governing document through the whole year, instead what we would like to do is strike that sentence as it relates only to rental activity.

It carries through both documents several times, and so I would be asking for permission to make sure that both plans have that revision consistently throughout, instead of me just reading you sentences.

And the reason for this would be that it would

allow, from a macro level, statewide throughout the year, we would have the option of bringing you a NOFA that might allow rental activities in a PJ, so if, for instance, there was an inability to get money out into the PJs and that 5 percent hadn't been used and we had an open rental NOFA, then someone could, theoretically at least, turn one in. If we keep the SLIHP and the Con Plan the way they are, then we don't even allow the option. So if we could make that one revision.

As Walter Moreau noted, there are also two NOFAs later in your agenda for the HOME Program, and he's suggesting that we wouldn't revise those, so those programs would not be allowed to fly in PJs and they thought that was acceptable.

Other than that, I feel like the SLIHP, the disability community, we have talked, as we noted, extensively with them over the last four weeks since last board meeting. I think we have proposed programs that are very responsive to their requests, not only in terms of how we're programming the funds and the amounts, but also in terms of the amount of administrative costs that they've asked for and the requirement that the programs not have match. We've made a strong commitment of technical assistance delivery. I think we have made a

very generous attempt at addressing all of their other concerns and I think that PJ issue was the only concern still left outstanding right now.

MR. BOGANY: I move to accept the amended rules that Ms. Boston has presented.

MS. RAY: Second.

MS. ANDERSON: Thank you. Ann Chappell, and the next witness will be Steve Carriker. This is your one opportunity.

MS. CHAPPELL: Good afternoon. My name is Ann Chappell and I do not live in Sundown.

(General laughter.)

MS. CHAPPELL: I'm from North Central Texas. I'm the executive director of Habitat for Humanity Council of North Central Texas.

As a regional support organization, the affiliates that I work with, of which there are 13 in North Central Texas, we have successfully implemented a HOME grant that we received in 2004 for 20 units. Those were distributed, on a first come, first served basis, among six different affiliates. They all, hands down, said let's do that again. It was very successful.

HOME is a program that works well for Habitat affiliates that are moderate to small size, oftentimes

without professional staff, that are all volunteer-run organizations because it does work primarily with the homeowner-to-be. It has some paperwork with it, I don't deny that, but it is in some ways less onerous and less difficult to administer than the Bootstrap.

So it's a great opportunity and we look forward to coming again from North Texas, not just with the urban/ex-urban, but with the rural, and I think you can look forward to the opportunity for us to work with you on many fronts around the state now that we have a state organization that's based here in Austin, to work with some of our smaller affiliates.

Out of the 80-some-odd affiliates that we have in Texas, really there are only five major ones who are heavily staffed, so you can see that the vast majority are medium to small sized affiliates, and we want to do what we can to help those smaller affiliates to build greater capacity, and HOME is an important piece of that, as we see it.

We appreciate, Mr. Gerber, your staff working with us to up that just a little bit from the reduction that was first proposed and look forward to getting it back to the full 20 percent sometime over the next couple of years. Thank you.

MS. ANDERSON: Thank you. Mr. Carriker.

MR. CARRIKER: Good afternoon, Madam Chair and members of the board. My name is Steve Carriker, and I'm the executive director of the Texas Association of Community Development Corporations.

We want to lend our support what was just said by the last witness in regard to the HOME Program, and we especially want to recognize the cooperativeness and willingness of the staff to work with us and Habitat, and perhaps others, who were very concerned about the Homebuyer Assistance Program.

I want to point out to you that monies that are not utilized in the Homebuyers Assistance Program do roll over into Owner Occupied Housing which is a very good program. We also support that program, and most especially in many of the rural areas, it is one of the few programs that is really effective in those areas, and we certainly do not wish to take money away from it.

What we also, at the same time, don't want to do is remove money from the very important Homebuyer Assistance Program that is one of the few ways in which we leverage significant outside investment. The department's investment in a unit under Homebuyer Assistance has averaged about \$10,000 and its investment under Owner

Occupied Housing is averaging about \$50,000, if the figures I've seen are accurate. So we do get more bang from our buck in Homebuyer Assistance.

We appreciate, as I said before, the staff's willingness to move up from an earlier figure that had been suggested, and what we would like to suggest at this point is although we would like to see a higher figure, we'd like to suggest that we don't really know what that figure should be for every area of the state, and the demand does vary from region to region. Under the regional allocation formula, each region is treated the same, although the demand may be different for different phases of the program.

