

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING

FOR COMMENT ON

THE 2016 COMPETITIVE HOUSING TAX CREDIT APPLICATIONS

Room 1-104
William B. Travis Building
1701 N. Congress Ave.
Austin, Texas

6:00 p.m

Tuesday,
April 12, 2016

PRESIDING: MARNI HOLLOWAY, TDHCA Multifamily
Finance Director

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

1
2 MS. HOLLOWAY: Good evening, everyone. If
3 you'd like to speak, you'll need to fill out one of these
4 forms, give them to one of us, so that we know when to
5 call you up.

6 We're going to get started with the hearing.
7 As we do that, I have a script that I need to read that
8 starts off the transcript, and then we'll be calling folks
9 up to speak. This microphone is for the reporter so that
10 all of your comments will appear in the transcript. This
11 one is just so everyone can hear what's going on. I'm
12 going to sit back down, so you don't have to listen to me
13 all night.

14 Good evening. Let the record show it is 6:04
15 p.m. My name is Marni Holloway. I am here to conduct a
16 hearing on behalf of the Texas Department of Housing and
17 Community Affairs.

18 The Department's mission is to administer its
19 assigned programs efficiently, transparently, and
20 lawfully, and to invest its resources strategically and
21 develop high quality affordable housing which allows Texas
22 communities to thrive.

23 Through our rental housing programs, the
24 Department encourages the new construction or
25 rehabilitation of high-quality housing, primarily through

1 private developers. These developments benefit Texans by
2 providing qualified families and individuals with safe,
3 affordable, quality housing.

4 The Department considers public input very
5 important, and to support the significance of comment, the
6 Department is conducting seven public hearings around the
7 state of Texas in order to receive public comment for any
8 of the 2016 Competitive Housing Tax Credit Applications.
9 This public hearing is being held in Austin at the William
10 B. Travis Building.

11 You may provide comment for any 2016
12 Competitive Housing Tax Credit Application. All comment
13 that you provide today will be recorded, and a summary of
14 that comment will be presented to the Department's Board
15 prior to the final award recommendations.

16 If you wish to speak but haven't completed a
17 witness affirmation form, please be sure and complete one,
18 and hand it to me or to Shae during this meeting. Also,
19 if you do not wish to speak, but would like to provide
20 comment, your witness affirmation form may also serve as
21 comment, and will be included in the public comment
22 summary to the Department's Board. If you have not signed
23 in, please do, so the Department will have a record of
24 attendance for this hearing.

25 If there are any elected public officials here,

1 we would ask that they be given the courtesy of coming to
2 the podium first. Do we have any public officials?

3 (No response.)

4 MS. HOLLOWAY: We will try to organize the
5 remaining witness affirmations by project, so that folks
6 wishing to speak to the same development are heard at the
7 same time.

8 When you come to the podium, please state your
9 name clearly for the record, as well as the development
10 name and application number for which you are speaking.
11 You must come to the microphone to speak. Each person
12 will be given three minutes to make their comments.

13 Please take this into account when providing
14 your comments, so as to provide everyone the opportunity
15 to speak if they want to. So any questions about that?

16 (No response.)

17 MS. HOLLOWAY: So just briefly, so that you all
18 understand, we are here to gather your public comment. We
19 are not here to respond to your comment; we are here to
20 assure that your voices go to our board of directors.

21 As you are done speaking, I will say, Thank you
22 for your comment, and that will be it.

23 We are happy to answer questions about our
24 programs in general; we are not able to discuss individual
25 applications at this point in time.

1 Our first speaker will be Donna Ferreri.

2 MS. FERRERI: I'm Donna Ferreri, and I'm from
3 Sun City in Georgetown, and I want to thank anybody for
4 hearing my comments. I thought the board would be hearing
5 them, but I guess in a roundabout way they will be hearing
6 them.

7 So I'm a 23-year independent voter, basically
8 because I think most of the work in Congress is for their
9 own enrichment instead of truly working for what is best
10 for the people and the nation. Also I think ideology
11 often trumps common sense in both parties.

12 Sadly, the more people are dependent on
13 government, the more control the government has over the
14 people. Term limits might help eradicate this issue, but
15 that will never happen, so we'll have to work with what we
16 have.

17 I strongly support the needs of the poor and
18 those who are factually -- and I stress factually --
19 unable to care for themselves. But I cannot support this
20 low-income government-subsidized rental housing that's
21 scheduled for an abundance in Georgetown.

