

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD OF DIRECTORS MEETING

Capitol Extension Auditorium  
1500 North Congress Avenue  
Austin, Texas

Thursday,  
September 15, 2011  
9:30 a.m.

MEMBERS:

J. PAUL OXER, Chair  
TOM GANN, Vice-Chair  
LESLIE BINGHAM-ESCARENO, Member  
C. KENT CONINE, Member  
LOWELL KEIG, Member  
JUAN MUNOZ, Member

TIMOTHY K. IRVINE, Executive Director

*ON THE RECORD REPORTING*  
*(512) 450-0342*

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
Swearing in of Mr. Oxe r      9	
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	9
Recognition of Mr. Conine    9	
PUBLIC COMMENT	17
CONSENT AGENDA	
1. Approval of the following items in the Board materials:	
<i>Executive</i>	
a) Presentation, Discussion and Possible Action regarding the Board Minutes Summaries for July 18 and July 28,2011	99
b) Presentation, Discussion and Possible Action of the Board of Directors rescinding Resolution No. 10-001 and adopting Resolution No. 11-030, designating signature authority due to the transfer of the Disaster Recovery Division	99
c) Presentation, Discussion and Possible Action on a proposed Agreed Final Order with respect to Arturo Figueroa Homes (HOME 532307), Francisco Zarate Homes (HOME 532306, Tomas Molina Homes (HOME 532329)	99
<i>Internal Audit</i>	
d) Report on the meeting of the Audit Committee	99
e) Presentation, Discussion and Possible Action on the FY2012 Audit Plan	99
<i>Bond Finance</i>	
f) Presentation, Discussion and Possible Action of staff's recommendation for outside bond counsel and for approval to proceed with negotiating a contract and obtaining the approval of the Office of the Attorney General	99
g) Presentation, Discussion and Possible Action on Resolution 12-002 authorizing application to the Texas Bond Review Board for reservation of single family	100

	private activity bond authority, the issuance of Residential Mortgage Revenue Bonds, Series 2011C, the conversion of third tranche of 2009C (Program 77) and approval of the Single Family Residential Mortgage Revenue Bonds Underwriting Team	
h)	Presentation, Discussion and Possible Action on Resolution 12-003 authorizing the purchase of warehoused mortgage backed securities with proceeds of Residential Mortgage Revenue Bonds, Series 2011B (Program 77)	99
i)	Presentation, Discussion and Possible Action on Resolution 12-004 authorizing program changes to the Mortgage Credit Certificate Program (MCC)	99
j)	Presentation, Discussion and Possible Action on Resolution 12-005 authorizing a new range of mortgage interest rates for the Single Family Mortgage Revenue Bond (MRB) Program 77	99
k)	Presentation, Discussion and Possible Action on Resolution 12-006 authorizing application to the Texas Bond Review Board for reservation of the 2011 Single Family Private Activity Bond authority carryforward from the Unencumbered State Ceiling	99
l)	Presentation, Discussion and Possible Action on Resolution 12-007 authorizing the Procurement of a Replacement Master Servicer, if necessary	104
	<i>Community Services</i>	
m)	Presentation, Discussion and Possible Action to Authorize the necessary action to fund the Homeless Housing and Services Program (HHSP) in the amount of \$5,000,000 during fiscal year 2012, direct staff to look for additional opportunities to fund HHSP, and to approve a method of funding distribution	110
	<i>Texas Homeownership Division</i>	
n)	Presentation, Discussion and Possible Action to authorize issuance of a Request for Proposal (RFP) for Master Servicer for the Single Family Mortgage Revenue Bond Program	114

*Housing Resource Center*

- |  |  |     |
|--|--|-----|
| o)   | Presentation, Discussion and Possible authorization to publish for public comment the 2012 Regional Allocation Formula Methodology   | 115 |
| p)   | Presentation, Discussion and Possible authorization to publish for public comment the 2012 Affordable Housing Needs Score  | 99  |
| q)   | Presentation, Discussion and Possible authorization to publish for public comment the 2012 State of Texas Consolidated Plan: One-Year Action Plan  | 99  |
| r)   | Presentation, Discussion and Possible Action to approve a policy to guide TDHCA in serving persons with Limited English Proficiency  | 99  |
| <br>   |  |     |
| <i>Multifamily Division Items - Housing Tax Credit Program</i> |  |     |
| s)   | Presentation, Discussion and Possible Action regarding Housing Tax Credit Amendments<br>04464 Pepper Tree Apts., Houston<br>09312 Villas at El Dorado, Friendswood   | 99  |
| t)   | Presentation, Discussion and Possible Action on Housing Tax Credit and Exchange Program Extensions<br>08603 West Oak Seniors, Houston<br>09914 Stoneleaf at Dalhart, Dalhart<br>09914 Heritage Square, Texas City<br>09945 Park Place, Cleveland | 99  |
| u)   | Presentation, Discussion on the Housing Tax Credit Exchange Program and Portfolio  | 99  |
| v)   | Presentation, Discussion and Possible Approval of ownership transfer prior to the issuance of Form(s) 8609 for Mission Del Rio #04488, San Antonio   | 133 |
| <br>   |  |     |
| <i>HOME</i>  |  |     |
| w)   | Presentation, Discussion and Possible Action to Ratify HOME Program Reservation System Participants approved by the Acting Executive Director  | 99  |
| x)   | Presentation, Discussion and Possible Action regarding the 2010 Single Family Development Program Award Recommendation<br>10591 Architecture for Charity of Texas, Inc., Los Fresnos   | 99  |
| y)   | Presentation, Discussion and Possible Action to authorize the issuance of the 2011 HOME Multifamily Development Program  | 99  |

z)	Notice of Funding Availability (NOFA) Presentation, Discussion and Possible Action to authorize the issuance of the 2011 HOME Single Family Development Program Notice of Funding Availability (NOFA)	99
aa)	Presentation, Discussion and Possible Action to authorize the issuance of the revised HOME Single Family Programs Reservation System Notice of Funding Availability (NOFA)	99
bb)	Presentation, Discussion and Possible Action to authorize the issuance of the 2011 HOME Single Family Programs Notice of Funding Availability for Contract Award (NOFA)	99
<i>Compliance and Asset Oversight</i>		
cc)	Presentation, Discussion and Possible Action on a material amendment to the Land Use Restriction Agreement for Autumn Creek Apartments	99
dd)	Presentation, Discussion and Possible Action on a material amendment to the Land Use Restriction Agreement for NWITH Meridian	136
<i>Neighborhood Stabilization Program</i>		
ee)	Presentation, Discussion and Possible Action regarding termination of the NSP Agreement between TDHCA and TDRA, and transition of administration of the TDRA NSP to TDHCA	99
ff)	Presentation, Discussion and Possible Action to approve the revised Texas NSP1 - Program Income Notice of Funding Availability	99
gg)	Presentation, Discussion and Possible Action regarding the recommendation to amend the NSP1 contract No. 77090000154 with the City of Port Arthur	99
<i>RULES:</i>		
hh)	Presentation, Discussion and Possible Action regarding the adoption of a final order adopting the proposed repeal of 10 TAC Chapter 51, §§51.1-51.16 and the adoption of a final order adopting a new 10 TAC Chapter 51, §§51.1-51.11 Housing Trust Fund Rules for publication in the <i>Texas Register</i>	99
ii)	Presentation, Discussion and Possible	99

- Action regarding the adoption of a final order adopting amendments to 1 TAC Chapter 3, concerning the Colonia Self Help Center Program for publication in the *Texas Register*
- jj) Presentation, Discussion and Possible Action regarding the adoption of a final order adopting amendments to 10 TAC Chapter 2, concerning the Texas Bootstrap Loan Program for publication in the *Texas Register* 99
- kk) Presentation, Discussion and Possible Action regarding the adoption of a final order adopting amendments to 10 TAC Chapter 53, Subchapters B, C and D, concerning the HOME Program Rule for publication in the *Texas Register* 99
- ll) Presentation, Discussion and Possible Action regarding the proposed repeal of 10 TAC Chapter 33, concerning 2010 Multifamily Housing Revenue Bond Rules, and a proposed new 10 TAC Chapter 33, concerning 2012 Multifamily Housing Revenue Bond Rules for publication and public comment in the *Texas Register* 99
- mm) Presentation, Discussion and Possible Action regarding the proposed repeal of 10 TAC Chapter 1, §§1.31-1.37, concerning 2011 Real Estate Analysis Rules and Guidelines and a proposed new 10 TAC Chapter 1, §§1.31-1.37, concerning 2012 Real Estate Analysis Rules and Guidelines for public comment and publication in the *Texas Register* 99
- nn) Presentation, Discussion and Possible Action regarding proposed new 10 TAC §1.24, Foreclosure Data Collection, for public comment and publication in the *Texas Register* 99
- oo) Presentation, Discussion and Possible Action regarding proposed amendments to 10 TAC Chapter 60, Subchapter A §§60.101-60.129, Compliance Rules, and a proposed new §60.130 regarding Material Amendments to Land Use Restriction Agreements for public comment and publication in the *Texas Register* 99

## ACTION ITEMS

2. Board
- a) Presentation, Discussion and Possible Action to approve the employment and set 137

the compensation of Timothy K. Irvine as Executive Director and to authorize the Chair to seek the necessary approval of the Governor

3.	Appeals	140
	a) Presentation, Discussion and Possible Action on Multifamily Program Appeals: Appeals Timely Filed	
	b) Presentation, Discussion and Possible Action on Neighborhood Stabilization Program Appeals: Appeals Timely Filed	
	c) Presentation, Discussion and Possible Action on HOME program Appeals: Appeals Timely Filed	
	d) Presentation, Discussion and Possible Action on Underwriting Appeals: Appeals Timely Filed	
4.	Multifamily Division Items - Tax Credit Program:	
	a) Presentation, Discussion and Possible Action regarding the status of the Waiting List and the Consideration of Forward Commitments for Allocation of the 2011 Competitive Housing Tax Credit Application Round	197
	Item tabled to October 6, 2011	271
5.	RULES	
	a) Presentation, Discussion and Possible Action regarding the proposed repeal of 10 TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Action Plan and Rules, and a proposed new 10 TAC Chapter 50, concerning 2012 Housing Tax Credit Program Qualified Allocation Plan for publication and comment in the <i>Texas Register</i>	141
	b) Presentation, Discussion and Possible Action regarding the proposed repeal of 10 TAC Chapter 1, §1.1 concerning Definitions for Housing Program Activities and a proposed new 10 TAC Chapter 1, §1.1 concerning Definitions and Amenities for Housing Program Activities for public comment in the <i>Texas Register</i>	213
6.	Emergency Disaster Response:	
	a) Presentation, Discussion and Possible Action to authorize the use of Single	249

Family Bond Fees for wildfire recovery  
assistance

REPORT ITEMS

- |    |  |     |
|----|--|-----|
| 1. | TDHCA Outreach Activities, August 2011   | 252 |
| 2. | Announcement of ht Texas Department of<br>Housing and Community Affairs' Schedule<br>of Four Public Hearings to Gather Public<br>Comment on Planning Documents and Rules<br>for Fiscal Year 2012 |     |
| 3. | Report item on HTF Program Administrators<br>that have been approved to participate in<br>the funding reservation program  |     |
| 4. | Status Report on the Implementation of<br>the American Recovery and Reinvestment<br>Act of 2009 (Recovery Act)   |     |

EXECUTIVE SESSION 133

OPEN SESSION 135

ADJOURN 271



PROCEEDINGS

MR. LYTTLE: Good morning. We're going to start the meeting with the swearing in of our new chair, Mr. J. Paul Oser. It is my distinct privilege to introduce at this moment State Representative Drew Darby.

MR. DARBY: Thank you. Greetings this morning to all gathered.

It's going to be a distinct honor to swear in our new chairman. I don't know why I'm going to administer this oath other than a lot of people seem to be swearing at me lately.

(General laughter.)

MR. DARBY: Mr. Chairman, come on over.

(Whereupon, the oath was administered.)

MR. DARBY: Congratulations, Chairman Oser.

(Applause.)

MR. OSER: Well, thank you to you all, and thank you, Representative Darby.

We'll call the roll to see if it's in order here. Mr. Gann?

MR. GANN: Here.

MR. OSER: Mr. Keig?

MR. KEIG: Here.

MR. OSER: Mr. Conine?

MR. CONINE: Here.

MR. OSER: Mr. Munoz? Not present.

Ms. Bingham? Not present.

We have a quorum.

MR. PINDER: Mr. Chairman, Jeff Pinder, acting general counsel.

You have enough members of the Board present to conduct business and to take actions and have them binding on the Board. There's an attorney general's opinion, actually there are several of them, that state basically that as long as there's a majority of a quorum present, a board can take action on items.

MR. OXER: So it would be a majority of the quorum.

MR. PINDER: That's right. A majority of the quorum can bind the Board.

MR. OXER: Okay.

Mr. Irvine.

MR. IRVINE: Thank you very much, Mr. Chairman.

First of all, I would like to begin on a sort of sad and somber note, and this is very difficult. The son of Ramona Fowler, a member of the TDHCA family in programs services, had a son, her beloved Junior, and Mr. Longley was a member of the United States Navy and a medic serving in Afghanistan and he was killed last week in small arms fire. So effectively, one of our own, Ramona's beloved Junior, has given his all for this country. As a medic he was out there doing things that he really believed in, he was making a positive difference in the lives that he touched, all of them, both folks on our side and folks that might not have lined up as well with us, following

that medic code of treatment. And Junior was completely committed to this work, he really believed what he was working in, and I know it's hard for his mother to accept that but with her faith and her belief in what Junior was doing, she will get through it, we will support her.

And I would ask now that we rise for a moment of silence, not just for Junior but for all who have given their all to this country.

(A moment of silence was observed.)

MR. IRVINE: Thank you. And if you would remain standing, I would like at this time to institute a new tradition. This is the week after 9/11, I know we all love our country, everybody in this room works hard every day for our country, I would like for us to draw together and say the pledge to the U.S. flag and the State flag and memorialize our indivisibility.

(The pledges were recited.)

MR. OXER: Thank you.

As you all know, Kent Conine has served this governing board with distinction for a number of years and we would be at a great loss without his counsel and care on the work that we take up, so I'll turn to Mr. Irvine.

MR. IRVINE: Well, thank you very much. Kent, I first witnessed you as the chair when I was back in the Manufactured Housing Division and I was starting to pay an active interest into what was going on in the programmatic side of TDHCA and I came and I saw you in the board meetings, and quite honestly, my jaw dropped. I said this guy really gets it, he knows it inside out, he is so engaged and he has got such commitment and such vision. I mean, it was pretty staggering. And then as I came back to

TDHCA and watched you lead through things like Disaster Recovery, figuring out the plan that would effectively rebuild thousands of homes and lives, and as I saw you figure out nuanced ways to administer TCAP and Exchange and then felt, appreciatively, your foot in the middle of my back --

MR. OXER: Actually it was lower than that, Tim.

(General laughter.)

MR. IRVINE: -- as you pushed really, really hard to get those things done working very closely with everybody in this room, and I guess I sum it all up as you're a guy that's that rarest of combinations of all of the knowledge, all of the business acumen, all of the commitment and drive, and frankly, a willingness to give of yourself just unstintingly. I think you've been just an amazing chair, unique, and for that, I thank you and the staff thanks you, and I'm so glad you're staying on this board to continue to provide your absolutely unparalleled knowledge and insights.

And I want to say that staff has pulled together and come up with a couple of rocks for you to put in your suitcase, if you'll hang on just a second. This is from the staff of TDHCA, and seriously is rocks to put in your suitcase.

MR. CONINE: Thank you. Do you want me to go ahead and open her up?

MR. IRVINE: Open her up, sure. We'll get it back to you, we won't really make you put it in your suitcase.

(Pause while Mr. Conine opened gift.)

MR. OXER: For the record, a concealed weapons license

includes a knife, you understand that.

(General laughter.)

MR. CONINE: Looks like a pair of bookends. Thank you very much, appreciate that.

MR. IRVINE: Cut from Texas limestone.

(Applause.)

MR. CONINE: If I might, Mr. Chairman, take a little personal privilege.

MR. OXER: Yes.

MR. CONINE: Thank you very much, Tim, for those kind words, it was very nice.

It's been a sheer joy for me and a pleasure through all these years to deal with a lot of different board members, a few executive directors, a great staff, and most of all, people who care a lot about the citizens of the State of Texas and making sure they're housed in a decent, safe and affordable manner. There's been a lot of great chairmen before me and there will be a lot of great chairmen after me, and I really enjoyed the time and thankful to the governor for the opportunity to serve and look forward to continue to be around for a little while. So thank you very much.

(Applause.)

MR. IRVINE: And Mr. Chairman, I believe Barry Kahn, on behalf of the Texas Affiliation of Affordable Housing Providers would like to offer a few words.

MR. KAHN: Good morning. My name is Barry Kahn, and as

president-elect of the Texas Affiliation of Affordable Housing Providers, I wish to make this presentation on behalf of TAAHP to honor Kent.

Kent arrived on the TDHCA governing board in 1997, was reappointed to serve until 2015, and has been the chair for the past several years. Kent has been an incredible asset to affordable housing and TDHCA's mission of helping Texans achieve an improved quality of life through the development of better communities.

As a builder-developer, tax credit developer and owner of the Conine Residential Group, Kent has a solid understanding of the housing industry, as well as the Tax Credit Program and the challenges developers face. Kent listens to developers with their issues and tries to find solutions. He has provided steady guidance over the years consistently helping the staff at TDHCA.

Kent is also a recognized leader. He has been a past president of the Texas Association of Builders and the National Association of Home Builders. These multi-year commitment roles have involved great sacrifices of professional time, money, opportunity costs and being away from his family. Unfortunately, very few in the industry contribute at all three levels.

Kent particularly stands out with his tireless and continuous contributions over the years.

During his term as president of the NAHB he worked at the White House to preserve the LIHTC Program as proposals at that time existed to try to terminate the program. Other achievements include successfully leading the department with Disaster Relief and the implementation of TCAP

and Exchange programs. He assisted the industry with additional credits to cover price spikes after Hurricanes Ike, Katrina and Rita. Besides continuing to hold various committee leadership at TAB and NAAHB, he is a board member of the National Council of State Housing Boards, including being a past president of the Federal Home Loan Board of Dallas and the Home and Apartment Builders of Metropolitan Dallas. It is no wonder he has been inducted to the halls of fame of both the Texas Association of Builders and the National Association of Home Builders. We still face many industry challenges and are very fortunate and honored to have Kent as a standout leader.

TAAHP would like to present a small token of our appreciation for all you have done for Texans with limited incomes and special needs. And we have another rock for you, and we will ship it to you.

MR. CONINE: Another rock in a box. Thank you very much.

(Applause and general laughter.)

MR. OXER: All I've got to say is it's a good thing I'm 6-4, you've got the bar set awfully high there.

We have a number of senators and representatives here. Rather than identify each one that are here, I'm given to understand that each one will be testifying during the public comment period on a particular issue, so in keeping with our protocol, you have three minutes unless somebody cedes you their time for a maximum of five minutes. And to facilitate, because I fully anticipate that this is going to take a while, we'll have an on-deck circle so that the next one up can be close to the mic, we don't lose a

lot of time in transition here.

We'll have first Senator Jose Rodriguez, to be followed by Ms. Natalie Fontenot. Senator Rodriguez.

SENATOR RODRIGUEZ: Good morning, Mr. Chairman, members of the Board. First of all, congratulations, Mr. Chairman, and thank you for the opportunity to speak to you this morning. I want to talk about affordable housing in a community like El Paso, Texas.

My interest in affordable housing goes back many years to the beginning of my legal career. In 1974 I worked with the general counsel at the U.S. Department of Housing and Urban Development doing a lot of multifamily housing, public housing, Section 8 housing and other types of housing, and also as a Legal Services attorney representing farm workers and Colonia residents seeking the American dream of owning their own home, and then finally as a commissioner of the City of San Juan Housing Authority down in the Lower Rio Grande Valley.

The Texas Department of Housing and Community Affairs has been very supportive of El Paso and I want to thank you for that. We're greatly appreciative of this support. In the past the board has recognized the need for additional affordable housing developments in our community, and you have granted forward commitments during the last four years.

Today two affordable housing developers from El Paso are requesting forward commitments. Both projects, the Villas at West Mountain and North Desert Palms, are sorely needed and if constructed will still only partially satisfy the demand for affordable multifamily housing in our region.



Because of the great need in El Paso, I respectfully request forward commitments for both of these projects, however, if only one forward commitment can be made, I ask that you issue a forward commitment to the highest scoring proposal in Region 13.

El Paso, like many other communities, has very long waiting lists. For example, one of these developers reports that of his 24 projects, 16 have waiting lists, approximately 977 people are on those waiting lists. These are just figures from one developer in El Paso.

In addition to the existing affordable housing challenge, El Paso is 5,000 units short of market rate multifamily housing units that are needed to accommodate the dramatic population growth resulting from the expansion of Fort Bliss. Currently the waiting list for military personnel and their families is approximately two years. By the end of 2014, Fort Bliss will have 30,000 troops and an estimated 45,000 family members. When these figures are coupled with a 98 percent occupancy rate in our existing market rate for multifamily units, the need for additional affordable housing is even more critical.

So our community, I want you to know, Mr. Chairman and members, is committed to overcoming these challenges but we do need assistance, as everyone here does, and resources from all levels of government and the private sector to address our needs.

So in closing, I would like to thank you for your consideration of our forward commitment requests and ask for your support, and thank you for the service to the citizens of Texas. Thank you very much for the opportunity.

MR. OXER: Thank you for your testimony. Any questions?

(No response.)

MR. OXER: I had said Ms. Fontenot would be here, but she's actually ceding her time to Daniel Esparza, and next up would be Dave Koogler.

MR. ESPARZA: Good morning, members of the Board. My name is Daniel Esparza, I'm Senator Lucio's committee director for the Senate Committee on International Relations and Trade. Senator Lucio has asked me to read this correspondence on his behalf in today's hearing.

"Dear Chairman Oxer and Members of the Board: I write this letter as a followup to the correspondence I have written in prior months regarding the dire need for rental housing units in Region 11, particularly in the Lower Rio Grande Valley/South Texas region, and the 2011 Housing Tax Credit application cycle.

"As I have argued in the past, the availability of decent and affordable housing is of extreme importance to the welfare of my constituents in Senatorial District 27. Given that our region is among the poorest in the state, our fast-growing population should not be denied the availability of funds from the 2011 application cycle. This year we have among the highest ranking projects to those that serve unique populations in our region. Consequently, as the Board works through the forward commitment of projects from the 2011 cycle, I respectfully request that you give careful consideration to the applications aimed at serving the Lower Rio Grande Valley/South Texas region.

"I thank you in advance for working to address the dire need of housing in the part of the state that I represent. I trust that the Board's actions will be in the best interest of the good people of the Lower Rio Grande Valley and South Texas region. Sincerely, Senator Eddie Lucio, Jr., State Senator, District 27."

Thank you, members.

MR. OXER: Thank you for your testimony. Any questions?  
(No response.)

MR. OXER: Mr. Koogler.

MR. KOOGLER: Good morning, Chairman Oxer, Board, Mr. Irvine. I'm David Koogler with Mark Dana Corporation and I'll make this very brief. I'm here to just request a forward commitment for Spring Trace, number 11037. I've been before you on this matter so I'll keep it brief.

We request a forward commitment. Just to refresh your memory, we have excellent community support for this project, but in spite of that support, no legislative support, and we fear that the only way we will be able to get a project done in this legislative district is through a forward commitment. Thank you.

MR. OXER: Thank you for your testimony. Any questions?  
(No response.)

MR. OXER: Next up will be Patsy Clapper for Representative Lozano, followed by Mayor Salinas.

MS. CLAPPER: Thank you. This is a letter from the representative.

MR. OXER: Will you state your name, please?

MS. CLAPPER: I'm sorry. Patsy Clapper with Representative J.M. Lozano's office here in Austin.

"Dear Chairman and Members of the Board: Thank you for your service to the State of Texas and particularly your service to the people who benefit from your work to develop and sustain affordable housing. I appreciate this opportunity to submit this letter of support for the Kona Villa Development operated through the Kingsville Housing Authority.

"Kona Villa Development is asking for a forward commitment of funding for its efforts to continue to provide safe, sound, affordable housing in the ever-growing population in my community. As I understand my information, the Kona Villa project has consistently received sound rankings for its operations. Aware that funding is limited throughout our programs, I offer this letter in support of Kona Villa in anticipation of funding becoming available.

"Our state thrives when its citizens live and work in a caring community, a community thrives with productive citizens who have affordable housing, and citizens thrive when they have a safe place to call home. Thank you for your efforts to make our state a viable place to live for our citizens. Respectfully, Representative J.M. Lozano."

MR. OXER: Thank you for your comments. Any questions?

(No response.)

MR. OXER: Mayor, could I hold you just for a second?

Representative Darby, I understand you want to speak and I

know you have a time commitment, so we'll put you next.

MAYOR SALINAS: I hope I can make it, I'm pretty sick, but as mayor you have to fight the fight. I must have eaten something that caused me some problems last night, that's why I had to leave and come back, I didn't realize you were going to be that fast.

First of all, we have certain needs in the City of Laredo, we have some challenges, as you all know, and we have Colonia Guadalupe which is a 70-year-old public housing development which is now experiencing the effects of age and functional obsolete. It has no air conditioning, no central air. The new 144-unit development that is proposed to be built in its place will revitalize the neighborhood, and this is important because we have children living in those houses. If children have good houses, then they'll grow up to be good citizens.

And today I would also like to mention to you that Colonia Guadalupe, which is an old Colonia in Laredo, scored 215 which is the highest score in the state. So we respectfully request that whatever you can do for us and our needs, and we know that times are tough, but we also recognize that our border is also in dire need in the challenges we face. We have waiting lists for years and years down the line, and I get the calls every day. When you have people that call and tell me that they're living in their trucks and their cars, you know, that's pretty hurtful and we try to do the best we can.

So today I thank you for your consideration and I applaud you for the great work that you do, and come see us in Laredo, Texas, and hopefully I'll be better next time I come. Thank you.

MR. OXER: Look forward to that time. Thank you for your time. Any questions?

(No response.)

MR. OXER: Representative Darby. And may I say once again thank you for your courtesy in coming to swear me in.

MR. DARBY: Well, thank you and each member of the Board for your service to the great State of Texas. I know these are trying times and money is tight on everybody, and my service on the Appropriations Committee, we went through a pretty tough session on trying to balance priorities for the State of Texas. You're left with the task of having to deal with some of the decisions that we made as appropriators and as the legislature in that process, and I want to thank you for your time and diligence in this process.

I'm here on behalf of the North Angelo Housing Estates of San Angelo. This is a project that has particular importance to me. I had previously served in my prior political life as a city council member of the City of San Angelo, and of course, on the economic development corporation. This is a part of San Angelo that is in dire need of revitalization and we need single family housing.

The Blackshear community has been traditionally under-served and underutilized, and so this is a priority project. This will be a 36-unit project for single family residences. We're going to need a forward commitment on this. San Angelo has received a couple of projects over the last 15 years but it's very difficult to score these projects to qualify, so I would

ask that a forward commitment be issued for this project. It is very essential for the development of this community and I would urge your favorable consideration of that on a forward commitment.

While I'm here, I would like to also put a plug in to some of the homeless programs that you have. I was particularly privileged to go and see Haven for Hope in San Antonio several weeks back. That was a challenge throughout the session. We tried to fight for funding of the homeless program throughout the State of Texas. Every time we would put it in the budget, somebody would try to take it out of the budget, and ultimately we were successful in getting a small portion put back in. I would just urge your favorable consideration to programs that work, and Haven for Hope in San Antonio is a program that works, and I would submit for your favorable consideration programs like Haven for Hope.

Thank you. Any questions?

MR. OXER: Questions from the Board?

(No response.)

MR. OXER: Thank you, sir.

Representative Joe Farias, to be followed by Anna Paulson for Senator Brian Birdwell.

MR. FARIAS: Mr. Chairman, congratulations on your appointment to the chair, and thank you for trying to roll the R. It is sometimes very difficult for folks, so if it's Farias it's fine, in San Antonio they can roll the R so it's Farias, so thank you very much.

I represent House District 118 in San Antonio which takes in a

large part of Bexar County. The project that I will be speaking of today is in the northeastern part of my district in the City of Universal City which is bounded by Converse, Live Oak in that areas so it affects several municipalities with this project.

I'm here to express my support for the PITCO Apartment Development. It is called the Cypress Run Apartments and located in Universal City, Region 9, and the project number is 11072. I would like for this project to get a forward commitment for the next round. I believe that the benefit of this project will extend beyond its occupants to the community at large by helping to increase spending and employment in the surrounding economy, and that's what I'm speaking, the several municipalities that are right there in the Judson Independent School District. I represent constituents from all backgrounds, many of who are low income and who are seniors and this project would really help them.

And in closing, I would like again to thank the Board for giving me the opportunity to speak today. Thank you for your consideration for a forward allocation for Cypress Run Apartments, and thank you for your service to the State of Texas, and I assure you that the people I that area, the elected officials -- I visited with every mayor to make sure because it will affect all of them -- they seem to be all in favor of it as I spoke to them during the session, and that's why I'm here today hoping that we get a favorable commitment from the Board. And Mr. Chairman, I thank you again.

MR. OXER: Thank you. Questions?

(No response.)



MR. OXER: Ms. Paulson will be followed by Aaron Gregg.

MS. PAULSON: Thank you, Mr. Chairman. My name is Anna Paulson. I'm from Senator Birdwell's office. I'm here to read a letter of support from the senator.

"Dear Chairman Oxer: First I would like to take this opportunity to congratulate you on your recent selection as chair of the Texas Department of Housing and Community Affairs. I look forward to working with you.

"I understand that DMA Development Company, the developer of The Terrace, has applied again for housing tax credits to assist them in developing a multifamily apartment complex for senior citizens in Midlothian, Texas. The company is asking for the TDHCA Board to consider this project for a forward commitment for year 2012. I sincerely believe that this type of affordable housing can be very beneficial to the seniors in my senatorial district.

"The issue of affordable housing for senior citizens is becoming more and more important as a large segment of the populace is reaching retirement age. Your careful consideration that The Terrace at Midtown be granted a forward commitment will be greatly appreciated. I feel confident that this project will be a worthwhile asset to our area. Sincerely yours, Brian Birdwell, Senate District 22."

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Mr. Gregg. Mr. Gregg will be followed by Juan

Ayala.

MR. GREGG: Good morning. My name is Aaron Gregg. I'm with the office of State Representative Jim Pitts. Unfortunately, Chairman Pitts could not be here this morning so I will be reading a letter on his behalf.

"Dear Chairman Ozer and the Committee: Congratulations on your recent selection as chair of the Texas Department of Housing and Community Affairs.

"I am writing to advise you of my unequivocal support for The Terrace at Midtown project. I was pleased to support this worthy project in March of 2011 at the time the application was submitted. I understand that while this project rated very highly in the most recent allocation of tax credits and was next in line for funding from the Region 3 allocation, it did not receive an allocation of tax credits since it needed an allocation of \$1 million and only \$900,000 was remaining. I understand that the developer of The Terrace, DMA Development Company, is asking for the TDHCA Board to consider this project for a forward commitment for 2012.