We'd like to suggest to you that if we not set a precedent and allow a particular number to become presumed to be the right number for the future, that we're certainly willing to work with the agency in the future to see what the right number should be.

Also, I, along with folks from Habitat, have been appointed to a task force to work with HOME and we think that perhaps the right answers can come out of that task force.

Thanks very much. And I do have a comment -- Joy Horak-Brown will be making some comments, she may



yield a moment of her time -- on another subject.

MS. ANDERSON: We're running out of time, sir.

MR. CARRIKER: I understand.

MS. ANDERSON: Say what you want to say about that right now, Mr. Carriker.

MR. CARRIKER: I'll do it right now, in that case.

That involves the subject that Brooke mentioned earlier. We support the staff's revisions so that we can continue to use, at some point in the future, a small amount of the funds up to the 5 percent limit in the PJ areas. Joy is going to tell you how important that is and those projects that she and Walter Moreau and others that you've heard from also serve those with disabilities. Thank you.

MS. ANDERSON: Thank you.

We have a motion pending for the approval of the State Low Income Housing Plan. Any other discussion or questions from the board?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

6(b) is the Consolidated Action Plan, and you've already done your bit on that, with the same ability that leaves the flexibility around HOME rental in PJs.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Ms. Brown.

MS. BROWN: Joy Horak-Brown, New Hope Housing, Inc. and NHH Canal Street Apartments, Inc. in Houston, Texas.

I'm going to be your briefest speaker today, to thank the staff for their willingness to work with us as we dealt with the issue of HOME funds in a participating jurisdiction. And I would like to remind us all that what we do with supportive housing is serve the neediest among us, and we do so in an integrated setting and the set-aside that we work with from TDHCA with your funds in our award-winning 133-unit project serves the disabled.

So there are many disabled who require rental housing and many of them live in a participating jurisdiction, so I hope that you will continue to work

with us and help us as we try to meet the need for 7,000 SRO units in Houston. There are now 1,100. Thank you.

MS. ANDERSON: Thank you.

Discussion on the Final Consolidated Action Plan?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

6(c) is the final approval of the Regional Allocation Formula methodology for HOME.

MS. BOSTON: Actually, I would suggest that we take 6(c) and (d) together.

MS. ANDERSON: That's fine.

MS. BOSTON: You approved last month basically the same methodologies for our tax credits and Trust Fund, and this is just us bringing you the HOME part this month. We've addressed the same issues this month as last month.

MR. BOGANY: So moved.

MS. RAY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

We're going to proceed to item 10(a), which are Housing Tax Credit items. 10(a) is a series of Housing Tax Credit amendments or extensions not being recommended by staff. Mr. Gerber.

MR. GERBER: Madam Chair, item 10(a), the first is the Claremont, which was formerly North Arlington Seniors. The owner requests approval to change the unit mix by changing 32 two-bedroom, two-bath units with studies to three-bedroom units. The units were represented in the application as two-bedroom units with studies.

The owner is requesting the unit mix change to allow them to charge three-bedroom rent for those 30 units and improve the financial feasibility of the development.

The original underwriting report cited concerns about the

feasibility of the development and noted the existence of the two-bedroom units with studies. The applicant stated that they would not use the two-bedroom units with studies as three-bedroom units.

Staff is recommending denying the request due to board concern on similar situations in the past.

MS. ANDERSON: Mr. David Homsher.

MR. HOMSHER: Thank you, Madam Chairperson and board. I'm David Homsher with CapMark Finance. We are an affiliate of both the co-developer and the limited partner in this development.

We've been working with the staff to correct some deficiencies from the original application. This is the last remaining item to get the 8609s issued.

It's really important to have the ability to charge three-bedroom rents on this property because the property has been extremely adversely impacted by development of the Dallas Cowboys Stadium which was not contemplated at the time that the original project was developed but has since then encompassed, actually sort of consumed Claremont. It surrounds it on three sides.

It's been extremely difficult to retain seniors and get seniors to come in and rent at the allowable rates. We've been in an extreme concessionary

environment. The project is not currently cash flowing and covering debt service, and so CapMark has been providing funding but cannot do so forever.

The Cowboys Stadium, as you may know, was announced in 2004, it's not going to be completed until 2009. We've had dust, light, noise and road closure issues which are all disconcerting to seniors, and without the rent level necessary from the three-bedroom units at a three-bedroom rent rather than a two-bedroom rent, financial viability of the project is in jeopardy.