22 We already have more of this housing than any
23 of the surrounding communities. Why is Georgetown being
24 singled out for so much affordable housing? After
25 attending a housing advisory board meeting and hearing

1 that the only immediate need is senior housing -- so why
2 are we promoting affordable housing without even a study
3 for the need, the number of units, where they need to be
4 located or whatever might relate to the issue.

5 I know these developments are financially very
6 profitable for the developers. That's why they're
7 sweeping across the nation. But I'm wondering about those
8 who are promoting these developments? How are they
9 benefitting? In what manner are they benefitting?

10 I'm asking the board not to approve any of the
11 three developments addressed here in this meeting for
12 Georgetown, being 16188, that's Kaia Pointe; 16185,
13 Merritt Heritage; 16068, Live Oak Apartments.

14 Until we can have a really reliable and honest
15 study regarding the affordable work force housing issue
16 for the whole state of Texas, as far as I'm concerned,
17 let's just put these developments aside.

18 I call this the Fannie and Freddie of rental
19 housing. These tax credit programs have already been
20 found to be a little over 26 fraudulent, according to
21 Forbes on Fox.

22 And also my daughter has a friend in San Jose,
23 California, where this work force housing is going up to
24 incomes of \$250,000, and I don't -- I know California
25 costs more to live in, but that just seems out of whack.

1 I just question the whole thing.

2 Anyway, I just don't think we should put the
3 cart before the horse and just jump into something without
4 a good study. I am equating this to how our government
5 passes a bill without ever reading it, and I'm just
6 wondering what has happened to common sense.

7 MS. HOLLOWAY: Thank you for your comment.

8 Our next speaker is Debra Lineberger.

9 MS. LINEBERGER: My name is Debra Lineberger.
10 I live at 12936 Pegasus Street in Austin, and I'm here to
11 speak out against the application number 16161 Elysium
12 Park.

13 Now, I've lived there for nine years, and
14 there's seven acres in this development that's proposed.
15 Seven acres, you would think, is a lot of acreage.
16 Everybody would probably agree with that.

17 Well, there's only a small strip of buildable
18 land on this; maybe two acres. So you've got a
19 development that is just totally crunched up into a small
20 acreage on a rather large piece of property.

21 The impervious cover in the development that is
22 being proposed is vast. On the east side of this property
23 and on the north side of this property are two creeks
24 which converge. They're unnamed creeks. They have a very
25 long history of flooding, and very well documented. It's

1 not a very good area to develop.

2 Now, these two creeks, when they converge, they
3 flow south, along the eastern side of this property, and
4 they go to Waters Park Road. Waters Park Road is one of
5 the top 20 hot spots for flooding in Austin, a very well
6 documented flooding area.

7 Sanity needs to prevail. In 1981 there was a
8 Memorial Day flood, and it was tremendous flooding going
9 down to Waters Park Road. Burnet Road was under water.

10 Since that time there's been a perc pond that's
11 been built -- a runoff pond. But that runoff pond does
12 not hold the flooding back. We still have flooding. We
13 had flooding Memorial Day this year -- or last year; I'm
14 sorry.

15 So it's -- there's well documented flooding.
16 Now, I live at the corner of Oak Creek Drive and Pegasus
17 Street, and there's a dangerous curve there; it's a blind
18 curve. People come around that curve -- it's posted 30
19 miles an hour, but people come around that curve, and
20 they're just -- they don't know what they're doing.

21 There's a parking lot that's coming right out
22 of the proposed development right at this blind curve.
23 That's another part of the insanity.

24 On the eastern border, on the other side of the
25 unnamed creek, is some train tracks. And Metro goes

1 through there every day, some of the original trains go
2 through there every day, too. And it's an unsafe
3 situation for children and adults, very unsafe. And a
4 person's already been killed there.

5 So I ask you, please, sanity, please go back.

6 Thank you.

7 MS. HOLLOWAY: Our next speaker is Donna
8 Blumberg.

9 MS. BLUMBERG: I'll continue the tradition of
10 facing the audience here.

11 Thank you. I'm Donna Blumberg. I'm the
12 secretary of the Northwood Neighborhood Association, also
13 the webmaster and the editor.

14 We are all, of course, opposed to the
15 apartments here. They just don't make sense in this area.

16 We've already heard about some of the reasons: the
17 flooding, the traffic and so forth. So I'm not going to
18 talk about those again, other than to say that Oak Creek
19 Drive, right next to the apartment location, has been
20 flooded twice.

