

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

Room 140
John H. Reagan Building
105 West 15th Street
Austin, Texas

Thursday,
June 26, 2014
9:10 a.m.

MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice Chair
LESLIE BINGHAM ESCAREÑO, Member
TOM GANN, Member
ROBERT THOMAS, Member

STAFF:

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	5
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	7
EXECUTIVE	
a) Presentation, Discussion, and Possible Action regarding the Board Minutes Summary for May 8, 2014	
LEGAL	
b) Presentation, Discussion and Possible Action on Amended Report to Board concerning administrative penalties and initiation of a contested case hearing for Southmore Park Apartments (HTC 94004 / CMTS 1204)	
c) Presentation, Discussion and Possible Action on the Adoption of Agreed Final Orders	
RULES	
d) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC §1.13, concerning Adjudicative Hearing Procedures, and directing its publication in the Texas Register	
e) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 25, concerning the Colonia Self-Help Centers, and directing its publication in the Texas Register	
ASSET MANAGEMENT	
f) Presentation, Discussion, and Possible Action to approve a waiver of 10 TAC §10.101(a) for Balcones Lofts in Balcones Heights (#13193)	
OFFICE OF COLONIA INITIATIVES	
g) Presentation, Discussion, and Possible Action on Colonia Self Help Center Program Award to El Paso and Val Verde counties in accordance with Tex. Gov't Code, §2306.582 through Community Development Block Grant Funding	

MULTIFAMILY FINANCE

- h) Report on Challenges Made in Accordance with 10 TAC §11.10 Concerning 2014 Housing Tax Credit Applications
- I) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer
- j) Presentation, Discussion, and Possible Action on Inducement Resolution No. 14-036 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for Private Activity Bond Authority - 2014 Waiting List for Highland Oaks Apartments
- k) Presentation, Discussion, and Possible Action on Resolution No. 14-033 for the Second Supplemental Trust Indenture and Forebearance and Modification Agreement relating to the Multifamily Housing Revenue Bonds for Homes at Pecan Grove, Series 2005
- l) Presentation, Discussion, and Possible Action regarding an Award of HOME funds from the 2013-1 HOME Multifamily Development Program Notice of Funding Availability

16

COMPLIANCE

- m) Presentation, Discussion, and Possible Action on modified award conditions for Stonebridge at Plainview

COMMUNITY AFFAIRS

- n) Presentation, Discussion, and Possible Action on Conditional Program Year (PY) 2014 Emergency Solutions Grants Awards
- o) Presentation, Discussion, and Possible Action on Conditional Prior Year Emergency Shelter Grant Program and Emergency Solutions Grant Awards

REPORT ITEMS

The Board accepts the following reports:

1. Presentation on the Department Quarterly Snapshot tool
2. Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers

ACTION ITEMS

ITEM 2: FINANCIAL ADMINISTRATION

		4
	a. Presentation, Discussion, and Possible Action on the FY 2015 Operating Budget	19
	b. Presentation, Discussion, and Possible Action on the FY 2015 Housing Finance Division Budget	25
	c. Presentation, Discussion, and Possible Action regarding the Legislative Appropriations Request for State Fiscal Years 2016-17	27
ITEM 3:	BOND FINANCE: Presentation, Discussion, and Possible Action on Resolution No. 14-035 authorizing Publication of Public Notice for Mortgage Credit Certificate Program (Program 83)	45
ITEM 4:	ASSET MANAGEMENT Presentation, Discussion, and Possible Action on approval of Material Amendments	--
ITEM 5:	MULTIFAMILY FINANCE: a) Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers of the Department's Program Rules and Requests for Preclearance from Undesirable Area Features b) Presentation, Discussion, and Possible Action to Issue a list of Approved Applications for Housing Tax Credits in accordance with Tex. Gov't Code, §2306.6724(e).	64 269
	PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.	
	EXECUTIVE SESSION	157
	OPEN SESSION	157
	ADJOURN	274

P R O C E E D I N G S

1
2 MR. OXER: All right. Good morning, everyone;
3 like to welcome you to the June 26th meeting of the Texas
4 Department of Housing and Community and Affairs governing
5 Board. We'll begin as we do, of course, with roll call.
6 Okay.

