

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

Multipurpose Conference Center
Dallas Love Field
8008 Cedar Springs Rd.
Dallas, Texas

Monday,
June 29, 2009

MEMBERS PRESENT:

C. KENT CONINE, Chair
GLORIA L. RAY, Vice Chair
LESLIE BINGHAM ESCAREÑO
JUAN S. MUÑOZ

STAFF:

MICHAEL GERBER, Executive Director
KEVIN HAMBY, General Counsel

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a) Presentation, Discussion and Possible Approval to issue a list of Approved Applications (as of June 18) for HTC in accordance with §2306.6724(e) of Texas Government Code	

PROCEEDINGS

MR. CONINE: Okay. I want to call the board meeting to order of the Texas Department of Housing and Community Affairs on June 29, 2009. Again, thanks to everyone for going to the trouble to be here.

I'll call the roll.

Leslie Bingham.

MS. ESCAREÑO: Here.

MR. CONINE: Tom Cardenas is not here. Kent Conine is here. Tom Gann is not here.

Juan Muñoz?

MR. MUÑOZ: Here.

MR. CONINE: Gloria Ray.

MS. RAY: Here.

MR. CONINE: We have four present, and that gives us a quorum.

The first order of business, as always, is our public comment. Anyone wishing to speak before the board has to fill out a witness application form. I have a few here. And we'll go ahead, and I'll remind these witnesses there's a three-minute time limit, unless someone's yielding time, and I don't think we have anybody doing that, so it's a three-minute time limit.

The first witness is Sylvia Stastny.

MS. STASTNY: My name is Sylvia Stastny; I'm here on behalf of State Senator Florence Shapiro, to read this letter:

"Dear Board Chair Kent Conine, Board Members, and

Executive Director Mike Gerber:

"We wish to make a request on behalf of Evergreen at Wylie, Number 09171. This request supplements the June 25 public comment of Tamea Dula, Esquire, of the Coates Rose law firm, regarding this project.

"As stated in prior comments and written documents presented to TDHCA, there was a lot of confusion about the boundaries of my senatorial district and that of Senator Craig Estes, District 30.

"Due to redistricting and the fact that the site was not accessible at the time by city streets, it was initially thought that the project was located in District 30. Notice of the tax credit application was sent to Senator Estes, and my office was not notified of the proposed tax credit application and asked to provide a Senate support letter until after the due dates.

"Once it became clear that my project was located in District 8, we were notified and asked by the developer and the mayor of the city of Wylie to provide a support letter within five days, which we did.

"We understand that the tax credit application for Evergreen at Wylie was terminated because notification to my office was after the application deadline. We further understand that it might be possible for this applicant to apply for the Tax Credit Exchange Program, Section 1602, which could provide timely financing for this project.

"We are here to specifically request that, notwithstanding this unfortunate circumstance, which apparently will keep it from obtaining tax credits, Evergreen at Wylie be permitted to obtain financing through the

exchange program.

"Sincerely, State Senator Florence Shapiro."

MR. CONINE: Any questions for the witness?

(No response.)

MR. CONINE: Thank you for coming, and tell the senator hello for me --

MS. STASTNY: I shall.

MR. CONINE: -- and I just assumed she would have had her district marked a little better than that, but --

(General laughter.)

MR. CONINE: I'm just teasing.

MS. STASTNY: I will tell her.

MR. CONINE: Just tell her I'm teasing.

MR. STASTNY: Thank you very much.

MR. CONINE: Tell her hello for us. Thank you.

MS. STASTNY: Have a nice day.

MR. CONINE: Appreciate it.

Next, Alva Baker.

MS. BAKER: Good afternoon, and thank you. My name is Alva Baker. I live at 2401 South Boulevard, and I am the current president of the South Boulevard Park Row Historic District Neighborhood Association.

I'm here to express our association's opposition to LifeNet's tax credit application; it's 09168; it's called LifeNet Lofts, in Dallas. It's application to build 125 permanent supportive housing units on Merlin Street.

Again, while we are here and we support -- my neighborhood supports the need for Dallas to come up with thoughtful, integrated solutions to our homelessness issues in Dallas, we strongly believe that this location is inappropriate for this development.

I have here, I submit to you also -- pass this down -- a petition signed by the residents of our historic district in opposition to this application.