"The planned project will provide the opportunity for independent living for senior citizens and will be located in an area that gives residents easy access to the services that they require. This City of Midlothian has given its approval and has a resolution supporting this project, and The Terrace at Midtown will prove to be very advantageous to the area that is experiencing unprecedented growth.

"I ask that careful consideration be given to the request that The Terrace at Midtown be given a forward commitment. I am confident this

project will prove to be a worthwhile asset to this area. Sincerely, State Representative Jim Pitts."

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Mr. Ayala, followed by Representative Naomi Gonzalez.

MR. AYALA: Good morning, Mr. Chairman, members of the Board. I'm the chief of staff for State Representative Eric Johnson, and my name is Juan Ayala.

"Dear Honorable Chair and Members of the Board: Thank you for the opportunity to express for the record my full and strong support for 2011 Housing Tax Credit application 1400 Bellview, TDHCA 11127.

"District 100, the district which I represent, is in dire need of quality multifamily affordable housing, therefore, I respectfully request your kind consideration to award 1400 Bellview a forward commitment for the following reasons:

"It is the only tax credit development in its census tract; the forward commitment awarded last year in this census tract has since been terminated, leaving this important downtown Dallas neighborhood under-served. It's the highest scoring application in Dallas and is the highest scoring new construction general multifamily application in Region 3; the last general new construction urban project awarded in Dallas was in 2009. It will provide 164 one, two and three bedroom units in an elevator-served four-story building with structured parking for all residents, as well as approximately

7,500 square feet of commercial space on its first level; the development will be an LEED silver project. It's located 900 feet from a DART light commuter rail transit station and walking distance to downtown. "It's financially feasible. On June 22 the Dallas City Council unanimously approved a resolution for the development agreement of \$1.65 million of Cedars tax increment finance district funds for the project. These funds are available now and subject only to the award of tax credits and building permits.

The development is ready, zoning is in place, and the environment study shows no issues. It received a 94 percent vote of approval from the Cedars Neighborhood Association representing over 125 members. The developer worked with the neighborhood early in the process and the design and project details are fully supported by area residents and business owners.

"It supports downtown Dallas revitalization by providing affordable housing in a growing employment center. The new Omni Dallas Convention Center Hotel will create 800 jobs, the new NYLO Hotel will create over 150 jobs, the Dallas Police Headquarters, just two blocks from the proposed site, has over 1,200 employees, and the Dallas County Community College District administration headquarters is also near the site.

"I'm particularly excited to support the 1400 Bellview development team. Team Leader Matthews, president of Matthews Southwest, is new to the Texas tax credit development program, however, he has nearly 35 years of successful development experience in multifamily and commercial development, has established his company as a leading and well respected developer and internationally. In fact, Greystone, which will finance

1400 Bellview, notes in the attached letter that Jack Matthews is well respected in their office and is deemed one of the best commercial and multifamily developers in the country. In fact, Matthews Southwest's Southside on Lamar, also in District 100, is a multifamily adaptive reuse of the historic former Sears Catalogue Center. Completed in 2001, Southside remains the single largest HUD financial project in the Dallas region. In addition, Matthews Southwest was selected by the City of Dallas as the developer for the now Hilton Dallas Convention Center Hotel scheduled to be open in November 2011.

"Jack, recognizing and respecting the 2011 QAP requirements, partnered with Castledon Development Corporation, a Texas HUB tax credit experienced developer. CLDC principals, Linda Brown, a former City of Dallas economic development director, and Sara Reedy, a well-respected tax credit and certified housing development financial professional expand the expertise for the 1400 Bellview team, leading to the submission of an application that reflects the development that is ready of reconstruction and meets or exceeds the Board's intent to construct qualify multifamily housing in an urban in-fill environment.

"For all these reasons, I urge the Board to exercise its authority and grant 1400 Bellview a forward commitment today or at your next meeting.

"Thank you for your kind attention to this important request and for your service to the citizens of District 100 and the people of Texas.

Sincerely, Eric Johnson."

And then he also wanted me to note a letter of support for

*ON THE RECORD REPORTING*  
*(512) 450-0342*

TDHCA project 11139 which is for the Champion Homes at Copper Ridge in Dallas, Texas which is also in District 100. Thank you for your time.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Representative Gonzalez, to be followed by Thomas Thigpen for Representative Dee Margo.

MS. GONZALEZ: Gentlemen, thank you this morning for allowing me to speak to you regarding affordable housing in the community that I represent. I'm Naomi Gonzalez, State Representative for District 76 in El Paso, Texas.

And as Senator Rodriguez had stated earlier, the El Paso community, like many other communities, has extremely long waiting lists and sometimes our lists can have over a thousand names on them. We are going to experience the absorption of a small city by the end of 2013 with the BRAC moving and having troops and their families move into El Paso. Couple this with any emergencies that may happen in the El Paso area, for example, like a flooding that we had recently in District 76, all reiterate the need for making sure that we have affordable housing accessible to the people of El Paso, Texas.

It is important to note that it is my understanding that there are two projects that are currently under review at this time that have been awarded by this particular board. I would ask that these projects remain in place. I also ask that because the Board has broad discretion in this matter that you all take whatever steps are necessary to make sure that El Paso will

have the affordable housing that it needs by the end of 2013, and so I'm not going to particularly advocate on behalf of one developer in El Paso County over the other, but I will say that whatever the Board sees fit in order to achieve the end of making sure that affordable is accessible to the people of District 76 and to El Paso, Texas overall is really the importance and the end goal and my reason for being here today.

As many of you know, it is not easy to get from El Paso to Austin, and the senator and I both felt it was important for the communities that we represent to be here in front of you all to explain the fact that we are in need of affordable housing, and again, whatever you all see fit in the way that we maintain that housing and move forward from here on out is really the key and is of the utmost importance for our districts in El Paso.

Thank you for your time.

MR. OXER: Thank you. It's hard to get there, it's pretty dry down there too, isn't it.

Thomas Thigpen, followed by Martha Bell.

MR. THIGPEN: Thank you, Mr. Chairman. I'm here on behalf of Representative Dee Margo, I apologize he couldn't be here today. I'll be reading a letter.

"I'm appearing before you once again to discuss affordable housing in our community, El Paso, Texas. Your agency has been very supportive of our community's needs through a wide array of assistance and investment TDHCA has provided, and it's greatly appreciated. In the past the Board has recognized the need for affordable housing developments in our

community and you have granted four commitments in the prior four years.

"This morning I'm respectfully requesting the Board consider and grant our community another forward so we may continue the progress we have made to address the shortages and waiting lists for affordable housing units. El Paso, like many other communities has long waiting lists and those vary by location. Some of these lists have over a thousand names which we all know is unrealistic and unmanageable.

"I have testified before that in addition to our affordable housing challenges, El Paso is 5,000 units short of market rate multifamily housing units needed to accommodate the dramatic population growth resulting from the expansion of Fort Bliss, Texas. Currently there is a waiting list for military service personnel and their families of approximately two years. By the end of 2013 Fort Bliss will have 30,000 troops and an estimated 45,000 family members. When these figures are coupled with a 98 percent occupancy rate in our existing market rate family units, the need for additional affordable housing is even more critical. Our community is committed to overcoming these challenges but we need assistance and resources from all levels of government and the private sector to address our needs.

"In closing, I want to thank the Board for its consideration of our forward request, and we thank you for your support and service to the citizens of Texas. Sincerely, Dee Margo."

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Ms. Bell.



MS. BELL: I'm Martha Bell. I'm chief of staff for Representative Raul Torres. I'd like to share my support for the Dolphin's Landing and Lexington Vista by reading the following letter from the representative.

"I'm writing to express my support for the proposed rehabilitation of Dolphin's Landing Apartments located at 6402 Webber Road in Corpus Christi, Texas. The Dolphin's Landing Apartments are located in my district and in an area where I support furthering community initiatives. There's a strong need for affordable housing in Corpus Christi and Nueces County, and the proposed affordable multifamily redevelopment of 218 low income units will assist the community in meeting its housing needs. I feel strongly that a properly executed redevelopment will help serve as a development catalyst for the area which we so desperately need. I also believe that it is critical for our community to continue to make available additional affordable housing if we are to meet the needs of our citizens.

"Region 10 suffered a great loss when almost half of the region's allotted tax credits in 2011 were transferred and awarded elsewhere in the state. I strongly support the efforts of the Atlantic Housing Foundation and the LDG Development for the Lexington Vista."

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Okay. The rest of these are advocating on behalf of a specific project. I'll give you the next three so the next one comes up and we've have two ready on deck.

Kay Wesson, Dave Quinn and Brian Kimes.

MS. WESSON: Mr. Chairman, Board members. I'm here to talk about some things that happened in Bastrop County the last 14 days.

MR. OXER: Would you state your name, please, for the record?

MS. WESSON: Kay Wesson. I represent the community of Bastrop.

Ten years ago there was a need for senior housing in Bastrop and a company helped answer that need. They came back last year and they're trying to answer the need again. Fourteen days ago the need became urgent, more urgent than you can imagine. As an evacuee, I can tell you it's scary. We need the project, we need the support of you, we just need to go back and tell the people in our community that we have a way in which we can get started and we can provide some affordable housing for seniors.

The project has approval of the city, the chamber, all of the political entities, the land is purchased. We just urge you to please forward the project. Any questions?

(No response.)

MS. WESSON: Thank you so much for your time.

MR. OXER: Yes, ma'am. Thank you for your time. We feel your pain. I drove through Bastrop on the way up here from Houston.

Mr. Quinn, followed by Mr. Kimes, and Carroll Norquest.

MR. QUINN: My name is Dave Quinn. I'm the executive director of the Bastrop Economic Development Corporation. I'm here

speaking on behalf of the city and Mayor Orr who could not be here today.

I would like to reiterate what Ms. Wesson has said. Bastrop County and the City of Bastrop did not lose just a forest and some trees that you can see from the road, we lost 1,500 homes. Our neighbors, our friends and our families, everything gone in ten days. We've been punched in the gut and doubled over as a community, but at this moment we're gaining our strength and rising up, and we're here today asking you to help us make that investment in our community.

This is not a group or a company that has rushed in to take advantage of the opportunity, they were in place, have been working on this for a year, and it was needed then. Now, more than ever, to say that this need is critical is an understatement. And these guys have stepped in and said we want to make that investment in the community, and nothing can help a community restore its hope and its rebuilding process than the sounds of hammers and nails and construction.

And I realize that there's communities across the state that this is an urgent need, but until you've been in it and seen what the devastation is like, you can't truly understand the needs that's existing in Bastrop. And I understand that you have big decisions to make, and I hope that you keep this in mind as you make your decision and help us, not give us a handout but give us a hand up and help us rise up from this devastation and this tragedy and make this a defining moment in our county and allow us to begin the rebuilding process.

Thank you for your time and I'll answer any questions you

might have.

MR. OXER: Well, if there's any time when a forward commitment seemed like it would be appropriate, this is certainly one of them.

MR. QUINN: Thank you for that.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Mr. Kimes.

MR. KIMES: (Speaking from audience.) I ceded my time.

MR. OXER: Yes, you did. I'm sorry.

Carroll Norquest, to be followed by Neil Norquest. Is this a tag team?

MS. GARZA: Yes, it is. I'll be speaking on behalf of the Norquest family. My name is Marissa Garza. I'm the director of community development with the City of Edinburg, Texas. Joining me is Nelda Ramirez. She's the interim executive director with the Edinburg Economic Development Corporation. On behalf of the mayor and city council, we would like to stress the importance of the following statistics in support of La Privada forward commitment request.

Edinburg's population grew by 59 percent in the last ten years, according to the U.S. Census Bureau comparing 2010 to 2000 population. Based on the population growth, this has added 1,100 households annually in Edinburg. There are over 750 babies delivered every month at the Women's Center Hospital at Renaissance in Edinburg which is enough to fill twelve small elementary schools per year. There are over 1,200 new students

enrolled in the Edinburg School District every year. In 2012 the Edinburg School District will be opening their fourth high school.

In addition, Edinburg has not received a Low Income Housing Tax Credit allocation since 2005. Historically, it has been difficult to get state resources to the Valley and currently there are not enough apartments for the residents as is evidenced by the 98 to 100 percent occupancy rates throughout Edinburg.

In closing, Edinburg has had a real problem in providing enough affordable housing for its rapidly growing population.

We are asking the Texas Department of Housing and Community Affairs Board to please forward allocate the credits requested for La Privada Apartments, a 156-unit development in Edinburg, Texas. Thank you.

MR. IRVINE: Mr. Chairman, I just wanted to interject. We had run out of agendas earlier; there are some at the table now out front.

MR. OXER: Okay. Questions?

(No response.)

MR. NORQUEST: Thank you, members of the Board. I appreciate the opportunity to speak this morning. My name is Neil Norquest. I'm sorry for the confusion here. We've had a little bit of a misunderstanding about who was up to speak. So anyway, I am Neil Norquest.

I'm a member of the family that was asked to sell a property for this project, so in the interest of full disclosure, I am a seller, but I'm also a lifelong resident of Edinburg, as are the members of my family. This property

is actually part of what has been a family farm in the family for about 90 years now.

I wanted to mention a couple of things that I think are of importance. First off, as a family we understand because my brother Kelly who is behind me here, Carroll Norquest, has been off and on for many years a member of the Community Development Council in Edinburg and vice chair of that body, and his wife Odie, who is also here, has been a member of the planning and zoning commission and board of adjustment in Edinburg.

In those capacities and in other capacities -- I've practiced law in the area for about 39 years myself -- we fully understand and have come to appreciate the trajectory of the growth rate in the area in which we live and the need for affordable housing, and they have, in their capacities in their public service, and we all have simply as residents of the area, fully come to appreciate and understand what this burgeoning need is down there.

Our particular area has not been a recipient of any kind of funding for a number of years now, but of course, despite our understanding of all of that, we actually live on the property that is immediately adjacent to where this project is going to be. So when you're asked to put one of these projects right on your doorstep, so to speak, you do take a second look at things, and I'm here in my capacity as a resident, as well as anything else, to kind of speak to that issue and assure the Board of what we have found out.

Before ever determining to do anything here, we did quite a bit of due diligence. My brother and his wife and my wife and I drove around and we visited the various affordable housing projects that have occurred there in

the Edinburg area, and in particular, one or two that date from a while back that are of a nature similar to this one, multifamily, working folks, rent support.

We were very comfortable with what we found. In areas that had traditionally higher crime rates than ours, we found and checked with the city officials and found that the crime rates there were very, very, very low, that people were keeping up their places, it was a very good result that we came away with and we were very happy with that.

So we live in an area, if I can explain, on the northwest side of Edinburg which is actually a very highly economically integrated area. It's a very nice mixture of people who have lived there in some cases for many generations, as we have, our plumber is about 600 feet from where I live and he is a man of very modest income, as are numerous other people in the area.

This particular project is going to be a major asset to the area. It's certainly not going to in any way be a problem for the neighborhood, it's going to be a major asset for the neighborhood. And you've heard, of course, the statistics -- I'm sure you hear many statistics from many people -- about the growth of the area and about the trajectory of the growth.

MR. OXER: Mr. Norquest, I'll have to ask you to wrap it up.

MR. NORQUEST: Thank you very much. I do appreciate your time, and thank you for the opportunity of allowing me to speak this morning.

MR. OXER: Appreciate your family coming all the way in. Would you like to at least identify them?

MR. NORQUEST: Yes. My brother, Kelly, here, the very old

gentleman in the white hair here, I refer to him as my much older brother.

MR. OXER: At least he's got all of his hair.

(General laughter.)

MR. NORQUEST: My sister-in-law, Odelia; my wife, Virginia; my sister, Marie; her son, Scott; and my son-in-law, Eddie Flores.

MR. OXER: It's not a tag team, this is an invasion.

MR. NORQUEST: Who, by the way, is in the market for a prosecutor's job right now. He's a UT Law graduate.

MR. OXER: Thank you very much for your time.

MR. NORQUEST: Thank you guys very much.

MR. OXER: Any questions, gentlemen?

(No response.)

MR. OXER: Thanks again.

Scott Brian.

MR. BRIAN: (Speaking from audience.) I'm going to speak in public at agenda item 4.

MR. OXER: Dan Alger, to be followed by Steven Lawrence, and next up would be Gary Welch after Mr. Lawrence.

MR. LAWRENCE: Good morning, Chairman Oxer, Board members and all. My name is Steve Lawrence, vice president at Michaels Development Company, and I'm ecstatic to stand before you a third time on behalf of application 11079, Lexington Landing, and on behalf of our partners, the Corpus Christi Housing Authority. I promise to keep this short.

After I spoke at the last meeting, we had the privilege of



receiving advice from several other stakeholders in the audience. I received recommendations such as: why don't we add some horror stories associated with operating 70-year-old units, or maybe bring in some of the kids for additional inspiration. These were worthy ideas, but the fact of the matter is we are exactly where we thought we'd be. Our goal was to hold every point self-scored, which we did, and as a result our score is at 209. We recognized there were some points on the table that we would not be eligible to claim. For housing authorities that have been proactive in redeveloping their large multi-phase sites, there stands a good chance that there will be another housing tax credit project in their census tract that will make them ineligible for the available four points that would be available in this category.

So we thought we might have no need for horror stories, the facts are what they are. We stated that these units were built as temporary housing for Navy and civilian personnel during the Franklin D. Roosevelt administration, and they were. Over time these units became permanent housing, serving thousands of Corpus Christi's lowest income residents, which they still do to this day. I did state that 95 of the units are offline and deemed uninhabitable, and they are, and the remaining units are in disrepair and functionally obsolete, and they are. To say more would take away from the tremendous job the housing authority has done to keep these units together. It would also take away from the pride that these tenants, one of whom you've met, have for their homes despite trying circumstances.

Despite all this, there have been a number of positive events that have taken place since the application was submitted on March 1.

Globally -- and this benefits or should benefit most everyone in the room -- tax credit pricing is up substantially since March 1. When I last spoke I mentioned Michaels is excited to finance the construction and syndicate the tax credits immediately. Not to give the wrong impression, we field offers from the largest syndicators and banks in the industry all the time who seek to compete for deals, and one of the largest banks caught wind of this Corpus Christi deal and has asked to compete for the tax credits and construction financing for this project. Moreover, they are working diligently to come up with a permanent loan product which they currently do not have that covers public housing units, and part of the reason they are doing it is for this Corpus Christi deal. I certainly do not see this working out to the detriment of this deal.

Our social services group has done an outstanding job in growing the amount of scholarships every year to the high school and college students that are residents at our sites. Last year \$200,000 in scholarships were given for the Michaels Education Foundation, and they are in the process of making their awards this year. Being proactive, this group has identified this project as a source of continued expansion for the \$1,000 and \$3,500 awards.

So in conclusion, I'm here today requesting your discretion in considering application 11079, Lexington Landing, as worthy for a forward commitment subject to the full underwriting of the agency. Give us this tool and we will finish the job. And if you take the housing authority's outstanding offer to host one of your board meetings around this time next year, I

guarantee, short of a weather catastrophe like Katrina, you will see a construction site where these outdated units now stand.

I'll take any questions.

MR. OXER: Questions?

(No response.)

MR. OXER: Thank you.

Mr. Welch, to be followed by Susan McDowell.

MR. WELCH: Good morning. My name is Gary Welch and I'm from Bryan, Texas, and I'm the chair of the Old Reliance Neighborhood Association, and I live less than half a mile from the proposed Merit Bryan Station project in Bryan, and I've traveled from Bryan to express my support and the support of my neighbors for this project.

From my first introduction to this project, the property owners have kept us involved in this process. I and my neighbors have met with them multiple times and they have presented us with their vision of this project. The developer has showed us photos of other projects and he has also described the advantages of this project for seniors, and it's obvious to me from speaking to him that he really cares for these people and he really wants to do the best he can for them.

All the people that I've met that are involved with this are always open, they're always honest and very straightforward, and they have willingly answered every single question I and every neighbor has asked. And in short, I'm a business owner in Bryan and these are the kind of people that I want to do business in my community.

As a matter of fact, presently the developer, they often forward me emails that are pertaining to a current project that they are constructing, and from those emails that I see that they're always wanting to comply with all city needs, all design, permit and construction details that they are constantly considering and revising during the construction.

From what I understand, Bryan has had eight applications for the tax credit projects this year and it really shows the need and the desire for the projects in our community. My wife has a cousin that's 75 years old that's considering moving to Bryan and if this project was standing right now, I assure you she would be moving there and we would have her very close to us and that would be a good thing.

We felt like that the proposed senior project was a really good fit for our neighborhood. The developer obviously has extensive experience. They've shown me photos of several different projects and everything to me looks like very high quality construction. I was attracted by the fact that the traffic load on our roads will probably be lower than some other types of apartments or housing that could be built there. Right now this project is zoned multifamily and it is currently located on a section that has just been widened and it has medians and turn lanes and it is a four-lane street. So everything I've seen on this project leads me to believe it's just a Class A multifamily project.

Another thing is that even though in Bryan we have one of the lowest foreclosure rates in the nation, we have very low unemployment, but still, I'm in the construction business and I see people hurting and I know we

need construction jobs, I know the suppliers need to sell materials. I talk to the guys at the lumberyard all the time, they always tell me we're slow, we're slow, so I know things need to come up.

So at any rate, I think Bryan needs this affordable housing for seniors and I just want to express my full support for this project.

MR. OXER: Thank you. Any questions?

MR. CONINE: I'd just like to know why A&M is leaving the South Big 12 Conference.

(General laughter.)

MR. OXER: Ms. McDowell.

MS. McDOWELL: Good morning. My name is Susan McDowell and I'm executive director of LifeWorks which is an Austin-based youth and family service organization that serves more than 10,000 families annually. I have been before you several times this year to describe the work The Works at Pleasant Valley.

MR. OXER: And welcome back.

MS. McDOWELL: Thank you. Project 11218. I am here today to formally request a forward commitment of funds, and since I've been before you I just want to use my time today to summarize why I think this is a unique and urgent request.

First, it is supportive housing with 100 percent of its 36 units affordable to families at or below 50 percent or 30 percent of federal poverty guidelines. However, it's not your typical tax credit project because in addition to serving youth and families in the community, we are additionally

focused on youth who are aging out of foster care which has recently been identified as the population the most at risk of homelessness.

In the State of Texas every year more than 1,500 young people age out of foster care with no safe or stable housing. Only 50 percent of these young people have a high school diploma or a GED, and only 3 percent go on to finish college. Now, despite all of the dismal statistics, there are very few promising practices to serve these young people, so one of the unique aspects of The Works is that we hope to use tax credit funding to establish something that could become a national model for helping youth transition out of foster care. It is desperately needed.

The array of workforce education and supportive services available to residents is going to far exceed what you typically see in even the best of supportive housing projects because, as you have heard myself and board members from LifeWorks describe, we are nearing completion of a new 31,000 square foot East Austin youth and family resource center that will be located on property adjacent to The Works and our plan to wrap services around the population is very exciting, and again, something of a model, you just don't see this anywhere else.

Next, we have unanimous community support. In June you heard from the leadership of the Govalle Neighborhood Association about our two years of discussion with them and their involvement in this project. In short, they support it wholeheartedly and they've shared that with you. You've also heard from the mayor of the City of Austin which has pledged \$200,000 to the project, and a private philanthropist that stands ready to

commit \$500,000 to the project. This is very exciting in terms of commitment but these commitments will most likely go away if we don't receive a forward commitment.

So I can't tell you that The Works can wait until next year. We have folks standing by ready to make this a financial success and a programmatic success, but it needs to happen this year or our funders will allocate their money elsewhere. So everything is lined up right now to make it a financially viable deal, to make it tremendously effective, and to set it up to be a national model for serving foster care youth.

So I thank you for your consideration and for your service to Texas, and I'm available for any questions.

MR. OXER: Any questions?

(No response.)

MR. OXER: I see we have State Representative Richard Raymond. Representative Raymond, welcome. To be followed by Walter Moreau and then Diana McIver.

MR. RAYMOND: Thank you very much. I appreciate your letting me get up here. We're not in session but we may as well be; it's just as busy now as it was during session. I thank you all very much for having the hearing here and making it easier, certainly for us in the legislature to come by.

Members, I wanted to come in and weigh in with my support for an application that was submitted earlier this year and again now by the Laredo Housing Authority for a Colonia in Laredo, Colonia Guadalupe. The

application number, for your reference, is TDHCA number 11059 which is a proposed 144-unit reconstruction housing development.

Colonia Guadalupe is 70 years old, it is the first public housing development of the Laredo Housing Authority, it has no central air, and its age and obsolete conditions make it a great candidate to rehabilitate and to modernize. I know that you have a lot of proposals in front of you, but it's my understanding that the last time this was in front of you it was the second highest ranking in the state in terms of the scoring that you do but we didn't get approved. And so we're hoping that as you look at this application, they're applying for a forward. One of my friends back there said that you all aren't going to be doing that this time, I don't know, I don't know exactly what you're going to decide. But I do believe that given that although the State of Texas is growing a lot, we continue in Laredo to be the fastest growing city on a per capita basis in the state, and to have been overlooked earlier this year when, I think from what I see in comparison to others, we probably shouldn't have been overlooked. I hope that you all will be able to take second look at it. I think you will see that the folks who will be impacted would be impacted tremendously, that our community in this particular Colonia, this particular area would benefit greatly were you to approve the application.

Again, as someone who was on the Appropriations Committee for eight years, including as vice chairman, I am absolutely sort of aware of the kinds of decisions that you have to make and you've got a long list of applicants to look at and that you've got to narrow that down. But as I've told



my colleagues, many of them who don't want to be on appropriations because it is hard, when there are hard choices to be made I always tell them nobody made you run for the legislature, nobody forced you, and if you don't want to make hard choices then don't do it.

You are on here because you're willing to make hard choices, you're willing to study it, you're willing to look at the balance that you've got to bring to the State of Texas and improving it obviously for future generations. I think you can have a tremendous impact in one of the oldest cities in the state, one of the most historic cities in the state, the fastest growing, and one that has a lot of potential but that still has a lot of need, we still have a lot of folks that do have a lot of need.

So I appreciate your work. I hope that if we have questions that haven't been answered in the application that has been submitted that you will let us know. We've got staff here, we've got folks from the Laredo Housing Authority that would be tremendous resource witnesses if there are any unanswered questions. And I look forward to your sound judgment and to your good work, and I appreciate you letting me take a couple of minutes out of order.

MR. OXER: Thank you for coming to see us. Like you said, if it was easy anybody could do it. Right?

MR. RAYMOND: That's right. Thank you so much.

MR. OXER: Any questions?

(No response.)

MR. OXER: Mr. Moreau, followed by Diana McIver, and then

Delma Escobar.

MR. MOREAU: I'm Walter Moreau, the director of Foundation Communities. I did have a reputation with the old chair of being a squeaky wheel, but this is the first time I've spoken this year, and since we have a new chair, I thought it was okay.

MR. CONINE: All things don't change.

MR. OXER: Mr. Moreau, you think you have to get me off on the right foot.

MR. MOREAU: I hope so. I'm here to speak in support of the LifeWorks project and just talk about our relationship with LifeWorks. We've been helping them with the development and we serve a lot of kids, young adults that have aged out of foster care that are clients.

I thought I'd share one story. My church is very involved in working with a foster care home, mostly girls that are in their teens, and there's a group of church ladies that particularly when some of the girls turn 19 and age out, they provide all the support that they can. So I get a call a couple of years ago from the church ladies saying: Walter, we've got Julie, she does not have a place to live, she's going to move out in some months, can you get a unit at Spring Terrace? -- one of our supportive housing properties, which Spring Terrace and Skyline and Garden, most of the residents there are 75 percent men in their 40s, and we have a three-month waiting list. So you don't know what it's like to have the church ladies call you every two or three days and email you for three months saying: Walter, where's that apartment for Julie?

Three months later she moved in, they set up her apartment, got it all decorated, she had a place of her own, started going to ACC, and they were encouraging her in that. I wish that this had a happy ending. She did well for a year but the last six months there were some lease violations, sneaking guests into the room, some issues that came up, she disconnected from some of the help from Gail and Sara, and ultimately she just recently moved out, we didn't renew her lease.

And unfortunately the majority of the kids that we have worked with with LifeWorks have not done well in the Terraces. It's not the ideal solution. She really ideally would be in a supportive housing program with peers of her own age, with a support mom there in the building. Their location is phenomenal because it's next to the community college and to their service center. We need in Austin, Texas this kind of supportive housing solution. I can't think of a better project opportunity to use tax credits to create a kind of supportive housing model, and their request is really pretty small.

Over the last six months I've shared news about this project with the church ladies, and they many times have wanted to come down here immediately and testify on behalf of the project, and I've told them just wait. So I hope you'll be able to award them a forward commitment; otherwise, they're going to be bugging you. Thank you.

MR. OXER: Good timing. Any questions?

(No response.)

MR. OXER: Thank you.

Diana.

MS. McIVER: (Speaking from audience.) I wish to speak at agenda item 4(a).

MR. OXER: Okay. Ms. Escobar.

MS. ESCOBAR: Good morning. I'm Delma Escobar. I'm the chair of the neighborhood association in Corpus Christi, Texas. I have been a resident of Corpus Christi all my life, and a resident of Dolphin's Landing for approximately [inaudible] and very happy there.

As a member of this community I like to help others. I am a big supporter of Dolphin's Landing and the work they do to make differences in people's lives. The staff goes above and beyond the residents and even for people outside the complex. One amazing part of Dolphin's Landing is I have been able to volunteer my time in events, classes and activities that are offered for free to all residents, such as after-school programs for children, student-age social gatherings, ESL classes and other classes that can help educate adult residents which help to improve their lives.

I would like to share an example. A few months ago the complex had a health fair, vaccinations and WIC programs were there and provided shots for the kids before school started, made sure they had their vaccinations, and talked to residents about a lot of different topics. During and after-school programs, in addition to receiving tutoring, homework help and other activities, the kids had opportunities to learn how to prevent animal cruelty and even volunteer at the local animal shelters. The after-school program is vital to this community and to the residents of Dolphin's Landing.

With the high cost of after-school care and the situation with our economy, kids have no choice but to stay home or roam the parking lots and the streets, and that in return grades go down, crime rises.

Due to the current condition of the property and the community center, the complex cannot provide all of these services in the adequate manner. Dolphin's Landing has a high number of senior citizens who have expressed their needs for more involvement in the community activities and events specifically for their age group. Again, this is a need that the staff of Dolphin's Landing desperately wants to provide for but can't because of the condition of the Landing facilities.

It is not common for an apartment community to recognize the needs of people and the residents, much less to take action. Dolphin is a property who takes action even with many obstacles in the way. This project will allow this complex to achieve what they set to do day-in and day-out, and that is to make differences in the residents' lives as well as the entire community.

I support the community 100 percent for this project. Thank you.

MR. OXER: Thank you, Ms. Escobar. Any questions?

(No response.)

MR. OXER: Next it looks like Blas Cantu, followed by Matt Fuqua.

MR. CANTU: Good morning. My name is Blas Cantu. I'm the director of the Harlingen Housing Authority. Congratulations, Mr. Oxer.

Our Mayor Chris Boswell was not able to join us this morning. He also sends his congratulations. He sent a letter that he asked that I share with you and read into the minutes.

"In February of this year I wrote a letter of support for the proposed River Valley Apartments application for housing tax credits. I would like to take this opportunity to reiterate my strong support for this application and to respectfully request that you and your board members please consider the River Valley Apartments application for a forward commitment of credits.