7 Ms. Bingham?

8 MS. BINGHAM ESCAREÑO: Here.

9 MR. OXER: Mr. Gann?

10 MR. GANN: Here.

11 MR. OXER: Mr. McWatters will not be with us,
12 and I'll make you a comment on that in just a minute.

13 Dr. Muñoz?

14 DR. MUÑOZ: Present.

15 MR. OXER: I'm here.

16 Mr. Thomas?

17 MR. THOMAS: Here.

18 MR. OXER: Okay. We've got five here. That's
19 a quorum, so we're in business. So, let's begin with our
20 salute to the flags.

21 (The pledge of allegiance to the United States
22 flag was recited.)

23 (The pledge of allegiance to the Texas flag was
24 recited.)

25 MR. OXER: All right. As most of you know, or

1 maybe some of you don't know, but I'd like to make the
2 announcement. Professor McWatters, who's been a stalwart
3 member of this Board for a couple of years now, was
4 recently appointed by President Obama to the Board of the
5 National Credit Union Administration. So, he was the --
6 it's a three-person board, and he was appointed by -- at
7 the request of Senator McConnell, so we -- I miss him
8 already.

9 Technically he remains a part of the Board
10 until his replacement arrives, but I wish Mark the best,
11 and I think any of you who know him and what his approach
12 to life is, he took this seriously, as the rest of us do,
13 as well.

14 So, -- all right. With that, let's get to the
15 Consent Agenda. I understand -- Michael, we want to pull
16 1(e), and we've got some comment on 1(e).

17 MR. LYTTLE: Yes, sir. I believe we have some
18 public comment on 1(e).

19 MR. OXER: Okay. I have a request to pull
20 1(l). Is that correct? Okay. Do Board members have any
21 questions of the -- for the Consent Agenda, apart from the
22 fact that we're going to pull 1(l), and I think there'll
23 be comments after the motion?

24 MS. BINGHAM ESCAREÑO: Mr. Chairman, I move to
25 approve the Consent Agenda as presented, with the

1 exception of items 1(e) and 1(1), which will be pulled.

2 MR. OXER: Okay, 1(1) will be pulled, but we'll
3 just have a comment on 1(e) --

4 MS. BINGHAM ESCAREÑO: Okay.

5 MR. OXER: -- I think, if that's acceptable.
6 Okay. Motion by Ms. Bingham. Do I hear a second?

7 MR. GANN: Second.

8 MR. OXER: Second by Mr. Gann. Okay. Is there
9 a public comment -- we'll have that public comment on 1(3)
10 now.

11 MS. LATSHA: Excuse me. I do need to make one
12 clarification, for 1(j).

13 MR. OXER: Jean?

14 MS. LATSHA: I'm sorry, Jean Latsha,
15 Multifamily Finance. This is -- let's see -- an
16 inducement resolution for Highland Oaks, and it simply
17 needs to be changed from 9 million to 10 million.

18 MR. OXER: Okay. All right. So we've pulled
19 one that the -- motion by Ms. Bingham, second by Mr.
20 Gann -- pulled 1(1) on the Consent Agenda and heard
21 comment on 1(e).

22 On 1(e) -- all right. Do you have a comment
23 for --

24 VOICE: They'll read their own comments.

25 MR. OXER: Okay. All right. We've got a long

1 meeting today, folks. We're going to have a -- it's going
2 to be action-packed and a lot of fun. I just can't tell
3 you how much fun this is going to be today.

4 So we're going to run a hard clock. When
5 the -- when the buzzer goes off, we're going to have to
6 stop you because we've got a lot of other people who are
7 going to want to speak also.

8 This is a -- we're just getting comments on
9 this one. If the three of you have comments that are
10 consistent, we can just add your name to them, just have
11 you reinforce those and let them be -- I want everybody to
12 understand we're here to make sure that you're heard, but
13 if you have the same thing to say as the previous speaker,
14 just say you agree with that and you'd like to add your
15 comment to it.

16 Given that, if you have comments -- Homero, are
17 you going to translate, or is Jorge going to translate?

18 MR. CABELLO: Jorge's going to translate.

19 MR. OXER: Jorge, there you are. Okay. All
20 right. *Entonces?*

21 MR. LOPEZ: Good morning. My name is Josue
22 Lopez, and I live in the colonia, and I'm a neighbor in
23 the colonia; I know how our people live. And I have lived
24 in the colonia for 30 years.