I'd like to point out that the original application did reference three-bedroom units being constructed. I'd like to also point out that the inconsistency is between the initial approval which approved 60 three-bedroom, one-bath units, and what was actually constructed was 29 two-bedroom, two-bath units instead of two-ones, and 31 three-bedroom, two bath units instead of two-ones.

So the amenity package was actually greater than anticipated. The three-bedroom units were allowed within the 2001 QAP, they were not precluded. This was a bond deal so it would not have affected the allocation of the credits initially.

Because of the financial difficulty that the

project faces with the surrounding construction which has ben ongoing for about a year and will continue for the next three years, we really need the rent level at the three-bedroom level to give this project a chance to succeed.

I thank the board for their time and would be happy to answer any questions. Thank you.

MR. CONINE: Move to accept staff recommendation.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no

(No response.)

MS. ANDERSON: Lakeridge in Texarkana, Mr. Gerber.

MR. GERBER: Board members, with Lakeridge the owner is requesting approval for four changes between the development proposal and the development as built. One is vinyl tile was used in the entries, kitchens and bathrooms

instead of ceramic tile; two, two units for tenants with special needs, units with special accessibility features with one bathroom instead of two, as proposed; third item is 335 parking spaces were proposed but 256 were built; and fourth, the application indicated the area to be developed is 27 acres, and later as 16 acres, but the development was ultimately built on 14.263 acres.

An explanation of the differences is in the board write-up, and staff is recommending denying issue two and approving the remainder of the request. Again, issue two is the owner stated that he final design review revealed that the second bathroom in the units for tenants with special needs would have to be eliminated to provide sufficient turnaround space in other areas of the units. The dining areas in the two-bedroom accessible units increased in size from approximately 10 feet by 10 feet to approximately 10 feet by 15 feet, as one bathroom was eliminated and the other expanded.

The request is made to accommodate changes to the development that were made as a result of building code considerations, discrepancies in the application, and undetected shortcomings in the original plans. Again, staff is recommending denying issue two, but approving the remainder of the request.



MS. ANDERSON: Mr. Moore. Are you yielding time to Mr. Moore?

MS. THURBERY: My name is Erin Thurbery.

MS. ANDERSON: Are you yielding time to Mr. Moore?

MS. THURBERY: I was going to yield the rest of my time, if I filled that out correctly. I apologize.

I appreciate the time to speak with you today. I represent Lakeridge Apartments here with Jerry Moore, also of Lakeridge Apartments.

And we wanted to just clarify on issue two, we believe that this issue arose due to a clerical error on our part. When we submitted the original application, it had floor plans in it for two-bedroom, one-bath units just for the handicapped units which we determined at the last minute were not going to be able to be fully accessible if we didn't remove the bathroom. Unfortunately, we failed to change the rent schedule.

We were notified by TDHCA that this had occurred, and based on our file, we submitted a revised rent schedule. Later, at cost certification time, the cost certification was done based on the original rent schedule. So again, we had the problem where there was massive confusion over schedule said no two-and-ones but

we had two units that were two-bedroom, one-bath which were the two accessible units.

We have since clarified that and we just wanted to bring that to your attention. It was not intentional on our part by any means, it was just a clerical error.

So we appreciate the time that you guys have given us and apologize for the confusion caused by our disorganization. If you have any questions as to this, I'll yield my time to Jerry.

MR. MOORE: Madam Chairman, I'm Jerry Moore, and if there are any questions concerning this, in the original rent schedule that was filled out or the original list of units and rents, the handicap units were not shown. It showed the ones, the twos, the threes and the income levels, but it did not list the handicap units, and all the two-bedroom units were listed as two-bedroom, two-bath, and the two handicap units that were two-bedroom, one-bath were not on that list.

MR. CONINE: The units are already built.  
Right?

MR. MOORE: Yes.

MR. CONINE: So how many units do you have with one bath?

MR. MOORE: Two. There are only two units in

question which are the two handicap units for the two-bedroom.

MR. CONINE: Okay.

MS. THURBERY: Out of 28 two-bedroom units.

MR. MOORE: And out of 112 units. All the twos and threes have two bathrooms with the exception of the two handicap, two-bedroom units.

MR. CONINE: I have a question of staff. I'm curious, staff, why would you deny recommending number two if the two-ones are already there? How do you rectify the problem? If you deny them their issue number two, how do you fix the problem?

MS. ANDERSON: You could ask the developer to do something else to upgrade the property.

MR. CONINE: You can't go back and change the bathrooms.

MS. ANDERSON: No, you can't fix that.