"As I mentioned in my previous communication, I am committed to the task of improving the financial health and well-being of my community. Harlingen and the surrounding region have a significantly lower median household income than the rest of the state. An adequate supply of affordable housing is necessary to attract the industry and business to address the cycle of poverty. Unfortunately, the projects within the City of Harlingen have not received adequate support from TDHCA's Tax Credit Program supporting the creation of new affordable housing in our community. To our detriment, no new development has been funded in Harlingen for over a decade. But 2012 provides new opportunity with two applications presently pending before TDHCA, with neither having been awarded credits.

"Specifically, I would like to express my support for one of these applications, the proposed River Valley Apartments family community. The project is located in Cameron County, currently Los Vecinos public housing site, at 702 South M Street in Harlingen. This development would greatly benefit the community by reconstructing a 1950s vintage public housing

project and providing quality affordable housing to those living on low to moderate incomes. The development is designed to address the needs of our growing community, especially those who have financial obstacles. The River Valley Apartments community will give working families the opportunity to reside in decent, safe and affordable housing and enhance our community's ability to attract business investment.

"The citizens of Harlingen deserve the opportunity to live in a safe and affordable environment, and River Valley Apartments will provide 104 family households in the Harlingen area. Los Vecinos is in a particularly ideal location immediately adjacent to an elementary school and to a church that provides after-school programs. It is convenient to shopping and other amenities as well as being located in the center of our employment base.

"Thank you for your consideration of this request for a forward commitment of tax credits. I appreciate the support of Harlingen and the Rio Grande Valley. If I can be of further assistance, please do not hesitate to contact my office. Sincerely, Chris Boswell, Mayor, City of Harlingen."

Thank you very much. Do you have any questions?

MR. OXER: Questions?

(No response.)

MR. OXER: No. Thank you.

Mr. Fuqua.

(Inaudible speaker in audience.)

MR. OXER: Okay. We have Allison Scott for Representative Lyne, to be followed by Pamela Vest.

MS. SCOTT: Good morning. My name is Allison Scott. I'm chief of staff for Representative Lanham Lyne of Wichita Falls, House District 69. I'm here to read a letter on behalf of application 11089 which is the Parkstone Senior Village Phase II. I do know that Phase I was built ten years ago and has been full since the day it opened. They're looking to expand to 64 more units.

"I've been advised that UAH Parkstone II, LP has planned to construct a cost-effective apartment community for our senior population comprised of 64 units in Wichita Falls. A very real necessity to help supply quality, cost-effective housing for all residents presents a challenge.

"The fact that Wichita Falls is attempting to redeem one sector of its need with a multifamily housing project for low income citizens is indicative of its desire to provide help to all of its citizens wherever possible. An award of a 2011 tax credit allocation to UAH Parkstone II, LP will provide much needed affordable housing for our elderly citizens in the area of our city where there is currently a shortage of such residential facilities.

"On behalf of Wichita Falls and its citizens, I support this project and respectfully request your most ardent consideration of this application. Sincerely, Lanham Lyne."

The mayor of Wichita Falls also asked me to read his letter for the record.

"The City of Wichita Falls wishes to express to express its support for Phase II of the Parkstone Senior Village Apartment project. Phase I has proven to be an asset to our community by providing much



needed affordable housing units to our growing elderly population. Phase I has a very low vacancy rate providing a need for an expansion of this facility. The proposed Phase II project is in conformance with the consolidated plan for housing and community development programs, years 2010 through 2015 that encourages and promotes the development of affordable housing opportunities.

"On June 7, 2011, the City of Wichita Falls annexed 4.78 acres of land on the south of the existing complex. This newly annexed area was zoned multifamily residential and it's our desire that this area is developed with Phase II expansion of the Parkstone Senior Village Apartments. Glenn Barham, Mayor."

Thank you.

MR. CONINE: Ms. Scott, I had the privilege of going to junior high school with Representative Lyne, and I read the other day where I understand he's not going to run again.

MS. SCOTT: He is not running for reelection. That is correct.

MR. CONINE: Would you mind telling him that I'm extremely disappointed in that, and tell him hello for me.

MS. SCOTT: I'll be happy to give you his cell phone number and you can tell him.

(General laughter.)

MR. CONINE: See me after the meeting. I haven't seen him in a while. Thank you.

MS. SCOTT: Thank you.

MR. OXER: I had said we'd have Pamela Vest. Ms. Vest, if I might ask you to hold for a second, we have two representatives here and we're going to pull rank on you.

(Inaudible speaker from audience.)

MR. OXER: Well, given the current circumstances for Texas, we want to make sure you were able to get back to work as soon as possible. Go ahead, please.

MS. VEST: My name is Pamela Vest. I'm a regional manager for UAH Property Management, and I'm privileged of being the manager for Parkstone Senior Village since it was built. We leased in October of 2001 and it was leased before it was ever completed. There's not another facility in Wichita Falls like Parkstone available to provide housing for the seniors in Wichita Falls.

I have letters from the residents there, I have petitions from people that reside in Wichita Falls and see the need for the forward commitment. I have a waiting list. I turn people away every day and have ever since we opened, every day. There is just such a need in Wichita Falls for a senior community, so we ask that you consider us for the forward commitment. Thank you.

MR. CONINE: Could I ask on the residents you have in Phase I, are they military retirees, do they fit any particular sector of the economy?

MS. VEST: No. Usually they are over income if they're military retirees.

MR. OXER: You say they are or they're not military retirees?

MS. VEST: No. They're usually over income if they're military retirees.

MR. CONINE: Thank you very much.

MR. OXER: Representative Menendez. Good morning.

MR. MENENDEZ: Good morning, Mr. Chairman and members of the Board. I do appreciate the courtesy.

Unfortunately -- and I say unfortunately because I know how many folks have signed up -- I do have two topics to speak on so I'll make it as brief as possible.

Mr. Chairman and members of the Board, the first thing I'd like to talk about is a project called Sutton Oaks. It is the second phase of a project in San Antonio, and I was interested in hearing the question about military or what type of folks, this is an affordable housing unit that's built directly across from Fort Sam Houston's base and it's one that has a set-aside of units that the most important aspect of this is it's also going to make affordable housing available to military families who are arriving every day and have very little quality affordable housing options near this base. It's very close to Fort Sam Houston and BAMC which were affected by the 2005 BRAC round.

I know you have lots of requests so what I believe sets this apart is that during the 2011 round, San Antonio's region lost \$1.4 million in available credits to other regions around the state, and while I know that many of you are aware of my concerns with the allocation formula, losing these credits from an already under-served region is simply inequitable to the

community and to the overall distribution credits around the state.

As a part of the financing structure, here's another thing that's critically important. The San Antonio Housing Authority has committed \$2.7 million in replacement housing factor funds as a part of its initiative to replace the original public housing units that were there that were torn down. If this project is not committed, if they don't receive a forward, these \$2.7 million will be lost and they'll have to go back to HUD. And so I see no reason why, and I know that you get lots of requests and it's hard to differentiate, but I think here we have federal tax dollars sitting ready to go that would be leveraged by these tax credits and really go a long way not only to help fill the gap for affordable housing but also to serve military families. So there is, I believe, some really distinguishing factors in this application.

This project has overwhelming support from the entire community including our city council, our Bexar County delegation -- you should have a letter before you that's signed, the first two signatures are our state senators, our House members, it's a clear statement of our commitment not only to the project but to future efforts to provide quality, safe and affordable housing to working families of Texas and those who serve in our Armed Forces.

With all these issues surrounding housing programs, I'm proud of the united support our delegation has going forward on this vital component of economic development, and I believe that approving a forward commitment would be a major step in showing that support is well placed. I do appreciate your consideration. I understand you're in a very difficult box and I

understand that it's hard sometimes, but that's why the leadership of this state has placed you in this important position as policymakers and leaders of this agency because you do have to differentiate and sometimes make tough calls.

And so I do appreciate the difficulty of today with everybody coming before you, but I think that it would be a travesty if we lost that \$2.7 million in federal dollars.

So that being put aside, I'd also like to take a second to thank you to allow me to talk about the homeless funding formula issue. If you're aware, I'm not sure if it's come up already today, I want to make clear that I will be using San Antonio's Haven for Hope as an example, one that we're very proud of and support fully. They're not looking for a forward commitment today, but what I'm talking about is the homeless funding formula issues.

The reason is that I intend to make a point that as the funds are distributed to address the homeless programs, we need to ensure that they're done so in a manner that provides the most value to our taxpayers. I've provided for each of you a brief overview of the Haven for Hope that was given to the governor, lieutenant governor and the speaker and other legislative leaders during the session. I believe you'll see from the information what the intent of this funding, what it is and how it is used to achieve the most value for everyone.

I believe for years cities and local governments have waged campaigns against homelessness that have, for the most part, treated only the symptoms. These programs have essentially done nothing more than enable individuals to continue a life on the street without getting to the root cause of

their homelessness. So simply providing food and a place to sleep does absolutely nothing to solve the root cause of homelessness. While the charitable basis of such assistance is praiseworthy, continuing to throw the very limited public resources at that approach is not a sound use of taxpayer money.

During the past legislative session I introduced HB 307 which would have given TDHCA the statutory authority to develop specific rules for the homeless support initiatives begun in 2009, and while we managed to get the bill amended to other legislation, none of those efforts, including the TDHCA Sunset bill, survived. The Board is going to have to continue to exercise your authority in applying a formula that is equitable to all participants but makes effectiveness the key element in the distribution of very limited resources.

Simply put, I believe those who have demonstrated an ability to effectively use the state's funds should be given the biggest portion of the funds that are left. Not only is this equitable but it creates an incentive for other programs to reconsider their approach if they'd like to continue to receive state funds.

So after reviewing the current set of circumstances, I think it's good news, I respectfully encourage the Board to adopt a recommendation that will be brought forward from, I believe, Mr. Irvine and his staff that the funds already identified for the first half of the biennium be distributed. We're already in the first quarter, delaying the process now wouldn't serve any real purpose, and I strongly endorse a proposal by Director Irvine to convene a

stakeholder work group in the next few weeks and develop a modified methodology that gives significant weight to performance and effectiveness over simple census data.

I realize that some local programs, like Haven and the Bridge in Dallas, have already established goal-oriented processes and are ahead of the curve, but when the legislature appropriated \$20 million in 2009, it was intended to jumpstart a new approach to aggressively address the growing homelessness program by finding solutions and putting people back to work, and a few programs did just that.

And so members of the Board, Mr. Chairman, I want to finish my comments just by saying I want to say thank you for the difficult job that you have, for the time that you invest, the time you take away from your businesses and your families to be here and serve the state. I think I can relate to what you're doing.

MR. OXER: For the record it's not difficult sometimes, it's usually difficult.

MR. MENENDEZ: Well, I get it. I had 170 days to feel your pain.

MR. OXER: Have those scars started healing up on the back yet?

MR. MENENDEZ: Yes, sir, everything I starting to get a little better.

But I'll tell you, you know, I'm sure that every one of the applications before you is worthy of your consideration and worthy of a

forward, and it's difficult to pick and choose, and I do hope that you can see that some circumstances are dire and do have the cause that it would be almost -- I see it as we would be lacking our fiduciary duty to the state if we gave up those tax dollars that we have in hand to day to build this.

MR. OXER: Hard to send that money back to D.C. after we have to claw it out of them.

MR. MENENDEZ: The problem is you send it back and then what are they doing to do with it? And if they want to use that as part of the money they're counting towards that \$1.4 trillion they're trying to cut, I think that would be a travesty of justice, especially when we are serving affordable families, seniors and military families who already are giving and sacrificing so much for all of us. And so I think this is a unique set of circumstances and the whole delegation is behind it and I'm just here as a representative of the delegation. So that's why I came today for those two issues.

And Former Chairman Conine, thank you for your service.  
And congratulations to you, sir, on your chairmanship.

MR. OXER: Thank you.

MR. MENENDEZ: Thank you very much.

MR. OXER: Thank you for your help on you behalf as well.

Any questions?

(No response.)

MR. OXER: Brittney Grigg for Representative Kuempel,  
followed by Randy Stevenson, and then Bruce Woodward.

MS. GRIGG: Good morning. I am Brittney Grigg and I'll be



reading a letter on behalf of Representative John Kuempel.

"It is a pleasure to offer my support for the forward commitment allocation of the housing tax credit for Walnut Springs Apartments in the City of Seguin. I do not take the responsibility to support good projects lightly and expect nothing but the best from the MacDonald Companies and the city for this development.

"The City of Seguin has recently experienced tremendous growth in employment and economic development. While I am delighted with this new development within our city, it has had the unfortunate side effect of making many types of housing in the area unaffordable, especially to seniors. According to the market study performed by Mark C. Temple & Associates, conducted in February 2011, there is a total demand for 3,990 affordable senior housing units in Seguin. With 80 units proposed, Walnut Springs will barely scratch the surface of the demand.

"As more and more local residents age and become senior citizens, it is important for them to stay within their community and remain close to their families, friends and network of support. This project is vital in providing access to many crucial services needed by the senior community.

"The City of Seguin is in a unique situation that does not allow for access to many other types of funding. While it is too large to receive many other federal and state funds, it's not large enough to receive others. The housing tax credit is the best and possibly the only answer to filling this need. Seguin has not received an award for this type of senior housing since 2001 and this project's location and timing make it ideal for receiving the

department's housing tax credits. I am confident that the city of Seguin and the MacDonald Companies are dedicated to making this project beneficial to those who truly need the assistance.

"I sincerely appreciate your thoughtful consideration of the Walnut Springs Apartments as I know that this is an extremely competitive process. If I may answer any questions or provide any further information on this matter, please do not hesitate to call on me at any time. Sincerely, John Kuempel."

Thank you.

MR. OXER: Any questions?

(No response.)

MR. OXER: Mr. Stevenson, to be followed by Mr. Woodward, and then Krista Gabria. Mr. Stevenson, followed by Mr. Woodward, and then we'll get out of sequence here a little bit.

MR. STEVENSON: I'm Randy Stevenson, the applicant on Parkstone Senior Village in Wichita Falls, 00019.

We applied for 64 units this year for Phase II of what has got to be a very, very, very successful original application for the affordable housing product for elderly in Wichita Falls. As Pam mentioned to you a while ago, what we have done there is waited until the overwhelming demand is overwhelming to us.

And Mr. Conine asked about the military there. What a typical thing happened in West Texas, we're in the same region as Abilene, Abilene got the award this year. What happens is oftentimes you need to realize that

the Wichita Falls area services more than just Wichita Falls. What happens in smaller towns for the elderly, the first thing that seems to happen is that they lose their medical facilities, they are scared to be without it at that level, they're mostly in their 70s and early 80s moving in there, and they migrate to the towns that are of some substance which would be Wichita Falls in that general area.

She did not leave this. We've got over 350 people on a petition, a bunch of personal letters of people that want to live there and do live there, I'd like to leave it with you. And if you have any questions, I'd be happy to answer that.

MR. OXER: Thank you. Any questions?

MR. CONINE: No.

MR. OXER: Mr. Woodward.

MR. WOODWARD: Good morning. My name is Bruce Woodward and I'm the court appointed receiver for Dolphin's Landing Apartments in Corpus Christi, and as receiver, I am generally charged with selling the property, and am here to speak in favor of granting a forward commitment to this project because if they don't get the forward commitment then the property will probably be sold in the public sector and the affordable component would be lost. And also believe that the funds that are available in this commitment would allow them to rehab the property to put it in better condition for the people that live there currently as affordable housing.

I ask that you see favorably on their request, and if you have any questions, feel free to ask.

MR. OXER: Thank you. Questions?

(No response.)

MR. OXER: This appears to be all that we have in the forms. Michael, do you have two letters that we need to read in?

Are you testifying on behalf of agenda item 5(a) on the QAP?

MS. GLOVER: Right, but we wanted to speak at the public comment.

MR. OXER: Okay. Please go ahead.

MS. GLOVER: Actually I'm Anna Glover and I'm a board member of Preservation Texas. Krista was here to sign up but had to leave for another meeting, so I'm reading a letter on behalf of Preservation Texas.

"We'd like to express our support of TDHCA's effort to ensure affordable housing credits work in concert with historic preservation to achieve vibrant downtowns across the State of Texas. Texas cities are experiencing a tremendous increase in growth and many of our downtowns in smaller communities are searching for ways to attract new businesses and residents.

"One thing they have in common are vacant or underutilized historic buildings that are often prominently located at major intersections. The availability of additional incentives for rehabilitation and adaptive reuse of historic buildings would encourage investment which generates significant indirect and direct economic returns in the form of jobs and increased tax revenues at the local level. The rehabilitation of prominent historic buildings also encourages revitalization of adjacent areas.

"Preservation Texas is currently assisting several Texas

communities in the revitalization of their downtowns. Key historic buildings such as the Herring Hotel in Amarillo, the Cables Building in downtown El Paso, and the Statler Hilton in Dallas could contribute to the vitality of their downtowns if additional incentives were available for their rehabilitation.

"Preservation Texas is a nonprofit organization which exists to ensure that our proud Texas heritage is preserved, and to that end, that Texas's historic fabric remains intact. I, along with the 14-member board of Preservation Texas, respectfully request that the Texas Department of Housing and Community Affairs adopt changes to the QAP that encourage the rehabilitation and reuse of historic buildings."

And I'm also here on behalf of the City of San Antonio Office of Historic Preservation, reading a letter from Shannon Peterson, the historic preservation officer.

"Chairman and Board: The City of San Antonio Historic Office of Historic Preservation offers its support of changes to the Low Income Housing Tax Credit QAP that would help spur redevelopment in San Antonio and across the state.

"The San Antonio City Council has made it clear that downtown and central city revitalization are an important priority to the city. It is economic, environmental and culturally sustainable to reinvest in existing infrastructure and in existing historic buildings and neighborhoods. To this end, over the last year the City of San Antonio has adopted an in-fill and reinvestment policy complete with financial incentives for reinvestment in the central city, particularly for downtown housing. Mayor Julian Castro has

declared this the Decade of Downtown, and in his ambitious SA 2020 visioning initiative listed revitalization of the urban core as one of its many goals.

"While technical historic preservation practice can sometimes increase costs, the use of historic tax credit in addition to the LIHTC offsets the higher cost of quality rehabilitation. Rehabilitation not only preserves buildings but it creates jobs in the local economy. These policies should allow flexible standards so that existing and historic structures can be adapted to meet our communities' needs, and I encourage you to create and make changes requested by HR Properties which will increase the viability of rehabilitation and reuse of historic resources."

Thank you for your consideration and time.

MR. OXER: Any questions? I have a question. In the preservation tax credits there's a valuation that needs to be identified for the value of the building, the equity that would be established via the designation as a historic building. Do you have a way to quantify that before the LIHTC credits would be awarded?

MS. GLOVER: Actually, I have an expert here. I'm speaking more in general terms, and then we have a few developers that do this in other states and are requesting the changes in Texas so that these projects can be more viable. And I know the question that comes up is the rating, the point system.

MR. OXER: Well, perhaps it's a fairly esoteric question but it goes to the heart of this preservation tax credit issue. Should we have the staff talk about it?

MR. GANN: We can talk about it now or we can take it up as part of the QAP discussion.

MR. OXER: Let's take it up as part of the QAP discussion, because that is an item in that discussion on agenda item 5(a). Thank you.

Actually, Michael, we have two more but read yours in and then we'll get to the last two on the list here.

MR. LYTTLE: Yes, sir. I have several letters from legislators which they've asked us to read into the record.

The first is from Senator Glenn Hegar. It reads:

"I am writing in support of the 2011 application for housing tax credits for the proposed Riverwood Commons age 55 and over apartments as submitted by JES Development Company, Inc. The proposed development will be located on a plus 2.99 acre site fronting Old Austin Highway just past east of Hessler Boulevard, Bastrop, Bastrop County, Texas.

"It is my understanding that the developers own an existing affordable housing senior property in Bastrop, Settlement Estates, which has remained fully occupied over the past ten-plus years that it has been in service. This supports my position that there is a strong need for additional affordable housing within the Bastrop area for citizens age 55 and over.

"This new construction development will be comprised of 36 units. All the units are specifically for residents with income levels up to 60 percent of the median income level of Bastrop County. As state senator I am pleased to give my wholehearted support for the application in my district.

"Please contact my chief of staff, Lisa Craven, if you have any

questions. Thank you for your favorable consideration of this application."

The second letter is from State Senator Juan "Chuy" Hinojosa. It reads:

"It is my understanding that the Texas Department of Housing and Community Affairs recently approved tax credit awards for projects in the 2011 Tax Credit cycle. I know this has been a long and difficult process for the department and its hardworking staff. I appreciate the long hours and deliberation you and the Board members have invested in this process.

"I have and will continue to express my support of the American G.I. Forum Village Apartments which was competing in the statewide pool of tax credit funding for at-risk projects. Approval of this project represents an investment of \$5.2 million in actual construction dollars in the community of Robstown and preserves a historic and important housing project. I'm requesting the Board's consideration in awarding a forward commitment to this important community development.

"In 2008 the American G.I. Forum Village was awarded tax credits which they were forced to reluctantly return to the department as a result of the financial collapse and disinterest in the capital markets. Furthermore, I understand that TDHCA listed this project on the recommended list at the July 28 board meeting agenda, however, in a last-minute reversal or clerical error, the project was relisted number one on the waiting list. This caused considerable confusion about the status of the project.

"In view of the above, it appears TDHCA would have a compelling reason to consider awarding a forward commitment to fully fund



this worthy project. I respectfully request your support for such action."

And then finally I have one letter from State Representative Dwayne Bohac. It reads as follows:

"I submitted a letter of support for TDHCA application 11255, Justice Park Seniors, on April 1, 2011. This development has received the support of the local community, both Central Northwest Super Neighborhood Council and Forest Pines Neighborhood Council. The proposed development is located next to the new FBI building located at Justice Park Drive and Highway 290.

"The developer of this project is proposing the construction of 144 senior rental units. Based on the aging population in the surrounding area, this property would fill a strong demand for alternative means of housing.

This development would complement the neighborhood which is within close proximity to grocery stores, shopping and healthcare. I believe the Justice Park Senior Villas will preserve and provide needed housing units for seniors in my district.

"This will be the first tax credit development to receive my support, and I ask that you consider granting Justice Park Seniors a forward commitment."

MR. OXER: The hits just keep on coming today. You folks have a lot that you want to say today, huh? Sorry.

All right. We're going to have Mark Scott, followed by John Longoria, followed by Mike Faenza.

MR. SCOTT: Mr. Chairman, members of the Board. My

name is Mark Scott. I'm a city councilman in Corpus Christi. I want to take moment of personal privilege and reach out to our friends the Bastrop area. The citizens of Corpus Christi want you to know you're in our thoughts and prayers. I am proud to note that the City of Corpus Christi sent firefighting personnel up to assist, because at the end of the day we're Texans first.

I'm here to support the project called the Palms at Leopard. I want to take you through a quick timeline, if I may. In February of this year we unanimously passed a resolution noting this project as our single support. In May we made a sole allocation of HOME funds in the neighborhood of \$860,000 to this project, it was the only project that we allocated HOME funds for. In August, I and another city councilman, Kevin Kieschnick, came before you to deliver those resolutions and publicly support that project.

Through, I might note, a quirk in the system, that project was not allocated, and subsequent to that the city council had an agenda item on August 30 where we deliberated and ultimately unanimously passed a resolution reiterating our support for this project and asking for forward funding. We did so recognizing the unique and compelling nature of this project. We note in our resolution that HUD has recognized it as a distressed and obsolete property, it's in an incredibly blighted area next to a wastewater treatment plant, and we have an opportunity to move this to a higher income area, or as I have been told, it will affirm Fair Housing initiatives that you all work on. In the end, members of the Board, this unique and compelling project is time-sensitive. The City of Corpus Christi is in the midst of a new Harbor Bridge campaign of which this property will be impacted.

The Palms of Leopard has their funding, the City of Corpus Christi has politically supported this opportunity through several resolutions, we have provided financial support, and I stand before you today in delivering the resolution that you have before you, asking that you support this project and provide forward funding. Thank you.

MR. OXER: Any questions?

(No response.)

MR. OXER: Thank you, Mr. Scott. Mr. Longoria. Mr. Faenza is next.

MR. LONGORIA: Mr. Chairman, members of the Board. My name is John Longoria. I'm president of the Corpus Christi Independent School Board, I've been before you in the past to champion this project. We are seeking a forward commitment on behalf of the project 11166 known as Palms at Leopard.

I want to just kind of mention a little bit of the impact to the schools. This particular project will continue to help us repopulate the north side there at Miller High School and the new Metro Ease, the newly designed schools there.

I want to support Council Member Scott's commitment that we have worked with the city to make this project a priority. Actually, we have made it its only priority and it will continue to be that until this particular problem is solved. We have secured HOME funds to back that priority up, we have two resolutions of support, we have a third letter of support from Representative Connie Scott here who represents that district and is my state

rep, and we have worked to get all the stars lined up to see that this project can move forward here.

So the timing and urgency of getting this project done now is very important and we urge your support and a forward allocation. The city felt it was important enough that they were willing to give up next year's funding in seeking this, so that's how important this priority is to them.

So thank you for your work and be happy to answer any questions you may have.

MR. OXER: Any questions?

(No response.)

MR. OXER: Mr. Faenza.

MR. FAENZA: Thank you, Chairman Oxer, and also congratulations on your new chairmanship. And members of the Board and Mr. Irvine. I'm going to speak briefly, and it's just a thank you.

You've heard some of this today and it's for the department's work on behalf of homeless Texans and promoting their recovery from homelessness through the Homeless Housing and Services Program. I really want to echo what Representative Darby said to you and his gratefulness for that work, and I do that on behalf of the Metro Dallas Homeless Alliance, my nonprofit organization, the Dallas City Council, and the City of Dallas.

Last year at this time the department submitted a request to the Legislative Budget Board to fully fund the HHSP program, but actually given the environment, we would have been grateful if the department had requested just consideration of that program as an exceptional item. It was

just terrific that HHSP was included in your request as a regular program item.

In the end, the burden of finding funds for this first-time Texan initiative to end homelessness fell on you and your department staff.

I've spent 38 years working on behalf of the homeless and people with disabilities and half of those years in Texas and half in Washington, and that a department would develop a plan with a substantial sum of your own resources at a time like this to fulfill an unfunded legislative intent is truly extraordinary. We need to recognize that. And you did it, we can't thank you enough. You have some great people working for you and we're very thankful for the time and effort you extend to lead them. Thanks.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: We're getting down close to the end here. Mr. Hamilton, did I see correctly that you've yielded your time to Bob Sherman? Okay, Mr. Sherman, to be followed by Ramiro Cavazos.

MR. SHERMAN: Good morning, Mr. Chairman, members of the Board. My name is Bob Sherman.

This is not about a forward commitment. We own the Village Creek Townhomes, 184 duplex units immediately south of Dunbar High School at Stop 6 in Fort Worth. After purchasing this we invested a lot of our own money and improved it, and we moved in, and we're darn proud of it, the East Fort Worth Montessori Schools into our 4,000 square foot amenities building. I'll tell you it's been a joy to see the 40 students, all three to six years old, learning at the direction of four teachers, a ten-to-one ratio, and

scholarships were provided for those children, all of whom were from minority families who could not afford the tuition -- it's not much but they couldn't afford it.

The specific neighborhood I refer to was not too long ago considered quite undesirable, but the city put an awful lot of work into it, there's new housing developments all around us, and we just followed the city in, we thought it was a good idea.

I read the QAP draft. I now refer to our property Park Creek Manor, 322 units at Illinois and Westmoreland in South Dallas in a qualified census tract. There's bus and DART rail literally at the door of the development and it's in a redevelopment area, it looks great. The residents are 97 Hispanic. Park Creek Manor is within 800 feet of Hall Elementary School which has a 98 percent Hispanic student population.

I looked at the QAP and I hadn't seen this before either and I don't think we all intended it this way. I'm referring to page 5 of 97 and we fail to meet two conditions with the Park Creek Manor property in that Hispanic district because it's not in a high opportunity area. Section (b) asks that it is in a QCT, and therefore, the area gross median income is much higher than that of our census tract, so that takes us out of that point score.

Item 16(d), which is particularly concerning to me, the Hall Elementary School has an academically acceptable, not an exemplary rating, so again we can't qualify there. That's four points in that section 16, zero points for our property.

The main point I want to make is that this dictates the students

themselves have to get proficient in English before they have a chance at the improvement we plan for that development, including a library, English as a Second Language classes, et cetera, and we get points for those services. We can't get them.

One could also conclude that a better education within this census tract could serve to increase the median income in the tract.

Now here's the hard part. I referred to the Fair Housing laws, and executive order 13166, issued August 16, the executive order says, and I quote: eliminates to the extent possible limited English proficiency as a barrier to full and meaningful participation by beneficiaries in all federally assisted and federally conducted programs and activities. I think that's what we do. Furthermore, to improve access to federally conducted and federally assisted programs and activities for persons who as a result of national origin are limited in their English proficiency -- they even have an acronym for it, LEP -- it is hereby ordered as follows -- and then you can read what Mr. Hamilton handed out to you. It's the Fair Housing Act and it's the executive order.

I truly believe this exclusion of persons not proficient in English was unintentional, and the area gross median income clause demanding that the census tract exceed that of the county's area gross median income.

Now, I really like doing what I do. I handled the Montessori school acquisition personally, and remember, this is in a low income property in what used to be a pretty rough area, we're fixing it up. I'm just asking the same thing here today but I need your help. Eliminate the area gross median

income clause and the exemplary rating and let us provide modern residence to those tenants and services that will help those kids and families who need it the most. Thank you very much.

MR. OXER: Thank you. Questions? I'm sure this will come up for discussion.

MR. SHERMAN: I'd be pleased to participate further. We really believe in this, Mr. Chairman.

MR. OXER: Thank you for being here.

MR. CAVAZOS: Good morning. My name is Ramiro Cavazos, Mr. Chairman and members of the Board. Congratulations, Chairman Oxer, on your appointment. My name is Ramiro Cavazos and I'm the chairman of the board of the San Antonio Housing Authority Board of Commissioners. Thank you for the opportunity to speak this morning.

We wanted to request a forward commitment for Sutton Oaks II, TDHCA number 11090. You heard earlier from Representative Menendez, this is the same project. This development finished in first place within the urban region at 206 points, however, the development was not recommended for funding. The SAHA Board has committed over \$2 million to this project, it's a good community partnership, and it will provide additional quality services to east side residents in our community. We're here to ensure that the hardest to serve have safe and of course affordable housing options.

Our board unanimously approved this resolution to support the Sutton Oaks II submission for tax credits and it is a priority development for our agency. We are the great State of Texas's largest housing authority, and



in addition, we're working with local, federal and state partners to impact our community in a positive way. Beyond merely providing housing, the San Antonio Housing Authority will continue to add value to the neighborhoods through retail and building sustainable communities through renewable energy.

Sutton Oaks Phase I was identified as the only completed catalytic project in San Antonio's 2010 reinvestment summit for economic development on the east side. Sutton II is unique, it proposed a true income diversity by providing a substantial percentage of public housing and market rate units. If these funds are not awarded, the opportunity of obtaining funding such as HOME and Replacement Housing Factor funds will be jeopardized. There is a very real risk if Sutton Oaks II is not committed under the 2011 tax credit round, this project may never be realized on the near east side across from Fort Sam Houston.

