

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Capitol Extension Auditorium
1500 North Congress Ave.
Austin, Texas

Thursday,
July 28, 2011
9:00 a.m.

MEMBERS:

C. KENT CONINE, Chair
TOM H. GANN, Vice Chair
LESLIE BINGHAM ESCAREÑO
LOWELL KEIG
JUAN MUÑOZ
J. PAUL OXER

STAFF:

TIMOTHY K. IRVINE, Acting Executive Director

A G E N D A

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CALL TO ORDER, ROLL CALL Kent Conine, Chairman 5
CERTIFICATION OF QUORUM

PUBLIC COMMENT 5

CONSENT AGENDA

1. Approval of the following items presented in the Board materials:112
 - a) Presentation, Discussion, and Possible Action regarding the Board Minute Summary for June 30, 2011
 - b) Presentation of the Department's 3rd Quarter Investment Report
 - c) presentation, discussion and possible authorization to release a request for admission for provision of services for the Community Services Block Grant in Loving, Reeves, Ward and Winkler Counties
 - d) Presentation, Discussion, and Possible action regarding submission of the revised 2012 Low Income Housing Energy Assistance Program Draft State Plan to U.S. Department of Health and Human Services
 - e) Presentation, Discussion, and Possible Action regarding approval for publication in the Texas Register a final order adopting amendments to 10 TAC Chapter 5, Section 5.900 -- 5.905, the Weatherization Assistance Program Department of Energy American Recovery and Reinvestment Act
 - f) Presentation, Discussion, and Possible Action the Section 8 program 2012 Annual Public Housing Agency plan for the Housing Choice Voucher Program
 - g) Presentation, Discussion, and Possible Action regarding approval for publication in the Texas Register proposed amendments to 10 TAC Chapter 5, Subchapter J, Section 8 Housing Choice Voucher Program Section 5.801, concerning the Project Access Initiative
 - h) Presentation, Discussion, and Possible Action regarding the approval of the proposed 2012-2013 Housing Trust Fund

Biennial Plan

- l) Presentation, Discussion, and Possible Action regarding a memorandum of understanding between the Texas Department of Housing and Community Affairs and the Texas Veterans Commission regarding the transfer of up to \$2 million from the Housing Trust Fund for purposes of administering and operating a Veteran's Housing Assistance program
- j) Presentation, Discussion, and Possible Action to authorize and direct the Acting Director to procure a provider for research and a report of the prevalence of contracts for deed in Texas Colonias through a state interagency contract or memorandum of understanding
- k) Presentation, Discussion, and Possible Action to approve a partnership between the Texas Department of Housing and Community Affairs and the Texas State Medicaid Agency, the Texas Health and Human Services Commission and the Texas Department of Aging and Disability Services for the submittal but HHSC for an application to the U.S. Department of Health and Human Services for a Real Choice Systems Change, Building Sustainable Partnerships for Housing Grant
- l) Presentation, Discussion, and Possible Action of Housing Tax Credit Amendments
- m) Presentation, Discussion, and Possible Action on Housing Tax Credit and Exchange Program Extensions
- n) Presentation, Discussion, and Possible Action regarding the revised HOME single-family program reservation system Notice of Funding Availability
- o) Presentation, Discussion, and Possible Approval of an amendment to the land use restriction agreement for St. Johns' Village Apartments

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P R O C E E D I N G S

MR. CONINE: Bringing the July 28 Board meeting to order for the Texas Department of Housing and Community Affairs. Welcome everybody to our annual tax credit meeting.

I know TAAHP has had a wonderful conference, the last three or four days. Great attendance. Good turnout and good interaction. And appreciative for all of the industry participating in that particular event, along with the Department and their staff.

And also being here today. We will call roll right quick. Leslie Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. CONINE: Kent Conine is here. Tom Gann?

MR. GANN: Here.

MR. CONINE: Lowell Keig?

MR. KEIG: Here.

MR. CONINE: Dr. Munoz hasn't gotten here yet. And J. Paul Oxer?

MR. OXER: Present.

MR. CONINE: All right. As is customary, we will open this up for public comment at the beginning of the meeting. We have witness affirmation forms, if we haven't run out yet, for those that might want to speak to the Board at the beginning of the meeting. And then you also have a choice to speak at a particular agenda item if you so wish.

We will try to be a little stickler for time. You have three

minutes, unless someone else has donated some time to you. And no more than three speakers for either, if you are for a project or three speakers against a project. Again, thanks to everybody for being here. We will get started. Jackie King.

MS. KING: Good morning. Hi, I am Jackie King, Chief of Staff to Representative Perry. And I recognize most of you --

MR. CONINE: How are you doing?

MS. KING: -- when I worked in the Governor's Office. I'm here today to express my boss's support for the Seminole apartment development. It is called the Dunes Apartment and Housing project. And I would just like for them to get a forward commitment for the next round.

Seminole is a small community. They have lots of houses for sale, but they do not have very many rental properties, and this would really help them.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much for being here today. Joy Horak-Brown. And she has donated time.

MS. HORAK-BROWN: Good morning, Chairman Conine.

MR. CONINE: Good morning. How are you?

MS. HORAK-BROWN: Members of the Board. I am Joy Horak-Brown. I am the Executive Director of New Hope Housing in Houston, Texas.

You may recall I have spoken to you a couple of times recently.

And I am back today with a little bit of something different to talk to you about. I think that that will be a happy surprise.

You may recall that New Hope Housing develops and operates affordable housing for adults who live alone on extremely low incomes, that is typically referred to as single room occupancy housing. Residents, many of them are disabled. Many of them formerly homeless. They all of them have an extremely low income; \$13,000 a year is typical. And they all live alone.

We have a property that is just about to break ground within the next couple of weeks. It is our third tax credit deal. You know, in the past I have talked to you about the awards that we have won. One of them an international award.

About the fact that we develop a housing type where you simply can't make a profit doing it, which adds to the reason for there being a dire need. And for the fact that we are building a sustainable organization that offers high quality, high value assets for the neediest citizens of Houston.

The property that we are going to be breaking ground on within the next couple of weeks is 10084, a 2010 deal, 4415 Perry. 160 units that will be LEED-certified. It is designed by the same architect that you have been looking at Sakowitz here, the first LEED-certified affordable housing in the State of Texas. And Perry will also be LEED.

And we have a rendering here of Perry for you. And this is in basically, black, brown and white. And you just looked at the colorful picture prior. And that picture displays the color and the beauty that you will see also at Rittenhouse, when I bring you back a color rendering of 160 units.

Something really important that I would like to leave you with today is that the buildings that we have built in the past, the one we are about to build, and the ones we hope to build in the future offer housing to people who don't have another option. Someone who is going to live in one of our SROs and if we don't build it, or we weren't building Perry, doesn't then have the opportunity to go to another tax credit deal, because they don't qualify.

Our role is different. It is to house those individuals who will not qualify due to economics and due to other background checks. And that is our job. We were founded by the people of Christ Church Cathedral, the Episcopal Cathedral of the Diocese of Texas. And very early on, they set that as a challenge to us.

We thank you very much for having funded us at Rittenhouse. I will be back next month to speak to you about 11150. Thank you for funding us at Perry. I will be back to speak to you about Rittenhouse. Thank you so very much.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Leslie Ingendorf.

MS. INGENDORF: Hello. My name is Leslie Ingendorf. And I am here today to represent our family business Dallas DSL Property Management, as well as the position of many of the stakeholders in the Dallas Farmers Market District. We oppose the eligibility of the proposed St. Paul Apartments, application 11056, and E2 Flats, application 11244.

We own property at 1015, 1017 and 1103 South Harwood.

The back docks of our building face The Bridge round up by MDHA. We have a great vantage point for watching the interactions that take place on a daily basis at The Bridge and surrounding area.

Every day, there are problems that require either police presence or emergency personnel. We have witnessed drug deals, prostitution, indecent exposure, trespassing, loitering, fighting, et cetera. The Stew Pot located at a nearby facility that feeds the homeless -- sorry.

The pedestrian traffic between The Bridge and the Stew Pot is ongoing, and disruptive to the businesses in the area. And crime is riddled. The proposed site for the St. Paul Apartments is approximately a third of a mile from our building and the proposed site for E2 Flats is less than a mile.

For more than 50 years, our family has worked in the produce industry. From humble beginnings under the Farmers Markets sheds to providing economical growth to the area with improvements, and once employing more than 100 people, we are distraught at seeing the District deteriorate.

We are opposed to the applications for St. Paul Apartments 11056 and E2 Flats, 11244, because we feel that additional PSH to the area will finally destroy the Farmers Market District. Crimes of various degrees from -- are rampant in the area. There is an increase in litter, loitering and a drainage on the police and other emergency personnel. The devaluation of the properties continues.

And our fear is that the city is haphazardly approving more and more locations without any concern for taxpayers or the general public. The

city does not have a cohesive homeless plan. We fear that additional housing at this time will create a ghetto in our area of downtown Dallas and result in the demise of the Farmers Market.

It should be noted that after approximately three years, the leading organization and the management of The Bridge, MDHA and its subsidiaries have not been successful in acclimating their guests into society as expressed on Mike Pence's memoranda. Mr. Pence states that less than 30 percent of The Bridge's population are engaging in behavioral rehabilitation.

Participation in rehabilitation is an essential key element for the homeless to mainstream back into society to earn housing. If our children are required to make at least a 70 percent to pass in school, then I find that 30 percent or less is a far cry from being a success.

Specifically referring to the St. Paul Apartments, is a dire concern that innocent children are not subjected to types of people that gravitate to the homeless areas and shelters. We are all taking a gamble on whether or not the so-called professionals in the business of dealing with the homeless have done their job adequately. Thank you for your time.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Okay. Commissioner George Deshotels.

Trent Thomas will be next.

MR. DESHOTELS: Thank you, Mr. Chairman. My name is George Deshotels. I am on the Board of Southeast Texas Housing Authority.

And up until six months ago, I was County Commissioner for 24 years for Matagorda County. I am no longer Commissioner Deshotels. I am now Grandpa George, I will tell you that right now.

MR. CONINE: Congratulations.

MR. DESHOTELS: I got promoted. But I am here today to respectfully request the Board consideration of approval of a forward commitment for 2012 tax credits for project 11167, the Monarch at Bay City. One thing I have found, and the reason I got on the Southeast Texas board is we need senior housing in Bay City. We have none.

And my constituents throughout the county are getting older, as everywhere else in the State. And they -- we just need the senior housing project. We came within one point of getting funded for it. That is the reason why we need the 2012 commitments. It has already been underwritten.

And the development of jobs in our county is great. Our employment as of today is 12.6 percent. One of the highest in the state. And we have the support of the city of Bay City, Matagorda County, and State Representative Weber.

And we have an opportunity to buy a great piece of property, right across the street from the nursing home and the assisted living, within a mile of the hospital, within two miles of downtown. At about half the price. It is about 50 acres.

And we can do so much with that 50 acres. We can carve seven acres out for this project. We can go to a Phase 2. And then I would

hope, and the Board hopes we can go to assist some single-family residence. And if we have to wait for another year this property may not be there for us to purchase.

So I think it would really be beneficial if we could commit and buy that property at this time. If we get this forward commitment, we can. And you know, Chairman Conine said yesterday at the housing conference, in our lives all, a little rain must fall. And then comes the strong wind and the hail. Well, I think we are almost in the hail stage.

Because we sure need that piece of property, I guarantee you that. And we have got a strong experienced development team. The Board is committed to senior housing. The Southeast Texas Board, that is. And our general partner, managing member and all affiliates are affiliated with Southeast Texas.

And like I said, we have no other independent living. And I appreciate you all's consideration. You know, I am kind of like that old one-armed fisherman that caught a fish this big, you know. And the fish we hope to catch with you all's help is forward tax commitments.

And thank you for your time. And I appreciate what you all do. Because I have sat up on some boards before, some community block grant boards, and you all have got a tough job. And thank you very much for you all's service.

MR. CONINE: Thank you, Commissioner. Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Trent, hang on just a second. Ron Williams is with Southeast Texas Finance Corporation as well. You can come on up.

MR. WILLIAMS: Thank you, Mr. Chairman, members of the Board and Tim. My name is Ron Williams. I am Executive Director of the Southeast Texas Housing Finance Corporation. And I don't think there is much more for me to say after the Commissioner's speech. We would respectfully request forward commitment of 2012 tax credits for project 11167, the Monarch at Bay Prairie in Bay City. As the Commissioner has just stated, there is no other independent senior living facility within Matagorda County. And this is a great location that we have the availability to obtain. And we were within one point of the application that was being recommended today. We have already been underwritten. And senior housing is one of the main focuses of the board of directors of the Southeast Texas Housing. And as simply stated while ago, the development owner, general partner and managing member are all affiliates of the Southeast Texas Housing. This would be a great boost economically to the city, and to that part of the rural county, and provide a great need for senior housing. We respectfully request your consideration. Thank you.

MR. CONINE: Couldn't squeeze another point or two out of it, could you? All right. Trent Thomas.

MR. THOMAS: Good morning.

MR. CONINE: Good morning.

MR. THOMAS: Trent Thomas, Chief of Staff for

Representative Drew Darby. Unfortunately, he can't be here, due to another commitment.

So he has asked me to read a letter into the record. "Dear Chairman Conine and Board members, thank you for granting me the opportunity to publicly voice my support for the North Angelo Housing Estates, project 11261, located in the Blackshear neighborhood on the north side of San Angelo Tom Green County, Texas.

"The proposed development is an affordable single housing of 36 units to residents in this community who claim low to moderate income. This cooperative project between the Galilee Community Development Corporation and the city of San Angelo aims to revitalize an area which has been historically underserved.

"I want to express my sincere appreciation to this Board and to the staff for your continued services to the State of Texas, and ask for a favorable consideration of this project. Sincerely, Drew Darby, State Representative for House District 72."

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thanks for being here. Kevin Kieschnick.

Mark Scott after him.

MR. KIESCHNICK: Good morning. I will be real brief. I am here to support project 11166, Region 10. I am current City Council, Superdistrict 1, in Corpus Christi, where this project resides. I am also currently Vice President of the Corpus Christi Housing Corporation in Corpus

Christi.

This project is currently exists in a blighted area. And in addition to that, it is also surrounded by a -- the current existing project is in a blighted area. And we are looking to move this project out of that area, into an area, adjacent to one of our local high schools.

Rehabbing that property is not feasible for several reasons. Number one, because it is surrounded by heavy industrial and we are seeing a transition from a neighborhood environment into an industrial area.

And then number two, we also have a similar, in the next five to ten years, we are also looking at the relocation of the Corpus Christi Harbor Bridge, which could result in the condemnation of this property through eminent domain. The area where it is going to be moving to is adjacent to Miller High School. And it also within walking distance to an elementary school, of Oak Park Elementary.

The city of Corpus Christi has also passed a resolution of support for this. Included in my packet is the minutes. Mark Scott, City Councilman who will be speaking next has a copy of the actual resolution that we passed from the city of Corpus Christi.

HUD and the residents both support the relocation. This project preserves Section 8 housing. The current property is past its useful life. And the city Council has passed this resolution.

And I just ask that you support this project. And if you have any questions, I would be happy to answer them.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

MR. KIESCHNICK: Thank you very much.

MR. CONINE: Mark Scott. Then Gilbert Piette. Excuse me.

MR. SCOTT: Mr. Chairman, Commissioners. my name is Mark Scott. I am a six term City Councilman in Corpus Christi. I spent a lot of time on your side of the podium. I am rarely in places like this, and find it very nervous, quite honestly.

I formerly served as the President of our Housing Corporation, and I have been through, I guess, twelve CDBG efforts. So I feel your pain, and I appreciate what you do. I am here today to support project 11166.

For you all, we call it the Palms at Leopard Street. It is a project in Region 10. And I want to kind of outline just a couple of reasons why we would ask for your support for a forward commitment.

Not only do the residents, does it resolve a housing issue for families in the north side area, but it frankly assists in the redevelopment and revitalization of Leopard Street corridor, which Kevin talked a little bit about. It is important to note that the city of Corpus Christi has two physical representations of our support.

I often tell my kids, it is not what you say, it is what you do that counts. And before you somewhere in your mass of documents, you have the minutes from a City Council meeting where we done have two things.

One, we have allocated HOME funds to this project.

And we also have a resolution that outlines this project as our

highest priority. And I will read. It says "supports the Palms at Leopard Street as its first priority application in Region 10 as designated by the State of Texas."

A couple of other things. It is my understanding that the city, I know we support it, HUD and the residents all support this project. It preserves Section 8 housing.

And quite honestly, the property has reached the end of its economic life. It is too old and distressed to be preserved. It is with these things in mind that we would ask and I would personally ask you guys to support a forward funding commitment to project 11166, the Palms at Leopard Street.

I might also conclude that there is a little rain coming through Corpus Christi. And if you are kind enough to handle my request today, I might send a little rain from this depression your way. There is also strong evidence that when I leave Corpus, the rain comes. So I may be back next week.

MR. CONINE: If you have got that kind of power, you need to be sitting up here.

MR. SCOTT: I do not. Thank you for your time, sir.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Gilbert. Mayor Royce Hatley will be next.

MR. PIETTE: Good morning Chairman Conine, members of the Board. I am Gil Piette. I am the Executive Director of Housing and

Community Services out of San Antonio. And we operate the North Side Manor Apartments. We are trying to move that to the Palms at Leopard which is project 11166.

And I am here basically just to kind of recap. I know a lot of times you must feel like some of us get up in the morning, get on the road to come up here to San Antonio. And we are saying, we are off to see the wizard. And we ask you for a forward. And we expect great things of you.

And I am here to urge your consideration of this project. We have worked very hard to get all of the elements into place. It is, as you have heard it is a project that has really reached the end of its life.

We had a third party come in and evaluate the property. And they said because of the degradation of the property and the change in the surrounding neighborhood around it, most of the houses are gone. They have been bulldozed.

Because of the long term plans of the Port Authority, which is expanding into the area, because of the potential of the bridge coming in, and dropping in on top of this property. And because of the expansion of the sewer plant next door, it is simply not an area that is suitable to try to rehab in place. And so our solution has been to try to move this property.

We have been pumping money into it from other properties that we have in the area, to keep it afloat. But it really has reached the end of its life. And so we have gone out. And I think we have garnered the support of everybody that is necessary to move it.

We have the school board has given us a letter of support, that

the schools can support the school age residents. We have the support of the city, the support of the residents. And attached to my phone this morning, you will find a letter from Ms. Priscilla Rocha from HUD. And HUD has stepped in and given us a letter in support, saying that they would support our application to transfer this Section 8 contract to preserve it for the next 20 years.

If we were to rehab in place given all of the development, industrial development in the area, we would be rehabbing a property and a contract that probably is not going to be able to stay where it is. And so, I am here this morning to simply again urge your consideration of this project.

And I think we have got all of our ducks in a row. And we are ready to line up and march, if you can see clear to give us a forward in this project. Thank you very much.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Boyce Hadley. Diane McIver is next.

MR. HADLEY: Good morning, Chairman Conine and Board members. I appreciate the opportunity during public comment to support project 11223, the Terrace at Midlothian. And my name is Boyce Whatley. I am the Mayor of Midlothian.

Having been an elected official now for five terms probably gives me a little different perspective on the needs of our community than an individual who maybe serves one or two terms. I often, cutting a ribbon at a

150-acre park, or bringing in an industrial complex that employs thousands of people, often trumps, if you would, some of our most basic needs. And that being senior housing in our community.

Also having lived in Midlothian for some 30 years gives me a perspective, having seen our community grow from a small farming community to what I would consider one of the best towns south of the DFW Metroplex. For those who are not familiar with Midlothian, we are between I-35 W and I-35 E, or 30 miles south of both the downtown Dallas and downtown Fort Worth.

Certainly, we are a community that understands diversity. In fact, having recently updated our comprehensive plan, one of our biggest goals is promote diversity within our community. Whether it is age diversity, whether it is housing diversity, socioeconomics, race. We understand that a diverse community builds strength.

And certainly, having senior housing in Midlothian will add to the value of our community. For several months now, we have been working with our planning and zoning Commission, our community. Certainly, the project owner and the developer, in order to design a safe, comfortable quality affordable housing project that will enable our seniors to continue with their independence.

I have known for a number of years that we have lacked in senior housing. But it really became evident when I started filling in for my wife, who delivers Meals on Wheels each day. And oftentimes, that knock on the door at noon, bringing a hot meal is the only interaction some of our

seniors have with the outside.

And you know, this is going to enable seniors to stay connected with one another. They not only have their own needs met. But by having a place in which they can communicate with other residents will meet others needs as well.

Oftentimes, we find seniors, as well, strapped and unable to upkeep, keep the upkeep on their homes, their single-family homes. It is difficult for them to often afford to do so. Physical limitations also weigh into this. And then the cost of maintaining those homes often creates a burden for them.

And only a couple of choices that our seniors have. One is to move into a family member's residence. And I have learned one thing is pride is one of those things that seniors don't give up on. And having independence is certainly one of those things that they really value.

The other option is for them to uproot to a neighboring community that has affordable housing; Waxahachie, Mansfield, Cedar Hill. But oftentimes, that means leaving lifelong friends, family members, their church, their doctors, those in which they have built their entire lives around. And it really shouldn't be that way.

Our city has always valued our senior population, having recently built a \$600,000 senior center. And we provide breakfast and lunch every day for our seniors, serving over 300 a month, 300 different individuals a month.

We provide bus service to and from their homes, if they live

within five miles. And only because they insist, they pay a \$5 annual membership fee, in order to be a part of our senior community. This particular complex will be within two miles of our senior citizens center.

And certainly, I know that cities are all strapped for funds, and are looking at ways of cutting services. Midlothian believes so much in its seniors, we continue to do things to promote, if you would, senior living and senior activity. This project is again, much needed.

We would like for you to consider the Terrace at Midtown as a priority. It allows Midlothian to continue to serve the aging needs of our senior population. And it is very much needed.

I appreciate your time today. I know you have got a lot of projects before you. But this is one that we would sure appreciate your support. Thank you.

MR. CONINE: Any questions of the Mayor?

(No response.)

MR. CONINE: Thank you for being here today, Mayor. Diana McIver. Linda Flores-Guerra will be next.

MS. MCIVER: Good morning. My name is Diana McIver, and I am President of DNA Development. And we are the developers on the Terrace at Midtown in Midlothian, 92 units for seniors.

I was here before you a couple of weeks ago, talking about a quirk in the QAP program. And basically, where we are today is Region 3 can fund one deal. And then it has \$901,000 left. It was not possible for staff to underwrite a fairly significant forward commitment from last year because

there are appeals.

So of the forward commitments from last year in Region 3, all have been underwritten except one. And I understand it is on hold. And so this development in Midlothian can't participate in any leftover credits from that particular deal.

However, in the syndication market in our Dallas area, investors have a lot of CRA credit needs. And credit prices are very good in that area right now. So what I propose to you and our deal has been underwritten. I got an underwriting report last night. It is a very clean deal.

What I propose to you is to let Midlothian have the \$901,000 in credits that is available to Region 3. Because as it stands now, when you look at the list, that \$901,000 has been spread across the state to other regions. So once again, Urban Region 3 is going to be hurt.

And here is how the math works. When we submitted our application asking for a little more than a million in credits, the investor priced for the Dallas market breakdown was 80 cents on the dollar. So 80 cents on the dollar for a million is one amount. Whereas, we can now get at least 88 cents on the dollar on a \$900,000 allocation.

So it causes only a very short shortfall that can be in deferred fee. The deal works very well. So I would just like to ask that you not cheat Urban Region 3 again. And consider Midlothian for a credit allocation of \$901,000.

And to build upon what the Mayor said, 55 percent of the growth in Texas over the past decade has been around the I-35 corridor.

That is where the people are. That is where we need housing credits.

Thank you.

MR. CONINE: Thank you. Any questions?

(No response.)

MR. CONINE: Linda Flores-Guerra.

MR. MUNOZ: I have a question.

MR. CONINE: One question. Dr. Munoz.

MR. MUNOZ: Tom, is what Diane said, regarding the last deal on hold, is that accurate?

MR. GOURIS: It is not actually on hold. Tom Gouris, Deputy Executive Director for Housing Programs. It is not actually on hold. We are still working on the underwriting.