25 And I would present our research concerning

1 quality and Our Rights, which are the issues that I have.

2 And Our Rights is a grass roots organization of women,
3 mostly women for women, and it's about building strengths
4 and respecting the dignity of each individual.

5 It's about spiritual, cultural values and
6 personal growth. Through my church and my job, I have
7 seen my people living in very bad situations.

8 Most of them rent, and they live in the most
9 horrible housing conditions, so I support the
10 recommendation that people be able to move out of that
11 area, an area that is so poor, an area where it usually
12 floods.

13 And I support that people can move out of that
14 area to get better schools, better jobs; have -- for the
15 family to have better chances to succeed.

16 So for those reasons, our community
17 organization's made three comments on the proposed rule.
18 First one is that people who are building a new house,
19 through the Self Help Center, be able to move out in
20 the -- out of an overcrowded situation, or flood plain, or
21 high-poverty area to an area of higher opportunity; number
22 two, that Self Help Centers be able to make their phones
23 available as payable loans.

24 I want to thank you for supporting these two
25 comments. And on the third one, I encourage you to sit

1 with us and work, which is the following: that the Self
2 Help Center be able to select the so-called model
3 subdivisions.

4 And one more and last thing is that -- for the
5 repaid loans not to go back to the State but to stay in
6 our support centers.

7 Our support centers are reliable. They are
8 very professional, that will make things easier. Thank
9 you very much.

10 MR. OXER: Thank you. Are there any comments
11 for Mr. Lopez?

12 (No response.)

13 MR. OXER: Good. Thank you, Mr. Lopez. We
14 appreciate your comments. Okay.

15 MS. GOMEZ: My name is Maria Gomez, and I have
16 lived in the colonia Hidalgo Park for more than 20 years,
17 and volunteer at the organization, Lupe La Union Del
18 Pueblo Entero.

19 Our organization serves more than 7,000
20 members, most of whom are low-income and who live in
21 colonias. Lupe was formed by Cesar Chavez, rooted in the
22 belief that members of low-income communities have the
23 responsibility and obligation to organize themselves, in
24 order to advocate solutions to the problems that impact
25 their lives.

1 I was on the waiting list of the Self Help
2 Center in Hidalgo County for 20 years. I was ready and
3 willing to take my hammer and help with the construction
4 of a better home for myself, as well as to pay off a loan,
5 but there were never enough funds to assist me.

6 Again, there were not enough funds to help me,
7 and there was always a long waiting list for the funds.
8 It wasn't until Hurricane Dolly hit that funds became
9 available and I was finally able to obtain a new home.

10 I now live in a much more comfortable home,
11 regardless of the heat or cold, and at my age, that helps
12 a lot. We're glad to see that staff supports our
13 recommendations to allow Self Help Centers to make funds
14 available as low-interest loans.

15 And we're glad that this is an option, because
16 paying off the home makes it more our home. And were
17 happy to help the Self Help Centers to make this course of
18 action become a reality.

19 Thousands more Colonia residents need help with
20 their living conditions, that could be served with the
21 current funds, and they would really get a benefit from
22 these funds.

23 Lacking better choices, these Colonia residents
24 borrow money at steep, predatory interest rates to buy
25 lots and build their homes. Interest rates can reach up

1 to 300 percent or more and represent a burden on
2 low-income families who oftentimes don't have a steady
3 income, who work the fields or in construction.

4 At the same time, nonprofits in our area have
5 been able to successfully lend money to colonia residents
6 and recycle the payments of continuing loans for more low-
7 income families.

8 The funds must be used to help very low-income
9 people so that the Self Help Centers can recycle the funds
10 to help other families. The fact that these families have
11 been able to pay the loans back, it's proof that these
12 funds have been working. Thank you for your help.

13 MR. OXER: Great. Are there any questions from
14 the Board members?

15 Juan? Okay. I think you have a question.

16 DR. MUÑOZ: Homero, I was just going to invite
17 you up to offer any comments or --

18 MR. CABELLO: We accepted -- or we agreed with
19 their comments about relocating out of colonia for reasons
20 other than overcrowding. We agreed with repayment of
21 loans.