First let me give you just a little background of who we are. The South Boulevard Park Row Historic District is a stable, intact 12-block neighborhood consisting of approximately 100 single-family homes, most of which were built between 1916 and 1930.

For those of you that are familiar with Dallas, it's very similar in architectural style to the Swiss Avenue Historic District. Our neighborhood was the second residential neighborhood in Dallas, after Swiss Avenue, to be designated as a historic district. Our neighborhood association was formed in the early '70s, and we worked to obtain city historic district status, which was granted in 1976, followed by a listing in the National Register of Historic Places in 1978.

Our neighborhood is located two blocks from this proposed -- from the proposed site of this application. I met with the developers on March 15 -- March 13 of this year for initial briefing on the project. On April 3 the developers took me and three other historic district residents to Houston to view a similar project in Houston, the Canal Street Apartments, managed by New Hope Housing, a nonprofit entity similar to LifeNet.

The visit was very enlightening. That development appears to

be successful, but two things stand in stark contrast to what's being proposed for our neighborhood.

First of all, it's located -- that development is located in a much more industrial area; the nearest intact neighborhood is at least six blocks away, as opposed to ours starts two blocks away from this. Indeed, the people from New Hope shared with us even before we walked in the building that they had spent about 18 months in dialog with the neighborhood residents, what was there, to work out mutually agreeable -- in writing mutually agreeable conditions for the complex.

Subsequent to that visit, at my invitation LifeNet gave a presentation at our neighborhood association meeting on April 21, and we had a follow-up Q&A session at our May meeting, after which the association, after all the information that had been provided, really voted to oppose -- overwhelmingly to oppose the project.

Let me summarize for you some of the concerns that were raised, and they're just a few: First and foremost, the proposed density, 125 units, is much too much. Currently the area is zoned for a maximum of 45 units per acre for retirement housing or, for straight multifamily, 24 units per acre.

This project proposes to do 64 -- close to 64 acres -- 64 units per acre, which represents a 2-1/2-fold increase over the current zoning, and indeed our zoning commission passed -- declined this request unanimously this past month.

We're also concerned that the location is really across the

street from one of our neighborhood middle schools, and we don't think this type of housing is appropriate to be across the street from a middle school.

Obviously our neighborhood is concerned about the impact on property values, as well, more importantly, the impact on future planned retail and other mixed-use development for this area on Grand Avenue that's been planned that we have been anxiously waiting for for the last couple of decades.

Indeed, the zoning that's in place now, the PD that's in place, was put there a while back by a nonprofit to reduce the density from what it had been, and they tore down a number of high-density multifamily complexes. We're concerned that this would turn that around.

We've got some other concerns. I won't go into some of those now, but I must finally also address the issue of community support. LifeNet indicated that it has gathered -- South Fair, the seller of the property for this particular project, is also the owner of Eban Village, which is a multifamily development that's right across the street; it has some 330 units, and they've indicated that those people support the project.

Well, as the seller of the project, there's two things: One, there's a conflict of interest; that your landlord comes to you and wants you to support something, you want to.

Secondly, while we're not at all interested in class warfare, the people in our neighborhood are homeowners, have lived there for many, many years; you'll see on the petition that we've supplied -- I asked them to indicate -- anywhere from almost 60 years to, obviously, just a few, but many

of the people lived there for the last two or three decades. I myself bought my house some 20 years ago.

There are numerous -- on closing, numerous unanswered questions regarding this proposed development, and we urge you to decline this application. We think the process for engaging the community was woefully inadequate, and Dallas can and needs to do better, and we've offered -- I've offered personally to work with them, and the city council last week postponed a decision on this, pending a task force to relook at how we deal with the need for permanent supportive housing for our chronic homeless throughout the city of Dallas.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you for your testimony.

MS. BAKER: Thank you very much.

MR. CONINE: Ida Mae Wells.

MS. WELLS: Good evening, and thank you for listening to me.

I moved to 2735 Cockrell March 1956. My children all went to the school next door, and we have enjoyed that neighborhood, except for the last, I'll say, ten years. Different ones has been moving in, tearing down.

And we do love our neighborhood; we try to keep it as livable as possible. And I just wish some of you had been in my backyard last Sunday evening, and what was going on on Grand Avenue. We didn't have that when I moved there in '56. It was very neighborly and quiet. We've had churches to move out, and we've had people who really was neighborly move

out.