We believe that if it provides us the rest of the information that we need, and we are working with them to do that, that they will be eligible for the credits that were forward committed last year.

MR. MUNOZ: Thank you.

MR. CONINE: Thank you.

MS. FLORES-GUERRA: Good morning. My name is Linda Flores-Guerra. And I am the client services manager for Bexar County Department of Community Resources. I think in the 20 plus years that we have received LIHEAP funding or CEAP funding this is the first time that we have had to address the Board.

I am here today to present a public comment on behalf of our County Judge, Nelson W. Wolff, requesting the reconsideration of the decision

to move the Heating and Cooling program from Bexar County Department of Community Resources to a weatherization agency that is in our location. This is Agenda Item 1(d), community affairs, 2012, LIHEAP draft statement.

"Bexar County, as the third largest contracted provider for the State of Texas, has been allocated \$21,895,538 during the preceding three years to assist Bexar County residents under the elderly and disabled copayment, energy crisis and heating and cooling program. We are one of the few agencies that receives only CEAP funding.

"We were advised on July 19, 2011 of the proposal made to move the heating and cooling program to weatherization. We have serious concerns about this proposal. It would decrease Bexar County's capacity to serve its constituencies in a cost-effective manner.

"The elimination of 10 percent of the CF allocation from Bexar County's allocation will also eliminate an integral part of energy self-sufficiency and it will make it more difficult for persons of limited means to easily access utility assistance and appliance retrofitting services in a simple and effective manner.

Over the past three years, Bexar County has expended \$3,344,309 and assisted 3,495 households with heating and cooling services in a cost-effective manner. Bexar County significantly improved its procurement process structure for the heating and cooling program that resulted in a comprehensive market study and the selection of four quality contractors.

"With a database of over 35,000 households, Bexar County

easily targets for the Comprehensive Utility Assistance Programs and can provide services to these households with a minimum inconvenience to the customer. Bexar County can assist constituents like a 63-year-old woman who requested utility assistance because her summer bills were too high for her to afford on her limited income.

"And how it was conducted by Bexar County. The temperature in her home was sweltering. Her window unit was running, but it wasn't cooling. Her refrigerator wasn't working, causing her food to spoil.

"Heating and cooling funding allowed an assessment to be conducted by a qualified HVAC personnel who determined her compressor was not working properly. Our intake process was able to speedily determine her eligibility for utility assistance, and equipment replacement without delay.

"We recognize the majority of the providers already have a combination of CEAP and Weatherization funding, and this change wouldn't impact their services. This is not the case with Bexar County.

"At your discretion, we are requesting your reconsideration of the decision to move the heating and cooling program from Bexar County to a weatherization agency. Sincerely, the Honorable County Judge Nelson W. Wolff of Bexar County."

Thank you for your time and your consideration.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

MS. FLORES-GUERRA: Thank you.

MR. CONINE: Christa Gebyeb [phonetic]. And after Christa, Representative Aaron Pena De Leon. Christa is not here. Representative want to come on up? Scott Brian will come up after Representative Pena.

MS. DELEON: I am not Representative Pena. I am Marcela Deleon. I am Representative Pena's Capitol Chief of Staff.

MR. CONINE: Great.

MS. DELEON: Good morning members and Chairman, Gerber. On behalf of Representative Pena, he wanted me to inform you of, and express his support for La Privada Apartments. Project 11048, located in Edinburg, Texas. There is a need for housing.

MR. MUNOZ: Say that number once more?

MS. DELEON: 11048. There is a need for housing that is affordable to citizens of modest means. And this development will help fulfill that need. There is also an understanding that the city of Edinburg has not a construction funded project since 2005.

It is also our understanding that the city of Edinburg, and the neighborhood associations fully support the construction of the family home housing in that area. And I just wanted to make those remarks that he does support this construction in his district.

MR. CONINE: Okay. Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here. Scott Brian. Lauren Franks is next.

MR. BRIAN: Hello Board, and thanks for letting me come before you. My name is Scott Brian with SunTex, LLC. And I am here in support of a forward commitment for TDHCA project 11048, La Privada Apartments in Edinburg, Texas. The project has full city support.

And representatives from the neighborhood and the city will be down here next month at your Board meeting. The apartments are desperately needed. I have been trying to think of something I could say to the Board to help you understand the need.

And there is two points. Susan Combs, the Texas Comptroller was at the TAAHP Conference this week. And she stated that unemployment in Edinburg, McAllen area is 12 percent versus the State at 8 percent. So they are struggling down there. And also, the population in Edinburg has grown 49 percent in the last ten years.

So it is kind of like in Washington now, they are asking to do something big. This is a big project. It is 156 units. It is new construction, which they haven't had since 2005.

And me and State Rep Pena and everybody in the city really would appreciate it, if you all would consider this request. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Lauren Franks.

Tommy Phillips will be next.

MS. FRANKS: Good morning, Mr. Chairman and members of the Board. My name is Lauren Franks. And I am here on behalf of Senator

Kel Seliger. I have given your staff a prepared letter from the Senator, so I will be brief.

Senator Seliger would like to express his support of a forward commitment for project 11181, the Dunes Apartments at Seminole, Texas. He strongly feels that given the growing number of citizens in this region, housing needs must be met.

Senator Seliger would like to respectfully request that the Board consider granting a forward commitment to the Dunes Apartments. Thank you.

MR. CONINE: Thank you. Any questions?

(No response.)

MR. CONINE: Tommy Phillips. Paul Holden.

MR. PHILLIPS: I am Tommy Phillips. I am the city Administrator for the city of Seminole. Mayor Mixon had planned to be here today, but was called away at the last minute. So I am standing in for him. There is a letter that he did ask me to read into the record for him. It is addressed to Robbye Meyers with TDHCA. It says, "Dear Ms. Meyer. As the Mayor of Seminole, Texas, one of my jobs is to ensure that the city continues to grow and prosper over the years. Seminole is not a large city, but we have a good and growing employment base. As many cities of our size, the housing stock has not continued to keep up with the demand. And we are in need of good quality housing for our citizens. The Dunes Apartments that has been proposed on Southeast Third street will help ease the growing demand for housing. It is my understanding that an application

for funding of the Housing Tax Credits was submitted to the TDHCA, and was the only application within that region until July 15, when an application on the at risk set-aside was put on the list and ranked higher. I am requesting that you and the TDHCA Board reconsider the Dunes application for funding. Therefore, I am requesting that the Board or the Texas Department of Housing and Community Affairs issue a forward commitment of the Housing Tax Credits for this application."

A few things that I would like to say is, when you think of Seminole, a lot of times you think of the oil patch and a lot of wealth. And granted, our county and our school district are both pretty wealthy. The city, not so much. We do okay, but we are not wealthy like they are.

The other thing is that [indiscernible] very well and there are a few farmers that have to farm around the oil wells and some of those guys do okay. But I checked with the school district and approximately 55 percent of our students qualify for free or reduced lunches. And so while there is some wealth in the Seminole area with some people, there is a large amount of poverty, and a large amount of people that need housing and housing assistance.

One of our big problems is that we can't find affordable housing. And so we have people that have jobs, and they are looking for folks to fill those jobs. We can't fill them, because we can't find people that can afford to live in the Seminole area.

If you can afford a \$150,000 loan for a house, then you can buy one. But in fact, last week there were two houses listed that were about 50 to

60 years old, 1,500-square-foot pier-and-beam houses, and they were listed at 150 and \$155,000. So housing is very expensive. And folks that are just trying to get a start, young families, that type of thing, they can't afford housing in Seminole. And we would certainly appreciate anything that you could do to help us. Thank you.

MR. CONINE: Mr. Phillips. Any questions?

(No response.)

MR. CONINE: Paul Holden. Paul Herrera will be next.

MR. HOLDEN: Thank you. My name is Paul Holden. And I represent the Zimmerman Properties. And I came to you the last Board meeting and spoke to you about the Dunes Apartments in Seminole housing, in Seminole, Texas.

And we have had this morning, we have had Representative Perry's office speak. We have Senator Seliger's office speak. And now we have had a representative from the city speak. County Judge Celander was not able to be here today. He had a trial that carried over.

And he asked me to read a letter into the record. And give it to you for your review. It says, "To Robbye Meyer, TDHCA. It has recently come to my attention the Dunes Apartments, TDHCA 11181 was submitted to your Agency and was the only applicant for consideration within Region 12 in the rural set-aside until July 15.

"I understand it has now been put into section place due to an at risk application being put into the general set-aside, which was just another project. I was drawn back now within the real estate market, and around the

surrounding City of Seminole, I can attest and truly state that Seminole has a need for rental housing.

"I owned a real estate company in Seminole for many years, and would like to receive -- and would receive an average of ten to 20 calls a month for potential clients, calling for rental property. Some even desperate, because they were moving into the Seminole area, and were unable to find any sort of affordable rentals. I was thrilled to hear about the Dunes Apartments coming to Seminole, and grateful that the representative on behalf of the Dunes Apartments chose Seminole as the location for this apartment complex."

Further than that, Ladies and gentlemen as I told you last time, there is a story to be told behind Seminole. It is a small town. It is in desperate need of housing. And we were the only applicant on the general set-aside list from March until June.

As I said last time, I am not complaining about the scoring. And I am going to be working with staff, to make some recommendations for the way the at risk set-aside properties move to the general set-aside. Because typically, what it does, they have the opportunity to move to the general set-aside after all of the scores have been finalized.

So they have the chance to look at everybody's final score and choose which set-aside they are going to be in. Which one they could compete. It gives an unfair advantage. However, that is for a next year issue.

This year I am requesting that you consider, the Seminole, the

Dunes Apartments in Seminole for a consideration of a forward commitment.

I would like to give Judge Celandar's letter into record. Thank you.

MR. CONINE: Questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Paul Herrera. And Henry Rodriguez next.

MR. HERRERA: Good morning. My name is Paul Herrera. And I am the Chairman of the State Housing Committee for the American G.I. Forum of Texas Incorporated. With me this morning is Mr. Larry Perez from Waco, who is our Texas State Commander, and Mr. Gil Rodriguez of Austin who is our State Exec.

Mr. Chairman, and members of the Board, in 1970, the American G.I. Forum of Robstown founded the American G.I. Forum Village Apartments in Robstown, Texas in response to the squalid living conditions prevailing at the time. This 40-year-old multifamily housing community located in Nueces County continues to meet the housing needs of the area.

But this property is badly in need of major physical rehabilitation. On behalf of the American G.I. Forum of Texas, we petition the Texas Department of Housing and Community Affairs Board of directors to fund this at risk rehabilitation project. Since then, 2007, the American G.I. Forum of Texas has lent support to this project; of rehabilitating this project.

And in 2008, the project was awarded tax credit. But as a result of the financial collapse our country experienced that year, the tax credits were reluctantly returned to the TDHCA. Today, with his renewed

financial support, TDHCA has an opportunity to preserve this affordable housing community for future generations.

We respectfully request your support for a forward commitment to fully fund this project. We believe TDHCA would have compelling reason to consider making such a funding award, given the above circumstances.

The American G.I. Forum of the United States is the only Congressionally chartered Hispanic Veteran's Organization. We were founded in 1948 by the late Dr. Hector P. Garcia. With 400 local chapters throughout American and Puerto Rico, representative veterans of all areas and of all backgrounds, we share a deep commitment to this country's veterans, their families and our nation's youth.

We strive to preserve the rights of our military servicemen and women. And just like you, we are still serving America.

Finally, at your July 18th meeting, we were grateful, this Board awarded additional points to this project, which moved it one step closer to the ultimate goal. Following your action on July 22nd, the American G.I. Forum Village Project was listed among those being recommended for funding, as posted on the TDHCA website.

We were ecstatic at this news, and immediately began notifying all of our supporters. However, in an incredibly disappointing reversal, we were informed on Monday July 25, the American G.I. Forum Village project was eliminated from being funded. This is very difficult news for us to understand.

I will conclude by saying that we will not give up. We are here

today to ask that you go to the next step, and endorse our effort to physically preserve this affordable housing community with a forward commitment. The American G.I. Forum Village Apartments have literally served hundreds of low income families and individuals over the past 40 years, many of whom have gone on to lead productive taxpaying lives.

Please join us as we strive to preserve the rich legacy of the American G.I. Forum, a national veteran's organization with over 63 years of commitment to serving our state and nation. Thank you for your consideration, and for your service to our great State of Texas.

MR. CONINE: Thank you, Mr. Herrera. Thank you for your service. Any further questions of the witness?

(No response.)

MR. CONINE: Henry Rodriguez.

MR. RODRIGUEZ: Henry Rodriguez with the League of United Latin American Citizens. I am here representing my national President, Ms. Margaret Mora. I am the new elected, I mean appointed State Civil Rights Chair. We are here to wholeheartedly endorse this project 11033, with the American G.I. Forum of Texas.

They are a brother sister organization and we are here for them. In the quest to promote the preservation of affordable housing in rural South Texas, in the area, in our state that unfortunately still lags far behind in decent housing for low income families is the reason that we are here to help them, to speak out for them.

The G.I. Forum Village Apartments is competing for this

statewide pool of tax credits funding for at risk projects. And our understanding is this applicant may be the only project in contention for a tax credit award out of a statewide at risk pool in the entire South Texas region.

However, it appears that securing this funding for this worthy project will be only possible for the precious forward commitment, which we are asking. Out of the top nine projects that are in contention, it is also our understanding that nine are located in South Texas.

This project funding request is not only vital to physically preserving the aging multifamily property, but it will also preserve the rich legacy of the American G.I. Forum which are our heroes. A national veteran's organization with over 63 years' commitment to serving the community, the project has bipartisan support from that particular area, as well as local community support. However, the limited tax credits funding available in the current cycle could leave this applicant without a tax credit award.

And I must just tell you that this is one time that I wish that I was as eloquent as some speakers are, so I could tell you that this commitment from LULAC is truly heartfelt and very sincere. We truly believe in what this great organization of heroes, the American G.I. Forum of Texas is doing or trying to do for that particular area of Texas. The South Texas, which lags behind, as I said, as the letter states, in decent housing for low income families.

In closing, I can only -- as Ms. Moran says here, you know, we thank you for your service to our state, and for the wisdom you exercise in making your difficult decisions. Thank you. And we hope you do the right

thing, which is what we believe in. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you. Donald Berglund, David Kogler.

MR. KOGLER: Good morning. I am David Kogler, President of the Mark Daniel Corporation. The developer of Spring Trace housing for seniors. TDHCA 11037. Chairman Conine, Board members, and Mr. Irvine, thank you again for this opportunity to speak with you this morning. You may remember that at the last Board meeting we requested that you consider Spring Trace for a forward commitment, primarily because we believe that that is the only way that affordable housing will be able to be developed in this particular legislative district. There is a great need for seniors housing in the area.

We rebuild very high quality housing as you can see, if you have the packet there, pictures from other projects in front of you. We have great local community support, which is evidenced by copies of the letters I submitted at the last Board meeting. One of those letters was from the Timberline Utility District.

And right now, I would like to introduce Mr. Don Berglund who is a Board member of the Timberline Utility District, which provides services to the area in which Spring Trace is planned to be developed. Thank you.

MR. BERGLUND: Chairman, Board members, thank you for allowing me to speak this morning. I am Don Berglund. I am a Board member of the Timberline Utility District, and a 27-year resident of the

Timberline subdivision, located in Spring, Texas.

Our board has been very active in the community as far as parks and trails. We have three parks. Another one in the process. And over five miles of hike and bike trails.

Last year, Mr. Kogler appeared before our Board with a proposal to build a senior housing area within our district. We were very impressed with his presentation. Time has passed. I have had the opportunity to visit Traback [phonetic] Village in Katy.

They truly do build first class apartment units for seniors. I got to tour the facility, to talk with the residents. They are well managed; couldn't be happier with the product they build.

Our district, as Mark said, is an aging area. I think our homes initially were built in the early '70s. We continue to grow within our district. But I am very impressed with this product that they build. And we do have the need. And I would ask that the Board would favor the rule. Thank you.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Appreciate you being here today. Katy Donahue. Looks like she has got time from Deborah Sherrill. Stephen Lawrence will be after Katy.

MS. DONAHUE: Good morning. I am Katy Donahue. And I am an intern speaking on behalf of Representative Raul Torres. This letter is in support of a request for a forward commitment of the Lexington Landings application 11079, submitted by Lexington Landing for the Low Income

Housing Tax Credit program to the Texas Department of Housing and Community Affairs to provide affordable housing for the citizens of Corpus Christi, Texas.

Lexington Landing is a proposed project that will use tax credits to assist in funding this new construction project. This property will be an added enhancement to a growing community, and will provide a specifically designed complex for citizens, with a total of 156 new, safe, decent, sanitary affordable housing units to be located in Corpus Christi, Nueces County, Texas. Thank you so much for your time and consideration.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here today. Steven Lawrence, is he here? Here he comes. And I assume Deborah Sherrill just wanted to donate time. Is that correct?

MR. LAWRENCE: [inaudible].

MR. CONINE: Okay. I have got it.

MR. LAWRENCE: Good morning Chairman Conine, Board members and all. My name is Steven Lawrence, Vice President at Michaels Development. And I want to thank you again for allowing me to come before you a second time on behalf of our application number 11079 Lexington Landing, along with our partners at the Corpus Christi Housing Authority.

At the June meeting, I had an opportunity to discuss how the original units were constructed as temporary housing for Navy and civilian personnel over 70 years ago, during Franklin Roosevelt's Presidential

administration. How these same units over the years and to this day have provided housing to thousands of Corpus Christi's lowest income residents.

I often mention that as well intentioned as this development originally was over 70 years ago, it is now in severe distress. A fact I cannot overstate. With 95 units currently offline and uninhabitable, and the rest functionally obsolete, I came in here in June and requested a forward allocation. Today, I am here to restate this request.

During the last meeting we introduced a tenant representative to you who shared her perspective and also put a face on the project. We would have preferred today to have both Richard Franco, the longtime Executive Director of the Corpus Christi Housing Authority, and our President Bob Greer to address you, but little did we know several months ago when we were putting this application today that Mr. Franco would be stricken with cancer and have to take a medical leave of absence. Or Bob Greer would be called to Washington virtually full time on behalf of our industry to education and advocate both to legislators and lobbyists about the Low Income Housing Tax Credit program in an attempt to spare the program from any cuts. So we are here in their stead.

From my perspective at Michaels, and what we have promised both the residents and the Housing Authority is a dedicated staff prepared to self-syndicate these tax credits to finance this construction internally, and get our team moving immediately so that they can have a brand new mixed income community, sports pavilion, community center and enhanced social services as soon as humanly possible.

The other promise is that we would be in here in Austin advocating for their project, and requesting the forward commitment. We are hoping the time comes that application 11079 Lexington Landing will be considered at your discretion for this forward commitment. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here today.

MR. LAWRENCE: Thank you.

MR. CONINE: Mark Lechner. I have got Jerry Lord lined up after that.

MR. LORD: I give my time to Mr. Kahn.

MR. LECHNER: Good morning. My name is Mark Lechner, with NBL Dobie City Development. And I am here asking for a forward commitment for Lexington Vista, which is number 11045, also in Corpus Christi. And I don't envy you all's job with all of everybody is here asking for pretty much the same thing. And you know, from listening, everybody seems to be a very deserving project. What we are proposing is a 100 unit gated senior development project. It is a Class A project with a lake and walking paths and actually is in an area that is very needy of a senior type project. And Corpus Christi hasn't been allocated any new construction senior project since 1997. So we feel that this would be very deserving.

And we even had met with the neighborhood association. And I know you know it is kind of unusual. But we presented our project. And we got a 100 percent vote unanimous support for the project. And they came

and supported it when it got re-zoned. And the city and State office holders are in support.

In fact, I think one of the State Representatives is going to speaking here. And the city representatives are going to be here on your next meeting, August 25th, for the project. So we respectfully request a forward allocation for Lexington Vista, which is 11045. And I appreciate your time.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here. Is that project close to the U.S.S. *Lexington* down there? Is that why they call it Lexington.

MR. LECHNER: Yes. Exactly. It seems like we have got a couple of Lexingtons.

MR. CONINE: Yes.

MR. LECHNER: We are actually within .4 miles of the Kindred Hospital and the other support for seniors.

MR. CONINE: Thank you very much.

MR. LECHNER: Thank you.

MR. CONINE: Barry Kahn. He has got time donated to him. More than he can possibly use.

MR. KAHN: Well, thank you Mr. Chairman, Board members. My name is Barry Kahn. I am a principal with Hettig/Kahn Development Corp in Houston. We wish to request a forward commitment for Tidwell Lakes Ranch, 11087.

My partner and I have been involved in the tax credit business

for around 18 years, and have been very fortunate to receive 15 prior 9 percent tax credit allocations, as well as joint ventures with others in 4 percent allocations. We have made a few mistakes. We have learned from them.

Yet, with all of our allocations are still in our name, and no investor has had to write a check on any of our developments. As you know, this is a very competitive business, not only the allocation process, but the development and long term operations during the compliance period. Fortunately, we have even been able to keep Patricia generally pleased.

Over the years, we have separated ourselves from others by constructing and operating four bedroom single-family homes for rent, mostly in gated communities. These properties are operated with full apartment community amenities and services. Just detached rather than attached units.

This has been proven to be a great product for low income larger families in the Houston area.

As the area concentration plans state, there is an overabundance of one and two bedroom units, and yes, Houston has some vacancy. Yet, there is a shortage of larger units for larger families, which leads to overcrowding. The Harris County Consolidated Plan states that only 4 percent of the multifamily stock has four or more bedrooms for larger families.

We started in the business with the four bedroom concept that is now 15 years old. And after a ten year legislative freeze on single-family the product became available on 2005. We have focused on trying to meet this tremendous need for single-family rentals. We now have 578

single-family homes on the ground, with another 44 ready to break ground.

These properties lease up more quickly than typical multifamily units and maintain very high occupancies due to the shortage and need for the product. Besides providing affordable housing, we saw these houses offer a single-family stepping stone for those saving to buy their first home, as well as an opportunity to rent for those homes who have been impacted by storms, or those trying to restore their credit after losing their homes to foreclosures.

With their income limits, young families, firefighters, policemen, school teachers, other public employees as well as those veterans qualify. Seeing the excitement of children having their first opportunity to live in a single-family home is incredibly heartwarming. And these homes will be available for purchase at the end of the compliance periods.

Hopefully, we are making a meaningful difference in the lives of families of our residents. In our community outreach for South Acre Ranch Phase 1 in 2008, we have learned of several important area leaders. They named streets in the development in their names. This was extremely well received.

At the first phase grand opening, the community caused U.S. Representative Al Green to award the property a U.S. Congressional Special Recognition Award, which included the flag that flew over the U.S. Capitol, the day of our grand opening. It just shows that outreach works. Recently, the *Houston Business Journal* awarded this property a special Judge's recognition landmark award for fulfilling a tremendous need in this low income community as well as being an outstanding product.

Tidwell Lakes Ranch is a replica of the Southacre development.

Prior to our last Board meeting, this property was score to receive an allocation today. Due to a controversial staff decision which you may recall from the last Board meeting, we are now faced with seeking a forward commitment.

We have never sought a forward commitment before. And hope that we will be on your priority list for the next meeting for this award winning, needed product. Thank you very much. Any questions of the witness?

(No response.)

MR. CONINE: Any questions of the witness?

(No response.)

MR. KAHN: Thank you.

MR. CONINE: Thank you, Barry. Let's see, Karina Cantu followed up, this is [indiscernible] notes too followed up, it looks like, by Nancy Shepard.

VOICE: I yielded my time.

MR. CONINE: You yielded your time to Kathy McCormick. I am sorry. Followed up by Kathy McCormick.

MS. CANTU: Good morning, Chairman Conine and members of the Board. My name is Karina Cantu. And I serve on the Board of Commissioners for the San Antonio Housing Authority.

Thank you for the opportunity to speak before you today on behalf of SAHA and the Board of Commissioners. I am here today to

respectfully request a 2012 forward commitment for Sutton Oaks II, TDHCA 11090.

As you may know, this development finished in first place within the urban allocation in Region 9. However, the development was not recommended for funding. By way of background, TDHCA 11090 is located in San Antonio's east side, an area that has been targeted for and is experiencing significant revitalization.