MR. CONINE: So what happens if we deny number two, they're out of compliance? Work me through the process here.

MS. ANDERSON: If you would be seated. Thank you.

MR. CONINE: I have a difficult time understanding the enforcement mechanism.

MS. MEYER: In the 2007 QAP there would not be penalties for not doing that which is what the board's pleasure was, but you're right, as it's built, it's there, so they wouldn't be able to, I assume, get tax credits on those particular units.

MR. CONINE: Were they correct when they said that the actual floor plans that they submitted showed a two-bedroom, one-bath for those two handicap units?

MS. MEYER: I checked with Mr. Gouris and we talked about that, and we're not aware of that being the case. And they also said that they submitted an additional rent schedule, and we're not aware of that either. I can go back and check the file and make sure that that is a correct statement to you, but that's not something that we're aware of, but we're certainly willing to check that.

MR. CONINE: There's probably no sense of urgency here. I move we table this thing until next meeting, and I want to clarify this just a little more and see if maybe you can talk to the sponsor and get some other issues resolved.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. GERBER: Board members, if we can, we'd like to take the next three developments together. Their situations are very similar.

This is Landa Place which was a forward commitment from 2005, Vista Pines Apartment Homes, and River Park Apartment Homes. All three applicants have requested an extension of the deadline to submit the carryover documentation as required in the 2006 Qualified Application Plan.

Program rules do provide for an extended carryover deadline, however the applicants did not ask for an extension on or before the November 21, 2006 deadline.

All three applicants missed the November 1 deadline. In all cases, the carryover documentation was ultimately received on or before December 1 of 2006.

The QAP indicates that commitments for credits will be terminated if the carryover documentation or an

approved extension has not been received by this deadline.

The applicants have requested that the board approve the extension to the date the carryover package was submitted.

The applicants are also requesting a waiver of the penalty points which are pursuant to the 2007 QAP when there is a late submission of the carryover. These point reductions would be attributed to any competitive Housing Tax Credit application submitted by the applicants in 2007.

Staff is recommending that the requests be denied pursuant to the 2006 QAP with the understanding that staff will rescind the tax credit allocation, and by its action today, the board is denying any appeal of that rescission for these applications.

Regarding the penalty points pursuant to the QAP, staff is recommending that the board not make a determination on this today. The applicants may appeal the point loss if points are reduced at the time of the scoring of any 2007 application.

MR. CONINE: Move to grant the waiver on the carryover extension requirement and defer the point discussion to our next board meeting.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. GERBER: Madam Chair, item 10(b), Plainview Vista. Lone Star Housing Corporation is requesting a waiver of the ineligibility from a 209 compliance violations in the policy for addressing cost increases for 2004 and 2005 competitive Housing Tax Credit developments. This enables an existing application to receive additional credits.

In this case, a waiver is requested, because Ronette Hodges, who is identified as having a material non-compliance score on Riverwalk Townhomes, is a minority partner with 20 percent ownership in the general partner of Plainview Vistas which is the application requesting the additional credits. Lone Star, who's the managing partner, is the general partner with all decision-making authority.

Staff does not recommend the waiver of the

policy regarding the 209 compliance; however, I would note that at the November 9 board meeting, the board granted a waiver of the policy regarding material non-compliance for five other properties.

MR. BOGANY: Did you say we did this at the last meeting?

MR. GERBER: Yes, sir, for several properties.

MR. BOGANY: I move that we grant the waiver.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The chairman votes no. The motion carries.

MR. GERBER: Madam Chair and Board members, if we could move to item 10(d), which is Costa Verde Apartments. This is a 4 percent Housing Tax Credit allocation associated with a local bond issuance. This is a Priority 3 application consisting of 188 total units targeting the general population, with 186 units



affordable and two market rate units proposed to be built in Clute.

The bonds will be issued through Southeast Texas Housing Finance Corporation. The applicant is requesting \$805,180 in Housing Tax Credits. Staff is recommending approval of the Housing Tax Credits in the amount of \$798,840.

MR. BOGANY: So moved.

MR. CONINE: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MS. ANDERSON: We'll go back, board members, please, to agenda items 7(a) and (b). These are NOFAs that need to go out for the HOME Program for our uniform application cycle. The application cycle is the same as the Tax Credit Program.

MR. GERBER: Ms. Boston will take the lead.

MS. BOSTON: Again, to be brief. You're used to seeing each year around this time we bring you HOME NOFAs for the rental program, one is for CHDO activities, one is for non-CHDO.