Thank you again for this opportunity to be heard, and again, I respectfully request your consideration to approve a forward commitment for Sutton Oaks III, number 11090. I know with all the worthy projects this morning you have a difficult decision. I'm sure you wish you could support all of them, but we hope for your consideration. Thank you for your time.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: All right. We're going to take a brief break.

We'll back in the saddle here at ten minutes till the hour.

(Whereupon, a brief recess was taken.)

MR. OXER: Let's take the Consent Agenda.

MR. IRVINE: Mr. Chairman, we'd like to pull off item 1(m), as in Mike.

MR. OXER: Are there any others, any of the board members have Consent Agenda items to pull?

MR. CONINE: Yes. Item (g), item (l) and (n). Thank you, Mr. Chairman.

MR. OXER: Certainly. 1(m) is off. Say it again.

MR. IRVINE: Golf, Lima and Mike.

MR. OXER: Okay. Plus October, Victor and double Delta.

MR. IRVINE: And November.

MR. OXER: Got it. Is that clear to everybody?

MR. CONINE: (g), (l), (m) and (n). Mr. Chairman, I move approval of the balance of the Consent Agenda item 1, please.

MR. OXER: Motion for Consent Agenda.

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion carries.

MR. IRVINE: Tim Nelson will present item 1(l).

MR. NELSON: (l) or (g) that we're taking up first?

MR. IRVINE: Oh, excuse me, yes, (g).

MR. NELSON: So 1(g) first?

MR. OXER: Yes.

MR. NELSON: Well, good morning, everyone. I think it's still morning. My name is Tim Nelson. I'm director of Bond Finance with the department.

On item 1(g), this is the request for approval of the third tranche of our NIBP program. The Board might recall that in May you approved \$150 million transaction which just priced at the end of August and are moving toward a closing on that transaction at the end of this month.

We've got a number of people out in the audience with us today. I'd like to report to the Board that even in very difficult market conditions that we were able to get extremely good execution and would like to publicly thank everyone that worked on the transaction. We've got James McIntyre with Morgan Stanley who was our book running senior manager on that deal.

But in any case, this transaction is the next one that we will undertake. Under the new issue bond program which was originally started at the end of '09 was extended at the end of last year. We have, unless it's extended again, until December 31 of this year to issue any new bonds under that program, and more importantly, to convert any of the taxable bonds that we sold at the end of 2009.

And so we have put this transaction in front of the Board. It's \$100 million transaction, we're looking to convert another \$80- to \$90 million out of our \$300 million in NIBP authority that we put out there at the end of '09,

and to match up with that a \$10- to \$20 million market piece that needs to be done in conjunction with that. Again, total size of the transaction would be \$100 million.

The current rates that we're offering under our program are 4 percent if you're not looking for any assistance, and a 4.60 rate in which case you would get 4 points of assistance along with that. Another thing I'd like to point out is that we are committing somewhere between a million and a million and a half per day under our existing program.

So with that, staff recommends approval and I'll be glad to answer any additional questions.

MR. CONINE: Mr. Chairman, a couple of questions.

MR. OXER: Mr. Conine.

MR. CONINE: Tim, the NIBP on page 3 of 4 of our presentation here says the \$80- to \$90 million not to exceed 60 percent, and obviously that's a bigger number, 60 percent of the 100- total. Can you explain what's going on there?

MR. NELSON: Well, what the new issue bond program is looking for is a certain ratio of market bonds to NIBP bonds that are converted and this 40 percent market to 60 percent NIBP is an overall ratio that you have to maintain. So the 2011B deal that we priced last month, closing at the end of this month, we actually did 60 percent of that deal as market bonds and only converted 40 percent in NIBP bonds. So we're able to go to a higher ratio of NIBP bonds to market bonds on the third tranche because we did more market bonds on the second tranche.

MR. OXER: So you're equalizing on this one.

MR. NELSON: So we're sort of equalizing it up at the end.

And we did that consciously so that we could have that flexibility at the end of the program.

MR. CONINE: Okay. The other question I had was in response to the underwriting team and the guys that are on the rotation basis, if you will, the investment bankers. I know we had pretty much a schedule a couple of years ago where we were following pretty much a schedule, and of course then the crisis hit and we've also since then got the warehouse line put in place, and I guess my question is can you take a look at the future and give us some indication of your schedule of rotation amongst the investment bankers as we move forward in the next year. How are you doing that process now?

MR. NELSON: Well, this again would be the third piece. We will have George K. Baum as our book running senior manager, they're third in the rotation. If we were to do another transaction next year, which again we're hopeful that NIBP would be extended in which case we probably would be able to do two deals next year, George K. Baum would book run the first deal and then we would rotate J.P. Morgan into that second deal next year. That would sort of complete the rotation, if you will. We originally put together a rotation that would have had four deals, and again, we're on the third of those.

MR. CONINE: Okay. So we've got two more transactions to kind of complete that cycle and then you'll come back to us with a whole new

fresh one.

MR. NELSON: We'll go out with a new RFP process, create a new team and a new rotation at that point.

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

MR. GANN: Second.

MR. OXER: I have a motion by Mr. Conine for approval, second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion passed.

Item 1(I).

MR. NELSON: I'm going to ask Eric Pike, our director of Home Ownership, to join me up here. I'll make a few comments and he can make a few comments if he'd like.

I'd like to begin by saying that I think it's ironic that we're dealing with this topic three years to the day when Lehman Brothers announced they were filing for bankruptcy and began a series of events that nearly pushed our economy to the brink of collapse. I hope that this does not fall into that same category but I think it does remind us, as we do these bond deals, that we do rely upon other parties in the transaction, we rely upon their credit worthiness, we rely upon decisions that are made by them, and that is certainly the case that we have here.

Bank of America was selected in '09 through an RFP process to be our master servicer and in these transactions the master servicer does a number of things. ON the front end of the deals they work with our large lender network to both create a reservation system for lenders that want to reserve loans, and then once those loans are closed by lenders, the master servicer will go through a tax compliance review of those and will purchase those loans, ultimately end up pooling them and delivering them into our trustee and that serves as the collateral for our single family bond issues.

On an ongoing basis they also serve in a more traditional servicing role where they collect all the payments from all of these various homeowners that have taken out these loans, make those payments over the trustee so that that can make the payments on our bonds.

We received notice on August 31 that Bank of America was looking to sell or somehow discontinue their correspondent lending operation. So that would basically deal with the up front piece of our transactions, the purchasing of these loans from lenders. It has nothing to do with the ongoing servicing of the mortgage loans. That is a business that they are committed to continue. It is, again, this other correspondent lending side of the business which includes, unfortunately, services that are provided to us on our bond deals.

I wanted to point out a number of things to the Board. We have a contract with B of A that covers all Program 77, so this entire \$500 million program that we are now working on the third piece of, so we do have them under contract. We have also had conversations with them where they

have assured us that they plan to meet the contractual obligations that they've currently entered into. I think what staff is concerned about is going forward, again, a lot of people make statements and have commitments that they may or may not follow through on, it's our concern that if for some reason they decided that that wasn't something they were going to continue forward with, that we needed to have some sort of authorization from the Board to take some kind of corrective action to bring another master servicing entity in to help us finish out our Program 77.

And again, that's what this item is dealing with. We actually have another item on here that the Board approved in the Consent Agenda to go out and do an RFP process to retain a master servicer for all of our future programs. This item, again, just deals with we're in the midst of our Program 77, and again,

B of A has said they plan to finish that out, it's our fondest hope that they do, but they certainly won't be available for any of our future programs so that's why we have to go out and retain a new master servicer. But we felt it prudent to get some sort of Board direction that if for some reason in this interim time period things did not play out the way that they said they would or that they hoped it would, that we would have the direction and the flexibility from the Board to go out and take corrective action, bring a replacement master servicer in.

And Eric, I don't know if there's any other comments that you want to make, but with that, I'll open it up for questions.

MR. CONINE: Tim, you don't give this as an emergency



situation, do you? And let me tell you where I'm going with my question. Because it says resolve the executive director or acting director of the department to take the necessary measures to procure. Now, to me, hopefully you'd come back to the Board to get the ultimate final authority before any decisions were made, but I want you to clarify that language.

MR. IRVINE: Can I clarify that? We do not view it as an emergency at the moment. Obviously there are emergency procurement provisions and if an emergency were to arise we would like to have the authority to move immediately to address it, but assuming that things do not meet those standards and do not move that fast, we would do an orderly procurement and absolutely bring it back to the Board.

MR. CONINE: I'm not sure how to answer that one.

MR. IRVINE: If it something really bad happens and we have to get a servicer in place really fast, we would like and we're asking for the authority to do an emergency procurement.

MR. CONINE: Subject to ratification of the Board?

MR. IRVINE: Absolutely.

MR. OXER: So you're asking basically to arm the triggers.

MR. IRVINE: Right.

MR. CONINE: So if we could add subject to the ratification of the Board to this resolve, I'm okay.

MR. IRVINE: Absolutely. And to the extent that it would be feasible, and we would anticipate and hope that it would always be feasible, we would be able to bring it to the Board for prior approval.

MR. CONINE: Great.

MR. OXER: Mr. Keig.

MR. KEIG: And that it would be an emergency.

MR. IRVINE: Correct.

MR. NELSON: I think under the procurement guidelines, in order for us to do that, the Board has to declare that there's an emergency, so I think that's what this is designed for is if that occurs, you've told us it's an emergency, we can now move forth post haste and get this taken care of.

MR. OXER: So Bank of America has assured us that they were going to continue in their business that they have. I recall Lehman Brothers assuring some folks that they were going to continue in their business.

MR. NELSON: Well, actually a number of years ago Citi Mortgage was a large servicer in this same space and had a similar situation happen. They came out and said they were going to be committed and two days later everyone was let go. And so again, we all know that things change over time and we just want to make sure.

MR. OXER: And sometimes they change overnight.

MR. NELSON: Yes.

MR. CONINE: I move for approval. I move to amend this to say subject to the ratification of the Board and move for approval.

MR. KEIG: Second.

MR. OXER: We've got to do the motion to amend first.

MR. IRVINE: No.

MR. OXER: Motion by Mr. Conine, second by Mr. Keig. All in favor?

(A chorus of ayes.)

MR. OXER: all opposed?

(No response.)

MR. OXER: Motion carries.

MR. NELSON: Thank you.

MR. OXER: Item 1(m), and we have a witness affirmation form for Reverend Doctor Queen.

MR. IRVINE: If I might present this item, Mr. Chair?

MR. OXER: Yes, indeed.

MR. IRVINE: With respect to item 1(m) the Homeless Housing and Services Program is an incredibly impactful program that was created in prior legislative session to fund the eight largest cities in the state in developing and administering programs to prevent and address homelessness. The cities have taken a variety of different approaches to addressing these matters, and unfortunately, in this past very tight budget cycle the legislature was unable to appropriate specific funds to this but we have taken on as a departmental objective finding \$10 million over the biennium for this program. We have not identified the whole \$10 million but we have identified \$5 million for use in the current fiscal year.

We have taken the formula that we previously used for distribution of these funds which was a formula based on population and poverty, and we have added to that formula two additional factors, one is the

prevalence of a veterans population and the other is persons with disabilities, and we believe that with these four factors the formula is better but still not perfect.

And we have also taken the initiative of reaching out to these eight cities to tell them we would very much like to convene as soon as possible, probably in October, a roundtable where we just sit down and talk about: Folks, what really works, what doesn't work, and how do we further modify the formula for fiscal year 2013 to provide incentives, and as Representative Menendez and Representative Darby indicated, move the funding more to where we know we are actually doing things that are impactful.

So that's something that's on the horizon, so what staff is recommending here is that you authorize the moving of the funds from other funding sources, as indicated in our presentation, to provide \$5 million of funding for the current fiscal year and that you authorize that that fund balance be distributed in accordance with the formula that's in your materials but for 2013 we'll be coming back with a revised formula and possibly some rules regarding different qualitative criteria to encourage the most impactful programs.

MR. OXER: Anything else?

MR. IRVINE: That's it.

MR. OXER: Okay. Reverend Doctor Queen, welcome.

REV. DR. QUEEN: Thank you for having me. To Mr. Chair and to the prestigious Board, I send you greetings, first and foremost, from the

great City of Prairie View in which I serve as a city council member. As a true servant, I understand that times are crucial and I thank you guys for what you're doing. But I did say Reverend first, so I won't be long, first and foremost. The secondary component of that is I give pastoral leadership to the homeless services at Bread of Life. Bread of Life actually has been in business for 19 years of serving the homeless.

With our southern manners, what we wanted to do was to come in first and say thank you. My mother taught me when someone gave you something you say thank you. We are actually some of the prior recipients of the HHSP money, and we actually wanted to show credibility in what actually you guys have blessed us with to show forth what we have done with it. With that money we have actually succeeded with serving 144,000 meals to the homeless population, and I'm not talking about cheese sandwiches, I'm talking about those meals that hearty Texans love. Also, we actually slept over 50,000 homeless brothers and sisters of our community and our dear state at that last cycle. Also, we had over 200 people with job placement, as well as case management.

What this money actually helped us to accomplish was we have a holistic wellness homeless process in which we actually try to bring the whole person back, not only just facilitate a place for them to stay but a place for them to actually become valuable taxpayers again. And I think one thing that we negate at times when we're speaking about the homeless population, which I have hands-on every day, is that they are Texans, they are our sons, they are our daughters, they are our veterans, they are those people who

actually have fallen on trying times at times, and I've even seen in the last couple of months those people who are a paycheck away from homelessness actually fall into the constraints of homelessness.

So this is very important, so we at the Bread of Life -- my executive director is present, Ms. Fay Robinson -- we come with full strength of over 50,000 we serve to say please we ask that you will vote for the funding in this cycle because to say that it's been cut and homelessness in Harris County has increased 25 percent within the last three to four months, it's crazy.

So we thank you for sharing the heart of a Texan and we thank you for voting for proposition (m). Thank you. Are there any questions?

MR. OXER: Thank you for your comments. Any questions?

(No response.)

MR. OXER: All right. Agenda item 1(o).

MR. CONINE: Do we need to approve (m)?

MR. OXER: I'm sorry. Yes, we do need to approve (m).

MR. CONINE: Motion to approve.

MR. OXER: Have a motion from Mr. Conine.

MR. GANN: Second.

MR. OXER: Second from Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion carries. Thank you, Mr. Conine.

MR. CONINE: I guess (n) would be the next one. Is that right?

MR. OXER: Did we pull (n)?

MR. CONINE: We pulled (n), and based on the comments earlier, I move for approval.

MR. KEIG: Second.

MR. OXER: Second by Mr. Keig, motion by Mr. Conine. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion carries.

All right. Now item 1(o) regarding the Housing Resource Center. We have a staff presentation on this.

MR. IRVINE: That was not pulled. We've already approved that in the rest of the Consent Agenda.

MR. OXER: We have a public comment, that's why it was pulled. That's correct.

MR. IRVINE: Well, then the Board would need to go back.

MR. OXER: I did say that. You're very correct.

MR. IRVINE: Okay, never mind.

MR. OXER: Mr. Jimenez, to be followed by Bobby Bowling. I'm sorry. Bobby, you're up

MR. BOWLING: Thank you, Mr. Chairman. Bobby Bowling

for the record.

I've got a couple of handouts I'd like to disseminate before the Board. There's a letter of support for this position I'm about to read into the record from State Representative Joseph Pickett and State Representative Marisa Marquez. I'd like to go ahead and read the position paper into the record first, and this is a consensus position paper from the Texas Affiliation of Affordable Housing Providers. It's regarding the forward commitment policy that's in place right now, and I've got a copy of this letter in those three handouts.

As part of the authority granted to the State of Texas by the United States Treasury in Section 42 of the Internal Revenue Code, TDHCA has the ability to issue forward commitments in a calendar year from the state's allocation of credits in the subsequent year. The Board of Governors at TDHCA has broad authority in which to make these forward commitments, and Texas statutes are actually silent on how those forward commitments are to be allocated, whether it is by region, points, need, special set-aside, or if they are to be allocated at all.

Since the advent of the regional allocation formula, the RAF, in 2001, TDHCA has enforced a policy of taking forward commitments out of the funding cycle from the particular region in which they were awarded for the following year and also put them in the regional allocation formula as if they were awarded in the following year. This policy has sometimes created situations whereby there are no tax credits for a particular sub-region for an entire cycle or calendar year, limiting competition for credits in that sub-region.



This is true especially in the smaller regions but the situation also recently occurred in Region 3, the Dallas region, in 2011.

An unintended result when this occurs is that a developer or a development is punished because there are no funds to compete for in a current year due to a forward commitment that was made in a prior year in that same region. And I laid out an example where Developer A has requested and received a forward commitment for a million dollars in 2011 in sub-region 1, sub-region 1 is due to receive only a million in 2012 under the RAF, but hence because there's no money available in that same region, per the current TDHCA policy due to a 2011 forward. Developer B, who wasn't there and did not apply in 2011, submits a worthwhile application in 2012 with full community support and an extremely high score. The TDHCA Board in 2012 is now in a position to either deny the worthy application from Developer B or grant another forward commitment to the application and take all of the money from that region for 2013.

TAAHP submits the following suggestions for a policy change in the 2012 cycle. End the process of taking a forward commitment out of the following year's funding at 100 percent for a region, and instead take the money off the top before the RAF -- I think I got some additional time from Demetrio Jimenez too, Mr. Chairman -- identical to the policy in place now for the at-risk set-aside. Forward commitments are already counted as a factor in the RAF the year they are finally committed, the year after the forward commitment for that region, and we propose no change to this policy. This will ensure that forward commitments are only counted once against a region

instead of being counted against the region 100 percent the year after the forward and then also placed in the RAF for the subsequent year as well.

This policy change would ensure that all 26 sub-regions have some level of funding every year and ensure healthy competition for tax credit funding throughout the state.

And if I could just read Representative Pickett's letter, they're similar letters so I'll just read one.

"Dear TDHCA Board: I understand that you will be considering forward commitments at your next board meeting. I am somewhat concern as to how this affects funding in our Region 13 in the next year.

"Under your current policy you are taking forward commitments out of the specific region's funds for the following year. This policy is actually penalizing the smaller regions in the state, such as El Paso, where funds are only available to do one deal each year.

"The current policy acts as a deterrent to developers who want to submit an application as the TDHCA website shows that there are no tax credits set aside for the following year. This has happened twice in the last three years, once with the Desert Villas forward commitment in 2008, and also with the Canyon Teal Palms forward commitment in 2010. Both times you saw a very limited number of applications submitted the following year, only one in 2009 and two in 2010.

"Given the fact that you are considering forward commitments again this year, I would propose that you change your policy regarding how they are funded from the following year's allocation. I propose that each

forward commitment come from the statewide pool prior to regional allocation.

"As you know, I was actively involved in the passage of the original regional allocation formula bill, Senate Bill 1112 in 1999. State law is currently silent on treatment of the forward commitment, allowing you broad discretion in your treatment of how they are awarded. For example, you are not required to award according to points in the awarding of forward commitments.

"Given the broad discretion you have in this area, I again ask that you look at changing your policy on how these forward commitments are awarded. Sincerely, State Representative Joe Pickett."

And as I said, Marisa Marquez's letter is basically echoing that sentiment.

I'd love to entertain any questions that you might have. I know that you're just considering publishing this for public comment at this point. I think this is a policy designed to ensure greater competition and I ask that you consider publishing this in the rule, our proposal, and take public comment on this proposal instead of just renewing the prior policy with regard to regional allocation.

And I'd live to entertain any questions. It's kind of an esoteric, technical issue.

MR. OXER: You are down in the weeds, you know that, don't you.

(General laughter.)

MR. OXER: Thanks, Bobby. Any questions from the Board?

MR. CONINE: I think the suggestion merits discussion and consideration and would love to hear the feedback from the development community as well as staff eventually. We're not going to have to do that today but we can certainly circulate it and see what happens.

MR. OXER: Can we do that, Tom? Do you want to respond?

MR. GOURIS: Tom Gouris, deputy executive director for Housing Programs.

I think it's certainly something we can discuss. It would be pretty difficult for us to craft a solution today in this draft to address that.

MR. CONINE: Right, can't do that.

MR. OXER: We don't expect that, certainly, but it's worthy of being aired out.

MR. GOURIS: And therefore, I'm not sure of how we would address it for this coming year other than getting it in this draft for this year. I think we can certainly discuss it for the upcoming year in 2013.

I'll tell you from a real quick staff perspective, we've got to count it someplace. That I think we should all recognize is clear. All the funds have to be regionally allocated. Staff attempted years ago to adopt a process to address the desire by the Board to do forward commitments, and because they were always done after the allocation and often after the time we started with the formula process to just address them in the following year. That's, I think, the history of why we are where we are. And because there were not that many of them, they just would come out of the next year's allocation. A forward allocation done today would, in fact, come out of the 2012 funding

cycle, so it just made sense that it would then be attributed to the 2012 allocation that's set up regionally.

But that being said, consideration of a new way of doing that would be something staff would enjoy the opportunity to contemplate.

MR. CONINE: Well, I'm not sure that statutorily we can do what they've suggested here just simply because if we're legislated to regionally allocate, then having a statewide pool that gets ripped off first and then regionally allocate doesn't seem to meet the statute, and I would expect the attorneys to weigh in here.

MR. OXER: But ultimately, if there were enough forward commitments you would drain the entire volume for next year.

MR. GOURIS: I think I heard two suggestions in the comments, and it was Representative Pickett's suggestion that did what Mr. Conine suggested and just not consider the regional allocation formula at all for forwards. I don't think that's legally possible given the statute. I think there was another suggestion that said instead of considering it next year, take it into account in the formula this year thereby because it doesn't take all that is allocated next year out, it just reduces the amount for those regions by a little bit, take that into account in the formula this year. That's something I think we need to mull over and contemplate a little bit and wouldn't be able to get that done for 2012 but could consider it for 2013.

MR. OXER: We would not be able to do it for the ongoing because of scheduling.

MR. GOURIS: I don't believe the timing would allow us to do

that, except to the extent that we don't know what the allocation amount is by November-December this year.

MR. IRVINE: Unless by some miraculous quirk forwards were awarded in all regions in amounts that lined up with the regional allocation formula, if you take it off the top you're diluting but still penalizing all of the other regions, and so I would have a real problem with that.

MR. GANN: Isn't one of the solutions that we don't do as many forward commitments?

MR. GOURIS: Certainly staff's position has always been that.

MR. GANN: It's getting stronger and stronger in my mind. There are times now, a Bastrop type area that we lose 1,500 homes, I think you've got to reconsider.

MR. OXER: It would certainly help limit the brain damage in hearing all this, I have to tell you.

MR. GANN: I think that's one of the top solutions to the problem.

MR. CONINE: I guess I'll argue the other side a little bit in that we are getting housing put on the ground a year earlier than it would have otherwise, and just generally listening to testimony it's pretty compelling to do one thing or another. So I'm not sure that I agree with Representative Pickett's assertion because he got the units in El Paso a year ahead of time. I mean, that's more valuable than waiting a year and maybe or maybe not getting a particular project done. So there's always the other side there.

But this has to do with the formula and I think if we're circulating

the regional allocation formula for comment now and issues or suggestions come up during the comment period, my view of the world is when it comes back in November for ultimate approval, we can decide to make those changes or not. I don't think it's too late to get in this year. Tom is suggesting that it is.

MR. OXER: In what way would it be to late, Tom?

MR. GOURIS: Well, I think it would be significant change that would result. If we don't have it in the draft today and then put it in in November, it would have a material result that wasn't fleshed out in a comment period.

MR. CONINE: I think we're going to have that issue before the day is over on the QAP before it's over with. If this was circulated along with the department's recommendation, which I think is what Bobby recommended, I'm completely fine with that. It will elicit a lot of discussion across the state and we'll have the benefit of hearing that back in November.

MR. OXER: I think that's the right approach, Mr. Conine, and just so that everybody knows, this stack of paper up here are the 108 witness affirmation forms for people who want to have a comment on the QAP. So get a blanket and a pillow and order some food in. I can see us having a special meeting in October.

MR. CONINE: That could help resolve.

MR. IRVINE: Well, timing-wise we can't delay the QAP.

MR. OXER: We can't delay the QAP.

My own approach would be to err on the side of airing out as

many comments as possible.

MR. CONINE: Mr. Chairman, I move we pass item 1(o) with the addition of these comments from Mr. Bowling added on as circulating for comment.

MR. OXER: We have one more, Ms. McIver.

MS. McIVER: Chair, Board, Mr. Irvine, staff. My name is Diana McIver, and I'm president of DMA Development, and I'm here to speak on the regional allocation formula, and to reiterate what Bobby said is basically you are taking forwards out because the regional allocation formula has need issues like how many people have toilets and it has funding resources.

And so every time, like last year if \$14 million was allocated in forward tax credits, then those actually go into the formula, they're there but they're there as like a diluted resource but they're there in equal part. When you go ahead and then we get to the next year and you take it out as a big lump sum for each region, that's a full strength resource, that's why we say you're double-dipping on this, and let me just show you some examples.

You've heard me talk about Region 3. This year Region 3 lost \$900,000, and you heard Representative Menendez say this year Region 9 lost, I believe he said, a million four or a million six, one of the two. Those went to other regions. Okay. So this year you gave a gift to Region 2 Urban of \$700,000, you gave a gift to Region 2 Rural of \$400,000, you gave a gift to Region 5 Urban of \$1.175-, and you gave a gift to Region 4 Urban of \$1.2-. So what you did is you took those funds from the regions that weren't able to use their full allocations and you gave them to the other regions where the top



application requested far more than was in the region.

Okay. When you come out with next year's QAP, you don't take those out. So if someone gets a gift in the regular cycle, you don't adjust the formula by that, so you adjust it in the regional allocation formula but you don't adjust it when it comes out a second time.

So really if you were to look at doing it the fair way, coming off the top it's still accounted for in each region but it's in that percentage. So Dallas this year would not have gotten \$9 million, it probably would have gotten \$6 million instead of the \$2 million that ultimately it got. So that's the injustice, that's the fair issue that's not being dealt with. And I guarantee if this were revenue funding going into the regions, if it were money going in the regions, you'd hear from every state rep, every state senator about the injustice of this system, but because it's affordable housing tax credits and not all state reps and senators want those in their district, you don't hear about it. But it truly is an inequitable system and it needs to be fixed.

MR. CONINE: Ms. McIver, we sure appreciate your passion.

(General laughter.)

MR. CONINE: That's exactly what we're doing is circulating this for comments, you just made a nice comment, that's what the process is all about. You guys have finally woke up to the fact that you don't like it. Our question was whether statutorily or not we can do what you have suggested.

MS. McIVER: It took me 15 years, it only took Bobby about 10 years.

MR. CONINE: I think the issue is a statutory issue, not necessarily whether it's fair, but I appreciate your comments and we look forward to a dozen others before we get to our next meeting.

MR. OXER: Any other questions or comments?

MR. GOURIS: I might just add the reason for my hesitancy is I'm not sure what the language needs to look like but we will take the comment and get it in there and try to get comment on it, take the input, get it in there and get comment on it and try to adjust accordingly in November.

MR. CONINE: Well, I think this yields to process, Mr. Chairman, especially for this year because I think we need to kind of flush this out before we get into individuals, and it's hitting the RAF before it's hitting the QAP.

But I would suggest you not change what you have currently as a staff recommendation to circulate. What my motion was was to add this as an addendum for discussion purposes, and if you get a bunch of comments that people like this and lawyers agree we can do it, then and only then do you then come back in November with the recommended changes based on those comments, and if staff agrees or disagrees with those comments. You can still have A and B when you get back here in November where the Board can then make the choice, but you at least have the issue of the concept out there for the 60-day period to be discussed.

MR. IRVINE: And I just want to clarify under the Administrative Procedures Act then if this would be not part of the staff or Board-approved proposed rule that if we come to the conclusion that we're

going to pursue something like this in November, we would then be beginning the formal comment and adoption process.

MR. CONINE: I disagree. If it's attached as an addendum, you are under the 60-day window for that concept. Okay? And we're going to have a bigger problem with the QAP later on this afternoon with the same issues. We would be here past midnight to get all the issues resolved in the QAP and flush that out.

MR. OXER: And we're not going to do that.

MR. CONINE: And we're not going to do that. So we have to decide process, Mr. Chairman, and if general counsel wants to chime in, he can, but we may have a thousand addendums or ideas to attach to other issues as they are circulated, this just being one. But we'll never get through all this otherwise.

MR. OXER: Well, that's a tough one.

MR. GOURIS: Can I throw one more thing in, sir?

MR. OXER: Certainly.

MR. GOURIS: I think what our direction was going to be to lean forward with issues, new issues, to have them out there, and then be able to come back if public comment was negative. Typically that is what we could do with the rulemaking process. What we haven't been able to do in the past is have something out there that was not changed or change it significantly a different direction, re-change it someplace else in November. So we are coming out with some things that maybe were moving forward a little bit with the expectation there was a possibility that some of those would move back to

a more historical or last year's position.

I was suggesting that we do that with this and then we can come back to last year's if we find that this isn't where we wanted to go. That's what I was suggesting in lieu of the addendum, because I'm not sure how the addendum works because in the years that I've been here I haven't seen us try that. But I'm game to do it if that's what the Board wants.

MR. CONINE: There's been a lot of changes around here, in case you hadn't noticed.

MR. OXER: A lot going on.

(General laughter.)

MR. IRVINE: And there are a lot of knowledgeable lawyers in the room and I want to roll out that I believe that the way that the Administrative Procedures Act approaches rulemaking has changed over the last couple of years. I think that staff kind of grew up in a world where if we propose something really specific, unless the Board was ready to adopt pretty much that resolution with a little bit of non-substantive tweaking, we'd have to restart the rulemaking process.

I think that the process has evolved to the point where as long as the general point that's under consideration is out there, the Board is pretty much unfettered in how it wants to address that point at final adoption.

MR. OXER: Counselor, do you have a contribution to this

MR. PINDER: I just agree with what Mr. Irvine said.

MR. OXER: Mr. Conine.

MR. CONINE: I move that we adopt item 1(o) with this

proposed forward commitment position paper attached as an addendum.

MR. OXER: Do I hear a second?

MR. KEIG: Can you restate the motion?

MR. OXER: Basically we're going to take what's in there they recommended, add Diana's position to it, advertise that and see what comes out of it, and bring that up at the next meeting. Is that a fair summation, Tom?

MR. KEIG: Does that meet with Mr. Irvine's okay?

MR. IRVINE: That's perfectly acceptable.

MR. KEIG: Second then.

MR. OXER: Motion by Mr. Conine, second by Mr. Keig. Mr. Gann, have you got anything?

MR. GANN: I'm going to vote on it.

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Good, passed.

Well, like they said, if it was easy anybody could do it. Right?

Next on the pulled Consent Agenda is item 1(v).

MR. CONINE: Is it lunch time?

MR. OXER: You expect to be fed?

MR. CONINE: I just don't want it to be cold if they've got it sitting back there.

MR. OXER: There was one more because (v) got pulled.

MR. CONINE: What got pulled?

MR. OXER: V as in Victor.

MR. CONINE: It did?

MR. OXER: It sure did. And (dd).

MR. CONINE: I didn't hear any of that.

MR. OXER: All right. We'll hold those until after lunch. We'll retire to executive session, give these guys some calories so they can get their energy back up, and let's be back here at 1:30.