21 So far we've been very fortunate in that the
22 road has not been damaged. Heaven forbid if that one of
23 two exits for nearly 900 homes was damaged. Everybody
24 would have to go out on Silver Creek to Parmer Lane,
25 because it is the only exit with a traffic light. Not a

1 pretty picture; don't want to think about that.

2 The other thing that nobody has mentioned yet
3 is the geology of the land. This is built on limestone
4 and karst terrain. This whole western edge of Austin is
5 on this.

6 Karst simply is limestone where, over the
7 centuries and millenia, it has been eroded away. There
8 are lots of underground voids; sometimes surface-opening
9 caves there.

10 A home nearby on Ganymede, when the homeowners
11 were going to excavate for a backyard swimming pool, the
12 excavators, the pool company, fell through into a cave.
13 It was pretty big. You can't find them lots of times
14 until they're there.

15 But this is not the type of terrain for
16 multistory, heavy buildings. If you're going to put a
17 building like that there, such as, for example, McNeil
18 High School, which is on the same of terrain and has
19 caves, it's going to most likely very significantly
20 increase the construction costs.

21 McNeil High School -- I have a newspaper
22 article. They spent an extra \$500,000 or so to add
23 supports for the surprising caves; they were so big there.
24 It's the exact same terrain here.

25 Beyond that -- okay, a question with that is

1 that was for a very long term investment in the community,
2 so they put the money into it. For this type of
3 affordable housing apartments, even if, as the company
4 says, they have 15 years of commitment to that, beyond
5 that, how much money are they willing to build to -- apply
6 to shoring up the structures once they -- when and if they
7 find caves there. I bet they will, underground ones.

8 Also, leakage -- we're on the Edwards Aquifer
9 recharge zone, putting any swimming pools, things like
10 that there, you need to be careful, because it can leak,
11 eventually, down into the water supply.

12 Overall this just doesn't make sense for
13 multistory buildings. It's just not a good location for
14 the apartments for this as well as for all of the other
15 reasons that folks have shared: the traffic, the impact
16 on the existing structure, other environmental issues,
17 such as the flooding locally and downstream.

18 Thank you.

19 MS. HOLLOWAY: Thank you.

20 Our next speaker is Leanna Lang.

21 MS. LANG: My name is Leanna Lang, and I'm the
22 president of the Northwood Neighborhood Association, and
23 I'm speaking about Elysium Park, application 16161.

24 Northwood, as well as all nearby neighborhoods,
25 oppose the apartments at this location for many reasons,

1 which include traffic, flooding, environmental, access to
2 public transportation, and ability to walk to businesses.

3 Northwood is a pocket neighborhood, surrounded
4 by rural residential homes, open land, MoPac and Parmer.
5 The apartment residents would have to go through our
6 neighborhood in order to access the apartments.

7 We have limited ingress and egress to our
8 neighborhood, with only one traffic light, at Silver Creek
9 and Parmer. We do not have a major street through
10 Northwood; we only have small residential streets, which
11 are short, where kids play.

12 The land is located next to the creek and
13 contains the 100-year and 25-year floodplain. This area
14 of Oak Creek is very prone to flooding, as the creek is
15 next to the land. In fact, there was a water rescue at
16 this location in October 2013. Flooding is a potential
17 danger to the proposed apartment residents.

18 Northwood has no businesses that are easily
19 accessed by foot or bike. In order to walk to a business,
20 you have to cross busy Parmer Lane or MoPac. Parmer Lane
21 is a six-lane road, where people drive over 60 miles per
22 hour.

23 On paper it might look like an easy stroll to
24 the supermarket; however, the reality is it's a very
25 dangerous walk. This location puts residents' lives at

1 risk if they do not have a vehicle and need to walk.

2 Furthermore, there is an increase in danger
3 while walking on Oak Creek near the proposed site due to
4 the lack of sidewalks, fast speed at which vehicles drive
5 on Oak Creek, and the blind curve near the proposed site.

6 Additionally, access to public transportation
7 is very limited. Again, residents would have to cross
8 Parmer Lane or MoPac to get to the nearest bus stop. The
9 train station is a long walk that requires walking on the
10 Mo-Pac frontage road.

11 Finally, train tracks are very close to the
12 proposed apartment location. The train poses a potential
13 danger to pedestrians, especially children who might be
14 walking. There is space for only two cars on Oak Creek to
15 wait for the train when entering the neighborhood from the
16 frontage road of MoPac to Oak Creek, so additional cars
17 who want to turn into Oak Creek while the train is passing
18 have to wait on the frontage road of MoPac. This is
19 dangerous due to the high rate of speed the cars behind
20 them are coming. It's a terrible accident waiting to
21 happen.