And probably the biggest differences from what you are used to seeing in the past are that we are now scoring these NOFAs because we are doing them regionally and competitively until March 1. Primarily we think they'll be layered with tax credit applications.

There is a scoring item at the beginning that is the highest item that gives an incentive for applications that are not for tax credits, and I wanted to address that for just a moment. The reason for doing that is in the event that we do happen to get an application that comes in by the March 1 deadline that is not layered with tax credits, we didn't want it to have to wait till the end of July to get to move forward. It could be layered with bonds, it could be just independently looking for financing, and if the score is high enough, then we would be able to bump it ahead and just take it. Obviously, if the score is mixed in with the rest, then we'd have to wait.

So that was the primary purpose for the incentive in that case. However, one of the proposals

that staff has at the same time, to make sure that there is indeed sufficient HOME money for the tax credit layered applications, was not simultaneously -- as we were talking about it, it was a simultaneous discussion but we didn't put both on the agenda this time -- which is to adjust our de-obligation policy so that we can make sure that HOME dollars, when they're de-obligated, one of the preferences is for leveraging of federal resources. And so we would be proposing bringing in February a policy that would encourage that.

So that in July, if by chance we don't have enough HOME money -- which we may -- but in the off chance that we don't, we want to be sure that our de-ob can be used for that comfortably. So we will be bringing that to you in February.

Jointly together, that allows us to ensure that funds are utilized timely for non tax credit layered but also that the money is there for layered.

MR. BOGANY: Move to approve staff's recommendation.

MR. CONINE: I'll second.

MS. BOSTON: You can do both together.

MS. ANDERSON: This is for the regular money and the CHDO money. There's a motion and a second. Any

discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

I just have one comment for the board on this item. I prefer not to do things this way where we are doing one thing this month because we're up against a hard stop to get a NOFA out so that our applicants can apply and the explanation of it being dependent on a de-obligation policy that we have not voted today but will theoretically come before us in February.

So I'd ask staff, staff has got a lot on its plate, but this is not the right way to do this kind of thing, and so I ask you when we start talking about that de-obligation on February 1 that you remember sort of the tacit commitment that you've made today to let these NOFAs go forward. Sort of tacit in that is that the de-obligation policy that comes to us in February may have some changes, will have changes long the lines of what

were described. Just don't want to forget that when we get to February 1.

It's your choice, Mr. Gerber. We have time for about one more item, and you can pick item 8(a) or item 9(a). We've got the Bootstrap loans. I'm very sorry to everybody here that we've got these hard stops.

MR. GERBER: 9(a). In October 2006, the board approved the release of approximately \$2 million of funds de-obligated in the Texas Bootstrap Loan Program through a NOFA for approximately \$2 million. The department received seven applications for funding totaling approximately \$1.8 million in requests.

Funding priority was given to organizations that have projects that are ready to proceed. During the week of November 20, the department reviewed and scored the criteria. Staff is recommending \$1,846,000 to the organizations that have been identified in your board book.

MR. CONINE: Move for approval.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. BOSTON: Motion carries.

Agenda item 11(b), an inducement resolution for Terraces at Cibolo.

MR. GERBER: Terraces at Cibolo, Summit Point Apartments, and Santora Villas. These were received on or before November 14, 2006. The applications will reserve approximately \$37 million in 2007 state volume cap. Following board approval, the applications will be submitted to the Bond Review Board for placement on the 2007 waiting list. These applications will be the first applications approved by the board for the 2007 program year.

It should be noted that approval of the inducement resolution does not assure that the development will ultimately receive approval for a Housing Tax Credit determination or an issuance of private activity bonds.

MR. CONINE: Move for approval, along with the appropriate resolution numbers.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

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

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. CONINE: I move to adjourn.

MS. ANDERSON: We have several things on the agenda that are going to need to be deferred to February. I appreciate people's patience. We've tried to handle the things that have the biggest impact of not being done today. I really appreciate your patience.

So there's a motion on the floor to adjourn.

MR. BOGANY: Second.

MS. ANDERSON: Second. We stand adjourned until February 1. Happy holidays, merry Christmas, happy Chanukah, happy New Year. We'll see you in the new year.

(Whereupon, at 2:45 p.m., the meeting was concluded.)

C E R T I F I C A T E

MEETING OF: TDHCA Board  
LOCATION: Austin, Texas  
DATE: December 14, 2006

I do hereby certify that the foregoing pages, numbers 1 through 208, 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 & Community Affairs.

\_\_\_\_\_  
(Transcriber) 12/23/2006  
(Date)

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