MR. IRVINE: At 12:49, the Governing Board of the Texas Department of Housing and Community Affairs convened in executive session to discuss matters subject to attorney-client privilege with its counsel under 551.071 of the Government Code to discuss pending litigation, discuss personnel matters in accordance with 551.071(2) and to deliberate real estate matters under 551.072.

(Whereupon, at 12:49 p.m., the meeting was recessed, to reconvene this same day, Thursday, September 15, 2011, following conclusion of the executive session.)

AFTERNOON SESSION

MR. OXER: Okay, welcome back.

MR. IRVINE: 1:55 the Board concluded its executive session and reconvened in open session. No action was taken.

MR. OXER: We were on the items pulled from the Consent Agenda. We still lack consideration of item (v), as in Victor, and item (dd). I think we have two witness affirmation forms.

MR. GOURIS: Mr. Chairman, I believe the witness affirmation for item (v) was just on an as-needed basis.

MR. OXER: That's on (dd) if there were questions.

MR. GOURIS: Item (v) just if there were questions, on Mission Del Rio on item (v).

MR. OXER: Does the Board have questions?

MR. CONINE: Move for approval of item 1(v).

MR. OXER: Motion from Mr. Conine.

MR. KEIG: Second.

MR. OXER: Second from Mr. Keig. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: Motion passes.

Item (dd), Mr. Phillips has indicated on his witness affirmation form that he would respond only if there are questions on (dd).

MR. CONINE: Move for approval of item 1(dd).

MR. OXER: Motion by Mr. Conine.

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion passes.

Okay, now we're out of the Consent Agenda.

MR. IRVINE: It's not even two o'clock.

MR. OXER: Making a lot more progress now than we did this morning.

MR. CONINE: Got a rookie at the helm.

MR. OXER: I know it. I'm swinging this tiller.

MR. CONINE: I couldn't pass that up.

MR. OXER: He couldn't help himself.

MR. CONINE: It was teed up too good. I never had 108 witness affirmation forms, I don't know how he does.

MR. OXER: Well, you didn't have the embarrassment of riches that I happen to have here with paper. Make that 109.

(General laughter.)

MR. OXER: Okay. Board item number 2, Mr. Irvine was designated the acting director as of June 17 at the departure of the former executive director. State law allows him to serve for no more than six months without a formal action on it. I'll entertain a motion, or is there further



discussion we need to have on this?

MR. CONINE: We might want to talk about it a little bit.

MR. OXER: Okay. Let's talk about it.

(General laughter.)

MR. CONINE: Go ahead, Mr. Keig.

MR. KEIG: I move that Mr. Oxer be authorized to submit Tim Irvine as executive director for approval to the governor, as provided by Texas Government Code 2306.036.

MR. CONINE: Second.

MR. OXER: Motion by Mr. Keig, second by Mr. Conine. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: So much for that discussion. You're not included in that discussion.

MR. CONINE: I chickened out. He said some nice things this morning so I'm not going to say anything.

MR. IRVINE: I meant them.

MR. CONINE: Welcome aboard, Mr. Executive Director.

MR. OXER: Mr. Executive Director, welcome aboard. Thank you very much.

(Applause.)

MR. OXER: And I think for anybody here that -- there's not

many of you here that didn't have an affirmation form.

(General laughter.)

MR. OXER: I was going to say that most of you here obviously recognize the degree of turbulence and change that's occurring in the agency, particularly with some of the major programs like the tax credits, so I'd like to applaud Tim for stepping up to the task and getting in the middle of this fray and standing the post.

MR. IRVINE: May I make a brief speech?

MR. OXER: Emphasis on brief. Okay?

MR. IRVINE: I just want to say this is one heck of a team and I want to just take a moment and completely disengage from the Tax Credit Program to single out Michael DeYoung and the Community Affairs team.

(Applause.)

MR. IRVINE: We got the call from the governor saying we got, we told them what we had, we told them the Combined Community Action Agency in Bastrop was the agency to administer disaster assistance following these wildfires. DeYoung and his team went down there, supported Kellie Franke and her team, and literally within a day we had people out of shelters, were closing shelters and are providing that critical first step of assistance. It's going to be a long, long road, it's going to be a hard road and we're going to help them with other programs, but we've proven and unfortunately have had to re-mobilize that team, but they are just so strong. Thank you.

(Applause.)

MR. OXER: They do deserve a lot of credit and they've

received a lot of encouragement and credit. And let the record reflect, Madam Recorder, that the Governor's Office has been highly complimentary of the team that was down there.

One of things they did learn how to do is how to use what we call air cover. They were down there looking for options for providing housing for those who were in need, obviously, talked to some of the hotel owners; I don't know if we can do this. Talked to another hotel owner; I don't know if we can do this. Called the Governor's Office. Eight minutes later the director of the Texas Hotel Association says: It's handled, take as many rooms as you need. So congratulations for using that power when you need it, guys.

(Applause.)

MR. OXER: Okay, Tom, number 3 on appeals.

MR. GOURIS: No appeals.

MR. OXER: No appeals, everything appears to be timely.

Now we get into the hard part, not the hard part but the deep part here. Knowing that the QAP was going to change, the staff made a point to post on the website a staff draft of the QAP for next year, hoping that it would solicit some comments. There's good news and bad news about that. The good news is that by posting it, it managed to engender a large amount of robust discussion, and the bad news is that by posting it, it managed to engender a large amount of robust discussion which is reflected here.

Now, there are probably only three or four, maybe five major items of substance of contention or concern on this, and what we recognize is that there are a lot of ideas coming out for changes to the QAP that we'd like

to figure out a way to engage those in the draft that we will consider. We're looking at taking all the comments that we have. We're going to go through here and those who really want to make a comment about a particular point in the QAP can be invited to do so, but if it turns out your item, your issue has been addressed, I would ask you to pass on this knowing that we're going to have another called special meeting in late October to be able to re-engage those and reincorporate those comments into the draft so it will be considered again and you'll have another opportunity to look at what we've come up with again.

Bear with us for a moment, folks.

(Pause.)

MR. OXER: Those of you who are here to request forwards, we have your witness affirmation forms, those are three-quarters of the 109. We're going to take comments on the QAP under agenda item 5(a), so we'll be taking it slightly out of order because of the scheduling for the comment period and the timing for our meetings, we have to address this today. We'll stay here as long as necessary after this is done for those of you who want to make forward requests to make those requests.

So here we go. Agenda item 5(a), does staff have any comment?

MR. IRVINE: Staff has a lot of comment, and I guess, Theresa, you're going to be the primary presenter on this, I believe.

As Theresa is coming to the lectern, I'd like to just say this was an experiment, posting a staff draft, not a

Board-approved draft, and it got a lot of comment going. We had an online feature enabling people to comment and see each other's comments and engage in some pretty robust discussion. It was extremely useful. Next year I'm hoping it could be repeated but done in a longer, more orderly process.

We took a lot of the information to heart and certainly have, in reacting on the fly, to dial the thinking, the best possible thinking into our QAP, and I think what staff is going to be doing here in this meeting, quite honestly, is tweaking our proposal right in front of you.

For example, this is totally random and out of order, I heard a comment about the proposal regarding LEED certifications, and Bobby Bowling said hey, you know, there's an NAHB green that's just as good and probably better and more flexible and probably less expensive. So we will add that as an option. We want to build a QAP that really has a lot more flexibility and allows you to do the best possible deals.

I will say that I really did kind of stick my chin out on some policy issues in the way that we drafted this QAP. We really are trying to get to the heart of feasibility: have you really sat down with your banker, has your banker actually looked at your financial statements and said yep, I'll make that personal loan. We are really high behind the idea of readiness to proceed. We are just bothered by how many deals get their allocations and then execute carryforward and then languish before they really start turning dirt.

We are trying to wrap our heads around a number of very worthwhile ideas such as the historic development concept that has been brought into this mix. But staff, I believe, is standing pretty firmly behind our

highest and most important priority is more units for more people, more high quality units for more people.

We have introduced in the draft some limitations on the amounts of credit available and we've had some people point out that those raise some concerns on some really, really good models such as single family models, and we are certainly amenable to people offering up for posting for public comment some tweaking and adjusting to whatever staff is going to present.

That's enough random rambling. I'll let Theresa go through it in an orderly fashion.

MS. MORALES: Theresa Morales, Multifamily Finance.

Chairman Oxer and members of the Board. The 2012 draft QAP by staff contains several recommended changes from the 2011 QAP that I will be highlighting for you and only noting some of those more notable changes. First, however, staff would like to thank a number of interested and helpful parties for devoting significant time, attention and expertise to this draft and offering very thoughtful suggestions. As has been mentioned, we did approach the drafting of this QAP a little bit different in that we hosted a discussion forum online, tried to put as much of our proposed changes out there as possible, and in addition, released a preliminary draft in late August.

To start, I'd like to go through some of the more notable changes and the page numbers that I will be referencing are those in the actual QAP document.

To begin with the definitions, the changes made to this section,

it begins on page 3, include new definitions for the central business district and this was meant to replace the former definition for urban core, high opportunity area, transitional housing and target population. Staff also modified the definitions for single room occupancy, or SOR, and supportive housing, which were mostly meant to indicate a shift in terminology from SOR developments which is associated more with a building type to supportive housing which is meant to reference a development type would include but not be limited to SORs and also various population types.

For ineligibility which begins on page 9 of the QAP, as Tim had already mentioned, this section introduces a regulation on the cap of \$13,000 per tax credit unit on the amount of housing tax credits originally requested, and as he mentioned, we're welcoming more suggestions to kind of flesh out how we can better clarify that particular item. This section also exempts developments located in central business districts or transit-oriented districts that are adjacent to or within 300 feet of an active railroad from being ineligible, and moreover, it allows for developments to vary no more than 20 percent of the unit maximum percentages that are listed for each bedroom size, provided that the applicant can submit a publicly adopted resolution by the governing body approving such percentages.

The credit amount section on page 15, this section is revised to reflect some of the statutory changes regarding credit cap amounts, specifically the inclusion of not allocating more than \$3 million in housing tax credits to an applicant in a given application round, and no more than \$2 million to an application in a given application round. Also to allow for

capacity building, staff included a provision whereby a principal that is involved solely to fulfill an experience requirement will have a prorated portion of the applicable development attributed to their cap based on the portion that they are benefitting from and provided that such principal may not provide such experience in this capacity to no more than two other applications in the current round.

The 30 percent boost in eligible basis, which can be found on page 17, this section proposes several revisions. First, it clarifies that the boost will only be allowed to the extent that it's needed for financial feasibility as determined by the department; second, it allows the boost on supportive housing developments provided that they are proposed to be debt free or have no forecloseable or non-cash flow debt; third, the boost is allowed for developments proposed in high opportunity areas, as well as developments proposed in central business districts or transit-oriented districts based on the department's definition of such areas.

This section also allows the boost for developments that include the use of historic tax credits that have been removed from eligible basis, and lastly, it allows the boost if a development is proposing to pursue Enterprise Green Community certification or LEED certification at the gold or platinum rating levels.

On page 18 with regards to the allocation and award process, we've clarified this section to indicate that only USDA applications that are not competitive in their respective set-aside will be able to move over and compete within their sub-region, so that basically excludes at-risk deals.



With regards to tiebreakers on page 21, this section removes all of the previous criteria by which tiebreakers would have been determined in the event that multiple applications received the same score. Staff suggests that the tiebreaker be determined based on the lowest average of units per capita in the census tract where the proposed development is located, as well as all contiguous census tracts supported by housing tax credits or tax-exempt bonds at the time that the round begins. A second tiebreaker will be based on each scoring item of the tied applications as compared in descending order, so once a scoring item is identified where one score is greater than the applicant's tied score, the applicant with the highest score on that particular item will win the second tiebreaker.

Moving into the threshold section on page 32, for rehabilitation costs we're proposing a modification, an actual increase from \$15,000 per unit in rehab costs to \$20,000 per unit, and we're also proposing that the calculation of those costs exclude off-sites and contingency.

Also in threshold, the experience certification requirement, which can be found on page 32 as well, this section has been revised to reflect that one of the principals of a development owner, developer, general contractor or experienced venturer establish that they have at least 150 housing tax credit units, 80 of which must be in Texas, through at least five years of those properties' compliance periods. Additionally, the general contractor or the principal thereof must establish that they have prior residential construction experience of at least 36 units in the past five years.

Also in threshold, the signage requirement, we are proposing

that that be deleted for 2012.

Moving into the scoring section of the QAP, for quantifiable community participation, or QCP which can be found on page 54, notable changes in this section include the following. The scoring of the letters has been revised to reflect 16 points for applications where there are no existing neighborhood organizations, and 14 points for letters that do not provide a reason for support or opposition or are considered unclear. In both of these scenarios the applicant will be eligible to receive the other six points in the input other than QCP.

We are also proposing that an applicant be allowed to provide limited technical assistance in the creation or placing of a neighborhood organization on record, and we've identified what those parameters are in this particular section.

The next scoring item, commitment of funding by a unit of general local government, this section is revised to reflect essentially lower amounts per unit that are required to meet the sliding scale requirements. Specifically, to achieve the maximum 18 points the contribution from the unit of general local government must be at least \$2,000 per unit or \$1,000 for rural, and to achieve 12 points the contribution must be at least \$1,000 per unit or \$500 for rural.

Community support from a state representative or senator, which can be found on page 61, this section is revised to reflect a change in the deadline by which a state rep or senator can withdraw their letter of support or opposition from June 1 to May 1. And this section further clarifies

that once the letter has been submitted, whether in advance of that deadline or not, the letter cannot be withdrawn or changed, and furthermore, the state rep or senator is encouraged not to submit their letter earlier than that deadline.

The next section, readiness to proceed, as Tim had indicated, this is a new scoring item that we're proposing for 2012, and it can be found on page 63. It's meant to provide an incentive for a level of due diligence by the applicant as well as the lender, and it also includes considerations for that due diligence for new construction and rehabilitation developments.

Community revitalization, historic preservation or mixed income, this particular scoring item, found on page 65, is revised to reflect the following. The maximum points under this scoring item has been revised from six to seven points and they're cumulative, therefore, an application can qualify under all of them based on the points attributable to each one. We've clarified in this section that consolidated plans and other plans, such as economic development plans or citywide plans, do not qualify for purposes of these points. And we've clarified that the proposed development must be located within the specific geographic areas covered by the plan.

We've also clarified in this section that historic buildings that have a historic designation must utilize historic tax credits. It also indicates that developments that are part of a mixed use planned development and the residential component of which includes both market rate units and low income units would also qualify. And we've also modified this section to indicate that developments that are proposed in a qualified census tract, or a

QCT, that's part of a community revitalization plan will also qualify. Previously it was a stand-alone scoring item and we're simply proposing that it be merged with the community revitalization item, and in doing so we're increasing the point value from one point, where it was before, up to five points, and also allows an additional two points if they meet the other criteria in this section.

Development location found on page 70. This section is revised to allow points under one of two criteria: if the development is proposed to be located in a high opportunity area, or if the development is proposed to be located in a transit-oriented district or central business district, again as such areas are defined by the department.

The last scoring item has to do with third party funding outside of a qualified census tract. This scoring item clarifies that the funding amount that an applicant may have used under the unit of general local government funding and also leveraging of private, state and federal, that amounts used under those two scoring items may not be used for purposes of qualifying for points under this one.

The last item I wanted to mention has to do with forward commitments, that section which is found on page 80. This section is modified to identify a process by which forward commitments may be considered by the Board. Specifically, if the Board believes that an application should be considered for a forward commitment, they will direct staff to report back with an analysis that takes into consideration final underwriting, the previous participation check, how the forward commitment would affect the available credits in the affected region in the following round,

an analysis of the distribution of low income units in the affected region as well as the census tract, and other matters that the Board may request.

This concludes the summary of some of the more notable changes that we wanted to highlight before you in the QAP, and as Tim may have stated in his opening remarks, I think that some of the changes that we are proposing are meant to simplify the QAP as well as clarify some of the items that may have been problematic in previous rounds, again while still maintaining the competitive integrity of the program.

MR. OXER: Any questions from members of the Board?

(No response.)

MR. OXER: We have dozens of witness affirmation forms. I'm going to ask again if it turns out that your issue has been addressed by somebody speaking before you, consider passing. We'll enter your position on the record but consider passing because you'll have another opportunity to make your comments at the final review in the meeting when we come up with the next draft on this.

MR. IRVINE: Mr. Chairman.

MR. OXER: Yes, sir.

MR. IRVINE: Might I offer just two tweaks that might address somebody's comments?

MR. OXER: Please.

MR. IRVINE: I would certainly recommend that we add to the allowable ways to establish experience that you have to recognize the experience we're talking about is really experience with the QAP, and I believe

that we should at least offer for public comment the idea that you can meet that by having a qualified advisor that has successfully advised somebody who's been developing 80 or more units in Texas, such as a law firm or a consultant that's successfully worked with somebody and can bring that Texas-based QAP knowledge to bear on the matter.

Also, in the sections regarding the principals' background requirements, we had proposed in there initially that they not have uncorrected issues involved 8823s that had gone more than three months past due. I'd like to suggest that we change that to four months, that the look-back instead of being five years be only three years, and that we provide an exemption that if it was a matter that could not reasonably have been cured within that four months that the four months is not absolute as long as you're successfully prosecuting corrective action.

MR. OXER: At any point any applicant would have the opportunity to appeal to the Board. Is that correct?

MR. IRVINE: Always.

MR. OXER: Okay.

MR. CONINE: Mr. Chairman.

MR. OXER: Yes, sir, Mr. Conine.

MR. CONINE: Let me see if we can clarify the process here before we get started with the public comment, because I think that's really valuable here. Mr. Irvine just threw out two or three ideas, I don't know what's going to happen to those two or three ideas today. There's going to be a multitude of other ideas that come forth. And I think what I heard you say is

that because of the anticipated volume of comments and the impossibility to draft those, put them in the document today and get them in circulation and so forth, that there may be another meeting in October to specifically address the written aspect of amending the QAP. Is that what I heard you say?

MR. OXER: Yes, that is exactly what I said. Maybe not in so many words, but that's what I meant.

MR. CONINE: And so in essence we'd have another bite a that apple between now and then and come back with a written response.

MR. OXER: The October meeting will be specifically to deal with the QAP and the Tax Credit Program.

MR. CONINE: Okay. And then we would then amend the document that staff has come forth with at that time, officially, I guess -- unless the Board chooses to do something this afternoon -- and then circulate it and then finally approve it in November sometime. Is that what I understand the process to be?

MR. OXER: I believe it is. I'd certainly defer to your knowledge of process of this.

MR. CONINE: Great. Thank you.

MR. IRVINE: And I've just been provided with a little map of timeline. The latest we could do this would be to have the Board meet on this on October 7, and if we published immediately the following Monday, that would really allow only for a ten-day comment period before the matter was brought back for adoption and still be able to meet the statutory guidelines.

MR. CONINE: The 7th is a Friday.

MR. IRVINE: Correct.

MR. OXER: We're kind of tight.

Tom, you've got a comment?

MR. GOURIS: Tom Gouris, deputy executive director for Housing Programs.

So the issue is Texas Register, and it usually is. WE have to submit for publication on a Monday and it doesn't get published until two weeks Friday, so a week goes by and then the following Friday it gets published, and that's when we believe the time starts for the public comment period officially. So when we say a five or ten-day public comment period, it's from that date. We'll actually have it published as soon as the Board approves it and we can get it back on our website, but technically for Texas Register purposes it wouldn't get published until I think it would be the 21st which if we had a meeting on the 7th, we got it in the Register the following Monday, and then published on the 21st.

MR. CONINE: You're not foreclosing a meeting on the 6th, are you?

MR. GOURIS: No.

MR. CONINE: That's just the latest date.

MR. OXER: The absolute latest date would be the 7th, but we would probably meet the 6th.

MR. GOURIS: To get five or ten days of public comment period.

MR. CONINE: Now I got it.



MR. GOURIS: And I would imagine if we go that route we'll have a roundtable next week with everyone to talk through it, or something to make sure we are connecting all the dots, so it will make the meeting on the 6th or 7th hopefully smoother.

MR. CONINE: Thank you for that clarification, Mr. Chairman.

MR. OXER: Yes. What do you recommend, Mr. Conine?

MR. CONINE: Call them all up.

MR. OXER: All right, boys and girls, get ready. We'll make them stand up every once in a while to keep them out of the zone mode. You're going to have to be crisp on the time. See the second row down here? There are two seats right there. Leave both of those seats open for the next guy, that's our on-deck circle. I'll keep calling you, so you be ready when your name is coming up because we've got plenty, trust me, we've got plenty.

MR. IRVINE: And pencils down when the buzzer sounds.

(General laughter.)

MR. OXER: That's right. Our internal auditor over there is going to have the hook, so if you hear the buzzer you better be backing away from the microphone.

All right. First up, Mr. Ron Williams, followed by Mr. Kabacoff, and then Mr. Holden, Paul Holden.

MR. IRVINE: I would also suggest after those three that it might be more effective to have the TAAHP representative also provide their comments.

MR. OXER: Up front.

MR. IRVINE: Early on, yes.

MR. OXER: All right. Let's do this. I'm sorry, Mr. Williams, forgive me for this. May we have TAAHP's comments first, please. The rest of you guys get up here and sit down.

MS. ANDERSON: Good afternoon. Thank goodness it's not good evening yet. My name is Sarah Anderson and I am here representing the Texas Affiliation of Affordable Housing Providers, or TAAHP, in my capacity as the co-chair for the organizations 2012 QAP committee. Behind me we have two other individuals from the committee and they will be covering other topics. What we're hoping to do today is to not overwhelm you with details. We're going to go over our highest priority items, three a person, we figure you'll be sick of us after three items, and hopefully this will cover a lot of what you're going to be hearing from the rest of the group.

By way of background, TAAHP is the association that represents not only the majority of the developers who participate in the Texas Tax Credit Program but also the lending and investment, legal, property management, consulting and other associated disciplines that make up the affordable housing industry in Texas.

The comments that you have before you are submitted only after a long process of working with our membership. You need to know that it represents only consensus items; anything that did not have consensus has not been put before you. The way that we came about producing the consensus items was we had a meeting back in August, we had 45 people show up from our membership, it was a six-hour meeting -- we feel your pain

on these long meetings so we'll try and keep it brief.

But one of the issues that you need to take note of is that when we had our meeting staff's first draft and the subsequent draft that you have before you was not available, so our meeting was before any of these drafts came out. So the struggle that we've had is we are having to take those original comments and try and make them meet what has come out. So I think that is probably why you have so many people signed up is because we can only discuss consensus items, everything else that's come up afterwards is going to be discussed by individuals.

As I said, we're only going over the priority items. I personally am going to cover three. Two of them have to do with timing issues. The first one has to do with site demographics. You earlier today were discussing the affordable housing needs score. You also in various scoring items have census tract specific demographics. This information generally has not been put forward and made finalized, to us at least, till December. For us really to responsibly work with the communities, we should be starting right now, but the problem is we don't get the demographics which tell us where to go until three months from now.

So what we're asking is despite the fact that you may have more recent information or more updated information later on in the year, we would request that you give staff instructions to go ahead and finalize based on current data the demographics that we need to move forward. This will allow us to responsibly work with the communities and should take away some of the volatility of the program that we face.

And I don't think that's five minutes.

MR. OXER: Three.

MS. ANDERSON: Two more quick items. The next one has to do with the release of pre-application information. It's difficult for us to know how to move forward until we know what other people have applied for and where. It's generally taken three weeks for that to come out. We're asking that it be posted within three days of receipt. It doesn't have to be perfect, but we do need to know who has applied, where they've applied.

And the last is a technical item. We would request that the formal scoring sheets that staff uses for pre-application and full application be made available to the public during the application workshop period. We find that there's significant inconsistencies between their scoring review sheets, the QAP and application materials which causes a lot of problems during the review process. If we could see it, vet it, agree that it's consistent, we think that it would help us on our side have cleaner applications that we submit to you and should limit staff time and the amount of work that they have to do in reviewing applications.

So those are my comments, if you have any questions.

MR. OXER: Any questions?

(No response.)

MR. OXER: Thank you, Sarah.

MR. LITTLEJOHN: My name is George Littlejohn. I'm a CPA by trade and I'm going to talk about three or four bullet points on the financial aspects. And our big concern on this was making sure we keep

developments affordable.

The first comment we're going to make is as a consensus item I think we are making the comment to go back to the green building certifications under Section 50.8, to back off on the LEED until we get more information, but I think since then we keep adding more ways to get there and I think we all appreciate the flexibility to be able to meet the green building standards while keeping the cost as low as possible. So I'm not going to spend a lot of time on that. Thank you for keeping your open mind on that and let's keep on doing that.

The other one is a scoring item, 50.9(a)(5), commitment of development funding by a local government entity. That has been something where we're very happy that the TDHCA staff has lowered the thresholds because one of our concerns has been that city governments struggling with budgets are having a hard time bringing money into the projects. And so what we want to see is bring your money, show your support, not only are we leveraging the tax credits, we're showing that the city is actually willing to put the cash into the deal.

So while the thresholds were lowered and that sounds very good, the problem is some of the criteria were changed. Instead of if a city was willing to make a loan to a project, we would use to count the entire principal balance of the loan as meeting the threshold or meeting your point criteria. Now it's something called the interest savings, so it's the difference between market rate and whatever you can get. And I did some math and I said if our interest rate market was 7 percent, if a city was willing to put a zero

percent loan in for two years just to get through construction which is very good because it helps with the equity pricing, a \$200,000 loan would max out if you use principal balance. Under cost savings it would have to be like a million and a half dollar loan. This cost savings makes it much more expensive for cities to be able to participate and allow developments to get additional funding and support.

Also, the criteria in the current draft says that you have to have a strong commitment, a firm commitment of funds at the time of the application period, the time you put in your app. In the past it was you had to show that you were applying and that the city had money but you had until August 1 to firm up the money. What we're saying now is if you don't have money in your pocket right now, if you don't have a city ready to commit today, you're going to have a very difficult time getting that done between now and the application cycle. So we'd like to go back to the old QAP deadline of August 1 because it's just a very hard time, especially with all the funding cycles have already been set, a very difficult time to get those firm commitments by the date of application.

Real quick a couple of other points. We had an issue where because of the skewing of the allocation and the regional set-asides we looked at it and said if we've got situations in a sub-region where the sub-region has an allocation of less than a million dollars of credits to allocate, we'd like it to have an ineligible application be an application that asks for more than a million. In other words, we have situations where there's a very small allocation and we have very large applications that come in and ask for a large

amounts and it skews it over the entire state, and what we'd like to do is if you have a very small regional allocation that we limit that allocation application amount to a million dollars.

And finally to Mr. Irvine's comment about the tax credit amount, there's something in the QAP now that limits tax credits to \$13,000 per tax credit unit. That was actually a recommendation from TAAHP and what we were trying to achieve was to make it for acquisition rehabs only because the concern was we've seen some situations where in some cases the acquisition rehabs are more expensive than tearing it down and doing new construction, and it's the idea of bringing the cost down. So we'd like to see that changed to only apply to acquisition rehabs and not all applications. That's it.

MR. OXER: Thank you. Any questions?

(No response.)

Mr. MacDONALD: Mr. Chairman, my name is Justin MacDonald. I'm TAAHP's treasurer and also served on the QAP working committee. I'm only going to talk to you about two items but mine are probably a little more complicated, that's why they stuck me at the end.

The first item has to do with developer experience. TAAHP agrees with the department that the success of the program as a whole is reliant on the success of the individual applicants that apply, and the best predictor of the success is the developer's track record on previous developments within the program. Unfortunately, we believe that the language that's been proposed in the QAP does not weed out all of this potential development weakness, and in fact, may actually be weaker in some

ways than what we've been doing in the past.

An example of this under the proposed language would be that a person with 150 units done in the early 1990s before most of our compliance rules were refined could be considered more experienced than someone who's finished a thousand units in the last four years with stellar compliance history under the current rules.

Additionally, the quantifying factors and future pitfalls with previously experienced and funded applicants potentially becoming inexperienced could be problematic. For example, you could have gotten an experience certificate two years ago, done five deals since then, but your experience certificate would expire before you will have achieved your five-year experience requirement under this. So you could actually have been experienced and temporarily lose your experience for a few years without having done anything wrong.

TAAHP itself, because this came out after our consensus meeting, has not been able to develop strong consensus on exactly how to handle the experience issue yet, however, we're willing to work further with Mr. Irvine and his staff to develop a more robust proposal between now and I guess the next meeting when we start putting this back out for comment.

We do suggest that you should consider rewarding experience that is quantified not just by the number of units but also by the quality of the long-term operation and compliance history of a development team member's prior developments. It's not just the number of units but how have their compliance scores been over time.



The second item I'd like to discuss has to do with what seems to be inconsistency in your policy of where affordable housing should be placed. We recognize that TDHCA has endeavored over the years to deconcentrate the provision of affordable housing in lower income communities, instead pushing the opportunities in high opportunity areas, central business districts and the like. Unfortunately, many of the scoring items seem to be in direct contrast to that philosophy, particularly the proposed scoring criteria in this year's QAP appear to be pushing development to unincorporated areas with no infrastructure, such as Colonias and blighted inner city census tracts.

As currently proposed, points for the items that could result in poor placement and possible concentration in lower income areas outnumber the points for higher income areas almost two to one. I'm almost finished.

MR. OXER: You have two minutes donated.

MR. MacDONALD: Okay. So that was just my three minutes.

MR. OXER: That was just three.

MR. MacDONALD: Okay, very good. I' still almost done.

There is a substantial push to go to central business districts and high opportunity areas yet the requirements there are so strict that we're not sure that any of these areas actually exist. For example, high opportunity areas, many downtown areas tend to be in decline with the demographics that are direct opposite for those of high opportunity areas. Many central business districts, for example, don't meet the poverty thresholds. It's just confusing.

From our meeting with the staff we understand the direction

you are trying to go but we just don't think that the rules as proposed gets you there. TAAHP therefore suggests for now that language with regard to high opportunity areas, revitalization areas and economic development areas revert back to the 2011 QAP language with the exception of including central business districts, transit-oriented districts and developments that qualify for the historic tax credits.

MR. OXER: Noted. Thank you. Any comments?

MR. CONINE: No.

MR. OXER: Okay. Mr. Williams. I'm going to have a modest change in the process once you get finished so we can get people lined up here. We're going to do this in alphabetical order, that way you can tell when your turn is coming up.

MR. WILLIAMS: Thank you, Mr. Chairman, Board members and Tim. My name is Ron Williams. I'm executive director of the Southeast Texas Housing Finance Corporation, and I almost could have passed with TAAHP's comments.

I am here about my concerns and objections to the proposed language in the proposed 2012 QAP Section 50.9(a)(5), the commitment of development funding by a unit of general local government. This category is a very high scoring category, it's been very important in the past as to whether an application is chosen or not.

The proposed language is really an attempt to have the local funding be a minimum of 15 years and a permanent source of financing to the development. The current language that we're operating under right now

allows the funding to be a maximum term of the placed in service date which is approximately two years and an interest rate at the applicable federal rate which is a whopping .26 right now. If the proposed language is approved, the local cities, counties and housing finance corporations would effectively be eliminated in providing local support for a proposed development.