22 There was a death on these tracks near Oak
23 Creek a few years ago when a car was hit by the train.
24 Also, consider the noise at night from the train. There
25 is no quiet zone of these tracks at this location, due to

1 the accident on the tracks that caused a death.

2 Austin needs affordable housing; however, this
3 location poses risk to potential residents who are the
4 very people we are trying to help. Much of the seven
5 acres of land can't be developed due to the critical water
6 quality zone.

7 Wouldn't it make more sense to use these
8 valuable and limited tax credits on projects that could
9 better serve the needs of those who need affordable
10 housing and serve a larger number of people than this
11 project could.

12 MS. HOLLOWAY: Thank you for your comment.

13 That's all of the speakers that we had for
14 today.

15 Councilman Zimmerman, would you like to address
16 the group?

17 COUNCILMAN ZIMMERMAN: I would; thank you.

18 Since I'm a politician, you probably want to
19 cut the time in half there.

20 (General laughter.)

21 COUNCILMAN ZIMMERMAN: Thank you. My name is
22 Don Zimmerman. I'm the Austin City Council member for
23 District 6, and these is the second one of these hearings
24 I've gone to.

25 The last one here there were considerably more

1 people, and I think I pointed out at that time, for those
2 of you who aren't here, we protested the fact that the
3 constituent concerns and the fact that you come down and
4 voice your concerns -- as of last year none of your
5 comments were included in the Qualified Allocation Plan,
6 the QAP.

7 The way these projects work is there's a pretty
8 complex formula that goes in with state representatives
9 that have a chance to score, nongovernmental
10 organizations, 501(c)(3)s, so there's this large blend of
11 scores that go in for how these projects are rated.

12 And we objected to the fact that even if
13 hundreds and hundreds of neighbors showed up and they were
14 all 100 percent opposed to the project, it had zero effect
15 on the score.

16 And that tends to really demoralize people,
17 because you're serious about your comments and
18 observations, and you come in and you want to be heard.
19 You think that your input should contribute to the scoring
20 for whether these projects get approved or not, and they
21 don't.

22 So I've reiterated that here in my point. My
23 office, back in the fall, submitted edits to the QAP. We
24 were asked to submit edits; we did, a number of sensible
25 reforms, like the one I just mentioned. And none of our

1 recommendations were accepted.

2 Let me say one other thing quickly: I've been
3 talking a lot about how, in my view, these subsidized
4 projects are not affordable, and they're not sustainable.

5 And the reason is they depend on government subsidies,
6 federal and some local; your Austin City Council is asked
7 to contribute millions of dollars up front to the capital
8 stack for this blend to make the projects happen.

9 Also scoring -- of course, if the City Council
10 approves the project or endorses it, that adds scoring to
11 the QAP. If we do not, or if we were to issue a letter of
12 rejection, do we get points against?

13 MS. HOLLOWAY: Local governments provide
14 resolution of support that gains points for the
15 application.

16 COUNCILMAN ZIMMERMAN: And if they do a
17 resolution of opposition, does it subtract points?

18 MS. HOLLOWAY: Not for local government.

19 COUNCILMAN ZIMMERMAN: No. So this is the
20 thing, so you can submit things to push the project
21 forward, but if you object and say, We don't want this,
22 you don't get any points subtracted. So we don't think
23 it's a fair system.

24 But let me go back to another thing that we
25 keep asking of our corporate center, and that is some of

1 the projects have the land in some kind of nonprofit
2 corporation. Well, if the land is owned by a nonprofit,
3 they pay nothing in property taxes.

4 So some of these large projects go in, and they
5 have needs -- they're going to need fire protection, need
6 to call police because there's a burglary, or you have
7 EMS, fire, police service, but they contribute, in some
8 cases, nothing to your tax base.

9 So this new project, those costs are going to
10 be shouldered by you as neighbors. Right? You're going
11 to pay the extra taxes because this unit is not paying the
12 taxes.

13 So there are quite a few reasons to oppose
14 these. And I have made some requests here. I'd like to
15 see the taxpayer impact statement included. So the
16 projects are -- they vary -- right? -- in scope and they
17 vary as to the limited partner, general partner, et
18 cetera.

19 Final comment I'm going to make: We recently
20 talked to some certified public accountants who deal with
21 these tax credits. Does anybody know who is -- who can
22 subscribe and who can profit from these IRS tax credits?