Our school is overcrowded. Kids has nothing now to play for exercise. They want to move the school back to the tracks. Why move our school back to the tracks north when they moved J.P. Starks to bring I-30 and -40, near what you call the Market now.

Now they're moving the school back there in order to have enough space for the children, when Dallas is coming south. It will come south. It doesn't have a lot of other space to go north.

See I came to Dallas in 1938. I know Dallas. I know a lot that has gone on, a lot that has not gone on. And I aghast, because it is moving the people out, bringing in people who don't even care. They don't care about South Dallas.

We can't get decent grocery stores; we don't have anything you want to go out and shop for. Most of our people shop north -- Oak Cliff, East Dallas -- because we can't get the people in that neighborhood who have credible merchandise that we would like to have, and therefore we were fighting for this so those people will come in. And they say that's the reason they're coming in; that's what we're fighting for. That's what we want: We want Dallas to be just as independent for anybody to come and walk through like it did when I first moved there.

But you can't do that now. I raised four children; I sent them from high school to college from there. They all gone; I'm still there, hope to die there. That's why I am asking to keep this community where any and everybody want to live there can live there in peace like I did in '56.

Thank you.

MR. CONINE: Thank you.

Any questions for the witness?

(No response.)

MR. CONINE: Joy Strickland.

MS. STRICKLAND: Good afternoon, and thank you for the opportunity to address the board.

I am -- my name is Joy Strickland; I'm a resident of 2615 South Boulevard, and I am CEO and founder of Mothers Against Teen Violence, and I'm also a landmark commissioner, although I'm not here to represent my organization or the commission.

I have lived at my current address for 17 years, and I know my neighbors to be compassionate people who are sensitive to the needs of LifeNet and its mission and the people that it serves.

We believe that people who are struggling with addiction and homelessness and a plethora of other social problems deserves and needs a second chance. Nevertheless, we are a community that is seeking its own second chance.

We already have our fair share of crime, litter, and other social ills, and we certainly have our fair share of nonproductive citizens.

Our ability to attract economically diverse residents is critical to our sustainability as a community, but the proposed development actually takes us in the opposite direction.

The applicant has touted the presence of 24-hour security,

which implies that such security is a necessary requirement, given the development's prospective residents. However, those residents will be free to come and go as they please, and therefore the question becomes, Who will monitor them when they are away from the facility?

As one who leads an organization that is dedicated to a safe and strong community for all children, I am particularly dismayed that the applicant has selected a site that is a stone's throw from a middle school.

What does this decision say about LifeNet's concern for the safety and well-being of our children? We believe that this is the wrong location and the wrong time for this development.

Thank you for the opportunity.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

Hunter Botts.

MR. BOTTS: Good afternoon, members of the board, staff. I just wanted to -- my name's Hunter Botts; I'm with the National Equity Fund, NEF; we're a syndicator and provider of equity for your low-income housing tax credit transactions.

I just wanted to commend both the staff and the board on all of the hard work that I know has gone into the TCAF and now rolling into the exchange program. Just want to continue to ask staff and the board to continue to be flexible in your thoughts about how we can implement these funds and kind of get them out into the deals as quickly as possible.

I attended the NCSHA conference week before last out in Los Angeles, and one of the things that kept kind of coming loud and clear from the investment community was that it actually had more money to invest this year than they had last year, that they're concerned that they won't actually be able to get out as much money this year because of the delays that are kind of inherent in the stimulus program, and nothing to do with any of the housing agencies or the way that that's being implemented; it's just rules coming down from the -- you know, the federal legislation as it is.

But that being said, you know, if we can just continue to try to do things and be flexible over the next few weeks and months as you guys are considering policy over some of these issues, any deal that can be in a position to close before the end of this year is going to get, you know, a lot of attention, because the investors do have money out there, and they do want to see them close.

The developers right now are finding out that they're getting hit with a little bit of a double whammy. They knew that they had a gap from their equity sourcing, but now when you go and get a 24-month forward commitment on your permanent loan, you're looking at a 9-1/2-or-so percent interest rate right now, whereas just a short period of time ago, people were kind of running their numbers based on 7.5 to 7.75, so that's another gap in the sources of their deals that they're going to be experiencing as we try to put these deals together between now and the end of the year.