An analysis that was done in accordance with the new language shows that the only way to achieve a cumulative interest saving as described with the required thresholds is for a local government to loan funds at a 15-year amortization with either a five-year balloon to achieve the 12-point category or a 12-year balloon to achieve the 18-point threshold. There are very few local governments willing to do that or have the money to do that. About the only applications that are going to be chosen or get these points are the ones that will be applying through TDHCA's HOME multifamily side.

And in the past 3-1/2 years affordable housing is a partnership, a real partnership, it takes a lot of people to develop an affordable housing project. In the past 3-1/2 years we have been able to partner with 15 local small cities in achieving their dream of affordable housing in their area, such as Dickinson, Kerrville, Buda, Liberty Hill, Mabank, Brownwood, Friendswood, Klute, Wichita Falls, Kingsville, Lamarque, Cleveland, we can go on. All of these are very small communities that would never have the funds available for that period of time.

I think it's also important that this was inserted in the statutes to show local support and the language in the statute simply reads, quote, The commitment of development funding by local political subdivisions, unquote.

It's a very simple concept.

I request that the proposed language not be approved and we retain the current language and let the local governments work with the staff over the next year to come up with a solution that's workable for the very scarce funds that we have available in the local jurisdictions. Thank you.

MR. KABACOFF: Pres Kabacoff, CEO of HRI Properties. Chairman Oxer, members of the Board. We are the largest developer of affordable housing in historic buildings in the country and we have been visiting with this board three or four years to encourage you to level the playing field for historic properties, and you've worked toward that goal but you're not quite there, and let me tell the changes we would recommend. And I think that this was your question to Anna Glover, the president of the Texas preservation group which is the federal historic tax credit.

The federal government realizes that preservation is 20 percent more expensive than new construction, and so it gives you a 20 percent incentive and you take that incentive and you put the equity that you gained from selling the federal tax credits into the project. Unfortunately, the present QAP does not give you that same 20 percent advantage. It will be very difficult for a historic property to achieve the 10 points that are available for reaching the \$95 cap, it's about \$10 off. And the solution is simply to take the federal tax credit equity and reduce the basis on which you determine the qualified amount that you can spend per square foot.

The second is that in earlier versions of the QAP you had six points for historic, the redline draft we ready today has only one. And then

finally, the QAP requires that a project be nationally registered. Ninety percent of the eligible historic buildings are not nationally registered under that provision. The way the federal government determines eligibility is that they do use what they call a Part 1, and so we would suggest that the Part 1, once that's approved, be the evidence that you need in the QAP so that legitimate historic buildings can be utilized in your program. And finally, just the timing of that, we'd like to be able to submit the Part 1 at the time that we respond to the notice that you have.

And then finally, since we've done more historic buildings than anyone in the country and we've done well over \$100 million of work in Texas, we just haven't done low income housing projects in Texas, we find ourselves not meeting the experience requirement to work successfully on a project. I say this humorously, I saw Davy Crockett there and I assume that since he was from Tennessee no one asked him whether he was experienced enough to fight for Texas. So I would just argue that we do have a lot of experience and I think that the recommendation that was made by Mr. Irvine perhaps could solve that if we have someone that has experience in the QAP and we hire that person, that would soften the blow and allow us to participate. But we think that you'd be losing very qualified developers for affordable housing if you keep it like it is. Thank you.

MR. OXER: Good. Thank you. Did you want to add anything to that further?

MR. CONINE: Me?

MR. OXER: No. Mr. Irvine. Mr. Conine, did you want to add

anything?

MR. CONINE: No.

MR. OXER: Very good.

MR. HOLDEN: My name is Paul Holden. I have two quick comments to make on the scoring criteria, the new QAP.

The first is on page 64 of the draft under community revitalization. Under paragraph (c) of that you have a one point criteria that says the development is part of a mixed use planned development and the residential components of the development itself is comprised of low income units and at least 10 percent market rate units. I have a feeling the intent of this particular scoring criteria was aimed at urban areas.

However, what's going to happen, and I can see it coming, is that I work a lot in rural America and we try to get every point that we can. Now, the way your language is written is that if I find a seller who has 100 acres and I want to buy five of those acres, if I agree to master plan his 100 acres on paper and set 10 percent of my units aside for market rate, then I've met your criteria and achieved that one point. However, realistically what's going to happen is that 95 acres is going to stay a cotton field, the seller knows it, I know it, but I've got you something on paper to get the points.

What I would like to see you do is revise this language to have it as part of a mixed use planned development where streets and utilities are on the ground and there are other developments within that planned development. There are a lot of areas in urban Texas that will fit into that category quite well, and they should be, that's a perfect plan.

The next is on page 69 under development location. Again, I'm talking the difference between urban and rural areas. What you're having here -- I know there's a big dichotomy between the two, and rural America it's difficult to work with sometimes, but what you have in your language here is you're taking rural and urban areas and putting the same scoring criteria for this particular item. The rural cities that I usually go to don't typically have high opportunity areas. The phrase high opportunity in rural Texas is something totally different than urban.

But at the same time, the scoring criteria for a high opportunity area, you have four areas to score within and you have to score three of the four categories in order to get these points. I think this was intended for urban regions again. There is not going to be any mass transit in most of the rural areas, but we're having the urban and rural still compete. The urban areas can get three of those four and get all of the points and they'll have a chance for mass transit, but in the rural areas we have only three of the four areas that we could even achieve so we're having to be perfect as opposed to three of the four. What I'd like for you to do is segregate this between urban and rural so that the rural areas can maybe only have one or two of those criteria to get the points.

Thank you. That's all the comments I have.

MR. OXER: Good. Thank you.

We have Sarah Andre, Linda Brown and Bobby Bowling.

MS. BROWN: Linda Brown passes.

MR. OXER: God bless you.

(General laughter.)

MS. ANDRE: One day I'm going to remember to bring a footstool.

MR. OXER: It will bend down, Sarah.

MS. ANDRE: Good afternoon. I am here to speak on the QAP, of course, and specifically on Section 50.8(4)(a) which is regarding a requirement for Texas experience as a threshold to apply for tax credits.

As you all know, the State of Texas has enjoyed an unparalleled success in creating new jobs. As a matter of fact, four out of every ten new American jobs in the past two years was created right here in Texas, over the past decade, more than a million jobs have been created here during that time. We've accomplished that by maintaining a friendly tax environment, by steering clear of rules, regulations, red tape, all those things that strangle economic growth and job creation. We pride ourselves on being, as Governor Perry recently stated, a beacon for employers fleeing the sort of over-taxing, over-regulating, and over-litigating atmosphere that has taken hold in so many other states.

Unfortunately, the proposed Texas experience requirement in the new QAP runs contrary to these policies. It inhibits out-of-state business from coming to Texas, but worse, it stifles competition. I can't state that definitively enough: diminishing competition does not make this program better, it doesn't lead to a better quality product, it doesn't lead to a more cost-efficient product. The only people that will suffer are the residents. As competition decreases, there's going to be less need to be innovative, less



need to build the best product with the most amenities, and you can look at some of our set-asides where there is less competition and you can see the resulting lower scores with fewer amenities and less innovation in those set-asides.

In a speech in January, Governor Perry compared the economic climate of Texas to that of Illinois and he said, and I quote: If you're one of those competitive Texans like I am, I hope you're fired up about businesses that might trade the Land of Lincoln for this land of opportunity called the Lone Star State. Here they'll discover companies ready to compete which makes everyone better.

The Governor's Office does more than just promote Texas, though, they actually put dollars behind bringing businesses to Texas. I'm sure you know the Texas Enterprise Fund provides capital to businesses that are trying to decide where to locate, whether it's Texas or another state, and the entire point is to lure them to Texas.

The proposed QAP language that requires Texas experience as a threshold requirement makes it nearly impossible for a developer from another state, even one with extensive tax credit experience, to apply for tax credits. It's contrary to what make Texas a great business environment. With the Governor's Office making great strides in attracting out-of-state developers, why would TDHCA want to restrict that? Out-of-state developers still use local Texas contractors, managers, attorneys, engineers, architects, accountants, they're spending money in Texas on hotels, cars, meals, they pay property and sales taxes, some are even opening local offices here.

Out-of-state developers are no different from in-state developers, they're focused on providing quality housing to residents of Texas, and if you stifle competition, are the remaining in-state developers going to feel the need to build the best possible product? Remember what Governor Perry said. Are these in-state developers ready to compete, does the department think they're ready to compete?

The proposed policy just chips away at job creation. I'm going to quote Governor Perry one more time: In our case it's doing everything possible to preserve and build upon an economic climate that attracts employers and their jobs to Texas and helps keep them here.

So I'm asking if we in the tax credit industry are doing everything possible to uphold this policy. I think we owe it to Texas residents to keep Texas a place where out-of-state businesses are encouraged to bring their dollars, we owe it to Texans to make sure we're doing everything possible to make sure that we do get a high quality product, and we owe it to those residents to make sure that projects are developed by the most qualified applicants possible.

MR. OXER: Thank you, Ms. Andre.

Bobby, you've got three minutes plus two ceded to you by Demetrio Jimenez.

MR. BOWLING: I hate to come up here and speak again, but there's an issue on high opportunity area that's specific to border communities that I want to bring to your attention. You've got the four criteria there, and this is definition number 16 in the definitions, or Section 50.5(d) in the QAP.

TAAHP commented on this that out of those four from that menu that we ask that you go back to requiring one of those four, and I agree with that, however, within those four I think there's an inequity.

One of the four items that I think is fair is the way you've got qualified census tract tied to area median family income, and a percentage of that census tract that is above the county area median family income you meet that criterion, but then you have another of those four menu items that's tied to federal poverty level and we can't have more than 15 percent of the census tract living below federal poverty level. So on the border we have a lot more people living under the federal benchmark of poverty level. This isn't an area delineated designation like AMFI is, this is a federal number, and where we have median family incomes in the State of Texas between \$35,000 up to \$70,000 for a family of four, the fix that I'm asking for is that you publish it, you know, if you're going to leave these in, first of all, I'd still like one of four, but still change the language on this specific item to what you've got 15 percent below poverty level, or if you're in a county bordering the international border with Mexico, you can have up to 25 percent of that census tract population living below federal poverty level and still get that point.

And then finally, the second item, same under high opportunity area, you also have green building, and Mr. Irvine expressed my sentiment on that. I wish you would be open to the NAHB green building standard. And I want to give you one more handout before I walk away on that just to let you know what we're doing now in the development community is working, and I think we're almost to the point where we're building a Prius and the

diminishing return of what we do beyond a Prius, I mean, do we really want to spend another \$10,000 a unit to save three bucks a month in utility allowances?

I just completed our utility allowance with Patricia's department for our portfolio of 1,684 properties, and just to give you some reference points, our three-bedroom units in El Paso, this is combined electric, gas, water and sewer, is \$93 a unit, all of those bills combined are \$93 a unit. So it's a really efficient product that we're building now based on the old criteria that was in the QAP. I'm not sure that without a whole year of looking into some other alternatives that we need to do anything right now.

Again, the TAAHP position is to stay with the 2011 language which I'm for as well, but I wanted to hand these out to you so you could see kind of where we stand with what we've got today. I'm not sure it's broken or needs to be fixed. That concludes my comments, unless there's any questions.

MR. OXER: Any questions?

(No response.)

MR. OXER: Thank you. Mike Duffy, Michael Hartman and Barry Kahn, and then David Koogler.

MR. KAHN: (Speaking from audience.) Mr. Chairman, I'll pass.

MR. OXER: Thank you. Very thoughtful of you, Barry.

MR. DUFFY: (Speaking from audience.) Mike Duffy passes.

MR. OXER: Mike Duffy passes.

MR. KOOGLER: (Speaking from audience.) David Koogler passes.

MR. OXER: You guys are on a roll, let's do this.

MR. HARTMAN: Mr. Chairman, members of the Board. Michael Hartman. I will be as brief as possible. I'm with Roundstone Development out of Dallas. Three items that I just want to talk about.

First is readiness to proceed. I understand Mr. Irvine's comment. In one way he would like to see the deals get started quicker. A lot of times there's things that pop up as you're going through the permitting process and development process. I think the bigger question is have many deals failed to go forward at all, and if they haven't, then maybe we need to reconsider this, because just a preliminary look at what it's going to cost to meet this criteria could add another \$39,000 to each application up front. In a process where we have four times as many applicants as we have credits to give out, we're talking about how many developers can add another \$39,000 to the cost of their application, and if that happens, I think that's going to decrease competition because you're going to squeeze a number of people out.

The second thing that I wanted to talk about was in scoring item 12(c) which talks about mixed income. We did mixed income before, we tried that in the 2001 QAP. I have two deals that have 25 percent market rate units and what happens is residents talk. You cannot underwrite those market rate units at true market rents because as people talk they find out that hey, my next door neighbor is paying \$600 for his 3-2, I'm not going to pay

\$800 for my 3-2. It isn't going to happen. If they're going to pay a true market rate rent, they're going to go to a 100 percent market rate property.

So I would say that this is something we've tried, we found out that it didn't work that well, and I would ask that it be taken out as a scoring item because if you try to underwrite deals at true market rents, you're not going to achieve them and ultimately the deals are going to crater because there's not going to be enough income to meet the debt service.

Finally, I gave you a couple of handouts on green building, and I've had two of our architects estimate what they think it would add by going to LEED platinum which somebody would say you don't have to go for all the points. Well, in this environment, looking at how tight the scoring is, people are going to go for all the points. One of my architects, Cross Architects out of Plano, has estimated on a 100-unit development that going for platinum LEED would \$800,000 to the construction cost. So that's a big, big jump, and it's going to decrease the number of units because you're going to be spending more credits per unit. Thank you.

MR. OXER: Thank you, Mr. Hartman.

Scott Marks, Audrey Martin, and Diana McIver.

MS. MARTIN: (Speaking from audience.) Audrey Martin passes.

MR. OXER: Scott Marks? He passes.

Diana never passes.

MS. McIVER: Diana McIver, DMA Development. Chair, Board, Mr. Irvine, executive director, that sounds very nice. I am now in my

15th QAP with the State of Texas. Mr. Conine I think is on his 16th so he's one up on me.

Personally I think the staff has done a really good job. I think that one of the keys we need to get to in the state is funding really good real estate, and I think they've gone a long way towards that. I have just a couple of comments that were not addressed in the TAAHP comments.

One is that whole definition of high opportunity area, and you heard from Paul Holden, who said it's going to be difficult for rural areas to achieve that. So whereas the TAAHP recommendation is just one of the four, staff is saying three of the four, I'm going to propose that we add another criteria, and again, I'm really focused on getting good real estate, but that would be to add the high opportunity in a census tract that has experienced a growth in population of at least 10 percent since 2000 according to the most recent census data. So I think if we add a high growth characteristic, that's going to help rural areas, I think it's going to help a lot of areas.

What happens with high opportunity is it's very statistical related, so I can literally go into a field and put my multifamily housing there, it could be in a low poverty census tract, high multifamily income and good schools, and yet there I am in the middle of the field. We need to add some other criteria, and I think growth is one of those. I really want to add one of connectivity to the community, but I haven't figured out how to do that on anything other than a subjective basis.

Oh, and by the way, the importance of high opportunity is it qualifies you for the 30 percent boost but also it's a four-point scoring item,

that's why you're hearing so much about it.

My second one deals with the tax credit boost, and this year for the first time since you all have been able to come up with boost items, you have eliminated the boost for developers who want to add an additional 10 percent of their units for persons at or below 30 percent of area median income, and I would really encourage you to keep that in. That's the one group that we cannot serve unless we get the boost, and it's such a good goal, I would really ask you to keep that in. We all know that a 30 percent AMI unit can't support any debt, it doesn't even pay the operating costs, but that's a group of folks who really need housing. So I would really encourage that be reinstated.

A second one on the ineligible applications, I agree with the TAAHP recommendation of no more than a million dollars of an application in a sub-region that has less than a million. I think that would help with some of our RAF issues.

And then the other one is I really do agree with Paul Holden on that mixed income mixed use definition, and so if you were to add his language about site and utilities, I think that works. But I will say I do mixed income and we do fill our market units and I'm very, very supportive of that. I think it's a real important part of this program in areas where people don't have other housing choices. We don't price them at market, we price them probably at about 80 percent of market.

And my other comments deal with ways we could work together on really shoring up community revitalization and economic development.



We need to find some positive tools. I would encourage staff to keep in the concept of comprehensive plans as the citywide eligible plan for revitalization because that's how cities do growth. So very happy to work with you all on this and will continue to work with you and staff and see you back, I guess, in October. Thanks.

MR. OXER: Thanks, Diana.

Mr. Neil Rackleff, and then Donna Rickenbacker, and then Kit Sarai.

MR. RACKLEFF: Thank you. I would have been on deck, but I didn't get the call, Coach.

MR. OXER: That's all right. About to get down to the short end of this game here on this one.

MR. RACKLEFF: Good. I'll try to be brief. My name is Neil Rackleff, and I'm general counsel and deputy director of the Housing and Community Development Department for the City of Houston.

We want to express our appreciation for the long partnership that we've had with the TDHCA. We are grateful for the Tax Credit Program. It's allowed us to help thousands of Houstonians who otherwise would have much less quality of life, so thank you very much.

I want to start by addressing an item on page 58 of the QAP which we appreciate, and that is the fact that in the commitment of development funding by a unit of general local government, we appreciate the fact that you have put in the clarifying language to make sure that those commitments come from truly local units of government as opposed to, say, a

local governmental entity with statewide jurisdiction because that obviously is kind of a hole in ensuring that the support from local entities.

I would echo some of the concerns that were expressed by Ron Williams with the Southeast Texas Housing Finance Corporation regarding the change in how the participation from local governmental entities is measured. Even for a city the size of Houston, just looking at the interest savings alone could be problematic for us. So we would appreciate some clarification in that regard.

One of the things that our mayor has charged us with is to remember that we're not only the department of housing but we're also the department of community development, and she has asked us to take a very comprehensive view towards improving the communities in the City of Houston, and to that end we're working closely with not just housing but with the public works department, with code enforcement, we're working with municipal management districts, tax increment reinvestment zones to come into neighborhoods and provide great, quality, affordable housing through leveraging with the Tax Credit Program but looking at infrastructure needs, at parks and other elements in the community to do something even beyond what we can achieve with the Low Income Housing Tax Credit Program.

So we're trying to be very organized and coordinated in our efforts, but there's a provision that is proposed to be extracted from the QAP which does not warm the cockles of my heart, it causes consternation, and that is on page 43 where in talking about zoning if you are a development located within the boundaries of a unit of general local government that does

not have a zoning ordinance, in the past there's always been a requirement that you would get a letter stating that you are consistent with the local consolidated plan or their affordable housing plan, and that the local government would give a letter saying that that affordable housing was something they support.

For a city the size of Houston that doesn't have zoning, this is one of the only ways we can continue to have an influence over land use patterns with our affordable housing and put that in as part of our coordinated whole. So this is the main reason we stood to speak today because it's an issue that's really unique to the City of Houston. I apologize for going over time, but we really appreciate your consideration in putting that language back in.

MR. OXER: Thank you for coming to let us hear from you.

Ms. Rickenbacker. And to facilitate this, Ms. Rickenbacker, you have three minutes, two minutes yielded to you by James, and then you have another agenda item for another three minutes.

MR. RICKENBACKER: No, actually, I don't. I'm just speaking on this agenda item, the QAP. You can throw that away.

MR. OXER: Thank you.

MS. RICKENBACKER: Good afternoon, Chairman Oxer, Board members, Tim. First, I want to than Tim and Tom for releasing that August draft of the QAP and giving us the opportunity to present our comments and recommendations. Staff has been very open and responsive to all of our comments and they've made several adjustments in the current

draft before you all today.

There are several new provisions, though, contained in this draft before you all that we'd like to speak to, obviously driving several of these comments this afternoon. In keeping with the rules and obviously time constraints, I just want to speak to a couple of them.

The first two have to do with definitions, definitions being central business district and transit-oriented districts, and the revisions that I presented in my comment letter to you all this afternoon -- I believe you were provided a handout -- both of my recommendations are in paragraphs 2 and 3 of the letter. These are important definitions in the QAP because developments within these areas benefit by qualifying for the 30 percent increase in eligible basis and development location points.

As proposed, a central business district is an area that is designated by the city but staff has added a subjective requirement that such area include a building that contains at least ten stories. I recommend that staff remove the building height requirement from the definition and let whatever area that the city has designated stand as their designated area for purposes of qualifying to be in this area. Or alternatively, I've provided some language in there that I personally believe better fits and is more flexible and will work to better define a true urban core in multiple cities, so I respectfully request your consideration of that alternative definition.

Transit-oriented district, the definition once again speaks to areas that are designated by the city, however, there are several Texas cities, including some of our major metropolitan cities that do not have defined TODs.

They loosely describe such areas depending on the area's proximity to transit stops. Therefore, I recommend staff's consideration of a more appropriate definition that removes the requirement that such area be designated, and then, of course, defines what a transit stop is. That is also in my comment letter.

The balance of my comments have to do with scoring items. The first is community revitalization, historic preservation and mixed income. This scoring item in the current draft was substantially changed from the initial draft by reducing from six points to one point developments that propose either historic preservation or mixed income/mixed use type development. This reduction will not lead to more of these types of developments which was the intent of the original language.

The changes made to this scoring item will push more affordable housing into lower income revitalization areas that can score the majority of the points in this category.

So I respectfully request that the Board reinstate the language and scoring points for these types of developments as set forth in the initial draft, and I've also included in my comment letter what the initial draft recommended, as well as some adjustments in the percentage of market rate sizes in keeping with TAAHP and some other stakeholders' concerns about the percentage of market rate units.

Lastly, I've got a couple of questions on a current provision in the QAP that speaks to the percent of unit types where you all are allowing a developer that gets a resolution from the municipality to deviate or adjust from

those percentages to the extent of 20 percent for each bedroom type. My question is is that 20 percent above the percentage, or is that 20 percent of the percentage. In other words, if you're allowed to build no more than 30 percent of the units at one-bedroom, if you add the 20 percent are you effectively doing 36 percent, or are you allowed to do 50 percent?

MR. OXER: It's 50, it's 20 of the 100.

Question answered.

MS. RICKENBACKER: Perfect. Thank you very much.

Lastly, development location. It's a four-point scoring item. It's very difficult for senior developments to score these four points, most senior developments are not located in a centralized business district, so I'm asking that the Board and staff consider an additional subcategory that allows a city by resolution to support that development location. That gives also the cities one of the rare opportunities in this program to support or oppose a development in the location being proposed. Those are my comments. Thank you very much.

MR. OXER: Thank you. Any questions?

(No response.)

MR. OXER: Last speaker, Mr. Mark Scott. He obviously passes if he's not here.

All right. We're going to take a ten-minute break to let everybody up here stand up, everybody out there stand up. We'll be back in our chairs at 3:30, please.

(Whereupon, a brief recess was taken.)

MR. OXER: All right. If you'll take your seats we'll begin. We've cleared agenda item 4(a) on the QAP. We've received the public comment on it.

MR. CONINE: It was 5.

MR. OXER: 5(a). I'm sorry.

MR. IRVINE: And if we might, Mr. Chair, we've taken the opportunity during the break to recalibrate a few things, and I'd like for Tom Gouris to summarize the proposed changes.

MR. OXER: I'd love to hear it.

MR. IRVINE: Good luck.

MR. GOURIS: Thank you.

First, I think that I would suggest that the changes that we could make here probably would address most of the issues and may not necessitate an October meeting, however, I'm a little concerned that we've said we'd have one and so some folks that maybe didn't speak would not feel like they didn't get their opportunity to say something that they would say in October, so that's something to consider.

MR. CONINE: Yes, you're looking at one here. Go ahead.

MR. OXER: Mr. Conine, you get a chance to speak always.

MR. GOURIS: So I'm going to go through the conversations that were had in more detail than we talked about, Tim, just so that we can go through each of the comments.

The first commented was Sarah Anderson and she talked about the site demographics, the pre-application timing. Those are timing

issues outside of the QAP. I think to that extent that they're in the QAP, we can clarify them and accept those issues and get those things driven the way she was asking. The scoring sheets are also a non-QAP issues, so those things we can take care of outside of our conversation on the QAP today and are well noted that we will do our best efforts to get that resolved with them.

George Littlejohn had issues on the LEED's issue, and I think that we heard that a couple of times, that we want to include maybe another alternative. We already expanded a little bit. I think what we need to do is look at what the NAHB green standard is, what it compares to, and apply it where it compares. What I heard yesterday, I think, was that they have several levels, and if we can line those up with the levels that we have, I think we can include them in the point structure and that would provide yet another opportunity for environmental stuff.

Now, there's a bigger concern about having an over emphasis on any kind of environmental standard. The only way to deal with that is to go backwards to the 2011 QAP. I think that's a policy issue that is for the Board to give us comment on, but I'm feeling like we have enough differentials there that folks can choose, and if they can't get there, they can't get there and they don't get the points.

Big critical thing that we keep talking about is these point issues are supposed to be differentials and we heard some about some things that are hard to get to, that in a rural area it's hard to get to points for this. Well, then you're going to be scored with all other rural deals and scored with other deals that have a hard time getting to those points.



MR. OXER: As opposed to competing with the ones that are in urban areas.

MR. GOURIS: Right. So it talks about LEED a little bit.

The issue about the loans are too expensive or that we change the criteria on the loans, on the local participation. The issue there is that it's apples and oranges, that a loan is not like a permit fee that's been granted. We're trying to come up with maybe some way to make a loan more like that or the value of the benefit of the loan more like that, maybe we double the interest savings or triple it to make it not be counted as the whole loan amount but still recognize that there needs to be some value from having that loan in the transaction that then gives it some comparison to if a city was to provide a fee for free.

MR. IRVINE: Well, as long as you're setting an economic value on it, we wanted to find a way to be able to compare the value of waiving fees with the value of providing loan support. If you do away with cap amounts, you just say somebody needs to provide support by either providing a loan or waiving fees, you've got to either do away with caps or, in my opinion, do something to equalize them.

MR. GOURIS: So I would propose that we do some sort of mechanism in there that maybe would double or triple the value of the interest savings that it still has some lesser value than the entire loan amount because they're not equalized.

The sub-region with less than \$1 million.

MR. KEIG: Before the other component was the deadline for

local government funding, there were two parts. Did you think about that?

MR. GOURIS: We've had August 1 in the past. The reason why we moved it up is because we've seen a lot of movement in what the commitment is and where it comes from, but we typically always get it so I think we could move back to August 1 if that made sense.

The sub-region with less than a million not being able to request more than a million dollars, that's an easy one we can add to the restriction if that's what folks want.

The limit of tax credits, 13,000 per unit just to be effective on rehab, we could talk about the policy issue on it, but if that's where we wan to go, we can add that it's only impacting rehab developments. I think it has the same merit for all developments, but if that's what we want to do, just make sure there's a 13,000 per unit credit limit on rehabs, that would be something we could modify the draft to do pretty easily.

MR. OXER: Hold on, Tom. Ken, do you have any thoughts on that, on the rehab cost?

MR. CONINE: Probably, but I'll let him go ahead.

MR. OXER: Gets the hook in deeper, Tom.

MR. GOURIS: I know.

The developer experience was something that was commented a lot. I'm not sure I understood all of Mr. MacDonald's comment on that issue. I know we did hear some other folks talk about the Texas experience. I guess we did hear one thing Justin said was that folks with a thousand current units might be perceived as having less experience than someone who

had eight-year-old deal that had 150 units, and I think one of the ways to fix that is to limit the experience. I think right now it's five years, move that to three years so that we know that they've actually completed a transaction, so if they have a thousand units but 200 of them were three years old, they'd meet the requirement, if that makes sense. So I think if we just move it from five to three I think we'd address most of the concern there.

Let's see. The other comment was points for low income areas that are twice what they are for high opportunity areas, and I'm not sure if that's -- I haven't seen that calculation and if the sentiment is we should have more points for high opportunity areas, I think staff would be in support of that.

I'm not sure I've seen the comparison to say that low income areas get more points than high opportunity areas. I don't think we changed anything to make that situation worse. In fact, I think if that's the case, we're trying to make high opportunities get more points. So there wasn't anything more specific in his comment other than that general concern.

Mr. Williams talked about the local government funding. We've already discussed that a little bit as far as figuring out some mechanism for the interest savings to be doubled or tripled, that way it could be more comparable to a fee or permit waiver.

Next commenter talked about the historical credits and the fact that the federal government realizes 20 percent more expensive than a normal transaction, so an easy fix to that would be we have the \$83.95 limits -- is that right -- for cost per square foot, if we just took the 83- times 120 percent and made that be the limit for historic, then we'd be consistent with that concern,

and I think that would be a reasonable mechanism. So it would be something like \$100 for historic, \$95 for the other high cost areas, and \$83 for our normal cost per square foot. The \$100 we would need to calculate, but it would be something like that.

And then there was a comment about that we move from six points to one point for historic, and again, we were trying to combine the historic and the community revitalization. I don't think we have a problem with historic going back to the full point total for that area on its own, so we can move back to six on that pretty easily.

And then there was the issue about the National Register. A thing to point out there is that we're not requiring the documentation of that to be given to us until cost certification. I think there was some earlier language and maybe a thought that we would require that the place be a historic place today. That would help us understand that they can get the historic credit moving forward with that, but I don't think we're going to require them to be a registered historic place at the time of application, but instead, they just need to prove that they got the historic credit at the end of the day at cost cert.

I'm down to Mr. Holden's comments about the mixed use developments and we heard comments both ways on that. I think that was just a one-point item that we're experimenting with based on public comment received earlier, so we're not proposing to change anything on that one because we heard comment both ways, I think.

And then he also made a comment about rural developments having this disadvantage over urban areas with regard to the high opportunity

areas, and maybe that rural should only have to get one or two of these. The conversation we had at the break was that perhaps the one that really is important to the department, I think, is the one with regard to a higher median income in the census tract than in the county, and perhaps we change that whole language for everyone to be you have to be in a census tract that's a higher median income than the county and one of the other three. So it's that one plus one of the other three instead of three of the four, and that might be easier.

MR. IRVINE: And add the suggestion for the high growth.

MR. GOURIS: And add the suggestion for the high growth that I think Ms. McIver made later on.

Mr. Hartman made some comments about the readiness to proceed items. I think that's an area that we'd like to stay pretty firm on because that's either a yes or no, they've got this additional readiness to proceed or they don't. I don't think we've thought of any ways to back off of that except for not to have it at all.

He made some comments about mixed income we talked about and green building, and we talked about those items already as well.

Ms. McIver talked about how good a job we did first, and then she talked about the HOAs would be difficult to achieve but I think we just addressed her concerns by adding growth and saying that one plus one of the remaining three. She also asked that we had eliminated the boost for 30 percent of median income -- I'm sorry -- if you're serving 30 percent units we took out the boost for that, and that's something I think we can add back in if

that's what we want to do. I think it helps compensate for those units. She also mentioned the one million for credit cap.

She also mentioned to go back to including the comprehensive plan or allowing comprehensive plans to be part of the community revitalization process. We didn't talk about this one in the break, but that one is kind of difficult for us because for some communities all they have is a comprehensive plan, but depending on what you mean by comprehensive plan, that could go to the point of including zoning. We would sort of prefer to leave it without a comprehensive plan.