23 The answer is corporations, like Bank of
24 America. If you are Michael Dell and you're a
25 billionaire, you have a pretty big income tax --

1 I'm sorry. Can I run over just a second?

2 MS. HOLLOWAY: Absolutely.

3 COUNCILMAN ZIMMERMAN: If you run over and
4 you're Michael Dell, you can't qualify; you have to be a
5 corporation. It has to do with active and passive rules
6 that were passed under the Reagan administration in 1986.

7 So you've got to be a large corporation, you
8 have to have a large tax liability. So what you do is you
9 take your corporate tax liability, and instead of paying
10 taxes, you buy a rental property.

11 Is that a pretty good deal? Anybody have to
12 pay taxes this year? What if you could take your IRS tax
13 liability and, instead of giving it to Uncle Sam, invest
14 in a rental property. Cool, huh?

15 Ever know how the rich get richer? That's how
16 it happens. So I -- you can imagine how much fun I have
17 with my progressive colleagues on the City Council. You
18 know, stop complaining about the rich getting richer,
19 because subsidized housing is how they do it, and you're
20 voting in favor.

21 So with that said, thank you all for coming,
22 and thank you guys for being here and taking the
23 testimony, and I'll do anything I can to help. Thank you
24 for letting me speak.

25 MS. HOLLOWAY: Thank you for your comment.

1 In closing, a detailed log of all applications
2 is posted to the department's website. There are also
3 individually imagined applications on the website.

4 Written and emailed comments outside of this
5 meeting are also encouraged. Such comments must be
6 submitted prior to 5:00 p.m. Austin local time on June 12,
7 2016.

8 Thank you for your participating. Public input
9 is very important to the department; your comments will be
10 included in the board summary for each application
11 considered for an award.

12 The board will make final decisions for
13 allocations in the 2016 competitive housing tax credit
14 application at the July 28, 2016, meeting.

15 For additional information you may contact
16 Sharon Gamble, who's back in the corner, at
17 sharon.gamble@tdhca.state.tx.us, or 512-936-7834.

18 Sharon's cards are back in the corner.

19 You may also contact me. My name is Marni
20 Holloway; I'm the director of the Multifamily Finance
21 Division. My cards are right here.

22 Or you can visit the program's website at
23 www.tdhca.state.tx.us.

24 This concludes the public hearing. Let the
25 record show it is adjourned.

1 MR. ENGLISH: Ma'am, may I ask a question
2 before we break out?

3 MS. HOLLOWAY: Certainly. If you want it to be
4 on the record, you'll need to come up.

5 MR. ENGLISH: I held up my hand and I didn't
6 register prior to. I didn't know if I was allowed to do
7 that. It's okay?

8 MS. HOLLOWAY: Uh-huh.

9 MR. ENGLISH: My name's Ed English. I live in
10 Millwood, which is directly across Parmer Lane from the
11 project which has been discussed this evening.

12 And I wanted to say thank you to the Northwood
13 neighbors that came out this evening. I believe this type
14 of show of support is what's going to be necessary to
15 continue your opposition in every opportunity, at every
16 available meeting, until this item is resolved.

17 And I believe, if I understood you correctly,
18 the attendance sheets will be a matter of record.

19 MS. HOLLOWAY: Uh-huh.

20 MR. ENGLISH: So your attendance here this
21 evening, whether you spoke or not, and depending upon how
22 much of what is said is actually conveyed to the board,
23 those attendance records are part of the record; your
24 attendance here counts.

25 Don't feel like this was a wasted effort. As

1 long as you check that box in opposition to it, it's on
2 record that there was a crowd of Northwood people here
3 that oppose this project.

4 Thank you.

5 MS. HOLLOWAY: Thank you for your comment.
6 Please complete a witness affirmation form so we have that
7 record.

8 And this does finally conclude the public
9 hearing. Let the record show it's 6:31 p.m. Thank you
10 all for attending.

11 (Whereupon, at 6:31 p.m., the hearing was
12 concluded.)

C E R T I F I C A T E

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IN RE: TDHCA Public Hearing on 2016 Competitive
Housing Tax Credit Applications

LOCATION: Austin, Texas

DATE: April 12, 2016

I do hereby certify that the foregoing pages,
numbers 1 through 23, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Elizabeth Stoddard before
the Texas Department of Housing and Community Affairs.

(Transcriber) 4/16/2016
(Date)

On the Record Reporting
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