22 We have seven separate Self Help centers.
23 Hidalgo county is the only county that is considered an
24 entitlement community that receives the community
25 development block grants directly from HUD.

1 And because of that, the funds that we use to
2 fund the center only allows them to work on colonias that
3 were established prior to November 28, 1990.

4 So when they talk about the model subdivision
5 colonias, those are the newer colonias, if you will, and
6 we're unable to go in there because of the restrictions of
7 the federal dollars.

8 And then they mentioned repayment to the
9 Centers, to relend the money. We're exploring the
10 possibility of doing revolving loan funds for the program
11 income that they generate.

12 We need to, you know, get a better
13 understanding of the federal regulations, the possible
14 amendments of current rules, the possible amendment of,
15 you know, the one-year action plans that we submit to HUD.

16 So there's a lot of research that we've got to
17 do before we get to that point, but we hear what they're
18 saying.

19 MR. OXER: So essentially what you're saying is
20 we're taking all their comments seriously.

21 MR. CABELLO: Yes, sir.

22 MR. OXER: And we're trying to engage those,
23 and Hidalgo county is a unique circumstance because it
24 gets direct funding, and we don't manage that funding.

25 MR. CABELLO: Correct. The thing about Hidalgo

1 county, while we are limited to be working in colonias
2 established prior to November of 1990, the County can work
3 in those newer colonias, with their funds that they get
4 from HUD. They don't have that restriction.

5 MR. OXER: So would the counties be able to set
6 up these revolving funds?

7 MR. CABELLO: It's a eligible activity.

8 MR. OXER: Then, the question becomes, do they
9 have enough horse power to be able to manage a program for
10 a revolving fund?

11 MR. CABELLO: Yeah. There's a lot of things
12 that need to be thought out, worked out, to ensure that we
13 remain in compliance with those funds.

14 MR. OXER: All right. Okay. All right.
15 Thanks, Homero.

16 DR. MUÑOZ: [Speaking Spanish.]

17 MR. OXER: Okay. All right. Any other
18 comment? All right. We have a motion by Ms. Bingham,
19 seconded by Mr. Gann.

20 MR. IRVINE: And since Jean Latsha offered a
21 clarification after the motion was formulated, I'd like
22 confirmation that it includes her clarification too.

23 MS. BINGHAM ESCAREÑO: I'll amend my own motion
24 to change --

25 MR. OXER: To include --

1 MS. BINGHAM ESCAREÑO: -- to change from --

2 MR. IRVINE: Nine million to 10 million.

3 MS. BINGHAM ESCAREÑO: -- 9 million to 10
4 million --

5 MR. OXER: Is that on 1(j), Jean?

6 MS. BINGHAM ESCAREÑO: -- on (j).

7 MR. IRVINE: Yes.

8 MS. BINGHAM ESCAREÑO: Yes. Number 1(j) for
9 Highland -- right, Highland Oaks.

10 MR. OXER: Okay. Clarify that Jean. Let's
11 make sure it's clear.

12 MS. LATSHA: Jean Latsha, Director of
13 Multifamily Finance. As Ms. Bingham just revised, that
14 motion was correct.

15 MR. OXER: Okay. So only on 1(j), as in --

16 MS. LATSHA: Correct.

17 MS. BINGHAM ESCAREÑO: Yes.

18 MR. OXER: -- Joann.

19 MS. LATSHA: Yes.

20 MR. OXER: Okay. Any other questions of the
21 Board?

22 (No response.)

23 MR. OXER: All right. All in favor of the
24 Consent Agenda, as moved by Ms. Bingham?

25 (A chorus of ayes.)

1 MR. OXER: And to be clear, is there any
2 opposition?

3 MR. THOMAS: No. There's no opposition.
4 Sorry, but I had to do that.

5 (General laughter.)

6 MR. OXER: All right. Ms. -- Ms. Bynum, that
7 means it was unanimous. We all voted for it. Okay, so --
8 all right. With that, let's go to the -- all the report
9 items are done. Okay. Anything else?