Phase 1 of Sutton Oaks, the flagship project in this area was completed in December of 2010 and is 99 percent occupied today. Phase 1 is identified as the only completed project in San Antonio's 2010 Eastside Reinvestment Summit. And with over 12,000 jobs coming to the area in the near future, housing demand in this area remains very high.

Sutton Oaks II is also unique in that it promotes income diversity in housing developments by providing a substantial percentage of both public housing and market rate units. Significantly, if TDHCA funds are not awarded, the ability to pursue or carry out other funding opportunities such as HOME and RHF funds will also be jeopardized.

The SAHA Board has identified this development as a priority for the Agency, and we unanimously approved a resolution in December 2010 to support a Sutton Oaks II submission for tax credits. We remain fully committed to this project.

I appreciate the opportunity to speak before you today, in support of our request, that you approve a 2012 forward commitment for Sutton Oaks II, TDHCA 11090. Thank you so much for your service. And

we appreciate your consideration of our request.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Kathy McCormick, Ryan Wilson.

MS. MCCORMICK: Good morning everyone. My name is Kathy McCormick, and I head up development for the San Antonio Housing Authority.

So I will be speaking also on behalf of the Sutton Oaks project that our Commissioner just spoke with you about, which is the 11090. But what I wanted to share with you a little bit about is how we believe this development is unique and different, and that SAHA is a good development partner in all of the work that we undertake.

Our Board recently adopted a new set of development guidelines that guide us in all of the work that we are going to be doing as we go forward. These guidelines call for us to collaborate with the local community, which includes the city Council, local developers, private nonprofits and other service organizations.

We also need to meet multiple community goals. And you heard Commissioner Cantu speak to you about the Eastside Reinvestment plan. This Sutton Oaks development is a critical component of completing this plan, which is revitalization of the east side in San Antonio.

It provides housing for working families that are in the area, which include those that are coming into town at Fort Sam or Fort Bragg for training. Also for downtown employee workers as it is very close to downtown

San Antonio. The other thing that is unique about this development is, it is truly mixed income, which is also within our development policies.

Out of the 209 units that we are proposing to develop, 49 of those will be affordable to public housing residents. Another 46 would be market rate units. And the balance would be priced to be affordable for households earning 50 to 60 percent of the area median income. For SAHA, this is very important. It means that we are doing a broad range of income in our developments.

We provide services to those public housing residents, so that we don't have -- as an attempt to break the cycle of poverty that we work with every day. These are all some of the resources that are committed on the ground for Phase 1 and would also be committed for Phase 2. But the Housing Authority also has committed funding.

Our replacement housing funds are dollars that we receive from HUD as part of the Sutton Oaks redevelopment. Those dollars however, could be used for other projects within the Housing Authority portfolio. And that our Board of Commissioners chose to allocate \$2 million of these funds to the Sutton Oaks program. If this project does not go forward, those dollars will be lost.

In addition, we have \$1 million in land value. Of course, that would stay in the development. But then it is an auto asset. What do we do with it. And we also have a \$2 million request into the city for HOME dollars. And as we all know, HOME is under jeopardy for being caught.

Because of this, we are here today to ask you to reconsider a

forward commitment for this particular project. This would allow us to continue to go forward with the development and be able to put it into operation very quickly. So I want to thank you all for your service. And I stand for any questions that you may have.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

MS. MCCORMICK: Thank you.

MR. CONINE: Ryan also has more time than he can possibly use.

MR. WILSON: Awesome. Good morning, Mr. Conine, and Chairman and members of the Board. I am honored to be here, to talk about Sutton Oaks, 11090 this morning. We are here to formally request the Board a forward commitment. But more importantly --

MR. IRVINE: Do you want to state your name for the record.

MR. WILSON: Ryan Wilson, with Franklin Development. Thank you. We strongly feel, and I think you have heard a couple of points already that Sutton II is uniquely deserving of a forward commitment.

You have heard a lot of people talk about that today. But I would like to outline a couple of points, and really stress why we think it is important; that this project is important and needed for a forward commitment.

First, I think you have already heard, Sutton finished first in its region in San Antonio. And now the new data came out in San Antonio is

now the second largest city population in the State of Texas.

And no new developments were awarded. That is not a comment on the scoring. It is just a comment on our participation in the process. We did finish first.

Secondly is the tremendous need. I think you have heard several people talk about, this is a true mixed income development. And actually, we have got a couple of residents and folks here. I would like them to stand up.

Who came up to Austin today to kind of echo, if you have questions. Right now, there is literally an 80-family waiting list for housing in this area. We are servicing a truly mixed income population with affordable market rate as well as deep discount public housing, which is going to help serve the needs of our military families. And by way of background, this project is literally located across the street from the new gates of Fort Sam Houston. So again, it is the cornerstone of those rooftops that we need to continue on to complete Phase 2.

Third, as I think you have heard, this project stands to lose nearly \$5 million of both replacement housing funds committed by SAHA as well as HOME funds by the city. Those funds were specifically designed to leverage up additional financing, which we are here to ask you about today. So if we don't get that, if Sutton doesn't get that, those funds literally go elsewhere, and we are stuck in the cold, literally.

Fourth, and I think this is one of the key points I want to talk about today, this project literally is the cornerstone of revitalization for the

entire east side. A lot of us here in the room went to -- excuse me, the people who came with me went to the Mayor's update on the Eastside Revitalization Plan.

And he singled out this development, this entire phased development as one of the single most successful projects in this whole plan. So I think the city has targeted Sutton as a critical part of revitalization, and we want to continue that with Sutton II.

Finally, is the tremendous support this project has received. I think in front of you, you will notice you have -- we have submitted five letters today from the Mayor of San Antonio, from the State Rep in our district, Ruth Jones McClendon, from the State Senator in our district, as well as the County Commissioner. And I think they all echo the sentiment of how critical this project is, not just for this area, but for the entire City.

This is truly a project inspired by the needs of our whole entire community, not just a specific area of San Antonio. But we need your help. We can't do this without your support of a forward commitment for our project.

So here today, we respectfully request a forward commitment for Sutton Oaks number 11090. And with your assistance, we can finish Phase 2 and make this a successful project.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here.

MR. WILSON: Thank you very much.

MR. CONINE: We appreciate your residents being here today. We are going to take a five minute break. And Michael Hartman will be up first when we get back.

(Whereupon, a short recess was taken.)

MR. CONINE: If we can come back to order. Michael Hartman.

MR. HARTMAN: Good morning, Chairman Conine, members of the Board. My name is Michael Hartman with Round stone Development. I am here in support of application 11105, Aster Villas in Del Rio. First, I would like to read a letter from the Mayor of Del Rio into the record.

"Mr. Kent Conine, Chairman, Texas Department of Housing and Community Affairs Re: REST Aster Villas LP 11105, Del Rio, Texas. Dear Mr. Conine. It is our understanding that the proposed Aster Villas project will score enough points to be funded in the 2011 tax credit cycle. But because of a forward commitment to an applicant from a previous cycle, there may not be enough funds to support this project. As representatives of the citizens of Del Rio, we cannot express in strong enough terms our need and desire for Aster Villas to receive funding. The project will create many benefits to our community and help address a common problem of this City which is a shortage of housing of all types, as cited in the most recent draft of Del Rio's housing plan and strategy. In particular, as evidenced by the market study commissioned by the developer, the need for quality affordable housing in Del Rio is immense. We need nearly 1,000 units and the development of 80 units by Aster Villas will go a long way in providing the

much needed housing for our citizens. The projected local expenditures of \$5,900,000 for construction will also create desperately needed jobs among our local craftsmen and vendors. Finally, the annual operation of Aster Villas will be of great economic benefit to Del Rio. This will generate nearly \$75,000 in sales for our local business community, \$189,000 in city services annually, and an estimated \$35,100 in tax revenues per year. Once again, we wish to express our support for this development and respectfully ask that TDHCA find a way to fund this much needed development. Sincerely, Roberto Fernandez, Mayor."

I also have a resolution of support from the city Council. I am not going to read into the record. I just would like to point out one quick fact about 11. Originally, Region 11 was allocated \$4,100,000 worth of credits this year. Due to the way the collapse worked, only \$2,350,000 of those credits are going to stay in Region 11. And the remaining \$1,750,000 ended up being reallocated to other regions. So Region 11 lost over 40 percent of its credits when the regional collapse occurred. So if there is any way you can find to fund Aster Villas, it would greatly help the region. Because right now, they are getting only 60 percent of the credits that they needed. Thank you.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Mayor Betty Ann Matthies.

MS. MATTHIES: Thank you so much for letting me come. As

Mayor of the city of Seguin, I come to address you on the Walnut Springs Apartment, TDHCA application 11026.

And when I come today, I not only speak as Mayor of Seguin, I also speak as one of the members of the senior citizens who live in Seguin. Since I will be 77 years old, I feel as though I qualify for that group.

And I am well aware of the need for affordable housing for seniors in our community. And I have today a prepared statement that I would like to read to you.

There is a need for affordable senior housing in Seguin. According to a market study performed by Mark and Temple and Associates in February of 2011, there is a demand for 3,909 affordable senior housing units in Seguin. At only 80 units, the Walnut Springs project will barely scratch the surface of this demand. However, it is a good start.

The city of Seguin has been experiencing growth and employment and economic development. This has had the unfortunate side effect of making many types of housing in the area unaffordable, especially to the senior population.

As larger numbers of local residents age and become senior citizens, it is important for us to be able to stay within our community and to remain close to our families, friends and network of support. Unfortunately, the city of Seguin has not received an award of this type of senior housing since 2001.

Walnut Springs is in an ideal location for senior housing. It is directly behind a shopping center that includes an HEB, which we all know is a

center of activity in a town like Seguin. And it is only one block from the Guadalupe Regional Hospital, which is a 125-acute-bed facility. And it also is within walking distance of many doctors' offices, dental offices and other shopping facilities.

The city of Seguin is in a unique situation that does not allow us to have access to some other types of funding, due to our population size. Our population is too large to receive some federal and state funds, but not large enough to receive others; we are just right over 25,000. The Housing Tax Credit is the most appropriate program for our sized community.

So on behalf of the city of Seguin and of our citizens who are the senior citizens, I respectfully request your consideration of approving our request for Housing Tax Credit and HOME funds allocation for the Walnut Springs Apartment project. Thank you very much. And I just beat the timer.

MR. CONINE: Thank you. We appreciate your service. Any questions of the witness?

(No response.)

MR. CONINE: Okay. Juan Ayala. And Linda Brown, you are dedicating time, aren't you? Okay. I have got it.

MR. AYALA: Good morning, Chairman Conine and members of the Board. My name is Juan Ayala. I am the Chief of Staff for State Representative Eric Johnson. He has asked me to read a letter of support for TDHCA project 11127, since he could not be here in person.

"Thank you for the opportunity to express for the record my full and strong support for 2011 Housing Tax Credit application 1400 Belleview,

TDHCA 11127.

"District 100, the district I represent is in dire need of quality multifamily affordable housing. Therefore, I respectfully request for your consideration to award 1400 Belleview 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 underserved. 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 LEED Silver project. It will be located 900 feet from a Dallas area rapid transit light commuter rail station. And within walking distance to downtown Dallas. It is financially feasible.

"On June 22nd, the Dallas City Council unanimously approved a resolution for the development agreement for \$1.65 million of Cedar tax increment financing district funds for the project. These funds are available now and subject only to the award of tax credit and building permits. It is development ready. Zoning is in place. And the environmental study shows no issues.

"It received a 94 percent vote of approval from the Cedars

neighborhood association, representing over 125 members. A developer worked with the neighborhood early in the process. And the design and project details are fully supported by area residents and business owners.

"The project supports a downtown Dallas neighborhoods 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 am particularly excited to support the 1400 Belleview's development team. Team leader Jack Matthews, President of Matthews Southwest is new to the Texas credit development program.

"However, his nearly 35 years of successful development experience in multifamily and commercial development has established his company as a leading and well respected developer in Dallas and internationally. In fact, Greystone, who will finance the 1400 Belleview, 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 Southside on Lamar, also in District 100 is a multifamily adaptive reuse of a former Sears Catalog Center. Completed in 2001, Southside remains the single largest HUD financial project in the Dallas region. In addition, Matthews Southwest has selected by the city

of Dallas as the developer for the Omni Dallas Convention Center Hotel, scheduled to open in November 2011.

"Jack, in recognizing and respecting the 2011 QAP requirements, partnered with Casa Linda Development Corporation, a Texas HUB tax credit experienced developer. CLDC principals, Linda Brown, a former City of Dallas economic development Director and Sarah Reedy, a well respected tax credit and certified housing development finance professional expand the expertise of the 1400 Belleview team, leading to the submission of an application that reflects a development that is project ready for construction, and meets or exceeds the Board's intent to construct quality multifamily affordable housing in an urban infill environment.

For all of these reasons, I urge the Board to exercise its authority and grant 1400 Belleview TDHCA 11127 a forward commitment today or at your next Board meeting in August. Thank you for your kind attention to this important request and to your service to the citizens of District 100. Sincerely, Eric Johnson, State Representative District 100."

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Appreciate it. Katy Donahue.

MS. DONAHUE: Good morning. I have been asked to read a letter on behalf of Representative Raul Torres, District 33. "Dear Mr. Gerber. I am writing this letter to voice my support for TDHCA tax credit application 11045, Lexington Vista, located in my district.

"There is a need for housing that is affordable to citizens of

modest means, and the rehabilitation of this development will help fulfill that need. I respectfully request a forward commitment. Sincerely, Raul Torres, State Representative, District 33."

MR. CONINE: Thank you. Any questions?

(No response.)

MR. CONINE: Winston Shows and Randy Graves.

MR. SHOWS: Chairman Conine, members of the Board. My name is Winston Shows. I live in Carrollton, Texas. I am here today on behalf of myself and the residents of the Wellington Run neighborhood in Carrollton, Texas.

We are here to expressly, clearly oppose any forward commitments be granted to for application 11145 Evergreen at Marsh. If you recall, during the last meeting, I presented a rather lengthy letter with a number of exhibits. It summarized our opposition to this development.

Most salient of those of our points were the description of the boundaries and the map attached to the community participation form filed by the Estates of Wellington Run Homeowners Association were inaccurate in the way they were filed. Second, the language in the community participation form and the map that was attached to it were actually provided by a representative of the developer and not from the homeowners association themselves.

Third, the homeowners association has provided a rescission letter, which I have attached to the letter before the Board today, where they are wishing to rescind any support they may have appeared to have given for

this development. And finally, we also provide a petition with the signatures of over 100 residents of the surrounding community, showing strong opposition to this development.

My second point, as this location is in Carrollton, Texas at the corner of March Lane at Running Duke within a nine mile drive, not necessarily radius, but a nine mile drive, this development has three other properties. You know, we have heard today from many different applicants asking for a forward commitments, talking about areas that have been underserved.

With three developments just from this developer, that is not developments from other developers, just from this developer. With three developments within a nine mile drive, clearly there are other areas in Region 3 that would be better served with the limited forward commitments that are available.

And my final point is that zoning is not currently in place for this development. A meeting with the city of Carrollton property and zoning commission was held in July, earlier in July, where the applicant wanted to rezone this property from two-story commercial property to allow for the development to be built. Because of the community opposition to this, the Zoning Board delayed the vote, and delayed, and basically tabled the discussion until a meeting in August.

Since that time, there has been a large neighborhood grassroots effort. And we feel we have a good chance of winning the zoning issue. Therefore, we ask that you grant no forward commitments for 11145,

Evergreen at Marsh. Thank you.

MR. CONINE: Okay. Any questions of the witness?

MR. MUNOZ: Yes. I have got a question.

MR. CONINE: Dr. Munoz.

MR. MUNOZ: Sir, do you know if these other properties, Evergreen at Plano and Vista Ridge, are those also tax credit properties?

MR. SHOWS: I believe they are, but I can't speak 100 percent to that. I know they are all senior living facilities.

MR. CONINE: Any other questions?

(No response.)

MR. CONINE: Thank you. Randy Graves.

MR. GRAVES: Good morning.

MR. CONINE: Good morning.

MR. GRAVES: My name is Randy Graves, and I am a Board member of the Homeowners Association of the Estates at Wellington Run. And in February of this year we supplied a letter to you, the TDHCA Board in support of this development, Evergreen on Marsh -- it is case 11145. And since then, we have learned some discrepancies of the information that we received in February that led us to approve the project and caused us to rescind this letter of approval.

Also, in the packet that I distributed to you is a letter from our Board President that clearly states that she was given information from representatives from Churchill Residential in preparing the packet that went to your Board for approval. I also included descriptions.

There's actually pictures of maps from our website, our HOA website where Churchill has intimated that [inaudible] maps supplied to you. And this is not true. I am the webmaster for this site. And I can tell you that there are no -- there is no map on that, that they included in your packet of information.

And the third diagram is the fourth page of my presentation to you. It could be clearly misleading. So that is why we withdrew our support for this project.

MR. CONINE: Okay. Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here. Herbert Gears and Clifton Phillips.

MR. GEARS: Thank you, Mr. Chairman and committee members. I am Herbert Gears. If I was here last month, I could have told you I was the Mayor of Irving, Texas.

But after six years of serving, I am still here to first let you know how much we appreciate in our community the work that has been done, the working with the TDHCA. We have impacted thousands of lives with our back on track program and other programs that provided affordable housing in our community.

And we have a great project that has been worked on for some number of years, as we approve the zoning and continue to move forward on I believe it is case number 11107. It is an affordable senior housing project in a very nice area in Las Colinas. And we traditionally don't get the opportunity

to have affordable housing of any kind in Las Colinas, and certainly have a large need.

Irving, with over 220,000 is in the top 1 percent in cities in size in the United States of America. So we have every challenge and every opportunity that you can imagine that every community has in being located between two very large cities, Dallas and Fort Worth. And this fastest growing metropolitan area in the United States.

We have a great need for affordable housing. It is something that we have recognized for a number of years now, and have taken steps over the last decade you know, to mitigate our faster growing population in Irving, is of course, the senior population.

It is obvious we are hearing that here with the market is demanding that we have this type of product. And they have specific needs, living on fixed incomes. And they want to stay in Irving. They want to stay in their communities.

We recently spent \$7 million on a brand new very large senior citizens facility with 5,000 members. It is already full. We have had to allocate another \$10 million to build another one. So it is obvious that that is the direction that we are going. And you know, Irving is a very international and diverse city.

In fact, I grew up in one of the most diverse communities that you will find. And that diversity is really in every city. It is called poor people.

That is where you will find a lot of diversity, and a lot of experience in working and appreciating diversity and the opportunity that it brings.

So I just want to thank you for the work that you have done in our community. It does get noticed. It is very important. It matters to our people, what you do. And we are here to serve you in any way that we can as well. And hopefully, that we can get this project done out in Las Colinas and have some affordable housing for our seniors. So I would be happy to answer any questions.

MR. CONINE: Questions of the Mayor?

(No response.)

MR. GEARS: All right. Thank you very much.

MR. CONINE: Clifton Phillips. David Marquez will be next.

MR. PHILLIPS: Clifton Phillips. I am here on behalf of Unified Housing Foundation, to discuss Kinwest Manor, TDHCA 11107. Hopefully, you have the sheet that we provided with just some pertinent facts on the project that Mr. Gears was just discussing. So I won't spend much time.

I guess the only thing I would like to point out is what Mr. Gears said; this property is in an upscale area. It is in Las Colinas. And it is a hard area to develop in.

This site wouldn't be around probably in a different economic environment. So we have an opportunity to capitalize on that, and put some good affordable housing in that area.

And so I really just want to point that out. And hopefully, by awarding a forward commitment, the Board could affirm their commitment and the development community's commitment to developing affordable housing in

a variety of neighborhoods from revitalization areas, all the way up to extremely upper income areas such as Las Colinas.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. David Marquez. He has got a little time donated to him.

MR. MARQUEZ: Thank you, Mr. Chair, Board. My name is David Marquez. I am here in support of project 11036, Hidalgo Senior Apartments in Region 11. I have with me here, Mr. Mike Lopez, who is the Executive Director for the Hidalgo Housing Authority. So I thought I would just bring him up and introduce him. And then our HUB is out there, Kimberly Keener. She is the one who gave me the time.

So what I wanted today is to let you know a little bit about Hidalgo Seniors. What it is, is that this project didn't score. In fact, it scored last. And it probably will never score.

But what I did was, I put together a graph, since 1989 to let you look at the amount of senior projects that have been done in Hidalgo, Cameron, Willacy, and Starr Counties. And if you look at the graph, it shows that in some years, no seniors were provided.

And in other years, we had less than 50 that were being provided. So on the average, if you take the years from '89 to today, we are looking at less than 50 seniors that have been provided.

Hidalgo Seniors project is a 120 unit project already in a gated community. It has water, sewer. It is a foreclosure. It is federally insured,

so we are trying to purchase it from the bank. The Housing Authority is trying to purchase it from the bank.

And so we have a commitment from the Housing Authority of 60 project based Section 8 to put into that project. And so that is what is going to make this project affordable. Project based, and the 9 percent tax credits.

So I know there are a lot of people that have come up here for forward commitments. And I understand the need that is generally in multifamily. But if you look across the Board, at the seniors, you will find out that it has been underserved. So I look to this Board to use your discretion and to get us a forward commitment.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you.

MR. MARQUEZ: Thank you very much.

MR. CONINE: We appreciate you being here. Loretta Edelen and Jim Hopke.

MS. EDELEN: Good morning, Mr. Chair.

MR. CONINE: Good morning.

MS. EDELEN: Board members. My name is Loretta Edelen. And I am the Director of Community Outreach for Austin Community College. And I oversee support services for our students who are aging out of foster care at ACC.

I am here today in support of project 11218, The Works of

Pleasant Valley, which will serve both families experiencing poverty and youth who are transitioning from foster care. I am here to ask for your support in a forward funding commitment for this project.

The Works will be located in a property adjacent to ACC's Eastview Campus which provides extensive academic and support services for former foster youth. Additionally, this campus houses a workforce solution center, which provides free access, use of phone, computers, fax machine and specialists. They help folks, anybody in the public who is looking for employment.

As you know, residents of tax credit projects are not typically full time students. But former foster youth represent an exception to this rule.

We are considered a commuter college, which means, we do not provide housing for any students. So we are extremely excited about this opportunity to partner with our LifeWorks. The need for safe affordable housing with supportive services is dire.

The educational and workforce statistics of former foster care youth is really discouraging. Within two to four years of aging out, former foster youth face a 25 percent chance of homelessness, a 50 percent chance of unemployment, and a 60 percent chance of pregnancy.

Nationally, the statistic is 2 percent of former foster youth who graduate with a college degree, 2 percent. So anybody that graduates is considered one of a 2 percent club, which is obviously a statistic that ACC is committed to working with LifeWorks and residents of The Works to break that

cycle.

We have an extensive range of workforce training and support to help young people and families transition from poverty. The majority of our students are part time, at least 75 percent. They are working.

And so again, this proximity to the campus, literally right across the way is really going to provide us an excellent opportunity to collaborate and hopefully provide students with another way to be successful. Supporting housing opportunities for this vulnerable population are rare. Again, the proximity and our collaboration with LifeWorks' new resource center, The Works and ACC's Eastview Campus provide the opportunity for us to build a model for how to support our communities' most vulnerable youth.

I appreciate the opportunity to address you today. And would appreciate your consideration and support for a forward funding commitment for this project. Thank you for your service.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Appreciate your being here today. Jim Hopke.

MR. HOPKE: Hi. My name is Jim Hopke. And I am the Executive Vice President of Project Management and Construction for American Campus Communities. I am here today also to request that you make a forward commitment to The Works at Pleasant Valley, application 11218. A 36 unit supportive housing development in Austin designed to support families and former foster care youth.

I have been a Board member of LifeWorks for four years. I

have served as the Chair of the Board. And in that capacity, focused on planning for The Works, and for the East Austin Youth and Family Resource Center that will support it.

The development of The Works and the resource center have been the primary strategic goal for the LifeWorks Board for the last several year. We believe that the co-location of supportive housing with the extensive range of independently funded supportive services is a unique model for helping families exit poverty. As a governing body, we have the range of expertise and skills to ensure that The Works is developed and operated to the highest degree of fiscal responsibility and benefit to families and youth who have experienced homelessness.