MR. IRVINE: I would just weigh in on that one that in my mind -- don't speak for anybody else -- revitalization means that you've identified an area that has fallen down and needs to be picked back up. It's very specific, it's targeted to an area that's got problems. Economic development is a different kind of initiative, and it may apply to larger or emerging areas which may or may not need to be picked back up. Consolidated plans have to do with the orderly administration of certain funding sources primarily, they have to be applied over large areas in targeted ways that meet a number of regulatory requirements. And I think that we're talking about apples, oranges and guavas here, and what we want to be real specific about is revitalization is a very targeted thing.

MR. GOURIS: Not to confuse matters, and this wasn't made as public comment, but in one of the breaks earlier someone had suggested adding or allowing a TERF or a TIF to be included as community revitalization plan, and some of those are community-wide but this would prohibit them from

being eligible. I think we could work through that if wanted to allow TERFs or TIFs to be included as community revitalization plans.

MR. IRVINE: As economic development.

MR. GOURIS: That is economic development, and they get points in the economic development. The suggestion was they get points for one or the other. In the end any of these things that come up they say it's a plan and we bring it to you all and say we don't think it is a plan and it becomes an issue of appeal down the road if we didn't resolve it here.

Mr. Rackleff had two items: the local government financing that we talked about already, but also he had a comment about the no zoning letter requirement if there's no zoning in an area. That came about because we had an issue this year where you may recall that a judge was required to provide us a letter saying there's no zoning and they meet the needs. Well, there wasn't a way for them to say we have a need, and so he wasn't willing to send the letter. I think we could work with some language that still required a letter but didn't make them have to opine on that there was need. That might put the City of Houston in some more difficult situations, but we can work with them to see if we can find some language that would work, but we wouldn't be opposed to putting it back in at some level.

And then Ms. Rickenbacker had the central business district definition. The reason for the ten stories or more was to try to put some substance to a downtown so that -- nothing against the City of Georgetown -- but so that the City of Georgetown's downtown as it's designated downtown doesn't equate to an urban core for a large city that has

higher costs, and so finding some way to equate that. I don't think we came up with a better solution than the ten-story building. In an earlier draft we had defined six specific cities. That wasn't broad enough, I think folks would like to have it broad enough to include the City of Georgetown as having an urban core or urban downtown that would get the benefit of a high cost. I don't think staff agrees with that thought process, but we'd be open to it if that's what you all feel like we should do.

She also talked about the definition of a TOD, and in this issue she said not to rely on a city's definition, the local definition, but to rely on something that we'd create. We get in enough trouble creating such definitions, so we kind of want to stick to if they've defined it as a TOD then we'll say it's a TOD or something similarly defined.

She also talked about the six points to one point on historic, we talked about that. And she talked about the resolution to deviate from 20 percent, we got that covered. And then finally the resolution of local support for development location, I wasn't quite sure if I understood what she was looking for there. I don't know that we have a solution there.

So those are the comments that I got all the way down the list.

MR. OXER: Is Ms. Rickenbacker still here? There she is.

Do you have a clarification to your point?

MS. RICKENBACKER: (Speaking from audience.) I've provided in my comment letter. And these are not new requests, I submitted that on the earlier draft. And it's another sub-category of points -- well, no it's not, it's actually another sub-category.



MR. OXER: You would like it to be.

Does that clear your question?

MR. GOURIS: We didn't discuss it in the break, but if we want to decide that's a good development location because a city supports it, I don't think there would be an issue then.

MR. OXER: Any questions from the Board?

MR. KEIG: One, Mr. Chairman. You said Ms. McIver discussed the situation about the one million/one million with the cap, but I didn't understand from you whether staff would go ahead and make some change in that.

MR. GOURIS: Yes. I think we'd recommend that we change the rule to include an additional restriction that would say if there's less than a million dollars available or anticipated to be available in the region and someone applies for more than a million dollars, they would be ineligible. I've got a big nodding over here.

MR. IRVINE: Which, of course, is always appealable.

MR. GOURIS: Which is appealable.

MR. CONINE: Mr. Chairman.

MR. OXER: Yes, sir, Mr. Conine.

MR. CONINE: I again would like to thank staff for making the effort they've made. This is obviously what I would call a major rewrite of the QAP.

MR. OXER: Kind of like Ms. Pandora showed up at this meeting too.

MR. CONINE: Right. And a lot of these comments I'm about to say were probably formulated in my mind recently after sitting through four days of federal court on behalf of the department, defending not only what board members do relative to the QAP but defending the purpose of the Tax Credit Program in general.

But as you know, I'm pretty much on record for having wanted to simplify the QAP, and ask Ms. Boston, she'll tell you I've been telling her that for years and years. And my fear is that we have evolved over time -- and Ms. McIver pointed out how many of these QAPs I've sat through -- we've evolved over time to where, in my opinion, we are missing the majority of the target market that Congress intended for this program. If you think back, Congress intended for this program to be targeted for 60 and 50 percent median income folks, basically two sources of funds, the debt and the equity.

Long gone are the days where a two-story garden apartment with 60 percent rents and debt and equity would win in an allocation under our QAP today, and I think that's sorely misguided on our part. We have continued to increase the cost of building these units to where we now have Taj Mahals called affordable housing, and I'm concerned we're going to get criticized from not only state legislators but also United States Congress people about the cost of these projects. We keep driving down deep skewing rents into these projects and if anyone knows anything about real estate, you can't continue to increase the cost and drive down the rents. That makes absolutely no sense.

With regard to readiness to proceed, I understand the intent, and staff did a nice job trying to put together a good intent, but the problem here is it misses reality. You can't put together an application in December and expect to close that loan a year later by the time you get an award, you get your plans drawn, you go through the permitting processes, there's no bank and no equity source in the world that's going to sit still for a year.

The third-party financing that we do, I like the fact that folks are going all over the state and cities are putting gap money into these things, but we need to take a harder look at whether it's just an interim source or whether it's a permanent source because those two impact the project feasibility tremendously.

So after reading through the QAP and going through the court process and listen to lawyers and everybody else tell me what board members ought to do relative to the QAP, I spent a lot of time last night going through the QAP and I have serious concerns that we're missing the mark and continuing to pigeonhole certain folks and leaving others out.

So I would encourage not only staff but everyone in the room to think through what we're trying to do here, I'm going to volunteer my time to get with staff and give you my thoughts relative to some of the changes, and come back in October with a sense of how do we make this work for the citizens of Texas, the majority of the citizens of Texas. It's always good to take care of the disabled, it's always good to take care of the downtown folks, it's always good to take care of whatever the hot button happens to be, but we may be missing the majority of the folks we're supposed to be taking care of.

And so I look forward to the opportunity over the next month or so to do that with staff. There's a lot of areas we can tweak, especially on the cost side. I'm really concerned about the cost side getting way out of control.

And I just want to offer that up to you and look forward to working with you over the next month or so.

(Applause.)

MR. OXER: Thank you for your comments, Mr. Conine. Of course they're much appreciated.

Did we determine that October 7 is the absolute latest date we can have another interim meeting to make this work before we have this out?

MR. GOURIS: Excuse me. And with the recognition that we would only then have the ability to have a ten-day public comment period after this draft is published. So we need to have the dialogue now as much as possible and then recognize that the comment period after this is going to be shorter. That's fine, we can still get it all in, but it's just going to be a shorter than normal comment period.

MR. OXER: Well, it's going to be shorter response period after this is published. That was one of the purposes of putting this out early on so we continue to engage this conversation, so it wasn't you had to get everything in all at once, this is a continuing process.

We'll table this one till the next meeting.

MR. IRVINE: Can we set the meeting?

MR. OXER: Let's set the meeting. Thursday the 6th?

MR. CONINE: That's fine with me.

MR. IRVINE: We have at least one Board member who's not available then.

MR. OXER: We had two that were not available today. Is there a resolution required?

MR. IRVINE: We'll set it for the 6th.

MR. OXER: That's the power of the chair, you can call a meeting whenever you want to.

MR. OXER: Well, then I think we ought to meet on Thursday, October 6. I'm glad I've got him coaching me flying wing for me.

MR. CONINE: Wing man.

MR. OXER: There you go.

All right. We'll engage all of this, everybody's comments. When this is back out, we solicit continued involvement in response to the website to bring your comments there because those have been incorporated into the document as best we can and summarized. So no action this item, table it till next meeting, plan to be meet on Thursday, October 6 and take it up fully there.

Does that cover that one?

MR. IRVINE: Covers it.

MR. OXER: Good.

MR. CONINE: 5(b) the same way, we just leave that till then?

MR. OXER: Yes.

MR. GOURIS: Mr. Chair.

MR. OXER: Yes, sir.

MR. GOURIS: The bond rule was also included in the Consent Agenda. There may be changes that occur to that as a result of the changes to the QAP that we might have to bring that back again, and I just want you to be aware of it. But we'll go ahead and publish it now and if we end up with significant changes that that needs to be changed, that's not quite on the same time frame deadlines that the QAP, so we might have to bring it back to you.

MR. OXER: Explain that to me.

MR. GOURIS: The bond rule was passed on consent earlier. We were just talking that there may be some definitions and other things that might be impacted.

MR. OXER: That need to be integrated into what the QAP says.

MR. GOURIS: Right, so we may need to come back with that, just so you know. I think we can go ahead and publish right now and then bring it back again if need be.

MR. OXER: Okay. Then let's plan to do that.

All right. Now we're into 4(b) which will be requests for forwards.

MR. IRVINE: 4(a).

MR. OXER: I'm sorry. 4(a). Fortunately there's not a 4(b).  
(General laughter.)

MR. OXER: Well, the best I can estimate without sitting here counting, there's just under a hundred, three minutes apiece, you guys are

looking at having to bring in pizza to be able to hear the last one. Okay?  
There are a couple of folks here that need to leave. Eventually I need to  
leave also, and I think Mr. Gann doesn't drive at night too far. So these will  
be more or less in order.

I draw your attention to the center box on the witness  
affirmation forms which says that we'll limit the speaking to no more than three  
speakers per topic for and three against, and no more than 15 minutes, that's  
including time ceded. There are a few we have in here, only a few that  
actually meet that criteria, but there are going to be a few that have indicated  
that they need some time because they have to get going, so we're going to  
start with them. That's one of the exercises.

So for project number 11140, the Villas of Giddings, Mayor  
Charlie Brown has asked to speak because he's on a schedule to get out.  
Following Mr. Brown will be Mark Johnson and Kelly Garrett.

Now, I'll remind everybody be patient, there are 200 of you left.  
The on-deck circle is up here so be listening to be ready.

MAYOR BROWN: Good afternoon.

MR. OXER: Almost good evening.

MAYOR BROWN: Almost good evening. My name is Charlie  
Brown, I'm the mayor of Giddings. I was elected in 2008, I've been on the city  
council there since 1996. I also served for six years on the Giddings  
Economic Development Board.

I own a small oilfield business in Giddings, Texas. I've added  
20 jobs this year and housing is a big issue for us. A lot of these are recruits

that come in from out of town and not having a place to put these folks to live affects my business, as well as our community as a whole. Hopefully we're expecting another oil boom in Giddings and there's a lot of us in the same boat.

I'm here today to tell you that I support this project 11140, commonly known as the Villas of Giddings, and I'm here to request your help for this project in the form of the forward tax credits.

It's interesting hearing what's kind of gone on here today. Our population is up 7 percent, we're currently about 6,500 folks, and we don't fit into a neat little category of rural. What most of you think of as rural, I think of as a big city, and we're kind of handicapped in that regard. So it's really interesting to hear some of the back and forth about that today being from a town the size of Giddings.

We've have very limited residential development in Giddings over the last ten years. There's been one 16-unit apartment complex built, there's been no new subdivisions and no new entry level projects such as this one built in Giddings over the last ten years. We have a real need for entry level housing for young professionals and young families starting out in life.

Our existing rental market falls into one of three categories: it's desirable but there may be a year wait to get in, it's desirable but it's out of your price range, or it's something you can afford but you don't really want to live in. That's kind of the three categories we have in Giddings. There's no appreciable ready-to-rent property and there's very little rent-to-own in Giddings.



I've been in Giddings since 1980, moved there as a high school kid and during the first oil boom there was a housing shortage in Giddings then and it hasn't gotten any better. This is a chronic problem for us, and Giddings has come in second on this project two years in a row. So I'm here to ask you for your help.

One other noteworthy thing I want to mention, and I don't want to seem opportunistic in saying this, but downtown Giddings is 13 miles from the origin of the fires in Paige and Bastrop, Texas. We've got 20 folks that work at the Giddings State Home and School that are displaced because of those fires and they need a place to live. Bluebonnet Electric Co-op, some of our other big employers have lots of folks that are displaced there, we have teachers that are displaced, we're expecting an influx of students moving into Giddings from that Bastrop area.

I think I've about covered everything here. I would like again to ask for your support and just let you know Giddings, Texas is the greatest place in the world to live and raise kids. Thank you

MR. OXER: Thank you.

Mr. Johnson, if you'll give us just a moment, we need to huddle on some logistics here.

(Pause.)

MR. OXER: Mr. Johnson, thank you.

MR. JOHNSON: Chairman and Board of Directors. I appreciate the opportunity to speak on behalf of the Villas of Giddings, Texas. My name is Mark Johnson. I work for Bluebonnet Electric Co-op in Giddings,

Texas. And I'm mainly speaking today on behalf of the Economic Development Corporation, I'm currently the president.

Eighteen years ago I moved to Giddings and started a new career at Bluebonnet. It was very challenging to find a home at that time, and it hasn't really changed much from that date, and I'm here today to talk about some of the good things going on.

You hear a lot about the economy, and in Central Texas we have a really great economy. The sales tax in Giddings is up 20 percent year to date, the schools are up 50 students this current year from last year. I serve on the school board, we just completed a brand new high school and a \$2.5 million athletic facility. We have a lot of good things going on in Giddings. We are blessed with traffic. We have 40,000 cars pass through Giddings on a daily basis, 290 and 77. Folks from Houston and Austin exchange each weekend and put a lot of money into our economy. There's a lot of people moving there, but one of the drawbacks in economic and recruiting new business and a big box retailer is where do the people live. We have had this issue for a number of years. The mayor touched on the fire.

It has personally affected myself and employees at our co-op, and we have a number of people that are living, there's not a vacancy in Giddings in a hotel. If you have any type of rent house, an outbuilding, probably someone is going to be living in that facility.

So we are here to say we endorse this project wholeheartedly, there is a real need. There was a complex built in early January, a 16-unit

complex, the rent was \$750 a month and it filled up within two months. That is really a problem with economic development. And I just want to say on behalf of Giddings, Texas to please look at this award to the Villas of Giddings, and really appreciate anything you can do. Thank you very much.

MR. OXER: Thank you, Mr. Johnson.

Kelly Garrett.

MR. GARRETT: I'm Kelly Garrett, the developer of the Villas of Giddings, and I'm going to be brief and not go into near what I was going to go into because the Mayor and Mr. Johnson, who is the head of economic development, have covered it pretty well.

The Villas of Giddings is a 36-unit single family home on existing lots, it's truly shovel-ready. We built this project in Dallas last year, I built 56 single family homes 165 days from turning the first shovel to the last CO on the home, 165 days. We can get under construction quickly, all the infrastructure is there, the streets are in, the sewer, the water, everything is there.

Also I think you've got a letter from Representative Kleinschmidt in your packet there that was handed out. He wanted me to read this letter, but due to time constraints I'm not going to read it all, I'd like to just read the last two paragraphs.

"I've communicated with the people of Giddings about this issue and the city is completely onboard to approve the housing. In fact, a similar construction was successfully built in Dallas. I implore you to grant the approval of the tax credits to be used for the development of the 36-unit single

family rental development, Villas of Giddings, to provide housing for those destitute families in need in Giddings. I have reviewed and analyzed the development plans closely and believe the quality single family rental development they propose will be of immeasurable benefit to not only the families in need but also the betterment of the whole community.

"Due to the recent catastrophe of the wildfires in this area, there is now an even greater need for housing. I have seen firsthand the devastation of this recent tragedy in our community and feel that the Villas of Giddings will assist in providing a solution to minimize that housing need."

Like I say, we can get under construction quickly, and I just ask that you give us a forward commitment on this. Thank you for your time.

MR. OXER: Thank you, gentlemen.

I'm going to accommodate some time constraints here and ask Mayor Jerry Burns and Mr. Jim Ryan to come up and speak about project 11205.

MAYOR BURNS: Thank you for the consideration. We have a long way to drive, we're all the way from White Settlement which is close to Fort Worth, and that's part of the reason I'm here, I want to give you a little geography lesson.

White Settlement's eastern border is the joint reserve base in Fort Worth, Lockheed Martin is our northern boundary. As a result of that, we meet with the RCC a lot. RCC is a base closing commission and their only job is to make sure that that base doesn't close again. When we had an opportunity for Hawk's Creek, project number 11205 to come along, my talks

with the base commanders, they let us know that there's a need of 600 housing units that they are short for their people at the base.

If I leave nothing else with you, I want you not think about White Settlement, think about the people on the base. These people go to war, they actually have sorties that they fly from that base, they go to Iraq and fight every day. And I've met with two different commanders of that base, T.D. Smires, and his replacement, Rob Bennett, and both of them sing the same song.

The RCC, all the local cities are members and they have signed off on this and they agree with the need, so the local communities are even onboard with us. It's good for White Settlement but it's very good for the base. The group that's building it has already agreed that they'll work with the base to provide them excellent housing at an affordable cost, and we are looking at lieutenant and down to be able to rent these properties.

Again, give us consideration because we need it, White Settlement needs it, and the people that fight our wars need it. Thank you.

MR. OXER: Thank you very much.

Mr. Ryan.

MR. RYAN: Mr. Chairman and Board members, we're here as Mayor Burns just said, for the Hawk's Ridge Apartments, project 11205, and we're requesting a forward commitment.

White Settlement needs this project, we're in dire need of affordable, decent housing. The property is properly zoned, the utilities are there, and I'm the economic development director for the city, and luckily

we've been very successful in bringing new businesses to town in the last year and in the next year coming we should have a difference of 2- to 3,000 new jobs. We've got 15,000 people that are employed with Lockheed, we have another 10- to 12,000 on the base, they need more base housing there. We have a dire need for affordable housing for these manufacturing type jobs that we have coming in and that have come and that are there from the base. The people that have come in and the companies that have moved into our area, their one single complaint is we need more housing close to us.

We're a small city. As the mayor said, the RCC is actually the Regional Coordination Committee made up of the cities of Benbrook, Lake Worth, River Oaks, West Worth Village, us of course, White Settlement, and Tarrant County. These entities are all members of this RCC and they've all signed off, and the region chair, Paul Payne, he is the base commander from two times ago, is the chairman of that, and he has given a letter of support here. We've had total support from our city council. And very often in small cities like ours total support on a project like this isn't there, we've had it. As I said, it's zoned for it, and we would very much appreciate a forward commitment. Thank you very much.

MR. OXER: Thank you very much.

Mr. Bert McGill.

MR. MCGILL: Thank you, Mr. Chairman and Board. Bert McGill, I'm the sponsor of the application.

I've been working with the 9 Percent Tax Credit Program since 1995. This is truly the first time I've received as much support from a

community and noticed a severe need based on their housing that they have on the ground. The rental housing that they have in White Settlement is old, it's obsolete, it's not consistent with what we find in other communities in the Dallas-Fort Worth area.

We've gotten support from Representative Guerin, Kay Granger's office, and of course, the Naval Air Station, the COG has supported us, the city has supported us with their financial commitment, and I'm just saying this I truly believe is one of the reasons I'm asking for a forward commitment is it's one of the rare ones that I've seen that really would benefit from it and has a need for it.

And so I hope that you will consider this unique situation because under the 2011 QAP or the 2012 as it presently sits, the draft, White Settlement will not be on the top of the scoring list because it doesn't have the neighborhoods, it doesn't have the revitalization zones, the transportation hubs, and that sort of thing. But it is a viable community, lots of single family new homes being developed, lots of retail around it, but inside the City of White Settlement they really do need this new housing to support the Naval Air Station, Lockheed and the employment base that Lockheed provides, that whole area of the state. So thank you very much. Do you have any questions?

MR. OXER: Questions?

(No response.)

MR. OXER: Thank you for your time.

We're going to have a special group here I'd like to recognize.

There are a number of folks that wanted to speak on this one, project 11261, North Angelo Housing. So come get it, Granger. That will be Granger MacDonald, Justin, you're in there but you're yielding your time. Mr. Crider, please. Welcome.

MR. CRIDER: Chairman Oxer and members of the Board. I'm Pastor Floyd Crider, I'm from San Angelo, Texas, and I'm here with a few of my friends also from San Angelo and I'd ask if they would please stand, and we are here in support of project 11261, the North Angelo Housing, or NOAH, Estates housing project.

I'm going to talk more about generalities and a couple of people behind me are going to talk more on specifics. I'll give you a little background for a few seconds on myself. I'm originally from the south side of Chicago where I grew up and went to school on the west side and then went to college in the near north suburbs. I say that because that gave me a tremendous opportunity during my formative years in the '50s and '60s to observe the negative impact that occurs when you have high rise public housing, and it took a couple of generations, but HUD has now realized that it's not a good idea to concentrate thousands of people into a square block area because it contributes to a lot of negative activities such as drugs, gang activity and violence and such. Consequently, they have determined that it's better to kind of scatter housing and make it in multiple neighborhoods or at least multiple economic levels.

When I first got to San Angelo at the end of my first career in the Army, they had the City of San Angelo Community Development and they



had the public housing authority and Habitat for Humanity. The good thing about the public housing authority is they had the Desert Shadows Apartment complex, and speaking of something that Mr. Conine said earlier, we had 30 percent people who were Section 8 rental assistance and the other 70 percent were people from all across San Angelo, so you had a good mix instead of a concentration of low socioeconomic individuals.

Since I retired and did my second career in education, I've seen the rise of Rebuilding Together which did light rehab, my organization that I'm president and founder of, Galilee Community Development Corporation, taking the lead on this project which addresses low to moderate income, West Texas Organizing Strategy which organizes cleanups and other activities for all the communities, and Angelo State University has also come onboard with community development initiatives. They provide interns who in exchange for grades and experience provide a valuable service to some of these organizations such as scientific surveys and things of that nature.

You'll be happy to know that throughout all these years the nonprofits have experienced zero, that's nada, goose-egg, zip foreclosures, even during the housing bubble, so we're pretty proud of that fact. And the reason for that is because we do something that's a little different maybe than other individuals in that we provide housing training and some classes for individuals about homeownership and the importance of making sure that you have a budget that hopefully is only 30-35 percent housing and making sure that you understand the importance of paying on time every time, and things of that nature.

We've come together and instead of having duplication of effort, we now have just division of effort with a little overlap. We've come to realize that we needed unity in the community, we've come to realize that we do it better when we do it together, we've come to realize that if we do it all as a community and work together, we can make it a whole citywide effort which is exactly what has happened.

An example of that is our one-stop shop which is where all the entities are in one location which means a client doesn't have to go to PHA and get told that he makes too much and he needs to go to Habitat and then get told that he makes too much and he needs to go to Galilee, and we say you make under the HUD requirements but you already own a home but you need to go to City of San Angelo for rehab or for NSP. Instead of doing that and getting discouraged taking publications of a variety of entities, they all come to one place.

Was that my buzzer?

MR. OXER: It was.

MR. CRIDER: Wow, three minutes goes fast, and I was trying to talk fast. I guess I don't have a yield so I have to stop. Thank you for your time and attention, and I stand ready to answer your questions.

MR. OXER: Thank you, sir.

MR. MYERS: Craig Myers for 11261. We take nothing for granted when we get older.

For some of us this is the seventh time down here, and about four trips back we got approved in the predecessor to the NOAH project, and

because of the banking tragedies -- which was truly a tragedy for us -- we lost our equity investor about a week before groundbreaking, and so we're back.

But one of the things that seems to me that caused you to approve us the first time -- everybody has got a wonderful project -- is that this is unique, it is different in some qualitative and measurable kinds of ways. I've been a minister for 45 years; I don't talk as fast as a Baptist, I'm a Presbyterian.

MR. OXER: Your poetry is not as robust either.

(General laughter.)

MR. MYERS: But in that time I believe in charity, I've practiced charity, it's part of what a church does, but charity takes care of people who are in extreme need but it really doesn't change the circumstances that causes those needs. And somehow what we have been doing, because of comprehensive approach and collaboration, we have managed to transform whole neighborhoods. We're the only organization that is bringing to you a proposal that's in a context of bringing together all the resources of the community, not-for-profits, government, the energized citizens in blighted neighborhoods, attack all the neighborhoods that are blighted at the same time with every form of housing, every age, and this is approaching the specific kinds of holes that we have in our present plan, and that is low income, quality, single family housing.

We've done apartments, we've had private business, we've had rehabs, we've had new houses, infrastructure, all these things have changed, but this is the nut we need to crack in order to have the tipping point where the

community and private investment and the energized citizens are carrying the load instead of outside money being invested.

I think you have material we handed out last time which describes some of the statistics, 1,600 houses in all these different ways affected materially in the last five years, infrastructure change, the policing has been changed, the tax base has been enhanced, crime rate has gone down, quality of life, health, all these things have gone together because of this collaborative way. We've got at least 25 partners actively involved in this.

And so what we're asking for is this forward funding. The new improved program is 36 houses instead of 20, it is only 400-some thousand dollars that we're asking for, and the multipliers are for less than \$4 million tax money that's gone in, \$32 million product on the ground, and I don't think you're going to find anybody that's going to beat those odds. Thank you very much.

MR. OXER: Thank you.

We're going to accommodate some urgency here pretty quick. Granger, I know there's time that's been yielded to you by Justin.

MR. MacDONALD: I'll go real quick, two minutes or less.

MR. OXER: Thank you, sir.

MR. MacDONALD: They've got a less than perfect Episcopalian batting cleanup, so I'll go as fast as I can.

I'm here today to talk to you and review the special circumstances of the North San Angelo Housing Estates' application. Representative Darby went through this this morning, the importance of this to

the community, you've heard these gentlemen talk about the importance to the community. This deal was granted a forward commitment in '09 but the credits had to be returned when in this lending environment the banks refused to fund out because of the lack of a guarantor. My company is willing to be the construction guarantor and the general contractor on this project now.

The project is owned by Galilee CDC, we will not be receiving any developer fee, this project has the full support of the City of San Angelo and is targeted in their revitalization and blighted area to the city. The City of San Angelo is committed to this cause and they've even donated the lots where these homes will be built and constructed. This is by all accounts a true community supported project, as again pointed out by Representative Darby this morning.

San Angelo, a town of nearly 100,000 Texans, has had only two new construction tax credit projects in 15 years. That's 262 total new construction units in 15 years. The reason for that is they were both forward commitments, that's the only way those two got done.

There's no way for San Angelo to score competitively with Midland-Odessa. It doesn't have the well funded housing authority with a lot of HOME funds nor any neighborhood groups for support, so it will do no good to tell these people to try again next year as they have the last three. Without the forward commitment it's bust for this entire community on being able to get a tax credit deal.

This is a relatively small amount of credit request for this project compared to most that you'll be hearing tonight and for the rest of the balance

of the year, \$461,000 on 36 units. Please listen to the needs of these citizens and what Representative Darby told you earlier and grant a forward commitment to this project, or at the every least put us at the top of the waiting list for the 2011 tax credits. Thank you.

MR. OXER: Thank you. And say hi to Rob Junell for me when you go back.

We're going to hear from the witness affirmation for project 11137 which is Genoa Ranch, Bessie Swindell will be the first to speak. We'll follow that with 11090 which is Sutton Oaks. You've been very patient, thank you very much.

MS. SWINDELL: Good evening. My name is Bessie Swindell. I'm an outreach coordinator for Congressman Al Green, also president of the Southeast Coalition of Civic Clubs, and also president of the 55-Plus from St. Francis Xavier in Houston, Texas. I'm here to request a forward commitment for Hettig/Kahn Development do they can continue to provide this quality, single family housing project for the Houston and Harris County area.

I live in the Sunnyside area right next door to South Acres Ranch that was developed by Hettig/Kahn. These homes are beautiful. I've walked the property. It provides affordable housing for those in need of larger units with large families. These houses are for single families a stepping stone for those to buy their own home. This subdivision is an asset to our community, it has allowed stimulus growth in the area. It allows a single family the opportunity to rent whose homes have been impacted by the storm

or those trying to restore their credit after losing their homes to foreclosure.

These homes are within income limits of young families of firemen, policemen, school teachers and other public servants, as well as those of veteran quality. With amenities like that of a single family has a gated area with safe playground, swimming pool, clubhouse, electronic entry gate and social service. Just seeing the excitement of the children having their first opportunity to live in a safe home is heartwarming. These homes will be available for purchase at the termination of the compliance period. A safe home makes a meaningful difference in the lives of families.

Congressman Al Green awarded a congressional certificate to South Acres Ranch, plus a flag that was flown over the United States. This is not something we typically do for housing developments. We walked the South Acres Ranch completely and were real pleased with it. Every neighborhood needs a South Acres Ranch and that's why we ask you to provide a forward commitment to Hettig/Kahn so they can continue to build these neighborhoods in Houston.

Can I finish?

MR. OXER: Wrap as soon as you can, please, but please continue.

MS. SWINDELL: Besides being good developers, the people at Hettig/Kahn are also good neighbors. They care about the community they work in, they respect and make each community unique. We need this development in Houston for all large families. No one else provides this kind of quality housing for affordable rent. Please help us by providing a forward

commitment. Thank you so much for allowing me to speak.

MR. OXER: Thank you. Is Wanda Adams here? Yes, Wanda.

MS. ADAMS: Good evening, gentlemen. Mr. Chairman, my name is Wanda Adams, and I have the opportunity and the pleasure of serving as a member of the Houston City Council which the district I represent is District D, and I'm also the chair of the Neighborhood Protection and Quality of Life Committee, and I also serve on the Housing Committee as well as eight other committees in the City of Houston on which I am proud to serve.

First of all, Mr. Conine, I am so appreciative of your comments.

This is the first time that I had the opportunity to sit in such a board meeting to hear the quality comments that you all are making when it comes to receiving such funds in Texas.

I'm here to request that you provide a forward commitment to Hettig/Kahn Development so they can continue to provide their quality single family housing product for Houston, and in the Harris County area.

Hettig/Kahn is the only developer in Texas with a consistent record of creating single family rental development using the Tax Credit Program, and we are lucky to have them in Houston. I am lucky to have them in the district in which I serve, District D.

Houston has a tremendous need for this particular kind of housing. We have many large families that cannot find adequate, affordable housing and certainly are not served by standard apartment communities that are typically developed in the Tax Credit Program. Providing an opportunity



for these families to live in a house benefits not only the families who are living there but the surrounding neighborhoods and the schools who have yet moved there due to this particular development.

I'm really excited because when they came into the community there were certain grant opportunities that impacted the community such as a new school that was built across the street, investment in the local neighborhood park that is a block away, and most importantly that makes a council member happy, when a major chain grocery store comes and talks to you and says we're interested in buying property because of the new development that has occurred in the community.

I'm asking you to help provide this step in moving forward to homeownership and a haven for a family which has gone through foreclosure -- which we know that foreclosure has a rise, especially in Houston, Texas -- and giving children a space of pride and creating a real neighborhood. We simply cannot get enough of this product of affordable housing in Houston, and Hettig/Kahn is doing that.