10 Oh, we have to take 1(1). That's right. We're
11 going to take 1(1). Okay. Who's presenting?

12 Jean, I think you're listed on 1(1).

13 MS. LATSHA: And -- Jean Latsha, Director of
14 Multifamily Finance. 1(1) is a HOME award for Majors
15 Place Apartments, located in Greenville, Texas, for 176
16 units, 36 of which will be HOME units.

17 The award is \$3 million. It's a pretty
18 standard application, but I understand there was some
19 public comment.

20 MR. OXER: Peggy, do you have a comment?

21 MS. HENDERSON: Yes.

22 MR. OXER: Let's have that.

23 MS. HENDERSON: Peggy Henderson, TDHCA,
24 speaking on behalf of Massoud Ebrahim, who is the city
25 manager for City of Greenville, regarding a letter that he

1 sent to Andrew Sinnott of TDHCA; notification of
2 affordable rental housing applications proposed in your
3 city.

4 "Mr. Sinnott, this is in response to your
5 letter dated January 10, 2014, pertaining to the
6 notification of affordable rental housing applications.
7 As you well know, the city of Greenville is 2.46 units per
8 capita on tax credit housing, and we have 528 units
9 already in Greenville.

10 We understand this is not a tax credit project.

11 We are pro business and development in Greenville, Texas.

12 However, a 176-unit apartment complex with mandatory
13 designated 36 low-income units, at 50 percent capped for
14 area median income, would not be beneficial to our
15 community since we already have a large share of this
16 market.

17 Therefore, based on the aforementioned, it is
18 my opinion that this project is not in the best long-term
19 interests for the city of Greenville.

20 Sincerely, Mayor Steve Reid."

21 MR. OXER: Okay. With regard to -- and Jean
22 this action approves -- or does the staff recommend
23 approval of this action?

24 MS. LATSHA: Yes, sir.

25 MR. OXER: Okay. So it appears that the

1 mayor's not particularly in favor of that. So --

2 MS. LATSHA: I believe it's the city manager.

3 MR. OXER: City manager; my mistake. Okay. We
4 need a Board -- we need a motion to consider --

5 MR. THOMAS: So moved, to approve staff
6 recommendation.

7 MR. OXER: Okay.

8 MS. BINGHAM ESCAREÑO: Second.

9 MR. OXER: All right. Motion by Mr. Thomas to
10 approve staff recommendation; second by Ms. Bingham. Was
11 there any other comment?

12 Kent, you up for the next one?

13 MR. CONINE: No.

14 MR. OXER: Okay.

15 MR. CONINE: I was on this one, and you if
16 don't need me, I don't -- I'm fine. I'm glad for the
17 motion.

18 MR. OXER: You're getting what you want. You
19 sure you want to say anything?

20 MR. CONINE: That's fine.

21 MR. OXER: Okay. No other public comments?
22 Okay. Motion by Mr. Thomas; second by Ms. Bingham. All
23 in favor?

24 (A chorus of ayes.)

25 MR. OXER: And for the record, is there any

1 opposition?

2 (No response.)

3 MR. OXER: And there is none. It's unanimous.
4 Thank everybody. All right. Now, --

5 MR. THOMAS: I think -- Chair, I think we just
6 need to wait until we get into the heavy stuff.

7 MS. BINGHAM ESCAREÑO: We'll remind you.

8 MR. OXER: All right. Back to the action on
9 item agenda. Let's start with Item number 2.

10 David, good morning.

11 MR. CERVANTES: Good morning. Good morning,
12 sir. How are you doing?

13 Good morning, Mr. Chairman, members of the
14 Board. I'm David Cervantes, Chief Financial Officer for
15 the Department.

16 This morning, we're bringing three items to
17 present to you. The first two are associated with the
18 2015 operating budget for the Department, and the third
19 one is in relation to the upcoming submission of our
20 legislative appropriation request for the Agency.

21 As you know, we're in the final quarter of
22 state fiscal year 2014, and in accordance with our
23 government code and our enabling legislation, we're
24 required to come before you to present a proposed budget
25 for the upcoming state fiscal year.

1 So behind Tab 2A what you find is a proposed
2 budget for 2015, and I'll just cover the highlights, but
3 the budget, as a whole is proposed at \$25.6 million.

4 It contains resources of 309 full-time
5 equivalents. It is a -- it represents, actually, a slight
6 decrease from the last budget that we presented last year.