For example, my own employer, American Campus is a publicly traded company, and the largest developer of student housing in the country. Under the direction of our CEO, ACC has already donated more than \$100,000 of construction management services to the development of the resource center. And we stand ready to similarly support the development of The Works.

Mitch is holding renderings of the East Austin Youth and Family Resource Center here. And you will also see a rendering of The Works. That will be supported by the resource center. They sit in close proximity to one another; easy walking distance, both to, from the housing to the resource center, and from the housing to ACC's Eastview Campus.

Our proposal is hardly the largest one in front of you. But I am certain that the amount of philanthropic funding that we have raised to

leverage the tax credit funds rivals most projects you have considered.

Our Board has an impressive track record of fundraising, but we fear that the funds committed to the works will not be available if we have to delay the project until the next application cycle. So on behalf of LifeWorks, I want to thank you for the opportunity to speak, and for your service to the State of Texas, and for your consideration of The Works.

MR. CONINE: Questions?

(No response.)

MR. CONINE: Appreciate you guys being here. Tony Sisk, with dedicated time. Crispin Lawson will be next after Tony.

MR. SISK.: My name is Tony Sisk. I am a principal in Churchill Residential, the developer of Evergreen at Marsh Lane in Carrollton, number 11145. Chairman Conine, and Board members, I appreciate the opportunity to make a few statements regarding this proposed senior community in Carrollton.

You have heard from several state elected officials in prior meeting requesting support for a forward commitment for this proposed development. We wanted to provide some additional information about this proposed senior living community.

Normally, this request would not be necessary, as this application would have been recommended in the regular regional application.

But currently, there is no money for any new construction in Region 3. So we are having to request this forward commitment.

Chronologically, we requested and received a City Council

resolution in Carrollton, last November. And we currently have very strong support for this development at all levels of the staff, in writing.

We, last November, we also contacted the only organized neighborhood association in the area, which is immediately north of the site. The Board agreed to include this site in their boundaries and submitted a support letter in February. We placed a large sign on the property six months ago. And to date, we have had three phone calls from anybody interested in the development.

We are working with -- we have worked with AIDS Services of Dallas on several other tax credit finance projects. They are an award winning 30-year-old Dallas nonprofit that provides a very needed service in Dallas.

However, when some neighbors outside of the HOA that we did meet with found out about this development and looked on the website of AIDS Services of Dallas, they started spreading rumors that released criminals with AIDS would be living in this community. That they would bring crime to the neighborhood, reduce their property values and ruin the schools, even though this is a 100 percent restricted senior community to 62 and above. There are no -- and so that has what has generated the opposition that you heard earlier today.

However, I want to emphasize that we have strong support from several different elected officials at the state rep level and senator level. We have very strong support within the city staff and elected officials, we believe.

And I would also like to say that in this area, there are no senior communities south of George Bush and east of 35 and west of Central Expressway or Hillcrest, all the way to Northwest Highway, which is an area of 350,000 people with 16,000 age and income qualified seniors. So there is a great need for this community.

We have partnered with local housing nonprofits on 2,500 tax credit units since 2003, which have allowed their missions to be furthered and create some additional income for those organizations. And those communities are shown in the handouts that we have given you.

We have excellent reputations with close to a dozen communities in North Texas. And we provide a lot of additional supportive service, including transportation and home health care for our buildings. So in summary, again, I appreciate your consideration for a forward commitment for Evergreen at Marsh Lane.

MR. CONINE: Any questions of the witness? Dr. Munoz.

MR. MUNOZ: You said just now that you were 100 percent age restricted?

MR. SISK: Yes, to 62 and above.

MR. MUNOZ: Because part of the earlier argument is that according to their notes, they are only 80 percent age restricted.

MR. SISK: No, that is not -- we have agreed to restrict 100 percent of the tenants to 62 and above. There is two options you have in federal law for senior housing. It can either be 80 percent at 55 or 100 percent at 62. And because that information was being used to support the

fact that it could be a low income family community, we agreed to restrict it to 100 percent at 62, which we have done on other properties, also.

MR. MUNOZ: And those other properties, I think at Plano, and the other, are those also tax credit properties?

MR. SISK: Yes. We have about 2,000 units of senior tax credit properties, mostly in North Texas.

MR. MUNOZ: But within eight miles of this proposed development?

MR. SISK: We have properties there in different, we consider to be different markets. But not -- we don't have anything serving this market, this 350,000 population that we referred to.

MR. MUNOZ: I think somewhere, they said those other two developments are within eight miles. Is that right?

MR. SISK: They might be. But I mean, that is a long way away in an urban area.

MR. MUNOZ: Eight miles is a long way.

MR. SISK: Well, we consider it to be a different market, is all I am saying.

MR. MUNOZ: Okay. That is fair enough.

MR. CONINE: I am confused a little bit on the HOA boundaries, and which one this property is really included in, and which one is not.

MR. SISK: Right.

MR. CONINE: Can you clarify that, please?

MR. SISK: Yes. We met with the Board early this year and we showed them the rules of TDHCA, which says that our site has to be within their boundaries. Which they agreed to extend their boundaries to include this site. Because we said the support letter doesn't count unless the site is included within the boundaries.

So they met. They did. And as was stated in the zoning meeting last month, the Board did extensive due diligence on us, decided we were a good use of an alternate use for a church for the site. And they sent in the package for the support.

And these other neighbors are in an unorganized area. But they got upset that -- they said, our houses are closer to the site than the organized HOA that gave the support letter. And so that was the question on the boundaries.

MR. CONINE: And so would have been the subdivision to the immediate west?

MR. SISK: Well, there is homes to the west, is where a lot of this opposition originally came from. It is the subdivision to the north that was an organized neighborhood, which that was the only neighborhood that could give us a support letter, immediately to the north of our site. So you know, we met with them, and received the support letter.

MR. CONINE: Okay. Thank you. Any other questions of the witness?

(No response.)

MR. CONINE: Crispin Lawson. Leslie Ingendorf will be next.

MR. LAWSON: Good morning, Mr. Chairman, Board members. My name is Crispin Lawson. And I am here today representing the Downtown Dallas Residents Council, which is the neighborhood association for 7,000 downtown residents. I am here to speak in support of the E2 Flats project, which is Item Number 11244.

The DDRC as a rule supports affordable housing in downtown. Almost all of the housing that we currently have downtown is at the market rate. Which in our case, is fairly expensive, or even luxury housing. Even on the cheap side of downtown where I live, the rate is approximately \$1.30 per square foot.

The DDRC supports a mix of housing points, because a neighborhood that is limited to a certain economic class is also limited in the type of neighborhood activity it has. In our case, we have a lot of office professionals who work the same hours and patronize a certain kind of retail class. And the practical result of that is that our streets are still fairly quiet in mid-morning and mid-afternoon.

And we have a preponderance of restaurants and also places to consume alcohol after business hours. We would -- the matter of retail is especially important to us, because we believe that with a wider diversity of economic classes downtown, we would be able to support a wider range of retail activities. And it would help us fill up a lot of the vacant retail space that we currently have in downtown Dallas.

Another reason that we support this project is that it would provide housing for very important low wage workers downtown, who would

otherwise be commuting from elsewhere. It practically would allow these workers to live downtown and actually walk to work, which would increase street activity and also help lower the number of cars coming in downtown and traffic congestion and help with the pollution that results from that as well.

The Residents Council sees this project as a key part of the continuing revitalization of downtown Dallas. And we certainly look forward to its completion. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you. Leslie Ingendorf. Alonzo Tutson will be after Leslie. Leslie is no longer here. Alonzo? Melissa Adami will be next.

MR. TUTSON: Good morning, Mr. Chair.

MR. CONINE: Good morning.

MR. TUTSON: My name is Alonzo Tutson. I am the Chairman of the McKinney Housing Authority Board of Commissioners. And I am here on behalf of application 11262, The Millennium-McKinney.

There was a letter that was submitted before you at the end of last month, and for times sake, I won't read it in its entirety. I will just take little snippets out of it. The McKinney Housing Authority has reviewed a proposal submitted by Ground Floor Development requesting support for the development of the above referenced multifamily project of 172 units to be located at the corner of McKinney Ranch Road and Stacey Road, in the city of McKinney, Garland County.

Ground Floor Development will construct quality affordable multifamily housing in the city of McKinney. As you well know, Garland County is one of the fastest growing counties in America. The city of McKinney has grown from 50,000 in 2000 to 132,000 in 2010.

On June 24, 2011, the Commissioners of the McKinney Housing Authority met and voted to support Ground Floor Developments application for an allocation of the TDHCA 2011 9 percent tax credits. This support is provided with the stipulation that the owner will adhere to the terms outlined by the consent decree between the McKinney Housing Authority and the Inclusive Communities project. Again, I cannot stress the need for multifamily affordable housing in the city of McKinney.

I would also like to add that the Millennium project in the city of McKinney is the only new construction project in Region 3 in a high opportunity area for the general population. This is why we are requesting the tax credits for this year. And we are also humbly requesting a 2012 forward commitment. Thank you for your time.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you for being here.

MR. TUTSON: Thank you.

MR. CONINE: Melissa Adami. Hal Fairbanks will be next.

MS. ADAMI: Good morning. My name is Melissa Adami. I am with Odyssey Residential in Dallas. And I am here in support of a forward commitment for Champion Homes at Copper Ridge in Dallas. We are a true

TOD in Dallas. And I just want to hit on a few highlights for you guys to consider for that.

Number one, we are, as I said, a transit-oriented development in Dallas. We are adjacent to one of the nearest stations, the Inwood Station on the dark green line. We are also north of the Trinity River, which brings up the Inclusive Communities argument.

This is a sublime opportunity for you guys to build some good affordable developments north of the river. Not only north, but in the city center, and within a mile of the medical center, which is the largest employment base in Dallas.

Number two, we are mixed income. So we are 60 percent affordable, 40 percent market rate. And if you will look at the handout provided, page 3 is a letter from Mayor Pro Tem Pauline Medrano. She was not able to make it today, because of a previous engagement.

But you will see the city is in support of this project 100 percent. And with an allocation of forward commitments for this project comes \$4.5 million of city funds, which is phenomenal.

Lastly, we also have the support of the State Senator Carona, Representative Eric Johnson, the Mayor as you see there, and DART itself. This is a green TOD. It will be the first of its kind in this area of Dallas.

And if we do not get the allocation of credits for next year, it will go to a market rate development, because the site is just too phenomenal to pass up. But I do hope it goes to those families who can't afford the \$5 gas that is coming. That is about it. Thank you for your time. Any questions?

(No response.)

MR. CONINE: Any questions for the witness?

(No response.)

MR. CONINE: Thank you being here.

MS. ADAMI: Thank you.

MR. CONINE: Hal Fairbanks. And Christa Gebyeb will be next if she is here.

MR. FAIRBANKS: Good morning, Chairman Conine, Board members. My name is Hal Fairbanks. I work for Historic Restoration, Incorporated of New Orleans. And we are a firm that does public private partner development across the country. And serve cities.

One of the development types we do is affordable and mixed income housing, including housing for special needs groups and artists housing. You may recall last year, our CEO spoke to your Board about some proposed QAP changes. And that is what I am here to speak about today.

We are continuing those efforts. And I wanted to speak to you about a couple of initiatives that are going on right now. We are working with your staff to support some changes, the first of which are being proposed by a group of the six largest downtown development districts in Texas. And really, are focused on supporting and making affordable housing in downtown easier to develop.

We had a handout that was sent to your Board. But there is a letter being sent today to your staff about that effort. And it details what those proposals are. Specifically, they address some of the problems with the

higher costs of development downtown, and the unique demand drivers downtown.

The second initiative I would like to talk to you about this morning is, with respect to historic preservation. Historic tax credits bring a lot of leverage to a Low Income Housing Tax Credit Project. And it is important that the federal Historic Tax Credit Program works well with the state's affordable housing program and allocation process.

But if they do work well together, that brings additional federal dollars to the state that wouldn't otherwise come. And it helps support affordable housing.

The effort that we are doing there actually is being supported by a number of neighborhood organizations and national organizations, developing companies and cities, including Midway Companies, National Trust, Preservation Texas, San Antonio Conservation Society, Downtown Alliance of San Antonio, City of San Antonio, Downtown Fort Worth, Inc., Central Houston, Inc., Greater Houston Preservation Alliance, City of Waco, City of Denton and other groups.

And it also has a proposal to address costs of historic preservation, when those costs are paid for with historic credits, and fails a provision to get some points for historic credit projects, or mixed income projects. We look forward to your support on those issues. Thank you.

MR. CONINE: Okay. Any questions of the witness?

(No response.)

MR. CONINE: We will handle the QAP in the next few

months. So, thank you very much. Christa Gebyeb ever show back up? Reverend Fritz Williams followed by Pastor Herman Price. Board members, we are getting ready to get right.

(Simultaneous discussion.)

MR. WILLIAMS: I'd like to say good morning to you.

MR. CONINE: Good morning.

MR. WILLIAMS: Once again, I am Reverend Fritz Williams, and I am here in support of the E. Thurman Walker Living Center, which is number 11035. I am here once again to support the reinstatement for the E. Thurman Walker Living Center for Seniors, 11035, in the east side of San Antonio, that has been denied.

The Antioch Baptist Church where I serve has been aware of the necessity for senior housing. And this project fits the needs for our community. We have many senior residents in our community that love where they live, and even though they are not able to stay within their housing, they would love to at least be able to go to a gated community center to where they can continue to reside in their neighborhood where they love.

Now this project has been a running project for some ten years. But in 2005, we sought to establish this 185 unit housing facility. Now we know some funding has been received within our community. And we have been supporting that for a very long time.

And what we wish and desire from you all today is that you will continue to reconsider what you have already considered, and continue to look to reinstate this center, that it might be established on the east side of San

Antonio. Please continue to extend some courtesies toward the developer that we might be able to continue to do what is necessary for our community, our members.

And the Antioch Baptist Church has been there some 76 years now, serving diligently to meet the needs of our community. And right now, seniors are a high priority as well as our young people. But we would desire that you would look deeply into reinstating this project, 11035. Thank you.

MR. CONINE: Okay. Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Does this project have an appeal today for reinstatement? Just -- okay. Herman Price, Jr. And then Reverend L. J. Gillespie will be after Pastor Price.

MR. PRICE: Good morning, Mr. Chairman, Board.

MR. CONINE: Good morning.

MR. PRICE: I am Herman Price and the Chairman of the Community of Churches for Social Action. The coalition of churches that Dr. E. Thurman Walker founded back in 1999. Of course, our focus was to be a voice for those who are underserved, and those who are not heard.

Dr. Walker had a deep and profound love for our community. And so to name a senior dwelling living after him, I am sure that is something that he would be proud of. And I am sure his family.

The east side of San Antonio District 2 happens to be probably the second poorest district in the city of San Antonio. And so this

development would mean a great deal to the east side community. No doubt it would be a breath of fresh air for something like this to happen, where seniors as Reverend Fritz Williams already mentioned, who live in the community, as they reach those golden years, they don't have to worry about moving away from a place that they know and love dearly. And so we certainly support this.

We know we have the support of the councilpersons, as well as of course, the city, our Mayor, for this project. The east side right now is a part of town that our Mayor is looking to, and we are looking to in terms of seeing reinvestment in the communities.

So developing the senior living would be something great for the community. Great for our seniors. And so we would hope that you would reconsider, and reinstate this project, project 11035. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you. Reverend L.J. Gillespie. Nick Mitchell-Bennett will be next.

MR. GILLESPIE: Chairman, distinguished members of this Committee. I am Lester Gillespie, Pastor of Greater Love Church, San Antonio, Texas. Also a dear friend of our dearly departed Dr. E. Thurman Walker. I am here on behalf of that Center as well. His deep concern for community, especially for our seniors. All that he invested in our community.

We certainly echo his sentiments as well as our community leadership, and our city leadership. It is pertinent for us to do as best as we

can to provide a place, a safe place for our seniors, and afford them a quality of life that everyone is deserving of.

I also stand here to state that I offer to you in this brief, somewhat, story that a man in his endeavor to prove his love to his significant other allowed them to tie his hands, blindfold him, and then take him to the end of a pier.

When they retreated and advanced on him, in order to push him over into the lake, he heard them, and was startled and moved. The person who was trying to inflict this fell in the lake, could not swim and was yelling for help. He said, I would like to help you, but my hands are tied.

Well, our seniors are coming to us, asking us what can we do for their future, there are sometimes we say to them, I would like to help you, but our hands are tied. So we are asking you today, to help us to be able to answer to them, and be able to afford for them an opportunity to get what they deserve. Thank you so much.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: We appreciate you all being here. Nick Mitchell-Bennett has got extra time. Granger McDonald will be next.

MR. MITCHELL-BENNETT: Chairman Conine, members of the Board, thank you for allowing me to speak to you today. Actually, as I was walking up here, I was thinking about the last time I saw some of you, I was kind of complacent in the fact that we had skidded off the road into a muddy ditch, and had to climb out of the truck all together. And so my first

request is not for a forward commitment, not for more money, but please, don't hold that against me today.

Over the past two Board meetings, you have heard from six very distinguished officials from our community and the Rio Grande Valley, Cameron County Commissioner Dan Sanchez, Harlingen City Commissioner Joey Trevino, Harlingen ISD Board member George McShan, and Harlingen Economic Development Council Board Chair Ernesto Silva, as well as small business owners and CDC Board members Betty Truan and Larry Holman, and of course Senator Eddie Lucio.

I believe it is time for me to step forward and make the case for La Hacienda Casitas, TDHCA 11031. We find ourselves in a very difficult situation in 11. Three of the projects that submitted applications to the 2011 round have the second highest score in the state.

Despite that fact, not one 2011 application from Region 11 was recommended for funding. And I am here today to ask the Board to rectify this issue, and to use its discretion to award tax credits to the La Hacienda Casitas, TDHCA 11031.

The city of Harlingen has a unique opportunity to see a standard apartment project made unavailable, made unlivable by Hurricane Dolly demolished and have 56 new energy efficient, LEED-certified, modern apartments built on the site. CDCB has worked hard with future and former residents to design the kind of apartment community that we want, that they want to live in on this site. It is culturally and economically sensitive.

The opportunity for this project however, to score as well as it

did, 214 points per the QAP is limited to this year. La Hacienda is the only applicant in Region 11 that faces circumstances that prevents it, in its current configuration from applying for tax credits in another round.

It will not be eligible to apply as a reconstruction project next year, because the city of Harlingen wants us to tear it down now. CDCB has received an allocation of NSP One and NSP One PI funds as well, to tear down this project. These funds have to be spent with a specific time frame. And they will not be available to the project next year.

The unique opportunity is now to fund this project. The Board has the authority and the ability to address the unique circumstances of each individual application for tax credits. They can address the unique needs by either making an award today, or by awarding the project a forward commitment.

La Hacienda Casitas projects meets the unique circumstances; opportunity and needs tests. There are sufficient funds within the round now to fund La Casita Haciendas. CDCB is a 37-year-old nonprofit that actually got its start in tearing down and replacing outhouses in the city of Brownsville.

Today, they are the largest nonprofit developer of single family housing in the State of Texas, putting 2,500 units on the ground in the past ten years. CDCB produces more single family homes than any private sector or public developer in our area. CDCB is the builder and developer of the one and only LEED-certified single family home in the Rio Grande Valley and has started the second one just yesterday.

CDCB has a strong business model and a proven balance

sheet. We have been able not only to survive the capital market meltdown and the national economic downturn, but to still be standing with a strong balance sheet. We are driven to bring housing that is affordable to working families in a region of the State that has the highest level of poverty and substandard housing.

In closing, La Hacienda Casitas has met all of the point qualifications and threshold requirements to be funded with an allocation from the 2011 Housing Tax Credit round. I am here today to ask the Board to fund La Hacienda Casitas project out of the 2011 allocation for Region 11. And of course, if not, to grant CDBC and La Hacienda a forward commitment from 2012.

I thank you for hearing me today. And I look forward to working further with TDHCA. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

MR. MITCHELL-BENNETT: Thank you.

MR. CONINE: Granger McDonald.

MR. MCDONALD: Thank you, Mr. Chairman. I am here today to ask for a 2015 forward commitment. I will get the site and application done later. Site and application to follow.

(Simultaneous discussion.)

MR. MCDONALD: All joking aside, there is a reason why everyone is here asking for forward commitments this year. Part of it is, we

learned about quirks last week.

And we still have those same quirks in the QAP that have caused this. Ten of the 36 in the general set-aside deals are actually rehabs at risk deals that have come out of at risk into the general set-aside. That coupled with the fact that there is 13 at risk deals currently with those ten, 23 of the 49 deals that are posted on your log for approval right now are at risk deals.

Which means that there is not going to be new housing units produced with this year's tax credit round. And over half of the money is going into the at risk. So all you are going to do, all we are doing here is, which is noble, is fixing up old existing housing stock.

We are not putting new housing stock on the ground. The tragedy in that is there is a thousand people moving to Texas every day with no place to live. And so you are going to have to view forward commitments this year. I know it is distasteful. I know this is going to be a very hard decision. But it is just going to have to be done.

Another reason that forward commitments are going to have to be considered is to correct some of the problems that came out of this year's QAP with the community revitalization points. And with the Tobacco in Region 8 where Representative Brown withdrew letters, put letters in, took them back out. One of my competitors, Brian Merrit senior center, they got completely just whacked. And it just not fair.

You also have folks like my friends here from San Angelo and the yellow shirts. But there is no way that they could make a deal work, for a

36 unit revitalization program without forward commitments. So we have got to view the forward commitment process. There is going to be many needy projects, very worthy projects.

But you have got to look at the ones where you are fixing a problem that occurred in this years' QAP. And you need to look at the ones that are noble projects that could never score on their own without the help of the forward commitment, which was the original goal, the forward commitment process. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: That is all of the witness affirmation forms that I have for the public comment period. So we have some letters to be read into the record. Sorry about that.

MR. LYTTLE: Not so fast. Chairman Conine and Board, I have two letters from state elected officials to be -- they have been asked to read them into the record.

The first is from State Senator Judith Zaffirini, Senate District 21. "Dear Mr. Conine, Thank you for your leadership as Chair of the Texas Department of Housing and Community Affairs governing board.

"This letter is to support strongly the Laredo Housing Authority's 2011 application for the Colonia at Guadalupe Project 11059. And to repeat my request that you consider how Housing Tax Credit program funds would benefit Webb County residents who are economically disadvantaged.

"Please contact me or my staff for additional information or

support. May God bless you. Very truly yours, Judith Zaffirini."

The second letter is addressed to Mr. Conine and members of the Board from State Senator Kevin Eltife. It reads, "Dear Mr. Conine and members of the Board, I am writing to reaffirm my support for the Housing Authority of Texarkana, tax credit application for the Rose Hill Ridge project, TDHCA 11097, as well as the Countrywood Apartments in Reno, TDHCA 11083.

"Both of these projects have strong local support. And I appreciate your consideration in approving them. Thank you for your service to the State of Texas. Sincerely, Kevin P. Eltife, State Senator."

MR. CONINE: Thank you. Is there anyone else that wishes to speak before the Board today?

MR. SANCHEZ: I do.

MR. CONINE: Okay.

MR. SANCHEZ: I haven't signed a form.

MR. CONINE: Well, that is quite all right. We will get you fixed up.

MR. SANCHEZ: Good morning. My name is Dan Sanchez. I am a County Commissioner from Cameron County. I was previously here in your June meeting last month. And I apologize for my tardiness, but I was at a TxDoT meeting trying to get some money over there.

(Simultaneous discussion.)

MR. CONINE: Your pockets look a little full.

MR. SANCHEZ: Well, I didn't get it all. So I have got to go

back. But I am here to talk about Las Casitas project that Nick was just up here speaking about. The one thing that I really want to ask you to really consider with this project is its uniqueness. That this type of project is so unique, it is not like any other project that you have before you. And I really think it is the future of housing in the state. And I think that if you treat this as a pilot, and you see what it does, I think the trend will be to go into that direction. I know that money is tight, and it is really difficult to allocate. But I think of the options that you have. This is actually the only one that is within the amount that you have to be able to distribute in that area. I know there is a couple of other projects that are close. But they are both asking for more than what you have to allocate. This project is not as large. It is asking for a little over \$700,000. And it is something that you can do. So on behalf of the citizens of Cameron County, and the last time we had some county commissioners here, we had school board members here as well. And everybody is buying in. I know sometimes you have people that come here and are against these. But really, we have a unique situation where this is going to give homes to families that otherwise wouldn't have that opportunity. And a home in the sense that these are individual homes. It is not a complex where there is attached garden homes or apartments. This is standalone homes. It gives a village community. And that is something that other than this, these people may never have that experience. And that might in a sense, get them to buy into becoming homeowners, and getting out of the housing and establishing their own ability to move on. And their ability to improve. So I thank you very much for your consideration. Thank you for

hearing me. And if you have any questions, I would be happy to answer.