I normally don't come and speak on behalf of developers in a community because I'm the council member that always says I stay in my lane and let everyone just get through the process, but when I had the opportunity to visit this development and to see it and witness it for my first time, when I had the opportunity to visit one of his properties that he has located in the west side of Houston, I was impressed.

I've been in public service now for 21 years. I was a civilian employee with the City of Houston prior to becoming an elected official and I

walked around some of our lower economic development communities throughout Houston, and this is one product that I can say for me to fly in from Albuquerque, New Mexico last night, catch a flight from Houston Hobby to catch another flight and arrive here last night at eleven o'clock, to stay here for this time means that I'm really a value person of this particular product.

And in closing, I would like to just thank all of you for your continued service and I would ask you to support Hettig/Kahn to develop and help improve the economic development and the quality of life for those communities that yet does not have a quality of life such as a development like this.

I'm not sure if any of you have the opportunity to visit Houston or even take the opportunity to come visit Mr. Kahn's property, but I welcome you, and if you decide to come and visit and take a tour, this council member will be more than happy to host you. So I'm asking you to please honor to be present and we're asking you that with South Acres Ranch development they have received the Houston Business Journal Landmark Award where this development received a special judge recognition.

And finally, many of you know that in the last several weeks the City of Houston has been beating the heat for about 103 and 104 average. I did not ask Hettig/Kahn to step forward, I did not ask them to donate anything, but due to the shortage of funds that they know that we have in the City of Houston, Mr. Kahn stepped up, his company stepped up. We were able to supply 70 air conditioners to the citizens of Houston because of the Beat the Heat Program.

This is not a man or a company that just come in and build apartments and leaves, this is a man who stepped up for our fire department to making sure that they had materials in their firehouse, TVS, the necessary materials so our firefighters can have a safe place to call home. Not only that, he helped a majority of our senior citizens to have a cool place to call home as well.

So again, I ask you to please support Hettig/Kahn with a forward to make us and Houston build affordable quality of life for the large families that continue to call Houston home. Again, gentlemen, thank you so much for allowing me to stand before you this afternoon. Thank you so much.

MR. OXER: Thank you for your time, Ms. Adams. And thank you for your commitment through those logistics. I understand what that means.

MS. BAST: Good afternoon. I am Cynthia Bast of Locke Lord.

Hettig/Kahn does have two applications in this round for single family rental housing in the Houston Harris County area: the Genoa Ranch property and the Tidwell Lakes Ranch property. Both are replicas of the South Acres Ranch property which you heard about from Ms. Swindell. That is a property that recently brought some units online in July and is already 90 percent leased and 80 percent occupied, and shows a tremendous need, as both ladies just indicated, for the single family product in the City of Houston.

What you've heard is that this is quality housing and this is a quality developer, and when you are making a forward commitment award, we would suggest that those are two of the utmost issues that you should

consider in your discretionary use.

Unfortunately, the QAP doesn't always provide points for those kinds of things.

I've worked with Hettig/Kahn since closing their first single family deal in 1995. They have been a very consistent and accurate developer in this state. They have never asked for a forward commitment, they've rarely even had an appeal. They got caught in the spokes of the wheel of that community revitalization plan stuff this year for one of their applications, and although they didn't win that appeal, the one thing I can tell you unequivocally is that there is a written plan in the City of Houston and a written plan in Harris County that says that housing for larger families is a tremendous burden in that city and that that is what they need the most.

So with Hettig/Kahn's tremendous local, state and national track record, we ask that you consider a forward commitment for single family housing in one of the nation's largest cities. Forward commitments are available here to allow to fund transactions that are left out of the regular cycle when good cause is shown. Quality developer, quality housing, we believe that is good cause. No one else does this kind of housing like Hettig/Kahn Development, and we believe they do merit a forward commitment. Thank you.

MR. OXER: Thank you very much. Barry, you yielded your time to Cynthia. Correct? Are there any questions?

(No response.)

MR. OXER: Ryan Wilson and Cherie Sheppard for Sutton Oaks.

MR. WILSON: Thank you, Board. My name is Ryan Wilson and I'm here representing Sutton Oaks, number 11090. And I'm a Lutheran so unlike some of the San Angelo folks, I have no poetry or prose, just my bullet points, so I'll make it brief.

Again, thank you very much for seeing us today. I'll get to some of the folks who came with us here in a bit, but you can see them all in the corner, we've all got our beautiful, bright shirts on so they're really hard to miss. They're going to stand up again, especially a couple more.

But I want to very, very briefly point out why this project is unique. You've heard a lot today and there's a lot to think about and as a board you have a tough decision, but there's a couple of points we want to make today and really stress why Sutton Oaks is deserving of a forward commitment this year.

First and foremost, it's right across the street from BAMC. This project, as mentioned before by a few folks, was one of the only east side revitalization projects to address the housing needs of the over 12,000 folks coming right to this are. Second, it's a continuation of Phase I, and Phase II is desperately needed to really finish what we started and to deliver the community who has supported us both with their voice and their dollars the vision we promised.

Third, Sutton Oaks, I think it bears at least mentioning, finished first in its region yet the available credits, because of the way the allocation formula works, went to other regions. And we're not complaining about that, that's the rules, but the point being is San Antonio, I think, as being one of the

largest population centers in all of Texas, deserves a bit more.

Fourth, and I think you've heard Chairman Cavazos speak earlier today, he also had to leave for a time commitment, but he mentioned to you SAHA is willing to put up their nearly \$3 million replacement housing funds. If that doesn't happen, if we cannot get a forward commitment, those dollars go away, and that would be a travesty to this phase of development as well as San Antonio as a whole to lose those leverage dollars to leverage those tax credits with public monies that are designed specifically for this.

But finally, I just want to mention support. I think you've heard from Representative Menendez today. I also want to recognize again the residents of Phase I who have come here today, they're all back here, they've spent their entire day to show you how important this is. We also have petitions signed by waiting list people.

The point is this project is being very well supported by this community, not only from the elected officials in our area, but you heard Representative Menendez say earlier today that even though those representatives aren't directly in our district you heard from no less than seven in the pack you have in front of you, seven state reps from the Bexar County area are supporting this development, as well as the mayor, as well as Senators Ureste and Zaffirini who don't represent this district per se. I think that speaks volumes for how important this project is to the San Antonio community as a whole, not just the east side, not just District 2 City Council, but this entire community. It's vitally important we get this project going.

So with that in mind, we urge you to consider these unique

facts of Sutton Oaks Phase II, number 11090, and issue a forward commitment because, frankly, we think it's the right thing to do. Thank you, folks.

MR. OXER: Ms. Sheppard, you've yielded your time to him. Would you like to take it or have him continue?

MS. SHEPPARD: Thank you for your time and consideration this afternoon. My name is Cherie Sheppard. I'm the founder for the National Association of Blind and Visually Impaired African-Americans, also Ms. Congeniality San Antonio, Texas.

I come before you today as a resident of Sutton Oaks and on behalf of Master Sergeant Kimberly Makisak who was not able to be here today due to her military duties, but she did enclose a letter and it reads as following:

"I'm a member of the United States Air Force stationed at Joint Base San Antonio Fort Sam Houston. My initial experience of having to relocate and find an area within reasonable commute started out horrible until I found Sutton Oaks. I must say that they are wonderfully made with all amenities that one would possibly ask for. Now my commute to Fort Sam Houston is extremely pleasant, located on the other side of IH-35 literally. It truly does not get any better than that.

"From a military perspective, I know the other military members fall into the exact same situation on a daily basis, attempting to live as close to his or her military installation as possible, looking for an apartment complex versus a house because of temporary assignments, et cetera. Granted that

Sutton Oaks gets the Phase II development approval, this will enable more housing availability, not only for the local San Antonio community but for the constant on-the-go military members as well.

"Please lend your helping hand to Sutton Oaks community by approving Phase II development."

And on behalf of myself again as a resident and the residents that came along with us, we would like your helping hand. Thank you so kindly.

MR. OXER: We'll take project number 11041, Riverwood Commons, Ms. Nancy Wood, and then Jim Markel has yielded his time.

MS. BAST: For the record, Cynthia Bast. Mr. Oxer, if I may have your indulgence. Nancy Wood is an employee of the City of Bastrop, she is also a fire victim, and she was here as long as she could be today but today was the first day she could get back to her property. Her house is gone and she needed to meet her insurance adjustor. So she asked if I would just give you her message which is very brief.

Riverwood Commons is important to Bastrop. It was important to Bastrop before the fires, but honestly, they were not going to ask for a forward commitment today, they were going to reapply next year and go through the normal process. But once that fire devastated nearly 1,500 homes with many under-insured and uninsured in Bastrop, the mayor asked Nancy, as a city employee, and others to do everything they can to ensure that there is a forward commitment for Riverwood Commons in Bastrop to help them rebuild their community.



And that is the message that Ms. Wood left with me and asked me to convey to you. Thank you, Mr. Oxer.

MR. OXER: Thank you. Fortunately the stack is getting shorter.

Okay, here's what we're going to do, folks. There's far more of these than we're going to be able to get to today. We have another item to deal with on the agenda. I want to deal with that item, let's clear that, then we'll take as many of these as we can after that. We're going to go till 5:30 and then those of you who are making requests for forward commitments recognize that anybody behind you will benefit by you being as brief as possible. The clock has only got 24 hours in it so we're dealing with everything we can. We'll be back October 6. I know some of you have made a long trip to get there, we did too -- at least a couple of us did.

So if we can hold 4(a) in abeyance now and we'll deal with the last item on the agenda.

MR. CONINE: Mr. Chairman.

MR. OXER: Yes, sir.

MR. CONINE: We might want to consider, if we don't get to a decision today, we might want to consider making a temporary rule that those who have already spoke won't be able to speak again on October 6.

MR. OXER: I think that's a great idea. We have your names, trust me, we have your names.

MR. CONINE: Maybe Mr. Irvine can help me figure out how to do that, but I'd suggest that anyway.

MR. OXER: Doesn't the chair exercise a certain amount of latitude in selecting who gets to speak?

MR. IRVINE: Well, actually, Mr. Chairman, we have a rule regarding who gets to speak, and since that would be a different meeting, we would need to indulge in the public's good graces to do that, other than limiting the amount of time for testimony.

MR. OXER: That's what I figured. That's why we have attorneys. Don't let it be misunderstood, we appreciate that all of these projects, there's an interest in each one of these projects, and we want to make sure that you're heard. Eventually the sun will come back up tomorrow morning and some of you will probably still be here, so I'm a little concerned about that. But we'll hold this one in abeyance for the moment and deal with the last issue or the last item on the agenda.

Mr. Keig.

MR. KEIG: Mr. Executive Director, if we table an item that's on the agenda for another meeting, those time limits don't carry over to the next time we come out of recess and put that back on the table? It would seem to me that time limits would apply to the issue that was on the agenda.

MR. OXER: Point of order. Do we have our parliamentarian that we can appeal?

MR. IRVINE: Our parliamentarian, I regret to say --

MR. OXER: Is you.

MR. IRVINE: Well, yes. I do not know the answer on the spot. Jeff, if you could.

MR. PINDER: I'm afraid I can't help you on that one.

MR. OXER: Well, here's what it comes down to. We're going to run out of time, people have been able to speak, we'll table that issue. If it gives us an opportunity to continue where we were and let everybody else speak, that's what we'll do, if we have to let the others speak again we'll do that, but between now and then we can figure it out.

MR. IRVINE: It seems a reasonable interpretation of the rule, though, Mr. Keig, that the time would carry over since it is the same item.

MR. OXER: Good thinking. Item number 6.

MR. IRVINE: Thank you, Mr. Chairman.

Item number 6 again involves response to the disasters created by these horrible wildfires. One of the first things that I indicated earlier we did was we responded to the governor's question: What have you got and what can we do with it? And the immediate funding sources that we found for emergency assistance were LIHEAP and CSBG. Unfortunately, those are CSBG discretionary funds which were already significantly used up, I believe the balance is currently somewhere around \$500,000 after the recent allocations, and then the LIHEAP is very limited in its flexibility in that it can only be used for a very few days of emergency assistance to interdict in situations involving imminent threats to health and safety.

So we were looking for additional and more flexible funds. One source that we potentially have identified and we are recommending to the Board is \$900,000. These represent funds that were in bond residual fees that had been set aside to provide a contingency reserve. Actually, they

were established several years ago in response to the liquidity crisis. We continue to replenish those bond reserves as we earn fee income on the bond activity. We believe, though, that we can withstand taking down about \$900,000 to dedicate to this particular activity. Because of the way that these are outside of Treasury, these would be incredibly flexible funds that could basically be thrown at any emergency situation. We have also proposed in our draft item some guidelines for how these funds might be used.

And be glad to answer any questions.

MR. OXER: Okay. No questions.

MR. IRVINE: The obvious question I guess you might ask would be are we comfortable that we won't need that contingency for the matters for which it was originally put aside. You never know for sure that you won't need a contingency and we may regret it, but right now we feel that our bonds are performing in a very stable manner, with the Comptroller as our liquidity facility, we feel very solid, and we think we can manage through this.

MR. CONINE: We're going to use the existing network of community action agencies to administer these?

MR. IRVINE: Yes, sir.

MR. CONINE: I heard some conversation about the other 501(c)(3) that the state has set up, the Disaster Relief Fund.

MR. IRVINE: The Disaster Relief Fund was created by a state 501(c)(3) that is outside of state government, it's operating as a 501(c)(3), but it is dedicating a limited amount of funding to this emergency housing.

MR. CONINE: But none of this involves that group.

MR. IRVINE: No, it does not, but we'll coordinate closely with those through the Governor's Office.

MR. CONINE: How many community action agencies do we have over in the Bastrop area?

MR. IRVINE: In the Bastrop area we have one, it's Combined Community Action Agency headquartered in Giddings but currently living in Bastrop.

MR. CONINE: Mr. Chairman, I so move.

MR. OXER: Motion by Mr. Conine. Is there a second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann.

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)

MR. OXER: Motion passes.

Are there report items to note?

MR. IRVINE: No report items that we need to go over unless the Board has questions about these individual matters.

MR. OXER: Do we have any outreach?

MR. IRVINE: Just routine participation in a variety of conferences and such.

MR. OXER: The usual stuff.

MR. IRVINE: The usual stuff.

MR. OXER: Okay, good.

All right. Back to 4(a). And I will remind everyone that we will obviously not get to the end of this. I'll give you the list of the project numbers as we have them. Ordinarily we would take them in order of their project sequence. Obviously there were a couple of groups that brought a big group and I tried to accommodate their interests to get on the road and get back. We will obviously not get to the end of this in another half an hour; I'd like to close out here by 5:30. We will formally table the item for continued consideration at the meeting on Thursday, October 6, and in between now and then, Counselor, you'll determine whether or not we can pursue this, just pick it up and continue the discussion, as opposed to limiting the conversation. Okay, good.

Project 11036, Mr. David Marquez and Kimberly Keenan has yielded two minutes to Mr. Marquez.

And then next up will be 11045 which will be Will Douglas and Mark Lechner.

MR. MARQUEZ: Chairman, can I ask a question first?

MR. OXER: Yes, sir.

MR. MARQUEZ: We had another agenda item and pulled it because they had to leave, so will that be able to be come back October 6?

MR. OXER: Oh, yes.

MR. MARQUEZ: He was one of our ministers. We had three ministers last month and a minister this week, and they keep telling me that God works in his own way in his own time, so somewhere he does.

I'm here today for Hidalgo Seniors, 11036. I have a letter here that was sent to Mr. Irvine from Senator Lucio that says: I ask for your strong consideration of Hidalgo Seniors, LP application for a forward commitment.

What I did last month was I put together a graph and a chart for the Board to look at, as well as the staff, and since 1989 there has been less than 50 senior apartments in the Valley, and what we did was we tagged Hidalgo, Cameron, Willacy and Starr counties. And so even though there is an under-served population, as we all know in South Texas and the border, seniors is a growing population that has continually been under-served.

And I ask for you to look at this chart and have staff review it. If we're wrong, I mean, we looked into all the archives and all the information that has been provided in the web, and so there has been less than 50 senior units provided since 1989 on a yearly basis. So we ask for your forward commitment.

This is already an established, gated community, it already has streets, it already has water and sewer, so it's ready to go. So thank you very much.

MR. OXER: Thank you.

Mr. Douglas.

MALE SPEAKER: Mr. Chairman, I'm sorry for butting in here. I wanted to ask you if I could tell you that I'm here for item 11234 with some other people from El Paso, our last plane leaves at 6:20.

MR. OXER: Well, then let's see what you've got to say.

MALE SPEAKER: If we could be excused, we would come

back on the 6th and make our presentation, but I didn't want you to call us and then nobody be here.

MR. OXER: Okay, let's do this, those of you who would like to leave and we have you listed, everybody that doesn't speak today, we'll assume that if you're not here you had logistics and transportation requirements, so we won't hold that against you if you're not here.

MALE SPEAKER: Well, then we're going to leave and make our presentation on the 6th. Thank you.

MR. OXER: Great. We'll see you on the 6th then. Thank you very much.

And those of you who are leaving, if you would tell Nidia.

Is Mr. Douglas here?

Joy, you need to leave also? We'll see you in October, if that's okay.

Will Douglas and Mark Lechner.

MR. LECHNER: I'm Mark Lechner. I think Will Douglas had to leave, I think he had an issue.

MR. OXER: We'll spot him that one.

MR. LECHNER: I've actually been here the last couple of months, last couple of meetings, and I'm asking for a forward commitment for Lexington Vista which is number 11045 which is in Corpus Christi, Texas.

And I'm going to do something real unusual that may make history here. I'd like to ask for a partner joint forward commitment. I've been working every closely with the city, with the mayor, with Mark Scott who has



been here this morning. They have a project, the Palms at Leopard, they want first, and it's a very big need and they did a full resolution, and he did authorize me to say that after they get funded or if they get a forward commitment, they feel very certain they'll pass a city resolution for our project.

Ours is a senior project, and of course we all know the demand for senior housing, especially affordable in today's world.

I've got a letter from the neighborhood association president. She was going to be here today and she ran into a conflict, so I'll read as fast as I can possibly read, it's one paragraph. She faxed it last night when she called me when she couldn't make it, so I'm going to read it from her.

"Mr. Chairman and Honorable Board Members: My name is Paula Piper and I am the current president of the Brighton Village Neighborhood Association. I am sorry that I am not here in person as I planned to be, but a last minute conflict with children and school prevented me. I am writing this letter to show my support and the support of our homeowners association for the project known as Lexington Vista.

Lexington Vista is a 100-unit Class A, gated, 55 and over, affordable community. Corpus Christi has a desperate need for affordable housing geared towards our senior community. It is my understanding that Corpus hasn't had a new construction senior affordable project in six years. We have a very large and growing aging population that are on fixed incomes and that is why my association voted unanimously to accept Lexington Vista as part of the association.

"We feel that the amenities it offers, such as being a gated

community with gardens, swimming pool, pond with fountains surrounded by a lighted walkway, a gazebo, picnic area and barbecue grills, nine-foot ceilings, covered patios and balconies, as well as business center, beauty salon and furnished community room for its residents will be a great benefit for our aging population.

"The location is highly desirable for our seniors since it is .04 miles from Kindred Hospital, within a mile from all shopping, and in our growth corridor. I also understand that the project has both city and state political support."

We had the state this morning, and then you now what's going on with the city.

I just want to comment, and I know everybody has got deserving projects and I know that demand is just incredible, but we looked up in Corpus Christi has only been awarded 17 projects since 1997 and only two of them have been 9 percent senior projects. There's just an incredible demand for senior affordable housing.

Mr. Douglas, I think, he was involved with the group that's selling and he had some issues, and if he's not here maybe he'll come back on the 6th.

So we're working with the city and hopefully we can get it and maybe you can do it as a joint, get theirs approved. If you can only do one, I'm asking that you actually approve the Palms at Leopard first and then keep Lexington Vista in your mind.

And I did want to touch real quick, the chairman, you asked me

about Lexington, quite a few people in Corpus Christi have the name Lexington, and of course it's because of the USS Lexington, which in vista, of course, means the view of Lexington. I did the research and actually Lexington is referred to as The Grey Ghost, and it was The Grey Ghost because Tokyo Rose named it such because four times the Japanese thought they had sunk it and it kept reappearing.

So I'm just hoping you can for Lexington Vista what my namesake is and make sure we don't sink it this time. So thank you very much, and please consider a forward commitment for Lexington Vista. Thank you.

MR. OXER: Thank you for commenting.

We're going to listen to the folks from Mr. Newsome and Price Matthews for project 11244.

MR. NEWSOME: I've got to catch a 6:25 flight. Mr. Chairman, Bill Newsome, the developer of E2 Flats, 119 units in a redeveloped 18-story office building in downtown Dallas.

What's unique about our project is the absence of any other downtown product that addresses the 60 percent AMI. And I'm being very brief to keep things moving here to let other people speak. This type of project is essential to support the employment in downtown Dallas to continue the newfound momentum of downtown Dallas. We have broad-based support for this project: Downtown Dallas, Inc., the Downtown Residents Council, and a multitude of neighboring owners.

I want to read a very brief letter from the Jim Soule Company

that just came in two days ago. This is to TDHCA.

"As a downtown landowner and 11-year tenant in downtown Dallas, Soule and Company would like to express its support for the above-referenced project. For many years 211 North Ervay has been a detriment to the rebirth of downtown Dallas, especially the Main Street, Elm Street and Thanksgiving Square corridor. We think the planned affordable project would continue the renaissance which is occurring in the Dallas CBD.

"Thank you for the attention, and we hope that this project will receive adequate support to be awarded the tax credits."

The Soule Company's letter summarizes I think many of the points we're trying to convey. This project cannot maximize the scoring because it is in a census tract with other applications. Another of those, though, is permanent supportive housing. Again, this is the only project in the heart of downtown that serves a 60 percent of AMI market. That is a market that is not served adequately today, as evidenced by a Butler Burger market study, and in rehabbing an 18-story downtown office building, it is not financially feasible to lower the income levels.

In summary, E2 Flats is a project which will revitalize a critical area in downtown Dallas and will deliver a project to meet a housing need that today is not met. Thank you for moving me up, I appreciate it.

MR. OXER: My pleasure, the best we could do it.

Is there anybody here who has got a critical pinch in their logistics?

(No response.)

MR. OXER: Okay. Scott Bryan, project 11048.

MALE SPEAKER: We'll defer till October 6.

MR. OXER: Spencer Matthews.

MR. MATTHEWS: My name is Spencer Matthews. I live downtown, I graduated from SMU just a few months ago, and I moved downtown because I saw that life that he mentioned. Downtown is coming to life but it is not because of funding that we're funding from the feds or anywhere else, it's because we're having people come down to invest their equity to build downtown. We have new apartments going in and it is coming alive, and I love living down there. I live next door to the proposed Section 8 housing, and I want to scratch what I came up here with, but I want to make a few points on what Mr. Conine said.

What these projects were intended for were to help people. By moving people downtown into a building that is going to need a tremendous amount of money to revitalize, by moving these people down there, you can subsidize their rent but you're not going to be able to subsidize their cost of living where every meal down there is going to cost you over \$10 unless it's during lunchtime. We don't have place to go buy food. Our market is inflated tremendously to keep up with the price of the real estate that it's in. Our farmers market is going depleted because of all these projects that are inflating the property values. And so this project, if you move people in it's only going to hurt the people that we're trying to help.

Mr. Conine, you made points. We're bringing in people to bring in Taj Mahals when we really need people to be helping the communities

that are really hurting in Dallas, and they're all over the place. So by bringing in this E2 Flats and doing this, we're only going to hurt the people that we're trying to help by taking away the limited amount of discretionary income that they have.

So that's it, I yield the remainder of my time to get out of here, and I appreciate you having us out, and I appreciate everything.

MR. OXER: Thank you for your comments and thank you for your points.

Scott Bryan. Oh, that's right, we heard he's gone.

MS. BENTLEY: Mr. Chairman and the Board, thank you for the opportunity to come before you in support of the Millennium McKinney, number 11262. My name is Beth Bentley and I serve as the executive director of McKinney Housing Authority.

There are two things that are likely to be constant in McKinney for at least the next two years: first, the growing waiting list for public housing in Section 8, and secondly, diligently working to fulfill our census tract specific obligation under federal court order in conjunction with low income fair housing advocate Inclusive Communities Project, or ICP.

McKinney Housing Authority owns 201 public housing apartments that were built in 1949, so our stock is aging. We administer 345 Section 8 vouchers, we have public housing waiting lists of over 900 persons, we have a Section 8 waiting list just shy of 400, and it would be many times more had we not had to close it in 2008. Of the persons receiving Section 8 through McKinney Housing Authority, far greater than half now rent in the low

income area of east McKinney, they can't afford to rent across town.

Also of important note is the fact that McKinney is a participant in the Small Area Fair Market Rent Demonstration which resulted from a lawsuit against HUD. This demonstration provides that we set our housing assistance payment standard based on the fair market rent by zip code. For example, the overall fair market rent for a two-bedroom in the Dallas MSA is \$894, however, the fair market rent in the 75070 zip code where the Millennium project will be built is \$1,050, exceeding affordability by \$200 to \$450. Currently low income persons simply cannot afford to live across McKinney.

McKinney's growth, which has more than doubled since 2000, has been predominantly far west. What has not grown, however, are the opportunities for low to moderate income persons. With west McKinney's flourishing housing stock, high property values, commercial zone base, major thoroughfares and exemplary schools, this is an ideal opportunity for the Millennium, McKinney and low income families. To live and play in the community where you work is ideal and also plausible for this development.

McKinney works through a federal court order to promote deconcentrated poverty by specific census tract in west McKinney, and through a \$1 million loan investment to the developer, this is sure to make a potential development a reality. Short of a low income housing tax credit, McKinney may have minimal opportunity to experience a community of deconcentrated poverty.

Thank you for your time and for your consideration of this tax

credit request for the Millennium McKinney, number 11262. I yield my time to Sara Thomas and also to Martin Sanchez.

MS. THOMAS: Good evening, gentlemen. I'm Sara Simpson Thomas and I'm from McKinney. We're on the same 6:25 flight, might see you, I don't know.

I've been in mortgage banking for 25 years, so I know firsthand that affordable housing is needed in McKinney. I usually speak about single family owner-occupied programs, but tonight I'm supporting application number 11262 for Millennium.

With an FHA loan limit of \$271,050 in our county which is in a very high growth area, I can at the very least tell you what is not affordable to most people, and it's a loan amount of \$271-. I've been pretty active in McKinney for about 20 years, I know firsthand there's a great need for affordable housing. My mother-in-law was on a waiting list for a year waiting for someone to either move away or take their celestial relocation so that she could have a spot in an affordable development. I've seen our population grow from 27,000 to about 140,000 in the last 20 years which is pretty amazing. And surviving the last few years in this mortgage business, I can honestly say I've seen a lot.

I've served on the Housing Finance Corporation Board for two years, worked to develop architectural standard codes for affordable housing programs in my city. I now work for a housing partner bank which provides loan programs to low income families. No, the bank president does not know I'm here, he thinks I'm working in the mortgage department today.



Now I'm speaking really on behalf of Holy Family School which is in east McKinney. It provides really high quality preschool education for children from low to moderate income families. We're so excited to potentially partner with Millennium. I'm really excited about this project, I've done my homework about it, and that's why I decided to skip work and come down here and talk about it.

I've worked with Habitat, with the Samaritan Inn homeless shelter to coordinate and facilitate the integration of families into various social service opportunities that they need, and the items that are on the table from Millennium are the best I have ever seen, and if this comes to pass, you will not be sorry that you've invested in this. Lots of community service organizations have already gotten behind this.

I was formerly the president of the McKinney Chamber of Commerce board of directors and helped form a business retention program so that we could keep the businesses that were in McKinney already in McKinney. One of our primary concerns, even in a fast growth district, was affordable housing. We've got plenty of foreclosures. Unlike the guy from San Angelo that had zero, we've got plenty.

MR. OXER: You need to work on your poetry then.

(General laughter.)

MS. THOMAS: That guy could really talk, I tell you.

But we're in a high opportunity area that we're talking about which is different, but it needs to be addressed. If this was on the east side of McKinney, it would probably already be a done deal, but since it's in the west

side we know we face some opposition. But right now the affordable safe place to live is the American dream, it's not necessarily homeownership, it's just a great place to live. So thank you for your time. See ya.

MR. OXER: Mr. Sanchez.

MR. SANCHEZ: Thank you, sir. Martin Sanchez from McKinney. Sara is always wonderful to listen to, that's why we brought her.

I'm going to just stick to kind of the technical and more of the community development philosophical discussion. Where this property and community are proposed is in a 4,200 acre mixed use overlay district that was created back in 2001. I know because I actually did it and I wrote the code. It's very complicated and nobody likes it but they've got to live with it.

In this code specifically what we were trying to do is force a development pattern that was sustainable in the long term, not in five years, not in 50 years, but in 500 years. From that perspective, it was the integration of single family and multifamily, all different housing types at all different price points. In addition to that integration, we integrated commercial/retail/office uses all in a fabric that allows that sustainability to really take root for the long term. The challenge has been from an implementation perspective is as developers go typically they're after profit, we get that, but profit then starts driving the end product which ends up driving price up.

The one component that we have not had to date in this 4,200 acre urban overlay district has been the affordability component, and that's a real challenge. When you can't live in the same neighborhood that you work in, that doesn't work. When you can't afford to live in the area that you teach,

that doesn't work. When your police officer can't afford to live in the same city, that doesn't work. Firefighter, go down the list, most of the actual entry level, planning, engineering, community service, finance folks at the City of McKinney can't actually afford to live in the City of McKinney, and it's a tough thing.

You guys have a tough job because you've had a lot of great projects, and I get that, but this is one of those opportunities that we have because it's a small window of implementation where we can actually begin to establish the long term sustainability. The project will be located next to two other multifamily projects, but those two other communities are completely market communities. And the integration from a marketing perspective, a footprinting perspective blends to where there is no differentiation between all of those communities.

We're in that high opportunity area, it's better for the long term from a sustainability perspective, you deal with issues of the jobs-housing imbalance, you deal with issues of that folks can actually take root for the long term at all levels. And that's really why I believe this project is a really worthwhile project because it's in the right location in a city that historically has had a difficult time accepting and allowing or even promoting affordable housing on the west side of town.

So with that, Board members, thank you very much, we look forward to it.

MR. OXER: Thanks for waiting for us, Mr. Sanchez.

Is Bill Schlessinger here?

(No response.)

MR. OXER: Okay. We'll hear one more. It's 5:22, the best I can tell, project 11098 on Hatcher Square, Mr. John Edmonds and Prentice Gary. They probably left too.

Is Michael Hartman still here?

(No response.)

MR. OXER: I think we're through. I'll entertain a motion to adjourn.

MR. KEIG: We need to move to table first, don't we?

MR. OXER: That's a very good point, Mr. Keig.

Let the record reflect, Madam Recorder, that since the item is not complete we wish to continue it at the next meeting on Thursday, October 6. We will table this item.

I'll entertain a motion to do so, Mr. Keig.

MR. KEIG: I move to table the forward commitment item 4(a).

MR. OXER: Is there a second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: Motion passes.

Now I'll entertain a motion to adjourn.

MR. CONINE: Move to adjourn, Mr. Chair.

MR. GANN: Second.

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: We stand adjourned. See you October 6.

(Whereupon, at 5:25 p.m., the meeting was concluded.)