7 So it's about \$332,000 before, which represents a 1.2
8 percent decrease overall.

9 Inside this budget, when -- actually, as you
10 look at the comparison report, that I believe we included
11 under page 7, you'll notice a couple of items that
12 actually will increase.

13 One, in particular, has to do with the
14 resources, and included in there is a 2 percent
15 legislatively appropriated and authorized increase for
16 staff members.

17 So that's included in there, as well as a
18 1 percent for any potential considerations on actions such
19 as promotions, reclassifications, equity type of
20 adjustments.

21 Those types of costs in there, when you look at
22 that schedule, it actually shows a 1.8 percent increase,
23 but that's as a result of some of the attrition that's
24 happened at the Department.

25 We still have a couple of -- well, one program,

1 in particular, that is ramping down, which is our
2 Neighborhood Stabilization program. So you see a few
3 staff members that are -- we're seeing some contraction
4 there.

5 And so the counter of that, in association with
6 a couple of other federal programs, FTEs drive that down
7 to about a 1.8 percent increase -- net increase. You'll
8 also see in the temporary help line item -- I believe
9 several Board meetings ago there was a procurement that
10 took place, in relation to a services contract in relation
11 to monitoring and providing assistance to community action
12 networks.

13 So you'll see an increase in there of I think
14 173 percent. That's the continuing funding for that
15 particular endeavor there. Aside from that, I think most
16 of the categories that you'll note there are showing a
17 slight decline.

18 And the credit for that goes to the work that
19 we've been doing with all of the divisions and the
20 sections over the last three or four months, in terms of
21 looking at historical trends, spending patterns, things of
22 that nature.

23 We've also diligently looked at the fixed costs
24 of the Department. And so with those types of efforts,
25 we've been able to arrive at a Department savings. And so

1 at the end of the day, it's a 1.2 percent decrease from
2 where we were a year ago.

3 I would also note that there is also -- the
4 legislature approves the capital budget for the
5 Department, and over the last year, capital budget was
6 about \$374,000 overall. The capital budget for this year,
7 the second year, is actually a little lower. So that's
8 another piece of contraction that you also see within the
9 budget.

10 As far as the financing, we included a
11 definition of the methods of finance that are used to --
12 to cover the costs for the Department. And what you see
13 in there are descriptions of the general revenue that we
14 get from the State. You see federal funds that we get
15 from the federal government; and associated earned federal
16 funds that are kind of a derivative of that; and then of
17 course, fees that we're authorized to assess that are
18 typically referenced as appropriate receipts.

19 And I think -- and so what I can tell you is
20 that this particular budget we feel comfortable
21 certifying. It's in compliance with the General
22 Appropriation Act.

23 And I think it's also important to note that,
24 according to the internal auditing standards and the
25 internal audit charter that the Department maintains, it

1 requires that we include an internal audit budget and that
2 we coordinate with that particular area of the Department
3 to ensure that there's consensus on what is in this budget
4 and that it's included in here, and that we've gone
5 through that process, as well.

6 So I'd like to make you aware of that regarding
7 this particular budget.

8 MR. IRVINE: And we have representation from
9 internal audit here if they have --

10 MR. CERVANTES: Representation --

11 MR. IRVINE: -- questions or comments.

12 MR. CERVANTES: Ms. Donoho is away, but Betsey
13 is here as a representative for that area. So I believe
14 there is consensus along those lines.

15 MR. OXER: Ms. Bingham?

16 MS. BINGHAM ESCAREÑO: Where's my button? I
17 don't want to push the wrong one.

18 MR. OXER: I'm the one with the wrong button,
19 right here.

20 MS. BINGHAM ESCAREÑO: All right. There you
21 go.

22 Mr. Chair, Betsey and I met earlier, and we're
23 comfortable with the audit as included in the operating
24 budget.

25 MR. OXER: So the operating budget includes

1 sufficient staff, without restriction of resources, makes
2 sure they can do what they need?

3 MS. BINGHAM ESCAREÑO: That is correct.

4 MR. OXER: Good, thanks.

5 MR. CERVANTES: Yes, sir. Okay. And -- and so
6 with that, we're recommending the adoption of the 2015
7 operating budget.