MR. CONINE: Any questions of the Commissioner?

(No response.)

MR. CONINE: Thank you.

MR. SANCHEZ: Thank you very much.

MR. CONINE: Thank you for being here today. I appreciate it. Anybody else wish to speak before the Board, before we close the public comment period?

(No response.)

MR. CONINE: Okay. A few folks mentioned the August meeting earlier, through the comments today. More than likely, that meeting is going to be moved a little bit. So just to put everybody on notice.

I don't know when exactly yet. But we will probably move it a couple of weeks. So stay tuned, and we will let you know exactly when that meeting will be.

We will move on to the consent agenda now. Board members, you see Items 1(a) through (o). And if there is any Board member that wishes to pull anything from the consent agenda, I would entertain that at the present time.

MS. BINGHAM ESCAREÑO: Mr. Chairman, do you have any public comment on any of those items?

MR. CONINE: I don't know. Do I? I haven't gotten that group yet.

MR. IRVINE: We would like to pull Item 1(o), not just off the

agenda, but just withdraw it from consideration at this meeting.

MR. CONINE: Okay. And I think I want to pull Item (l), little (l). And there was some public comment on 1(d). Let's pull it, and let's have that little discussion on that. So (d), (l) and (o) are pulled. Any other of the consent agenda items need to be pulled?

(No response.)

MR. CONINE: Seeing none, I will entertain a motion.

MS. BINGHAM ESCAREÑO: Mr. Chair, I move approval of the consent agenda with the exception of items (d) and (l) and (o).

MR. CONINE: Motion by Ms. Bingham. Do I hear a second?

MR. GANN: Second.

MR. CONINE: Second by Mr. Gann. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. All right. Let's go to Item (d) if we could, and talk about that. Mr. Irvine.

MR. IRVINE: Well, first of all, I would ask Michael De Young or Sharon Gamble, either or both of you to come to the microphone please. This issue involves a recommendation that does involve safety. And Sharon, would you like to amplify on that.

MS. GAMBLE: Yes. Chairman Conine, acting Director Irvine, and esteemed Board members. My name is Sharon Gamble. I am the manager of the Energy Assistance Section in the Community Affairs Division at Texas Department of Housing and Community Affairs. The Energy Assistance Section administers the Weatherization Assistance Program and the Comprehensive Energy Assistance Program on behalf of the State of Texas. One of the services provided in both of these programs is the repair or replacement of inefficient heating and cooling appliances in the homes of qualified low income Texans. In the Comprehensive Energy Assistance Program that is commonly called the CEAP, funds are provided to subrecipients by way of the heating and cooling component of the program.

Through this component, subrecipients have been able to replace central heating and cooling systems, window air conditioners, space heaters and evaporative coolers. The heating and cooling component does not include crucial health and safety assessments and follow up inspections that protect households. Nor does it consider the whole house, and whether the replacement is the most cost-effective service that can be provided for the home. The Energy Assistance Section is determined that the services provided by the heating and cooling component of the CEAP would serve clients better by moving the services to the Weatherization Assistance Program. With years of experience in health and safety testing and increased specialization as a result of the influx of training funds provided by the American Recovery and Reinvestment Act funding. The Weatherization

Assistance Program has developed the expertise to ensure that heating and cooling units are installed safely and correctly. And that a whole house assessment and audit of the home assures that the replacement is the most cost-effective and beneficial service that could be provided to the clients, while protecting the health and safety of the household. The results of this change would be a more efficient and beneficial use of funds. Of the 47 agencies currently administering CEAP, this change will affect 17. Each county in Texas is served by a Weatherization Assistance Program program. So this service would not be lost by citizens of any county. Another component of CEAP is the energy crisis component. Through this component of the program, CEAP subrecipients are able to purchase window units, space heaters and evaporative coolers in situations where a household member has a documented life-threatening condition. In these situations, the subrecipient would simply obtain the appropriate client file documentation and proceed with the replacement if the assessment allows it. This would be followed by a referral to the Weatherization Assistance Program, where a thorough assessment of the home would be performed to determine if further services are needed. The CEAP allows flexibility for subrecipients to amend their program budgets during the year. So that they can allocate funds to their greatest need. The Energy Assistance Section believes that all programs must be administered consistently by each subrecipient involved. Do you have any questions?

MR. CONINE: Thank you.

MR. CONINE: Sharon?

MS. GAMBLE: Yes?

MR. CONINE: Can you make sure that we understand the geography of what we are talking about, from where it was to where it is going. Is it different or is it the same?

MS. GAMBLE: Well, the speaker before was specifically, she is from Bexar County Department of Human Services, I think.

MR. CONINE: Right.

MS. GAMBLE: And so Bexar County currently administers the CEAP program for Bexar County. The weatherization provider in that area, the regular weatherization provider is the Alamo Area Council of Governments. And they provide weatherization services for their COG boundaries, which includes Bexar County. And so the result of this change for Bexar County would be that the services would move from the County to the Council of Governments.

MR. CONINE: So it potentially gets bigger than Bexar County, I guess?

MS. GAMBLE: Right.

MR. CONINE: In the people served.

MS. GAMBLE: Yes.

MR. CONINE: Okay. Any other questions of Sharon at this point?

(No response.)

MR. CONINE: If not, I will entertain a motion on Item (d).

MR. MUNOZ: Move staff recommendation.

MR. CONINE: Dr. Munoz moves staff recommendation. Is there a second?

MR. KEIG: Second.

MR. CONINE: Second by Mr. Keig. Any further discussion?
(No response.)

MR. CONINE: Seeing none, all those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Moving on to Item (l), little (l).

MR. IRVINE: Yes, Mr. Chairman. Item (l) really needs to be explained in context with Item (h) as you all know. There was a reduction in the available funding for the Housing Trust Fund due to the budgetary constraints that face us all. And some difficult choices had to be made in this very building. And with a reduction in funds, we also figured that it was important to be targeting the funding of the Housing Trust Fund under the plan which you already approved in your consent agenda, to focus on a few things that we do really well. Coincidentally, Rider 19 to the General Appropriations Act specifically said, let's take the funding that you guys are using to address special needs of veterans and refer those to the Veterans Commission. So this is very targeted to ensure that this special sector of the population is dealing with one agency that understands the broader issues

relating to veterans and can help them in that regard.

We have been meeting with the Veterans Commission, with the Governor's Office to make this transition as orderly as possible. And one of the things that occurred to us, in those discussions is, we currently have programs or have had programmed funding for certain types of veteran assistance, which we have pulled back and coordinated with the Veterans Commission so that they can come up with one single way to program funds in a manner that they believe will be most meaningful to their special population. And this allows us to enter into the MOU to move not only the specific 10 percent that is reallocated under Rider 19, but the funds that we had already a program to veterans rental assistance. So that the Veterans Commission can have a meaningful size pot of money and come up with a good program to serve veterans.

MR. CONINE: Okay. Mr. Ozer.

MR. OXER: Tim, is it your assessment that this will provide a broader spectrum of services, higher quality services by the veterans?

MR. IRVINE: I think that we are already providing very good and high quality services. We have obviously targeted a very specific niche with the rental assistance approach. But I think that this will enable a better understanding of the totality of veterans' need and put it in the hand of the pros. You know, the guys that deal with veterans and veterans solely, to come up with the best way to use the money.

MR. CONINE: All right. Any other questions?

(No response.)

MR. CONINE: If not, I will entertain a motion on Item (d).

MR. OXER: Move staff recommendation.

MR. CONINE: Move staff recommendation on Item (l). Is there a second?

MR. MUNOZ: Second.

MR. CONINE: Second by Dr. Munoz. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Item (o).

MR. IRVINE: Before we move off there, I just would like to thank Romero Cabell. Because he was standing here at the ready to jump to the podium and explain this. And I really appreciate it when leaders in state government worked with leaders in other agencies to do the right thing. Not just for the Agency but for Texas.

MR. CONINE: Thank you, Romero. Okay. Item (o).

MR. IRVINE: We pulled that one off the agenda, sir.

MR. CONINE: All right. Moving on to Item 2. We will break for lunch here shortly at noon. But let's get Item 2 behind us.

MR. IRVINE: With respect to Item 2, I believe David

Cervantes, our Director of Financial Administration will present this. I will say that although it is presented as a draft budget, it is in sufficiently final form that it is susceptible to adoption. And that is a critical component if you wish to defer the August meeting into September.

MR. CERVANTES: Thank you, Tim. Mr. Chairman, members of the Board.

MR. IRVINE: No pressure.

MR. CERVANTES: I am David Cervantes, Director of Financial Administration. Behind Tab 2(a), you will find information related to the 2012 draft internal operating budget. Your materials are organized into three sections. The first two pages are the actual board action requests. This provides background and highlights regarding the entire content of the budget. The second section is a seven page comparison report intended to provide comparative information between last year's budget and this one. The final section is a 39 page operating budget providing further detailed information such as an organizational chart, a method of finance, pie chart, and other schedules related to full time equivalents, out of state travel, capital budget. And of course, all of the individual budgets by organizational unit. At this point, I would like to turn your attention to page 6 of the comparison report. In summary, the 2012 budget is \$31.1 million. It includes 287 full time equivalents. The makeup of these resources consists of what we know as 239 cap FTEs, and 48 Article 9 temporary FTEs.

The 48 temporary FTEs will continue to provide services for weatherization and neighborhood stabilization services. This years budget

represents an \$11.3 million decrease from the prior year. The primary reason for the decrease can be attributed to the transfer of disaster recovery operations to the Texas General Land Office. This transfer accounts for \$9.1 million, and a reduction of 46 budgeted FTEs. The balance of the reduction results from an additional 24 FTEs that will be ramped down and phased out in 2012. These FTEs are associated with ARRA programs, such as the Homeless Prevention and Rapid Deployment program. TCAP and exchange programs.

Finally, the Department at the direction of our Acting Director, Mr. Irvine also instituted cost savings measures aimed at foregoing spending without materially impacting the Agency's mission. These efforts resulted in savings to travel, printing and reproduction, staff development and temporary help. Another significant component of the budget has to do with professional fees. This particular line item, even though it has decreased from last year, it still is a significant line item in our budget. It will continue to contain services such as audits, compliance inspections, legal services and ARRA weatherization business, such as the Weatherization Academy.

It also includes a couple of unique items. For example, an analysis for impediments for the balance of the state. We are looking to take that on this year. And of course, continued funding for ICP litigation. As you make your way to the bottom of page 6, we enter the area of the methods of finance that will be used to pay for this year's budget. You will notice that there is what is known as General Revenue, dedicated. Then there are also General Revenue which are termed earned federal funds. The earned

federal funds are actually federal dollars that we can recoup through an indirect cost rate that will be used to support the federal programs. You also find an assortment of federal funding sources there.

And then the next sector has to do with appropriated receipts. The appropriated receipts in respect to housing finance, we will touch base a little bit also on Item 2(b). But the housing finance appropriated receipts are basically the compliance fees that the Department assessed for long term compliance work. It also has to do with single-family, multifamily admin fees that we generate to conduct the business of the Department. And of course, we have seen today the tax credit business that we are in. And the fees that we generate there.

Finally, there is a small component that deals with an interagency contract with another agency. In this case, it will be the Department of Agriculture. We recover a small bit of CDBG funds through that effort, in order to support the self help centers within the OCI Division. So at this time, the Department is prepared to certify the revenues that will be used to pay for the services outlined in this budget. That concludes my prepared remarks today.

The Department's recommendation is for the Board to consider adoption of the 2012 budget. Should the Board approve the budget, it will be placed into effect September 1, of 2011. Of course, the approved board would then be disseminated to oversight groups such as the Governor's Office, the LBB and others. That concludes my presentation. I am available to take any questions you may have on Item 2.

MR. CONINE: Thank you, Mr. Cervantes. Is there any questions of David at this point?

(No response.)

MR. CONINE: If not, I will entertain a motion.

MS. BINGHAM ESCAREÑO: So moved.

MR. CONINE: Motion to approve the next fiscal year budget by Ms. Bingham. Is there a second?

MR. GANN: Second.

MR. CONINE: Second by Mr. Gann. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the budget, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries.

MR. CERVANTES: Thank you very much.

MR. CONINE: Thank you.

MR. CERVANTES: The next item, which would be behind Tab 2(b), is kind of a continuation of this discussion. And it has to do as I just mentioned a few moments ago, it has to do with a subset of the entire budget as a whole. But under the provisions of Section 2306.113 of the Texas Government Code, we are also required to submit a separate annual budget for the Housing Finance Division to certify the housing program fee revenue

that supports the Department. So what you have in this section of your packet is the submission of the Housing Finance budget. It is \$13.5 million. And the recommendation today is for the Board to consider adoption of the subset of that budget.

MR. CONINE: Okay. Any questions? Dr. Munoz.

MR. MUNOZ: Would the 1-1/2 million in professional fees here be part of the earlier figure, or in addition?

MR. CERVANTES: You are talking about in respect to the legal component?

MR. CERVANTES: Yes. The situation with that is that if we go back two years, we have actually come to the Board twice to include some financing for those services. So the original time, we came in with a million dollars. There was another tranche of \$500,000. And then this one that we are presenting today has a smaller portion of \$225,000.

So it has been kind of a -- it has been kind of -- it has been evolving over the last two years, into what we hope will be formal closure this fiscal year. And trying to resolve that particular matter.

MR. MUNOZ: All right.

MR. CONINE: Okay. Any other questions? Mr. Oxer.

MR. OXER: Do you anticipate resolution of this issue that you are referring to this year? It has gone on for some time as I recall.

MR. CERVANTES: I want to be optimistic that it will be resolved this year.

MR. OXER: Don't we all.

MR. CERVANTES: But quite frankly, you know, I would have to defer to Mr. Irvine and the legal staff. Of course, because of the sensitivity of that matter. So I really am not privy to all of the details that are currently involved with that particular matter.

MR. OXER: But potentially, we are not anticipating that we will budget -- right now, we don't know that we anticipating for the next budget for this one.

MR. CERVANTES: We are hopeful that that will not be the case. Yes, sir.

MR. CONINE: Mr. Cervantes, is our exorbitant board of director fees still in here?

(Simultaneous discussion.)

MR. CERVANTES: Still there, sir.

MR. CONINE: Good. Any other questions, or I will take a motion.

MS. BINGHAM ESCAREÑO: Motion for approval.

MR. CONINE: Motion to approve by Ms. Bingham.

MR. OXER: Second.

MR. CONINE: Second by Mr. Oxer. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. We will break for Executive Session during lunch. Probably -- yes, sir.

Oh, that is right. We do need a little time.

We are going to -- let's go ahead and hear. We have got a couple of appeals we need to hear. Let's go ahead and do that before we go to lunch. On Item 3(a). Dolphin's Landing. Hello, Robbye.

MS. MEYER: Good morning, sir. Robbye Meyer, Director of Multifamily Finance. Chairman Conine, Board, the first appeal and the only appeal for multifamily is application 11227, Dolphin's Landing. It is in urban subregion 10, in Corpus Christi, Texas.

The applicant is appealing to reinstate two points to the final score of the application. One point for leveraging of private state and federal funding. And one point for third party funding outside of qualified census tracts.

MR. CONINE: You are going to have to speak up just a little bit.

MS. MEYER: I am sorry. These points were originally challenged by a third party to the application, through the challenge process. Staff determined that there was a conflict of interest in the funding provided.

The application funding sources include financing from Arlington Capital Corporation, in which Richard Whaley is an owner. Richard Whaley is also a Board member of Atlantic Housing Foundation, the nonprofit general partner of the applicant.

The applicant's appeal discusses issues of control and timing of when documents were signed and certified. This is not a question of control or timing. It is a conflict of interest between the general partner and the funding source. Because the applicant, the sources are not a true third party, staff is recommending denial of the appeal.

MR. CONINE: Okay. I have several witness affirmation forms on this particular agenda item. Daniel French, Cynthia Bast, and Maneesh Virma [phonetic].

MS. BINGHAM ESCAREÑO: Mr. Chair, while they are coming up, can I just ask Robbye something real quick?

MR. CONINE: Sure.

MS. BINGHAM ESCAREÑO: Robbye, is there a typo or is it 14 points, or not?

MS. MEYER: In the write up, that is an error. Yes.

MS. BINGHAM ESCAREÑO: So it is three, two?

MS. MEYER: It is only actually two points.

MS. BINGHAM ESCAREÑO: Two. Okay.

MR. CONINE: Go ahead, Ms. Bast.

MS. BAST: My name is Cynthia Bast of Locke Lord, here as counsel for the applicant in this appeal. Mr. Conine, I do believe I have donated time from Mr. Virma.

MR. CONINE: Yes. You do.

MS. BAST: This appeal focuses on an issue that I have had a problem with for ten years. And I am so glad I get to finally talk to you guys

about this.

MR. CONINE: Ten years.

MS. BAST: You know, I am a little confused about staff's comments here because when I look at what is in the Board writeup, if you look at the last few paragraphs, it is talking about the fact that there is common control between Atlantic Housing Foundation, which is the nonprofit who is the general partner and the applicant here, and Arlington Capital, which is the funder.

And that is what the staff writeup says. But then Ms. Meyer in her comments says, this isn't about common control. This about conflict of interest. This is about what is a true third party.

And here, we get to the crux of the question. Is -- we have to get back to the QAP. What does the QAP say about this. The QAP does not define what a third party is. But the QAP in this section, where it talks about third party funding says that the lender must certify that it is not the applicant, the developer, a related party, a consultant, or a party acting on behalf of the application.

That is what the QAP says, and that is what your test needs to be here, as we are talking about this appeal. These words, applicant, related party, affiliate, they are defined terms in the QAP. And when you are working with a for profit developer who owns his own company, it is pretty easy to go through the layers of organizational charts that are presented in the QAP and know that ultimately, you are getting to this one individual.

But it becomes a lot more complicated when you are talking

about a nonprofit organization. As you know, nonprofit organizations have boards of directors, they have officers. They have paid staff members, each one having a different role. Are all of those individuals the applicant?

Are all of those individuals related parties or affiliates? That is really the crux here, if we are getting back to the plain language of the QAP. Of course, you all know from your experience that nonprofits recruit Board members who are experienced in the kind of business that is relevant to the nonprofit's mission.

And individual board members of a nonprofit don't have the ability to control that nonprofit, or its operations. Those board members who are not officers can't find contracts. The ones who are not paid staff members aren't running the day-to-day operations. They are advisory people who are but one voice in the nonprofit's overall policy setting and direction.

But TDHCA is treating the individuals who are these policy advisors on a board the same as they would treat a president of a nonprofit who can sign a contract, or the executive director of a nonprofit who could engage in the day-to-day operations. And that is where I think the broad treatment is inconsistent with the language of the QAP.

So in this particular case, as Ms. Meyer mentioned, Atlantic Housing Foundation has a board of eight members. One of those members is a founding member, actually a man named Richard Whaley. It so happens that Arlington Capital, which is the party that provided this funding source is an entity that Mr. Whaley also is involved in.

However, Mr. Dan French who is the Chairman of Atlantic

Housing Foundation negotiated this financing with Mr. Thomas McVeigh who is his longtime friend of 30 years. Mr. McVeigh is the President of Arlington Capital Corporation and the one that controls the show at Arlington Capital Corporation.

Mr. Whaley was not involved in any of the discussion with regard to the fact that Arlington Capital may provide financing for this tax credit application. And Mr. French is here to tell you more about those discussions and the relationship between Atlantic and Arlington. But again, it comes down to, when Arlington committed to provide the loan, it certified that it is not the applicant, the developer, the related party or the consultant.

Now in staff's writeup, what they say is that they think that Atlantic Housing Foundation and Arlington are under common control, because Mr. Whaley is a director of Atlantic, and he is also an officer and owner of Arlington. That makes them affiliates. So again, we have to look at what is the definition in the QAP.

And that is why this appeal gets so hard for me, actually. Because we have these really technical definitions. And you can see that I have gone through them in great detail in my letter to you all. But an affiliate is someone who is under common control.

What does control mean? Control means, and again, it is a defined term, the ability to manage, direct, superintend, restrict, regulate, govern, administer, or oversee.

I am not going to argue that Mr. Whaley doesn't control Arlington. He is an officer. He is an owner. He has some level of apparent

authority at Arlington. But does he really control Atlantic as one Board member. He is not an officer for Atlantic. He can't sign contracts. He is not a paid staff person. He cannot participate in the day-to-day operations.

The Board itself only meets every couple of times a year. They did meet to talk about this tax credit application. They received information about it. They authorized the paid staff members to go forward with the application. They didn't vote on this particular funding source.

They didn't talk about all of the different financing pieces. They just said, go forward with the tax credit application. So that authority was vested in the staff members.

So that is the question that we have here today. Is that limited activity by a volunteer Board member sufficient to say that Mr. Whaley somehow controls Atlantic, and therefore creates what staff now says is a conflict of interest with Arlington.

Under that logic, if you have a loan officer from a "Great Big Bank" who sits on the board of "Little Bitty Nonprofit," then Great Big Bank and Little Bitty Nonprofit are affiliates. Is that what is intended in the language of the QAP? That is what you get to decide.

And we hope that you will agree that staff interpreted the QAP too broadly by saying that Mr. Whaley's participation as a volunteer board member somehow creates control or an affiliate position. Because again, it is not about a conflict of interest. That is not what the QAP says. It is not about what a third party is.

It is about this funder certified that it was not these certain

things. And we believe that that is the case, and that these points should be restored.

And yes, if you restore these points, it will impact the allocation today. Someone else may get knocked out. This whole collapse thing may be affected.

But I would urge you, I would have you recall that the reason this one wasn't argued at the last Board meeting was because we had a posting problem. We are not trying to make a last minute shift in here today.

But I would urge you that, even though there may be a bigger picture implication here, for how this affects the allocations, at the end of the day, this is about this particular application, and what is fair to this particular application. And how the QAP should apply to this particular application. And I thank you for your time.

MR. CONINE: Ms. Bast, could you tell us what funding that Atlantic is going to provide? Or Arlington. Whichever one is the other.

MS. BAST: Arlington is providing funding under Sections 26 and 27 of the QAP which is called third party funding. It is for additional funding that is not coming from your primary sources. It is not coming from the local political subdivisions. And those two categories each allow for one point.

MR. CONINE: And who is Oxford?

MS. BAST: Oxford is another funding source that offered to provide the same sort of funding for Atlantic. So what I was trying to show you there is that Atlantic didn't go to Arlington just because there was some

relationship or it could get better terms, or something like that.

It went out and got several different commitments for funding. But ultimately, because of the long-standing relationship between Mr. French and Mr. McVeigh, they chose to use Arlington as that funding source. And the funding amount is \$200,000, 400?

MR. CONINE: 490.

MS. BAST: 490. So it is a small portion of the overall sources and uses.

MR. CONINE: Okay. Thank you very much. Mr. French.

MR. FRENCH: Thank you. I am Dan French. I am the Chairman of Atlantic Housing Foundation. Cynthia asked me to elaborate a little on how this transaction transpired. Mr. McVeigh and I have been friends and business colleagues for 30 years.

When he asked me to try to arrange this small piece of the financing, I called Tom and told him what I was looking for. And how much money I needed. He said they would consider it.

They are a medium sized investment company in the Midwest. I sent him the numbers. Sent him the documentation describing the project. And talked to him a few days later and we agreed on an amount.

I am assuming that that somewhere in the course of that, he discussed it with Mr. Whaley. Mr. Whaley is a 30 percent owner, a 25 or 30 percent owner of Arlington Capital. Richard couldn't have stopped the transaction unless he just implored his partner not to make it.

Mr. Whaley did not represent us in any way. We didn't ask him

to. And he hasn't the authority to do it. He is only one of eight board members. And our board operates at a pretty high level of oversight. They primarily they provide us guidance on policy and strategy.