So if you can possibly consider letting TCAF be soft monies instead of with a must-pay component to them, obviously those kinds of things

would help greatly. If the agency would consider doing partial exchanges and not maybe necessarily look at the exchange dollars as being an all or nothing situation with a particular transaction, but there are some transactions out there that would work very well with some exchange dollars coming in, and then equity, you know, filling the rest of that gap, and then the agency isn't in the position of having to be, you know, the only investor in those types of transactions; you would have the benefit of having, you know, a syndicator and/or the rest of the underwriting community involved in those deals with you.

So really don't have any other points to make, other than that; just wanted to be complimentary for what you guys have done so far, and if we can all continue to try to be flexible and look at all the different ways that we can work with these resources to try to maximize the deals, the market is going to clear a certain amount of transactions, and so if we could do what we can to position those deals to succeed in the marketplace, then there'll be fewer transactions that you guys will need to, you know, actually work on from a full funding or a possible full exchange basis.

So any flexibility and anything in those kinds of things you guys can work in, you know, we're happy to help participate in any discussion. I did attend the roundtable discussion that was in Austin last Wednesday on the exchange program, and so that's my purpose for being here today.

MR. CONINE: Are you guys looking to fund any of the rural transactions in Texas this year?

MR. BOTTS: You know, Mr. Conine, there -- initially I would have told you no, that we wouldn't have had a lot of investor interest in some

of those rural transactions. I can tell you that we're actually in the process of getting our hands on some sources of money that are not CRA-oriented; they're not the typical financial institutions that are investing right now, so they don't necessarily need to be in the larger markets where the deposit base is.

So, yes, to answer your question, now we actually would have access to some funds that could fund some of those rural deals, but just a short period of time ago I would have had a different answer for you, but we are starting to see some of those non-CRA sources of monies coming into the market, and I think you'll see more of them in the second half of this year.

MR. CONINE: Would you get your hands on about 500 million of those funds for rural --

MR. BOTTS: Not quite that many.

(General laughter.)

MR. BOTTS: No, sir, not quite that many; somewhere in the 100 to 150 million dollar range, though.

MR. CONINE: Any other questions of the witness?

(No response.)

MR. CONINE: Thank you for your testimony; appreciate it.

MR. BOTTS: Thank y'all.

MR. CONINE: Anybody else like to speak before the board before we close the public comment period?

(No response.)

MR. CONINE: I see Tim Thetford here from Senator West's office. Good to see you, Tim.

Anybody else?

(No response.)

MR. CONINE: Okay. We'll close the public comment period and move directly to the consent agenda. You can see there are four items listed there on our consent agenda for today.

MS. RAY: Mr. Chairman?

MR. CONINE: Yes, Ms. Ray?

MS. RAY: I move acceptance of the consent agenda.

MR. CONINE: There's a motion to move and accept. Is there a second?

MS. ESCAREÑO: Second.

MR. CONINE: 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 oppose?

(No response.)

MR. CONINE: The motion carries.

I believe that should do us for this particular board meeting, unless -- I'll turn it over to you for a comment.

MR. GERBER: Mr. Chairman, just to clarify for folks who might have an interest in a particular project here today:

The board has just approved a statutorily required list, but the final awarding of tax credits does not happen until the very end of July, so there's still a long way to go before the actual awards get made.

So this keeps that body of projects that you saw on the agenda in play; those are the only projects that are eligible to receive credits, and the board has a lot of work to do between now and the end of July to determine who ultimately is a recipient of those, based on underwriting criteria and a variety of other factors in state law and in the state's plan that's been approved to allocate credits.

So just so that that's clear. And we certainly welcome your participation -- anyone's participation in the board meeting on July 16 to further discuss with the board and with department staff issues around any particular project or about the process as a whole.

(Pause.)

MR. CONINE: Okay. We'll stand adjourned. Thank you for coming.

(Whereupon, at 3:45 p.m., the meeting was concluded.)

CERTIFICATE

MEETING OF: TDHCA Board

LOCATION: Dallas, Texas

DATE: June 29, 2009

I do hereby certify that the foregoing pages, numbers 1 through 18, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing & Community Affairs.

07/06/2009
(Transcriber) (Date)

On the Record Reporting
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