It seems to me that the whole body of regulation here is designed to keep a developer from taking money out of one pocket, circulating it among some straw men and other companies that he controls, and putting it back in his other pocket and getting the points. In our case, that is just not possible.

There is a section in the Internal Revenue regulations that pertain to us called private inurement. And we are not allowed to provide financing to anyone or provide any of our net resources to anyone for any purpose other than our charitable mission. Otherwise, we have to just give it to the Government or give it to another nonprofit.

We are audited every year. And had we done something like that, or if we ever do something like that, our auditors will be obligated to report it to the IRS. And there would be very severe sanctions. So this was never intended as a subterfuge.

The offer from Oxford, we could have just as easily used. But we never dreamed that this would create a related party arrangement between Arlington Capital and the applicant.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you, Mr. French.

MR. FRENCH: Thank you.

MR. CONINE: Mr. Oxe?

MR. OXER: I have a question of staff.

MR. CONINE: Staff, all right. We have some more witness affirmations.

MR. OXER: If we knock this domino over, how far does it fall?

MR. GOURIS: [inaudible].

MR. OXER: Because they are looking for --

MR. GOURIS: It will impact at least one transaction, and it could impact two.

MR. CONINE: We have a couple more witness affirmations. Do you want to hear them?

MR. OXER: On these?

MR. CONINE: On this one.

MR. OXER: Yes, please.

MR. KEIG: Can I ask them a question.

MR. CONINE: Sure. Mr. Keig.

MR. KEIG: Help me out with the QAP definition of affiliate. The writeup says it is defined as one who controls either directly or indirectly or under a common control with any person or individual.

Ms. Bast says that it is defined to include any officer or stockholder with an ownership interest of 10 percent or more. Is her definition, is that only part of the definition? Does it include both?

MS. MEYER: It is a broader definition.

MR. KEIG: What part of the QAP is it?

MR. GOURIS: Actually in the general definitions, isn't it? The definition of control is including terms controlling, controlled by and or under common control with the power or authority to manage, direct, superintend, restrict, regulate, govern, administer or oversee. And then it goes on to describe controlling further.

Controlling entities of partnerships include general partner, special limited partners, when applicable, but not the investor limited partners.

Controlling entities of a limited liability company include the managing members and any members with 10 percent or more ownership of the limited liability company and members with the authority similar to that of a general partner, a limited partnership. Multiple persons may be deemed to simultaneously have control. Our position --

MR. KEIG: Right. That is the definition of control. Right. What is the definition of affiliate?

MR. GOURIS: Affiliate is an individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with any person or principal. All entities that are principals are affiliates. Our belief is --

MR. KEIG: Help me out here. What number of the QAP is that?

MR. GOURIS: If you have the QAP book, it is under the tab

that is listed as 2011 consolidated definitions. It is actually -- we moved those out the QAP specifically and into our global spot. But it is in your book there, under the second tab. I am sorry, the third. The second tab, the third section.

MR. CONINE: Let's go ahead and get the rest of these witness affirmation forms. Because there are several folks that want to speak against this particular recommendation. Chris Kaufman, Christopher Kaufman. Paul Patierno. Are you yielding time, Chris?

VOICE: Yes.

MR. CONINE: Okay.

MR. PATIERNO: Thank you. My name is Paul Patierno. I am the representative of Highland Properties Development. Highland Properties Development is involved with the Corpus Christi application that is currently in the number one position called Castle Manor Apartments.

In the appeal that we just heard, Mr. Richard Whaley is portrayed as being a volunteer Board member of Atlantic Housing Foundation, which is a general partner of the applicant who does not actively participate in the day-to-day operations of the company, and who has little ability to control Atlantic Housing Foundation.

Mr. Whaley has been further portrayed as a Board member who has missed certain Board meetings and had little knowledge of the tax credit application Atlantic had submitted on behalf of Dolphin's Landing Apartments, nor of the certifications he was signing. However, please be aware that the applicant entity is under contract to purchase Dolphin's Landing

Apartments, which is an existing property from an entity called Housing Initiatives Corporation.

A footnote about Atlantic Housing Foundation's financial statements disclose that Housing Initiatives Corporation which owns Dolphin Landing Apartments is an entity commonly controlled and financially interrelated with Atlantic Housing Foundation. And that its financial activities are consolidated with Atlantic Housing Foundation's annual financial statements for reporting purposes.

Also be aware please, that the Texas Secretary of State documents on Housing Initiatives Corporation indicate that Mr. Whaley is not only a director of Housing Initiatives Corporation, which owns Dolphin's Landing Apartments, but he is an officer too. In addition, Atlantic Housing Foundation's financial statements reflect the names of the many ownership entities in which the company part has an active participating interest in various affordable housing developments.

The articles of organization on the Texas Secretary of State website, the articles of organization indicate that on many of those entities, they specifically name Mr. Richard Whaley as manager of those entities, and describe the responsibilities of manager, to be to manage and carry out the purpose of the entities. And the purpose of the entities, is described as to own and operate the multifamily housing property.

So in addition to being a board member of Atlantic, it seems that Mr. Whaley is in fact actively involved in many of Atlantic's activities, particularly with regard to the subject property. So in summary, Atlantic

Housing Foundation is a general partner of the applicant, who is under contract to purchase the subject property from an entity controlled by Atlantic.

And in which Mr. Whaley serves not only as a board member, but also as an officer. Additionally, Mr. Whaley is a board member of Atlantic Housing Foundation.

Finally, the subject application contained a loan commitment from an entity owned by Mr. Whaley. So the property is effectively being acquired internally, and financed internally. Mr. Whaley is on both sides of the transaction as a board member, as an officer, and as the lender. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Barry Palmer?

MR. PALMER: Barry Palmer with Coates Rose Law Firm.

And I am here to speak in opposition to this appeal. In further answer to the question that was posed earlier about the impact of this appeal, I can tell you that it would, if granted, would knock out Mr. Patierno's deal, which is currently the number one deal in the region.

But in addition, because the Dolphin's Landing is such a big allocation, it would also knock out another deal from the statewide collapse. So there would be two transactions that would be knocked out if this appeal is granted.

And the points that we are talking about today are for third party financing from an unaffiliated source. That is what the points are for. Not to

get a loan from an affiliated company, but to get a loan from an entity that is not related to the applicant.

Here, we have Mr. Whaley who serves as a director of the applicant. And is a principal in the application. He signed a certification of principal in the application. And at the same time, he is a principal and 49 percent owner of the company that is providing the financing to get the points. So to me, that doesn't seem like an unaffiliated entity.

That is staff's determination that this is an affiliated transaction. There is a conflict of interest and the points shouldn't be awarded. So I would ask your support of staff's determination on this, and to deny the appeal.

MR. CONINE: Any questions of Mr. Palmer?

(No response.)

MR. CONINE: Thank you. Robbye, I have got another question or two, personally. If any other questions of staff? I will ask. It says here that the Atlantic Housing Foundation is the 49 percent co-general partner of the applicant. Who is the 51 percent?

MS. MEYER: I don't have it with me. I don't have it in front of me.

MR. CONINE: Affirmation form, Mr. Patierno. Did he leave?

(Simultaneous discussion.)

MR. CONINE: Oh, I am sorry. Mr. French. Wrong guy. Don't get the enemy up here.

(Simultaneous discussion.)

MR. GOURIS: Integrated Testing and Engineering Company.

MR. CONINE: Say that again?

MR. GOURIS: Integrated Testing and Engineering Company. Jaya al Lagnippe [phonetic]. That being the 51 percent member. Is that Integrated Testing and Engineering?

MR. FRENCH: I think so. I would like to refer to Michael. He is our CEO.

MR. GOURIS: Okay. It is a company I am not familiar with.

MR. CONINE: Okay. So it is totally unrelated at this point, as far as we know. But we heard testimony that the 49 percent co-general partner had a subsidiary corporation that actually owns this project. Is that what I heard?

MR. GOURIS: I don't believe we were aware of that prior to --

MR. CONINE: Well, that didn't come out in the application. It comes out here. Straighten him out.

MR. IRVINE: Identify yourself, Cameron.

MR. DORSEY: Cameron Dorsey, manager of REA. In the portion of the application where they identify the sale of existing property, is an identify of interest transaction. It is identified as such. So and it kind of writes out the specifics of it.

MR. GOURIS: Obviously didn't pick that up on the appeal issue. Because we were about these two points.

MR. CONINE: Okay.

MR. GOURIS: That adds some flavor to it.

MR. CONINE: Ms. Bast, would you like to make a comment.

MS. BAST: I just want to mention that that of course is a standard way for a nonprofit to refinance and resyndicate an existing project that they own and have been operating [inaudible] tax credit limited partnership and use tax credits to refinance it for rehabilitation. So that is not an unusual situation. And I think Mr. French can --

MR. FRENCH: I can add a little bit to that.

MS. BAST: Yes. And Mr. French can comment on the participation of Mr. Whaley that Mr. Patierno --

MR. FRENCH: Housing Initiatives Corp. was originally a group of Corpus Christi businessmen that formed their own 501(c)(3). They owned it and operated it for several [inaudible] until 2008. And because of some other things that they got involved in, they hit the wall. They were going to lose this project. And they asked us if we would take it over, in anticipation of refinancing it, rehabilitating it [inaudible]. That is how our board became [inaudible]. I don't know what that does to us. But that is how it happened.

MR. CONINE: Any questions from any other Board members?

MR. MUNOZ: Mr. French, are there any other properties that you inherited, that your Board inherited when they hit the wall?

MR. FRENCH: No. This is the only one. They lost all of the other properties.

MR. CONINE: You need to speak in the microphone, please.

MR. FRENCH: The question was whether or not there were other properties in the Housing Initiatives Corporation portfolio that we took

over. And the answer is no. This is the only one.

MR. CONINE: Any other questions?

(No response.)

MR. CONINE: If not, I will entertain a motion.

MR. GANN: I will move staff recommendation.

MR. CONINE: Mr. Gann moves the staff recommendation to deny the appeal. Is there a second?

MR. KEIG: Second.

MR. CONINE: Second by Mr. Keig. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

VOICE: Opposed.

MR. CONINE: One opposed. The motion carries. Next, Mr. Irvine. Do we have one more appeal?

MR. IRVINE: We have one underwriting appeal, I believe. And Brent Stewart will present it. Thanks.

MR. STEWART: Good afternoon. Brent Stewart, number cruncher in REA. This appeal is on a deal in Hemphill, Texas, Whitetail Ridge. It a proposed 36 unit senior transaction.

The technical reason why this deal was a do-not-recommend was due to the deferred developer fee not being repayable within 15 years.

The reason for that, there is some CDBG dollars that would be excluded from eligible basis. When the application came in, it was incorrectly not excluded, which in essence made the application infeasible when it came in.

It came into us. We deducted it. The deferred developer fee had to go up. It wasn't repayable within the 15 year time period.

Aside from that, we had some real concerns over the deal itself. In the underwriting report, we have outlined some strengths and weaknesses of the deal. Most of the concerns related around market issues.

It is hard to get good comparable rents on this deal. We kind of had to reach out to Lufkin and Nacogdoches to identify some comps to use.

We weren't real confident that those rents were actually going to be attainable in Hemphill.

There is another tax credit deal in Seguin County. That is an older family tax credit deal that reported at 84 percent occupancy right now. In February, the compliance data shows it was 76 occupied. We don't know for sure. It has been reported that there were some down units there.

Cameron Dorsey talked with the manager out there, last week. And he said no, there aren't any down units. They just had some problems leasing it. The other -- I guess the other big issue that we had was if, you look at page 3 of the underwriting report, we had some -- I am sorry. It is page 4.

We had some kind of real issues with the design of this project. We saw some unit plans that were very inefficient. Some elevations that were not your typical elevations for a tax credit senior deal. Those kind of

issues would definitely affect marketability of these units.

And there is kind of a confluence of things that kind of come together that causes concern. But the actual reason for the do-not-recommend is the deferred developer fee issue.

MR. CONINE: Okay. I have got a couple of witness affirmation forms here. Jerry Moore and David Barthold.

MR. GANN: Mr. Chairman.

MR. CONINE: Yes, sir.

MR. GANN: I need to recuse myself of this particular item.

MR. CONINE: All right. Mr. Gann recusing himself.

MR. MOORE: Chairman Conine, members of the Board. My name is Jerry Moore. And I am here to answer questions, and to explain about Whitetail Ridge. That is application 11085.

The staff initially increased the deferred developer fee, because we inadvertently did not take out a contribution from the county in the amount of \$175,000. This money had actually was Hurricane Ike funding that came through the Deep East Texas Council of Governments. And was passed on to Sabine County and then Sabine County granted us just a portion of that funding in the amount of \$175,000.

I have been doing applications for TDHCA and been involved in the development for projects for 14 years. I have got eight successful projects. And have submitted other applications that were not successful. But I can tell you that in the 14 years of doing this, I have never been able to get a commitment of funds from a local government such as the county, or the

city.

And in this project, they came forward with \$175,000, which is being leveraged against the tax credits which is really an excellent investment on the part of Sabine County. By removing \$175,000, it did change the deferred developer fee. And I was contacted by staff on June 28th of this problem.

And in the conversation that we had initially, I told them that I felt confident that the additional funding would be available through the additional equity from our equity provider. And the next day, I talked with National Equity Fund. They reviewed the data and increased their commitment by 2-1/2 cents to 74 cents, which reduced the deferred developer fee to under the 15 year period. It is actually under twelve years.

The error that was made, it was simply my fault. I had -- it was treated as county money, not as a federal grant. I would like to talk to you just a bit about East Texas and about the area there, and the need for housing.

Sabine County does have the one property there, which is a 38-year-old USDA property. It was rehabbed with tax credits ten years ago. I am going to let David Berthold who is co-developer, co-general partner talk a little bit about that. Because he went to the property and asked some questions.

In closing, Whitetail Ridge was the highest scoring application in Region 5 rural. It is supported by funding from the County. We have a capture rate of the market there, of only 3.4 percent. So you can tell there is

a large need.

There is no other dedicated senior housing in Sabine County. And I would just request that you look closely at what we have given you. And reject the -- or grant the appeal. David, do you want to --

MR. CONINE: Berthold?

MR. BERTHOLD: Mr. Chairman, Board. This is the first time I have been in a place like this. I might be a little nervous. But my name is David Berthold. My wife and I live in Hemphill. We are the owners of a home health agency; Texas Medical Enterprise.

We operate there as a corporate office in Hemphill and serve eleven counties in East Texas. Where we have about 251 seniors in those eleven counties that we serve for home health. And about 120 of those seniors being in the Hemphill and the surrounding area.

We also own and operate two physician clinics. One in Hemphill and one in Pineland. So we are very much within the community of these business folks there. And we serve the seniors very proudly, because it is a call that my wife took over 21 years ago.

She has been serving in the State of Texas as an agency owner and administrator of home health in the State of Texas for the last 21 years. She is very passionate about what she does. And I wish she could be here. But we had business obligations in Houston that she had to attend.

There was a question I think the staff had. I think originally, it was whether it was senior housing or not. Yes. Because that was my purpose of visiting the Westlake housing. Because it was a question

of -- originally it was thought to be senior housing. So my wife and I went there last week.

And we talked to Ms. Polly Jackson, the manager there at Westlake -- a very nice lady, and asked about, is this a senior housing? She says, no. And her comments were, we have old and young people living here. We take anybody that will apply and is available to go.

And the other question I asked was about vacancies. And I asked, I said were there any vacancies here at the time. And she said, yes. There are four. And she -- her response was, it was due to remodeling needs, that people could not move into those four units.

And she said, would you like to see one? And I said, sure. And I went up, and took a look at one. This is two stories. And yes. It needed remodeling. There was a lot of work there to be done.

One other thing to consider for Hemphill, we were certified retired retirement community by the Commissioner Todd Staples in 2009. Since then, we have seen an increase of the senior growth in Sabine County. And through the market study that Mark Temple did, the data shows that it will continue to increase through 2015. One of the things to consider, and Mr. Moore has already mentioned about the highest score in Region 5. One data point that you will not see anywhere is the data point that you would see walking around on the streets of Hemphill, talking to the people. Talking to the seniors.

Since we are neighbors there, and this went public back you know, several months ago, many seniors would come up and ask me. And

ask my wife, and say, when is it going to happen? When are we going to get the housing. When is it -- just a tremendous amount of curiosity about it.

And I told him that we are waiting on the State. We are waiting on the State. So there is a lot of seniors there that are asking about it. I would like to have the affordable housing.

As I mentioned before, my wife and I's living is made with health care. The difference in this project, that I have heard with others, this is not my living. I am doing it for the seniors for Hemphill. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Okay. That concludes the witness affirmation forms on this particular agenda item. Any questions of staff?

(No response.)

MR. CONINE: If not, I will entertain a motion. Dr. Munoz.

MR. MUNOZ: Tom, right here in your notes, you indicated that you gave them an opportunity to submit within two weeks.

MR. CONINE: Do you want to come up? Brent?

MR. STEWART: Let's see. What was the note? We spoke with Mr. Moore on I believe it was June 28th. June 29th.

MR. MUNOZ: You didn't get it?

MR. STEWART: And we received, it was about two weeks. And we received the revised letter from NEF, who was the proposed syndicator on the deal. We talked to NEF. We talked to them about their increase in the credit pricing. It was post publication of our report.

Our rules, we are not -- we as staff are not allowed to consider stuff that comes in, in an appeal after the posting. That in itself doesn't mitigate some of the other market concerns that we have about the deal.

MR. CONINE: Any other questions of staff? Doctor, do you have a question?

(No response.)

MR. CONINE: Okay. Can we get a motion?

MR. KEIG: Move to approve staff's recommendation.

MR. CONINE: Motion by Mr. Keig to approve staff recommendation. Is there a second?

MS. BINGHAM ESCAREÑO: Second.

MR. CONINE: Second by Ms. Bingham. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Now we are going to break for lunch. Executive Session. We will try to be back at 1:30-ish or so.

A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

MR. IRVINE: At this time 12:42 on July 28, the Board is going into Executive Session, closing its meeting to the general public as posted in accordance with Texas Government Code 551.074, 551.071, 551.072.

(Whereupon, the Board recessed into Executive Session at 12:42 p.m.)

MR. CONINE: All right. We are back. Tim.

MR. IRVINE: Thank you, Mr. Chairman. At 1:30, the Board concluded its Executive Session. No action was taken. We are reconvening in public session at 1:38.

MR. CONINE: All right. We are moving on now to Item 4, I believe. Robbye.

MS. MEYER: Chairman Conine, Board, staff has provided you with six reports. Now can you hear me? We have provided six reports published in your Board materials. The first two reports is 1(a), 1(b). These are the reports that contain the recommendations by staff. I will wait for you to get those, 1(a) and 1(b). 1(a) and 1(b) are the recommendations by staff. 1(a) is the applicant, time.

MR. CONINE: The revised list I've got starts with 2(a).

MS. MEYER: 2(a) and 2(b) is the applications, are all reactive applications. Let me go to the -- let me tell you exactly what your reports are. 1(a) and 1(b) are just the recommendations. 2(a) and 2(b) is the list that you really want to pay attention to.

MR. CONINE: Okay.

MS. MEYER: So that is why you have a revised list.

MR. CONINE: It has got everybody on it.

MS. MEYER: So that is really what you want to pay attention to. I am just telling you what your reports are.

MR. CONINE: Okay.

MS. MEYER: 1(a) and 1(b) are the recommendations only.

MR. CONINE: I have got it.

MS. MEYER: 1(a) is your at risk applications and USDA applications. 1(b) are your regional applications. 2(a) --

MR. CONINE: Question?

VOICE: Hold on a second.

MS. MEYER: Okay.

MR. CONINE: You don't have 1(a) and 1(b) except it is in the book, okay.

MS. MEYER: Correct.

MR. CONINE: I have got you.

MS. MEYER: The only revised report that you have is 2(a) and 2(b) because that is really what you are going to --

MR. CONINE: 2(a) has the winners and the losers. 1(a) and 1(b) only had the winners. Okay.

MS. MEYER: Correct. Because that is what you are going to see in the shifts, in just a minute, what I am going to tell you on the revisions. We wanted you to be able to see everything. Okay. 2(a) and 2(b) contain all of the applications. 2(a) being the at risk and the USDA applications, 2(b)

being all of the regional applications. These applications contain the forwards from last year. All of the recommendations that staff is making, also the applications the staff is waiting for to remain on the waiting list. The report that is entitled Report 3 are the recommendations that will be for to meet the nonprofit set-aside. And the report entitled Report 4 is to meet the state rural allocation.

We have a couple of revisions as you well know. That is what you have that report for. And I want to walk through those for you, so you will understand. And Tom is missing. And he is supposed to be supplying this on the overhead for me. Mr. Gouris, everybody in the audience, there were copies outside. So there you go.

The first revision we have had to do with in the at risk set-aside. Originally, we had an error in a tie between La Promesa Apartments and American G.I. Forum. La Promesa Apartments actually won the tie break. However staff identified American G.I. Forum as the tie break.

When we did that, we moved La Promesa Apartments to Region 12 because they would be the highest scoring in that region. That displaced the application that had been scoring the highest in Region 12.

That is the way it was published in the Board book. Now, when staff realized the error. Thank you, Mr. Gouris. When staff realized the error, we called American G.I. Forum and notified them of the error.

Now, La Promesa Apartments is back in the at risk. Which is the way it reads on your log in 2(a). But now American G.I. Forum has moved to not recommended. La Promesa Apartments is recommended. If

you go to 12 in your 2(d) list, Playa Del Pueblo moves into the recommendations.

The second correction that we have deals with Region 1. And this is between The Villas at Tuscany, application 11074 and Stonebridge at Lubbock, 11195. Initially again, we had a tie break. The tie break was based on, and this was with Tuscany Villas, that we had identified Tuscany Villas as winning the tie break.

The tie break was based on the net square footage based against the reduced credit amount. And it had to do with the cost per square foot. On an issue that was appealed at the Board meeting. The applicant had stated that nothing had changed in the appeal.

When we reviewed the transcripts and the documentation that was mentioned, the documentation mentioned no reduction in the credit amount was reflected during the appeal. Therefore, the original credit amount should have been used. When we went back and changed that, then Stonebridge actually won the tie break.

This made a bigger shift in the credit recommendations. Stonebridge won the tie break. That shifted the list. Unfortunately, that moved the last under/over in statewide collapse. And that displaced Region 7, the very last recommendation for statewide collapse for 11123, Allegre Point in Region Seven now comes off the recommendation.

Last night, no, let's see. We received an email from 11076 Saddlebrook Apartments in Region 2. They withdrew their application. So in Region 2 rural, 11061, Pioneer Crossing moves up to take their place.

We will need to do underwriting on that particular application. It is only a \$30,000 difference in allocation. So that won't make a big shift. But that would be the next deal in rural Two. That would be the next change. Those are all changes on the list.

MR. CONINE: Okay.

MS. MEYER: Do you want to take public comment on the change before I finish?

MR. CONINE: Yes. I mean, I have a got a huge slew of them. Is there anything you want to cover before we go through them?

MS. MEYER: I figured as much. I think we will cover the rest once you hear public comment.

MR. CONINE: Okay. All right. Again, we have got several folks that want to speak on this agenda item. Justin McDonald. Next we have got Cynthia Bast and Walter Martinez.

MR. MCDONALD: I have never been called first before. Thank you, Mr. Chairman and Board members, Mr. Irvine. My name is Justin McDonald. I am here speaking today on application 11026 Walnut Springs in Seguin. You already heard --

MR. CONINE: If you can tell us what region you are in, it would be really helpful.

MR. MCDONALD: Okay. Region 9, rural.

MR. CONINE: I have got it. Thank you.

MR. MCDONALD: You already heard from Mayor Matthies this morning. She came and spoke to you about the need for seniors

affordable housing in the city of Seguin. She told me to apologize, that she has already left. She said that at her age, she wanted to go home and catch a nap. Anyhow, I just wanted to reiterate her comments.

The city of Seguin has been experiencing pretty rapid economic development, with the new Caterpillar plant that is going in, and several hundred jobs. They have got several other industrial plants that have gone in, and various things. And it has really put affordable housing out of reach for seniors, because the housing that they would have normally have been in has been taken up by these other industrial workers.

Prices have hiked up. And it really puts a hardship and a burden on folks being able to stay in their community. And that is a real big deal that I think needs to be addressed there.

We -- she spoke to the location. And you know, we feel like it is probably one of the best locations for affordable senior housing that we have seen in a while, being right next to the hospital, HEB, movie theater. And so we would just like to ask for your favorable consideration for this application.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you, sir.

MR. MCDONALD: Thank you.

MR. CONINE: Walter Martinez and Cynthia Bast, whatever order you want to go in.

MR. MARTINEZ: Good afternoon, Mr. Chairman, members.

My name is Walter Martinez, representing the American G.I. Forum Village Apartments. I had originally planned to address the Board today to express the appreciation on behalf of the American G.I. Forum for the award recommendation that was originally included in the Board agenda.

But as you have been -- as everyone has heard, there has been some revised logs put forth. I am somewhat at a loss to understand the events of the last 72 hours. When our project went from being recommended to now being left off the list, on the waiting list, it has been difficult to explain to our members.

And you heard from them this morning. They were here. They were ecstatic to hear the news last Friday, as they looked at it on the website. And it is difficult for me to try to explain to them, and to understand what has transpired.

Apparently, a tie breaker miscalculation is what occurred. That is what I understand. And because of that, there was a switch on two projects. This in essence left the G.I. Forum off the list, as I understand it. I am not sure. We were listed also in the at risk statewide competition. And then we were also listed in the rural set-aside.

Well, with this latest revised change, basically, we are off both lists. So the project was bumped from both lists. I haven't seen anything in writing to show the calculation or what the explanation was on that tie breaker.

We are curious that a project was moved from the at risk to the Region 12.

And that was one of the reasons why at that time originally,

American G.I. Forum was recommended for funding under the at risk. What we don't understand is why that project then was moved again back from 12 back to the at risk.

We were under the impression that in order to move from one category of funding to another, an applicant would actually have to request that. Maybe that is correct, or maybe that is not. I am not sure.

But if it is the case, then once a project was moved from the at risk to Region 12, we kind of question why was it then again moved back? Was there a second request to be moved? I don't know. Or was that just a change that was done by staff?

I believe there are many other instances. There may be other instances where this has occurred; where a project has been moved from the at risk. But it requires the applicant request. All of this, to say that it is pretty confusing.

Let me just close by saying -- I think that we will need some time. By saying that it is confusing. We know that staff has a very difficult decision to make. We have complied. The American G.I. Forum has complied on a timely fashion with every request for deficiency, every notice that has been sent to us.

And in fact, if I may comment, you have a great staff. We know that your agency is underfunded. And they do a terrific job with something that is very complex.

Let me just say that in closing, we request your consideration because of this last minute reversal, please consider us if there is an

opportunity for additional funds, or if funds become available through this process, or for a forward. And thank you very much for the service and for the work you do.

MR. CONINE: And Mr. Martinez, you have asked some good questions. And I am sure that our staff will, post this meeting will bring you up to speed on all of the various moving parts, if you will, and what happened. And if you still don't like it, you can blame it on Tom Gouris.

MR. MARTINEZ: I will remember that. Thank you, Mr. Chairman.

MR. CONINE: They will. They will follow up with you, and make sure you have a clear understanding.

MR. MARTINEZ: Thank you. I appreciate it.

MR. CONINE: Thank you. Kristy Macktinger. And then Gray Jordan. And then John Brennan. Are they all here, or are they all gone? There she is. You have a reason. Okay. Come right on up.

MS. MACKTINGER: Good afternoon. I am Kristy Macktinger. I spoke before you on June 30 about application 11056, the St. Paul Apartments in Dallas. I know you have heard a lot from us, as well as some other groups in the downtown area.

You have heard from the church. You have heard from the day school itself, which is a separate legal entity from the church. You have heard from four or five parents down here.

And you also heard from the Farmers Market stakeholders group which is made up of property and business owners. I think they had

somebody here earlier this morning. We just want to remind you how important this is to us, that we keep St. Paul Apartments from receiving an allocation, whether it is today, or a forward allocation.

That this is important to the safety of our children. And I am not going to rehash everything for you. Because I know you may be a little tired of hearing some of us. But it is really important to us.

Based on what we saw happen last year with the forward allocations, it was obvious to us that you have full discretion. And where a project falls on the ranking really doesn't matter at the end of the day. If it is on the list, you have the ability to give it the tax credits. And so from our standpoint, as long as it is on the list, we are going to be down here. Because there are our kids. I have a three-year-old, a two-year-old and a six-month-old. Sorry. This is important. Please hear what we are saying.

MR. CONINE: Thank you for your testimony. Any further questions?

(No response.)

MR. CONINE: Grady Jordan. Okay. Apolonio Flores, and then Laura Llanes, I think. After Apolonio.

MR. FLORES: Hi. I am Apolonio Flores. I am here on behalf of the Housing Authority of the city of Kingsville, Texas for their application in Region 10, 11058, which is Connell Villa. There is not enough money to be funded.

This is a small 36 unit development. It is a public housing

development that has been -- the application is for reconstruction. It needs to be demolished and replaced with a new development.

Housing authorities simply are not funded by Congress to carry out this activity. And we are asking your consideration for a forward commitment. The property has exceeded its useful life.

And the reconstruction of this property is preservation for affordable housing. Because the 36 units will continue with the rental subsidies to be able to house the very low income families that will reside there. Thank you.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: Thank you. Laura Llanes. And then she has got time donated to her. And Doak Brown will be after Laura.

MS. LLANES: Good afternoon, Chairman Conine and members of the Board. My name is Laura Llanes for the record.

MR. CONINE: All right.

MS. LLANES: Llanes, if that helps you remember.

MR. CONINE: Llanes.

MS. LLANES: I am the Executive Director for the Laredo Housing Authority. I am here to speak to you today about our application for the redevelopment of Colonia Guadalupe, project 11059, located in Laredo, Texas.

This colonia is 70 years old. It is public housing. And we have proposed to demolish and completely reconstruct with housing tax

credits. A little earlier today, entered into the record, I believe you got a copy of a support letter from Senator Zaffirini addressed to Chairman Conine, in support of Colonia Guadalupe project.

As you know, there were 138 tax credit applications in Texas in 2011. The highest scoring came in at 215. Our application, Colonia Guadalupe, came in with 214 points, very high. Unfortunately, because of a forward commitment from the Lower Rio Grande Valley which utilized 51 percent of the funds, the remaining 49 percent of the available funds were used in the statewide collapse.

What this all means, is that our extremely high scoring application did not make the recommendation log. We hope that because Region 11 is so underfunded, that sufficient funds would become available in the statewide collapse to fund Colonia Guadalupe. However, it appears that we may have fallen just short. If we do not leave here today with an allocation, we believe we have an extremely strong case for a forward commitment.

Number one, Region 11 where Laredo and Colonia Guadalupe are located has some of the most explosive population grown in all of Texas. And the most typical residents of this region qualify to live in tax credit housing based on income. This important and absolutely necessary redevelopment project has an overwhelming support from Senator Zaffirini, Representative Richard Wayman, our Mayor and City Council, the school districts, the Police Department and our colonia residents.

Tuesday's headlines of *USA Today*, read, "Need a job, move to

Texas." The oil and gas sector has created 45,000 new jobs in Texas since 2009. The Eagle Ford Shale Play which runs through Laredo and Webb County accounts for much of this 23 percent increase in oil and gas-related jobs, resulting in an even greater demand for affordable housing, in our immediate area.

That is where Colonia Guadalupe comes back in. For again, Colonia Guadalupe is 70 years old. It is functionally obsolete. And cannot be rehabilitated or modernized. Tiny bedrooms, tiny kitchens and living areas. No central air or heat. Laredo's temperatures for anyone that has gone down to South Texas is unbearable. In July, they have exceeded 100 degrees each day, and today was forecast at 110.

Our tax credit application provides a real solution to a very serious problem. As a Housing Authority, we are ready to go on redeveloping Colonia Guadalupe and respectfully ask for the Board's help for funding to meet this goal.

As you are aware, Congress does not adequately fund the capital needs of public housing. The very small annual amount for this colonia is woefully inadequate to meet the needs of Colonia Guadalupe. In keeping with TDHCA's mission, we must preserve the affordable housing at Colonia Guadalupe. And that can only be done with an allocation of tax credits.

I am sure, Board members and staff are aware of the articles covering studies that disclose significant improvements in the education of children residing in public housing that were developed with tax credits. The

study included public housing redevelopment by the Atlanta Housing Authority using tax credits. I have that article with me, if you need to take a look at it afterwards, or if you have any questions.

In conclusion, I would love to leave here today with a tax credit award. And maybe that can happen, if the tax credit allocations have somehow adjusted in the last few days. If this vitally important redevelopment does not receive credits today, we respectfully ask the Board to consider Colonia Guadalupe for a forward commitment.

If forwards are given, and we certainly hope they are, we ask the Board to award a forward commitment to this extremely high scoring and absolutely necessary development, Colonia Guadalupe, project 11059. I thank you for your time.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: I am sorry for mispronouncing your name.

Doak.

MR. BROWN: Good afternoon. My name is Doak Brown. And I am with Brownstone Affordable Housing. And we are the developer for the Laredo Housing Authority, their application Colonia Guadalupe Region 11, 11059. Every year, there is always going to be some applications that are first or second in line to be funded in the statewide collapse.

Unfortunately, this year our application is one of those. There is nothing unusual about that. But what is unusual this year is to have an application that is the second highest score in the state, in a region that is 49 percent

underfunded not get an allocation.

As Laura just mentioned, we ended up with a score of 214 out of 138 applications, there were only two other applications in the state that scored higher than that. Our Region 11 was extremely competitive this year. There were three other applications that scored 214, but we won on the tie breaker factor, due to Laredo having the lowest per capita ratio.

And it is, as Laura also mentioned, it is a 49 percent underfunded region. And overall, Region 11 is 43 percent underfunded. Region 11 gets the third highest allocation in the state.

Can you imagine what the uproar from the development community if 50 percent of the regions allocation ended up being allocated or pulled from Houston or Dallas? I mean, that is really a high number. When the rural collapse and statewide collapse formulas are applied, many of the rural regions end up getting overfunded by 70, some even 80 percent.

If the Board considers forward commitments at the next Board meeting, please consider funding the most underfunded regions first. Help get the regions more in line with the initial regional allocations. Thanks.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you. Eric Opiela.

MR. OPIELA: Chairman Conine, and members of the Board, I am here asking for a forward commitment for Anson Park III. You have packets that should have been distributed as well that have a letter of support from the Sears Park revitalization committee as well as the --

Oh, Eric Opiela, representing Anson Park III. As well as letters of commitment from the various partners in the development. This development is in Region 2, urban. To look in your packets.

Two phases adjacent to this development have had a numerous waiting list throughout the time that they have been in development. And they currently have a long waiting list.

This development area will never score high enough to meet the need in this portion of Abilene in order to serve the long number of people that are well deserving of affordable housing in this community. But for a forward commitment, this project would score second highest in the region, will not be developed in this existing census tract because of the developments already there.

This development is also unique in that they have the ability to have it in service. And they have a commitment from, we have a commitment from the developer to have it in service by 12/31 of '12. So we can get this affordable housing on the ground.

It is land that has been owned by the developer for some time. And it is adjacent to the Phase 1 and Phase 2 of the project. The existing developments that are there have been well received by the community, as you can tell from the support from the neighborhood organization, and from the community for a number of years.

And we respectfully ask for a forward commitment in order to serve this well-needed development in a census tract that otherwise would not be able to score high enough in order to get an award. Thank you.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Sarah Andre, she has got time donated to her.

Next up will be Lyle Hobby.

MS. ANDRE: Greetings. Good afternoon.

MR. CONINE: Hello.

MS. ANDRE: I am Sarah Andre. And I am here speaking on behalf of project 11074, The Villas at Tuscany, proposed for Lubbock. This project is tied with application 11195, Stonebridge of Lubbock, with 213 points.

In Region 1, there are only enough credits to fund one of these applications.

The QAP outlines what happens in the event that two applications receive the same number of points. There is a three tiered tiebreaker. We have come to the third tiebreaker with these projects, which is the amount of requested tax credits per square foot of net rentable area.

According to TDHCA's published underwriting reports, these two projects, our project has requested \$11.64 per square foot of net rentable area, while Stonebridge of Lubbock has requested \$12.66 cents worth of tax credit. So obviously, The Villas at Tuscany wins the tiebreaker.

And in fact, the Board book that you got last week, application 11074 was recommended. So you can imagine my surprise when I received a call just after 5:30 yesterday informing me that staff had decided that the tiebreaker would go to Stonebridge. The logic behind this decision, I was told is that staff has always used an applicant's original credit request rather than the final request as published by real estate analysis.

If this was always the case, then The Villas at Tuscany would never have been on the recommended list published a week prior. I can only assume that staff changed their mind after the Board book was published. As you know, I was here last week, speaking on behalf of this project.

In our appeal, we discussed net rentable area as well as the development cost schedule that we submitted to the Department during the deficiency process. When we said nothing had changed, we referred to the actual unit size. That was what was called into question.

There is nothing in the QAP that prohibits an applicant from revising the credit request. And in fact, Stonebridge of Lubbock also revised its credit request, apparently during the underwriting process. We feel that your approval of our appeal last week established that the information submitted during the deficiency process constituted our request.

The language of the QAP states that the third tiebreaker will be determined by the following. And I am going to quote. The amount of requested tax credits per square foot of net rentable area. The lower credits per square foot has preference.

The QAP does not say the amount of credits as requested on March 1. It says the amount of requested tax credits. The QAP in no way directs or requires TDHCA to use the credit request submitted with the original application on March 1, when looking at this item.

However, if you do want to go back to the original request, why stop at the full application? Why not go all the way back to the preapplication from January? In which case, The Villas at Tuscany would still win the

tiebreaker with an original request of \$13.27 per NRA versus Stonebridge with \$13.57.

I believe the intent of the tiebreaker is to get the most bang for the buck, to spend the least amount of tax credits on the most square feet for residents. If that is indeed the intent, then it makes the most sense to use the credit request as underwritten. In which case, The Villas at Tuscany wins the tiebreaker.

Conversely, if TDHCA holds to its decision to use the request from March 1, and awards Stonebridge of Lubbock, you are awarding a deal that requests more housing tax credits per square foot, is more expensive, and therefore provides less value for the dollar. We are standing here, respectfully asking the Board to determine this tiebreaker based on the final numbers, as published in the underwritten report. Thank you.

MR. CONINE: Questions of the witness?

(No response.)

MR. CONINE: I have got a question or two of staff. I would like to hear some sort of response. Guess who.

MR. GOURIS: Tom Gouris, Deputy Executive Director for Housing Programs. The response is that we have traditionally, typically, generally always used the request as a benchmark.

And to not do so would really give us a race to the bottom. Whichever transaction got underwritten last would be able to adjust their credits to beat out the competition. It would be a very difficult process to manage.

We made the mistake last week in publishing this report based on the credits that were reflected in our log, and didn't go back to double-check that that was the credits that were requested when we did the tiebreaker. It is as simple as that.

It was a short week. And it got beyond us before we were able to catch that. We were told by another -- by the other applicant that they didn't think that that was right.

And so we looked at it, and struggled with it. And thought that initially, thought that the Board had the information during the appeal which discussed the adjustments to the credit amount. We relooked at that yesterday and found that there was no reference to the reduced credit amount in the appeal or in the documentation.

And that the appellant during testimony repeatedly said that nothing had changed. And you know, convinced the Board that in fact, nothing had changed enough to say that you know, this wasn't a significant determinant. Staff struggled with this. And that is why -- we struggled with it a lot.

And yesterday, and late in the day yesterday, you know after a lot of the dialogue and discussion about what the right thing to do was, we decided we needed to do the right thing. And not allow a race to the bottom to be an outcome of our haste in making the wrong tiebreaker decision last week.

MR. CONINE: Any other questions? Mr. Oxer?

MR. OXER: Tom, go through the race to the bottom argument

again. Please.

MR. GOURIS: Sure. We see a little bit of it already in the preapp to app. Folks apply for something. They tell us how much they want. And then they make an adjustment to their deal in order to be more competitive at full application. That is pretty much allowed.

That is pretty much what the preapp is for; it's to home it in, trying to make it better. That is great. That application, now you have got -- you have submitted what you think now is your best deal. And in this case, I want to say that their credits originally requested were 900 something.

So it is significantly higher when they made their full application. And in fact, both transactions had some source and uses changes. But the changes to Villas was significantly more. Which is one of the reasons why we opposed the appeal last time, because there were other changes we thought were taking place.

If they were to be allowed to adjust their credit request down, they could figure out which elements they could score higher on. Or in this case, how they could beat out their competition with a tiebreaker. And at the last moment say, hey, I really don't need the amount of credit I said originally. I can deal with less. And that would get them under their competitor.

And if their competitor knew that, then they would try to do the same thing. And there would be this potential race to the bottom. I don't want to say -- race to this lesser credit amount.

MR. CONINE: You took the original requested credits for each project on March 1, and divided by the ultimate corrected square footage --

MR. GOURIS: Stonebridge wins.

MR. CONINE: Stonebridge wins.

MR. GOURIS: Yes. That is what we did. That is what we finally said was the right, that is what we should have done last week. That is what we did last night. That is what we are recommending today.

MR. MUNOZ: Tom, you know this process of sort of moving to the -- racing to the bottom, have you ever seen an expression of that happening? Has it happened in the way you have described?

MR. GOURIS: Yes. I mean, I am a pessimist when it comes to things like that. And I think it happens a lot. I think --

MR. MUNOZ: You have seen it taken advantage of? You have seen it used advantageously?

MR. GOURIS: I think we have a lot of point items. And there are a lot of folks that score points not because the project is intended to do that, but because they are chasing points. That is permissible.

But it strikes at the heart of the intent of what you are trying to accomplish. I think folks push those envelopes, and that is, again understandable. But --

MR. MUNOZ: Okay.

MR. CONINE: Could you read the tiebreaker language one more time? Just the portion that has to do with the square footage and the credit.

MR. GOURIS: There is the third tiebreaker. And it is the amount of requested tax credits per square foot of net rentable area. The

lower credits per square foot has the preference.

MR. CONINE: Has what?

MR. GOURIS: Has preference. The lesser credits per square foot wins.

MR. CONINE: Wins. Okay. All right. Any more questions of Mr. Gouris.

MR. OXER: So in effect, this becomes a sealed bid auction. The sealed bid on a fixed amount of construction.

(Pause.)

MR. GOURIS: If the award process is a bid process, then yes. But in fact, the costs and everything changes. The only thing that doesn't change is the credit amount can never go up. They can ultimately have some cost savings.

And the credit mark could effectively go down. But everybody in this room who gets an amount of credit does everything they can to utilize every credit they get.

MR. OXER: Okay. So we are saying that on March 1, we will fix the application, the financial aspect of the application with respect to what they are -- there are a certain amount of credits.

MR. GOURIS: With respect to their points.

MR. OXER: Okay.

MR. GOURIS: So that we can have a competition amongst the points.

MR. OXER: Right. Okay. And that just says, we are fixing

everybody is locked in on a certain date.

MR. GOURIS: Right.

MR. OXER: And the net rentable area is determined, as opposed to the final application? Did I hear you say that right, Mr. Chairman?

MR. CONINE: Because you know, to me, that is easily missed or miscalculated. And I would rather be wanting to know the right number.

MR. OXER: Right.

MR. CONINE: If we are making a decision between a tied scoring, I would rather know the right number than the wrong number.

MR. OXER: Right. So, their bin -- it is not a matter of -- you have got a fixed economic cost on March 1st. Right.

MR. GOURIS: Right.

MR. OXER: And then the net rentable area becomes --

MR. GOURIS: Yes. In this case, there were some changes in that rentable area.

MR. OXER: Okay. And I am trying to get to a point of not changing the game. Gaming the system in terms of reducing the credits as much as expanding the net rentable area in some fashion, that has the same effect.

MR. GOURIS: Staff would have preferred that we stuck with what we thought the rentable area was, in here last time.

MR. OXER: March 1st?

MR. GOURIS: In here last time, the people we heard last time. But we understand that there was a difference of opinion there. And

so we took the square footage that the Board granted as part of the appeal.

MR. OXER: Okay.

MR. GOURIS: In this last calculation. So we used the most current understood square footage. What happens at the very end could be different on both sides. Both the costs could be different, and the square footage could be different. And we will flush that out when we get to the end of construction through amendments or what have you. It is not -- it is static for the purposes of scores.

MR. OXER: For the scoring. Okay.

MR. GOURIS: And at some point, we have to -- one other note on this is, it would probably have been -- one of the suggestions staff will probably have on the QAP is to modify this tiebreaker to be initial credits per unit. It would simplify some things.

Units don't usually change; square foot is much more likely to change. So there is some pros and cons to doing that we can talk about. But that was one of the thoughts that came to our minds yesterday.

MR. CONINE: And again, my comments on the square footage was more of the fact that the Board had actually ruled on that issue at the last meeting.

MR. OXER: Yes. We asked for it.

MR. CONINE: If the Board hadn't ruled on it, I would say take the original one. But I would rather do it by the unit, obviously. That makes a lot more sense.

MR. GOURIS: And that was our initial position was, we

thought the Board ruled on the credits as well. And the comments we got back, and when we looked at the transcript, there was no discussion about the credits being reduced, or in the appeal, or in the transcript. And so that added to the idea that the Board hadn't acted on reducing the credit amount, but only on the square footage.

MR. OXER: We essentially increased the denominator and held the numerator fixed.

MR. CONINE: Right.

MR. OXER: Okay.

MR. GOURIS: And sorry for prolonging this. It is my nature.

MR. CONINE: Oh really.

MR. GOURIS: But underwriting would then adjust the credits separately. And the request shouldn't change at all. Underwriting deals with that. And would have accommodated the adjustment regardless of what the applicant adjusted to.

So, if they didn't qualify for as many credits, they would have been taken away not as a request by the applicant, but just as a part of the process of underwriting.

MR. OXER: Did we find another quirk, Mr. Chairman?

MR. CONINE: He is going to fix it. He has already given you the way out. Okay. Ms. Andre, where did she go? Come back. So, you rattled off a bunch of what ifs.

And I am not sure I was following them all. I tried to. But based on that conversation, do you agree that if we took the original applied

for credits and divided by the new square footage, that Stonebridge wins under this argument, based on your analysis?

MS. ANDRE: Do I have to answer that?

MR. CONINE: Yes, you do.

(Simultaneous discussion.)

MS. ANDRE: I would never want to agree that Stonebridge wins. But if the logic were that you used the credits submitted on March 1.

MR. CONINE: Right.

MS. ANDRE: And the final net rentable area, yes. They do have a lower square foot request for net rentable area.

MR. CONINE: Because as I recall, if the Board hadn't taken the action they took, we wouldn't have been in this discussion.

MS. ANDRE: That is correct. But I do want to say that our appeal letter, which was in your Board book contained a discussion of our development cost schedule, a copy of our development cost schedule which showed the credit request on there.

So all of those numbers were in that. We didn't talk about it. There are things that we are not talking about today that are, I am sure, part of people's submittals. So to say that it wasn't in there is not accurate.

MR. CONINE: Okay. Any other questions of Ms. Andre?

(No response.)

MR. CONINE: Thank you very much. Let us see here. I have two more witness affirmation, or one more witness affirmation form with some time. John Shackelford. On this particular project, so we might as well

deal with it now.

MR. SHACKLEFORD: Chairman Conine, members of the Board. John Shackelford speaking against this particular issue. Those of Tuscan, but in favor of Stonebridge of Lubbock. And I am the one that brought it to the attention of staff.

But I didn't think the tiebreaker was being accurately and fairly in this particular instance. Because just to add a little bit more flavor of what was going on in the background, both statutorily and in the QAP, the process demands that after an applicant has filed on March 1, their application, it states that you cannot go and change the information that has been filed as of that time, unless staff requests it, or it is in connection with during the deficiency process, it is information that is to correct something or to clarify or to correct some inconsistency.

In this particular instance, what we took issue with was, this particular applicant on April 12, in connection with the deficiency process didn't in our opinion file what we thought was statutorily permitted, which was to only be a corrected for information, supplemental information that is explanatory, to clarify, or to correct some inconsistency. But they made wholesale changes.

What they did was, they filed an entirely revised development cost schedule that changed almost every category. And in particular, one of the things they changed was not only requested less credits, but they also reduced the construction costs by nearly a million dollars on an 80 unit project.

That had certified by an architect on March 1, when they filed

their application as to what those construction costs were. So 42 days later, they are filing an entirely revised development cost schedule, which was not requested. And in the appeal process, Mr. Irvine, in response to the appeal, even cited to the applicant.

He states in his letter dated June 23, 2011, that, "At this time, the Department has not accepted the revisions made to the cost schedule to date, due to several inconsistencies between the revised costs and other information within the application." So he further went on to say that he did not even request it. So in our opinion, just to give you a little bit more flavor about what was going on.

And then when Ms. Andre was here last week, and she argued over the \$95-per-square-foot violation of construction costs per square foot, if the righteous numbers are the revised numbers, she doesn't have a point deduction issue. That is a given. She is under the \$95.

This application is under the \$95 per square foot. But she didn't bring up the fact that they filed revised numbers. And on their new construction numbers, they are well below the \$95 maximum that they could have. That was not discussed.

And Mr. Oxer was asking, has anything changed about this? And you heard consistently and we have the transcript. And essentially got told, nothing had changed on this project. Well, it depends on what was heard and what you were looking for.

But a lot changed on this project, between what they filed on March 1, and what they ended up filing on April 12, which was not requested

by staff. And again, I want to point out on what you can file after the March 1 deadline is statutory. It is in the QAP.

But it is also statutory. And it can only be that which is for clarification, or to correct inconsistencies. Filing a whole new revised development cost schedule where you change almost every category in it, in our opinion, does not constitute, on something that was not requested by staff, does not constitute a mere clarification or to correct an inconsistency.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much. Lyle Hobby. Latena Strawther will be after Lyle. And Maria Machado.

MR. HOBBY: Thank you, Mr. Chairman and Board members. I am here to speak on behalf of and in support of the Green Haus Apartments on Santa Fe Trail. Project 11114. I am a Board member and volunteer of the Shared Housing Center. Sorry. Yes. Lyle Hobby.

Shared Housing Center has a history of success, providing housing solutions to the underprivileged for 27 years in the Dallas area. And they are seeking to expand its reach with the Green Haus project.

I know that many of my colleagues have come here before you during the course of the last several months to defend our application and our project. On behalf of all of us, thank you for your most recent decision to reinstate our application. And remove us from life support.

We know that there may be many concerns and resistance. But I assure you that supporting our project will make a big difference to the

citizens of our community and all involved. Our resources of support reflect the importance of our work and our ability to perform.

In addition to the funds already committed to the project by the city of Dallas, and many private foundations, we have received letters of support from our State Senators, State Representative, our City Council member, County Judge, local school representatives, area church leaders and social service agencies. We have a window of opportunity to help these currently less fortunate become leaders of tomorrow. Help us to help you make this happen. Thank you.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: Thank you. Latena Strawther.

MS. MACHADO: I would like to speak before.

MR. CONINE: Go right ahead, Maria.

MS. MACHADO: Maria Machado with Shared Housing Center project. I am here to --

MR. CONINE: Pull it down and speak into it.

MS. MACHADO: I am really not that short. Okay. I am Maria Machado with Shared Housing Center. I am here to talk to, on behalf of project 11114, Green Haus on the Santa Fe Trail.

I am here today after a very long journey of tense conversations and negotiations. And while I am not ready to sing, because I am fat, nor throw in the towel, I do believe that we have unfinished business that could change our current score and bring us closer to our goal to get a

commitment for this year.

So I am here today to ask you for your consideration on the possibility of reviewing our score, given all that has taken place. We believe that perhaps our application was not fully reviewed due to the many detours that took place. And now that we have designed to truly fit the QAP, we may have gained some points along the way.

Secondly, we recognize that the region has few dollars to give this year. So I am also asking you for a forward commitment for 2012.

I want to thank you and to the staff, for working with us. I know that our Board members, my Board member and my volunteers can be taxing most of the time. But this is a true sign of compassion and commitment that we have for this. Thank you.

MR. CONINE: Thank you. Latena Strawther.

MS. STRAWTHER: Hello. My name is Latena Strawther. I am here to support the support of project 11114, Green Haus on Santa Fe Trail. Eighteen years ago, my three children and I found ourselves homeless.

We lived with different family members and friends before I found Shared Housing. But once there, our lives turned for the better. The program and services that this Agency offers makes a difference.

The staff and volunteers work with you to provide for yourself, and to become independent and successful. I can never repay for all that I learned and received at Shared Housing. But that is why I am here today.

My children and I volunteer at Shared Housing. And I serve on

the Board to help with program ideas. My youngest daughter at the time is now entering college this year. I know this goal is due to her experience and involvement at Shared Housing.

The Green Haus project will help house 24 homeless families. Please make more dreams come true for the homeless children in our community. Thank you.

MR. CONINE: Thank you. Any questions of the witness?

(No response.)

MR. CONINE: Barry Palmer. Jim Ryan et al. will be next.

MR. PALMER: Barry Palmer with Coates Rose. Tom, could you pull up Region 7 on the list? I am here to talk about in Region 7, application 11123, Allegre Point. Which you heard about earlier from Robbye, that this was on the list to get funded until last night. So the development team for the project, we were out having a celebratory drink last night, celebrating the fact that we were on the list to get funded, only to find out this morning that the project had come off the list, not because of anything that had to do with this project, but because of the tiebreaker in Region 1. And that the funding of a larger project would knock out this project from getting funded from the collapse, the statewide collapse. So what that means for Austin, if you look at the urban subregion, Austin gets a little less than \$2 million, but only \$962,000 will get funded, and the rest will get collapsed. So Austin will be underfunded to 251 percent. So and the same thing has happened in the Valley, you heard earlier. The Valley is only getting funded at 51 percent. San Antonio is only getting funded at 55 percent. So those

three regions are being substantially underfunded because of the way the statewide collapses worked. And I would like to echo the comments from earlier, when looking at forward commitments, you consider the fact that some regions are substantially underfunded.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Sorry to ruin your dinner, or breakfast or whatever it was. It wasn't me. It was the staff, you know. Okay. I have got on Hawkridge Apartments, I have got a plethora of witness affirmation forms. Three of you can speak.

MR. RYAN: Chairman Conine and Board, my name is Jim Ryan. I am the economic development director for the city of White Settlement. That is up in the Metroplex, the Dallas-Fort Worth metroplex, in case you didn't know.

We are here on behalf of the Hawkridge Apartments. It is a project, a housing project that we would like to see built. The city would like to see built within our City. It is 144 unit complex.

VOICE: What is the application number?

MR. RYAN: The application number, sorry sir. Is 11205. And I have with me, in support today, two of our Council members, Mr. Paul Moore and Mr. Elzie Clements. Our Mayor had surgery Monday. We had another Council member who had surgery.

We have had a lot of bad luck lately. And one of our councilmen is in California as we speak. So he had to go out there. So but

they would all love to be here. Let's see. As it says here in the report, our City has a lot of old housing. We do need new low cost housing. We have had a lot of support.

One of the interesting parts of our support is, we are home to the NASJRB. The Naval Air Reserve station there, and Lockheed. Lockheed and the Joint Reserve Base probably provide 17 or 18,000 jobs to our area. In fact, we have a map here, showing you our proximity to the base, and Lockheed. Very seldom do you get federal government support on a project like this, or so I am told. I am new to this end of the business.

But in one of the letters, Paul Paine, who is the former base commander, and he is a member of the COG RRC. We don't want our base to close. And one of the problems that our base has right now is affordable military housing. And Mr. Bert Magill has talked with the base. And their deal.

We have a federal deal here. It is important that we have affordable housing for our soldiers and warriors, and others in the area. We have a desperate need for this type of housing. And we would like to ask this Board to consider it.

I am not familiar with commitments or forward commitments or any of the jargon I have heard used here today. But if you can find a way to make it happen for our city, it would be most appreciated.

As a part of the COG benefit here, Council of Governments, we also have several cities listed here that are in this group of right around the base. And we have --I don't know how often you get support from fellow

cities right around you. But they are actually saying, hey. That is a good idea.

So if you can find anything to do with it. I will turn the rest of it over to Mr. Bert Magill. Thank you very much.

MR. CONINE: Thank you, Mr. Ryan. Any questions of the witness?

(No response.)

(Pause.)

MR. CONINE: Bert?

MR. MAGILL: Thank you, Mr. Chairman. Board. Bert Magill. I work for 11205. And I just want to reiterate that the Naval Air Station is about 300 units short, or more than 300 units short of their affordable housing needs. And we have visited, and we will commit to giving the military a discount.

And they are asking the city of White Settlement to support this, to try and boost up the housing that is needed in this area, and to support the Lockheed Martin which is a big employer for the Central Texas. I do want to reiterate that the Council of Governments which includes a number of cities, including Fort Worth and Tarrant County are all behind this. And it is important to support the Naval Air Station, and that which supports Lockheed Martin and all of the jobs that they have.

Secondly, I would like to agree with some of the comments made by Granger McDonald earlier, and Barry Palmer. There are a lot of deserving applications here that should be awarded forward commitments.

And I hope that the Board favorably considers that. Thank you so much.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: Thank you. I appreciate it. Rick Keeler.

Angelica Pena will be next.

MR. KEELER: Chairman Conine, members of the Board, my name is Rick Keeler. I am with Options real estate development. You heard earlier, we are talking today about the Terrace at Midtown, Midlothian, Texas, TDHCA 11223. You heard earlier from the Mayor of Midlothian, Boyce Whatley, who testified about the great need for this project in the city of Midlothian. You also heard earlier from Diana McIver who testified that with the new credit environment, that the amount of credits that we would be requesting is within the amount that was allocated for Region 3 this year.

We are not trying to obtain extra points or jump someone, or circumvent that. We are just saying that we would like to be able to use the amount of funds that were allocated for this region originally for an award this year. Absent that, we would like to respectfully request a 2002 forward commitments for the Terrace at Midtown. About four years ago, we collaborated with the city of Midlothian on a planning project to develop 131 acres in a new urbanist livable walkable sustainable community. And we were successful in doing that.

This project is not on the outskirts of town. This project is in the very center. It is in the very heart of Midlothian. In fact, this project has won two planning awards. One from the Texas Chapter of the American

Planning Association, and recently, we were the recipient of a CLADE award from the North Central Texas Council of Governments, CLADE being an acronym for Celebrating Leadership and Design Excellence. These seniors, these low income seniors are going to live in a project that is directly across the street from Midlothian High School. That enables them to see drama performances, choir performances, baseball games, basketball games. They are directly across the street from a junior high in Midlothian that allows their grandkids to come visit them on a daily basis. They can step outside and listen to the announcer at a football game. They can listen to the band perform. They can walk one minute to the dentist. They can walk one minute to a yoga studio. Two minutes to the coffee shop. Two minutes to a salon.

This is exactly the type of development that improves the quality of life of low income seniors. Many of you know in June of 2009, the Director of the Department of Transportation, the Secretary of HUD and the Secretary of the EPA created six guiding principles on what they wanted neighborhoods and developments to be. Number 6 on that list states, to enhance the unique characteristics of all communities by investing in healthy, safe and walkable neighborhoods, both rural, urban and suburban. The Terrace at Midtown is located in exactly this type neighborhood. And I can't imagine a better quality of life for low income seniors than to live in this project.

Thank you very much for your consideration.

MR. CONINE: Okay. Any questions?

(No response.)

MR. CONINE: Appreciate you being here. Angelica Pena. Craig Meyers is next.

MS. PENA: Good afternoon, Chairman Conine, Board members. My name is Angelica Pena, and I am here representing the city of San Angelo Community and Housing Support Division. And I brought some friends with me. I would like everybody to stand up. The yellow shirts.

We are all here in support of the project for the North Angelo Housing Estates, Region 12, 11261, in San Angelo, Texas. Just by way of some history, the city of San Angelo was awarded tax credit in 2008 for a Blackshear scattered site single family home project.

We did have everything in place. Developer, investor. But due to some hard economic times, our financial investor did pull out, last minute, forcing us to turn in the credits. We feel like we are seasoned in the process.

We have gone through it once. We have come back with a bigger, better, and stronger project, the NOAH Estates. We feel we have another opportunity to make a difference within our city. We understand that all of the projects are important to people and their cities.

And we feel NOAH Estates is not only putting people in housing, it is a key player in neighborhood revitalization, something that as a city, we have worked with for five years. Working with infrastructure, such as paving streets, constructing sidewalks, adding street lights, clearing dilapidated substandard structures. And the last key piece to making this effort is this NOAH Estates project, and providing some type of housing in this

area.

We respectfully request that the Board consider providing a forward funding commitment for this project, and help us continue the momentum that we have worked so hard for at this point. Thank you.

MR. CONINE: Thank you very much. Craig Meyers. Granger McDonald is next.

MR. MEYERS: Craig Meyers with West Texas Organizing Strategy in support of project 11261. We take nothing for granted. Our seventh time down here. So they put [inaudible] of the project, so we can remember these kinds of things. Some of us are getting older.

But as Angelica said, we came down here five times before we were awarded credits. And having put those together, we bring you now the Son of Blackshear, the NOAH project, the sequel. And it is bigger and better.

And there are several reasons. One of them is we lost our equity investor at the last moment. And we now have added Granger McDonald to our team. And we have had him in contact with a number of folks who said they are ready to invest if we get approved again.

The second thing is, that while we do not compare favorably in terms of number of units, with 90, 100 unit projects, many of those are designed for one person per unit. We are building houses for four to six people. And we serve approximately the same number of folks, many of them children and low income families who are some of the hardest to place in affordable housing.

The third thing is, because of the collaboration we have with so many partners, public housing has guaranteed us enough Section 8 credits that when this project is finished, it will be fully occupied upon completion. And the fourth thing is right here. And I will tell you one thing about this piece of paper.

It is not as you hear from so many people, a dream of what we would like to happen. It is not an explanation of what we plan to do. It is a fact-based thumbnail sketch of what has been accomplished in the umbrella Neighborhood Revitalization program of which NOAH will be a part. We have a symbiotic relationship with every other component, which means that the neighborhood improves the sustainability of this project, and the quality of life of the people also improves. And every one of these strategically placed houses has a cumulative impact in improvements that folks have.

These are rather astounding kinds of statements about what you have done. And the last thing on here is that with less than \$4 million invested, it says there is \$26 million of product on the ground. Mr. McDonald corrected me and my math, which has never been very good. And it is \$32 million.

And what that amounts to is for every tax dollar invested, new tax dollar invested, you get an eight to one multiplier. And I don't think you can get that kind of money in the stock market. That is something that is to be considered. And we hope that you will confirm your good judgment in approving us in the past. And just one thing. All of these things are rather following kinds of statements to say that you have accomplished in this

amount of time. And with this little money. And any one of these items you would like to question, I can provide verifiable information immediately to correct those.

MR. CONINE: Thanks for your testimony. Any questions?

(No response.)

MR. MCDONALD: Granger McDonald, I have volunteered to be the builder of this project, and also cosign the note. And that is because I can't tell Reverend Craig no. He makes a very compelling argument about what this will do for the overall community of San Angelo, Texas.

In going through and doing a scattered site in a very blighted area, where they have taken back the lodge for taxes and improving and starting a complete urban renewal project in the entire community. San Angelo will never score well enough in the region, to outscore the Midland Odessa projects. It is just the way it is. San Angelo has been --

MR. MUNOZ: Why, Granger? Why?

MR. MCDONALD: Neighborhood organizations for one. The Housing Authority for another. And it just keeps us below the power curve. Consequently, there is only the -- the only family project done in San Angelo was in '97. It was 118 units.

There was an ac-rehab done in '06. It is 230 plus units. And a seniors deal that we did in '09, which is 120 units. So therefore, there has only been 238 units of new construction in the whole period of tax credits in a town of over 100,000 people. And that is just because it just won't outscore Midland Odessa.

And so the other projects that we are always granted, were on a forward commitment are added to the bottom of the page at the end of the day, on the allocation day. And I would like to ask you to do the same thing today. I did some math. And it appears that there is slightly over \$500,000 worth of unused credit in this round.

And I would like to ask you not to give us a forward commitment, but to have the \$494,000 that it takes to do this project for the citizens of San Angelo in today's credit round. You have got room on the sheet. And I would ask you to add it. Thank you.

MR. CONINE: Thank you. Any kind of questions of the witness?

(No response.)

MR. CONINE: That concludes the witness affirmation forms on Item 4(b). I think. Robbye, did you have some additional comments? Thank all of you all for coming, by the way. We appreciate you being here.

VOICE: Thanks.

MR. CONINE: I hope the bus doesn't break down on the way back.

(Simultaneous discussion.)

VOICE: If it do, we are calling you.

(Simultaneous discussion.)

MR. CONINE: Call that big guy in the corner over there. He kind of looks like Santa Claus.

MS. MEYER: There is one other compliance related issue that

staff would like to bring to the Board's attention before you make your decisions. In connection with the need to timely process cost certifications on a number of deals, where a portion of the developer fee might be held up, staff has reviewed aging cost certification log.

A number of deals had been in process for upwards of a year. And generally, are due to non-responsive applicants. We view this as a potential issue under the adherence to obligations provision in the QAP, and have sent letters to these parties to get them to move forward, finish the cost certification and request final inspection.

Staff has put these applicants on notice. And the oldest of the developments have been in the cost certification process for over 500 days. And we are working with them to clear the final inspections, issues, and clear them up before November 1. Which is a carryover deadline for any new awards for this year.

They have been on notice that if they do not meet that deadline, that the Department will not issue a carryover. We will not execute the carryover, should they receive an award. That was the only additional issue.

MR. IRVINE: Basically, they have to take care of business, get everything in place, done by November 1st, when they have got to execute carryover, or we are going to roll to the next deal.

MR. CONINE: Okay. Any other questions of staff or comments by the Board before we take action?

(No response.)

MR. CONINE: Seeing none, I will entertain a motion.

MS. BINGHAM ESCAREÑO: Mr. Chair, a point of order. So if we are making a motion on staff's recommendation, it would be off of this revised list that is the 2(a) and 2(b) reports?

MR. CONINE: Yes. That is correct.

MS. MEYER: That is correct. Staff is recommending as presented today, and the waiting list for all of the remaining applications.

MS. BINGHAM ESCAREÑO: Mr. Chair, I move staff's recommendation.

MR. CONINE: Motion by Ms. Bingham. Do I hear a second.

MR. KEIG: Second.

MR. CONINE: Second by Mr. Keig. Any other discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Item 5, Mr. Irvine.

MR. IRVINE: Item 5, I believe is --

VOICE: Mr. Chairman, [inaudible].

MR. CONINE: Yes.

VOICE: [inaudible] waiting list.

MR. CONINE: It did both.

MS. MEYER: That is correct.

MR. GOURIS: Mr. Irvine.

MR. CONINE: Yes, Tom.

MR. GOURIS: Mr. Conine, can I interrupt for one moment?

MR. CONINE: Of course.

MR. GOURIS: We usually acknowledge staff's efforts. And this year, I think it would be particularly appropriate to do so. I think we have got a number of --

MR. CONINE: Let's hear it for the staff.

(Applause.)

MR. CONINE: Nice job. Thank you, Tom for reminding me.

VOICE: Let's hear it for Tom.

(Simultaneous discussion.)

MR. IRVINE: Before we finish those kudos, I would like to thank the tax credit development community and their lawyers, and their consultants and everybody that participates in this process.

I know it is a process that unfortunately has at least for today, winners and people who aren't winners today. I am not going to call them losers. And your involvement in this process is great. You keep us between the rails. We could not do it without you.

It is immensely hard. You come in here, and you turn on the lights in the dark, and you go home in the dark. And always on the other end of the computer or the phone or whatever.

There are people that are really taking an interest. And it was

pretty evident from the comment today that they are not just taking an interest in their deals. They are taking an interest in the process. And I really thank them.

(Applause.)

MR. LAW: Chris Law, HOME program, multifamily program administrator. The signs for the award of the HOME multifamily development applications, staff is recommending approval of HOME awards through 13 applications from the general set-aside totaling \$14,238,508.

All of the applications being recommended today are also being recommended for awards of 9 percent tax credits. Based on recent actions on tax credit award recommendations, American G.I. Forum Village I and II will not longer be receiving a tax credit award. And it has been removed from the HOME award recommendations list.

Additionally, one application, Saddlebrook Apartments withdrew its application in Region 2. And therefore, HOME is recommending Pioneer Crossing for Seniors, Burkburnett in the amount of \$2 million.

Please note that the Real Estate Analysis Division has not completed its evaluation of this application. Therefore the final award, amount, terms and conditions are subject to the final underwriting report recommendations.

Due to high demand for HOME multifamily development funding in conjunction with 9 percent tax credits, the NOFA does not include sufficient funds to award all HOME general set-aside applications. They are also being recommended for an award of tax credits. Therefore, staff is

recommending that approximately \$8 million from the Department's balance of HOME funds available for programming be used to fully fund four general set-aside applications.

One weighted application being recommended for a tax credit award today, Hunters Chase Senior Apartments was not recommended by the Real Estate Analysis Division for a HOME award. Therefore staff is not recommending a HOME award for this deal. Staff recommends the 13 HOME multifamily development awards reflected in your Board materials, subject to each receiving an award of tax credits, the conditions of the final underwriting reports and other conditions.

MR. CONINE: Okay. Chris, just for my own knowledge, some of these, you took off the list, because they weren't on the other list. But let's just make the assumption that the Board decided they wanted to do a forward commitment for one that was taken off the list later on. Is there other HOME funds available for that? If the Board decides --

MR. LAW: At this time, if the awards were made as we are presenting them right now, that will leave approximately \$1.3 million in our fund balance report.

MR. CONINE: Okay.

MR. LAW: Which doesn't leave us much room to do that. I am sorry.

VOICE: [inaudible]

MR. LAW: A new round of funds will be coming up. We plan to bring the funds to the next Board meeting to make it available in a new

NOFA.

MR. CONINE: In October 1? Is that the new round?

MR. LAW: The next upcoming Board meeting.

VOICE: They typically come in the next --

VOICE: [inaudible].

MR. GOURIS: Arriving from HUD. And so they will be added, or we will come out with a new NOFA for them.

MR. CONINE: Okay. All right. Thanks. Okay. Everybody got the amended, I guess this is the staff amended request? Any questions? Otherwise, I will entertain a motion.

MR. KEIG: I move to approve staff's recommendation as orally revised.

MR. CONINE: Motion by Mr. Keig to approve the revised list. Is there a second.

MR. GANN: Second.

MR. CONINE: Second by Mr. Gann. Any further discussion?
(No response.)

MR. CONINE: Seeing none, all of those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: The motion carries. Mr. Irvine?

MR. IRVINE: Mr. Chairman, the only other item I would like to

just call to your attention is in the report item 2, regarding ARRA. We are in that difficult stage where we are getting near the deadlines for expenditures of ARRA funds.

And we have been very busy in discussions with a lot of subrecipients, especially under the Homelessness Prevention and Rapid Rehousing program and under the Weatherization Assistance Program. So far, I have got to say again, that we have just had incredible statewide cooperation, as people have realized no, they couldn't necessarily spend all of the funds that have been awarded to them. They were willing to give some of them back voluntarily in order that someone else might administer them, and benefit some Texans.

And we are just trying to keep that network maximized at all times. Make sure to the extent we have got it, everybody has got every penny that they can lawfully and properly spend, and to the extent that somebody has fallen a little short on capacity, that they acknowledge it, work with us, and dial it back. That is all I have got.

MR. CONINE: Okay. Any other thing to come before the Board at this point in time?

(No response.)

MR. CONINE: Again, I want to thank everybody for their participation in the tax credit round this year. Again, kudos to the staff. Thanks to the Board for your indulgence in the last several meetings. We stand adjourned.

(Whereupon, at 3:05 p.m., the meeting was concluded.)

CERTIFICATE

IN RE: TDHCA Board Meeting

LOCATION: Austin, Texas

DATE: July 28, 2011

I do hereby certify that the foregoing pages, numbers 1 through 181, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Leslie Berridge before the Texas Department of Housing and Community Affairs.

8/04/2011
(Transcriber) (Date)

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