8 MR. OXER: Okay. Any questions of the Board?

9 MR. THOMAS: Mr. Chair?

10 MR. OXER: Mr. Thomas.

11 MR. THOMAS: I move to approve the adoption of
12 the fiscal year 2015 operating budget, as presented by our
13 Chief Financial Officer, Mr. Cervantes.

14 MR. OXER: Okay. I have a motion by Mr. Thomas
15 to approve our staff recommendation on Item 2(a). Do I
16 hear a second?

17 MS. BINGHAM ESCAREÑO: Second.

18 MR. OXER: Second by Ms. Bingham. Okay.

19 Is there public comment on this item?

20 (No response.)

21 MR. OXER: Okay. And just for a matter of
22 housekeeping record -- come forward with -- the front row
23 up here is for those who wish to speak.

24 This chair right here, the little single chair,
25 with the wire that comes up under here -- we have the 463

1 phase put through for the staff. And you thought I was
2 the one that had all the fun up here. Right?

3 All right. Any other questions for the Board?

4 (No response.)

5 MR. OXER: All right. Motion by Mr. Thomas,
6 second by Ms. Bingham, to approve Item -- staff
7 recommendation on Item 2a. All in favor?

8 (A chorus of ayes.)

9 MR. OXER: Is there any opposition?

10 (No response.)

11 MR. OXER: Nays, none. It's unanimous. Thanks
12 very much.

13 MR. CERVANTES: Thank you very much. Moving on
14 to Item 2(b), one additional requirement that we have in
15 our enabling legislation is Section 113. And in addition
16 to the agency-wide operating budget that we bring for your
17 consideration, there's also a requirement that we bring to
18 you a housing finance budget.

19 And the housing finance budget and the
20 legislation -- it says that we are to bring a housing
21 finance budget to you that outlines the departments that
22 will receive the funding and identify the uses and how it
23 will be used throughout the agency, for the upcoming year.

24 And so the schedule that you have behind Tab
25 2B, outlines those specifics. And it's a budget that

1 includes -- it's slightly under \$15 million this year.
2 And once again, we feel confident in certifying that the
3 revenues -- the matching revenues are available to support
4 the housing finance budget for this upcoming year.

5 It is a subset of the agency-wide budget as a
6 whole.

7 MR. OXER: So essentially we have approved this
8 already.

9 MR. CERVANTES: In essence, yes. It's
10 somewhat --

11 MR. OXER: Okay. Again, we're just going into
12 the detail about where the source is on the larger budget.
13 Right?

14 MR. CERVANTES: Yes. And I'm making sure that
15 there're specifics, in relation to Section 113 --

16 MR. OXER: Okay.

17 MR. CERVANTES: -- in terms of compliance with
18 that provision there.

19 MR. OXER: Okay. Questions of the Board?
20 Okay. Motion to consider.

21 MR. THOMAS: So moved.

22 MR. GANN: Second.

23 MR. OXER: Okay. Motion by Mr. Thomas, second
24 by Mr. Gann to approve staff recommendation on Item 2(b).

25 Any comments on this one? Okay. All in favor?

1 (A chorus of ayes.)

2 MR. OXER: Are there any opposed?

3 (No response.)

4 MR. OXER: No. It's unanimous. Thanks.

5 MR. CERVANTES: Okay. Thank you so much. The
6 final item is an item related to the submission of our
7 Legislative Appropriations Request. And as I mentioned,
8 we're kind of at the end of the '14 state fiscal year.

9 We'll go -- we'll move in September. We'll
10 move toward '15. But we're also looking to the future,
11 and that's '16, '17 and where we're headed there. And so
12 today I kind of want to walk you through where we are in
13 the process at this time in terms of the development of
14 the Legislative Appropriations Request.

15 We've been working with executive staff and our
16 Board liaisons to work through some initial steps that we
17 need to take for some of the key components of the
18 Legislative Appropriations Requests, so that we can -- as
19 we compile, we can include some of these assumptions, some
20 of these concepts and include it in the compilation of
21 what we'll see come through.

22 As you know, session will begin this upcoming
23 January, and so we're pretty much in a process, right now,
24 to help us establish where we're going and get the
25 official submission of the LAR in.

1 And so as you look in your packet, what I would
2 do is -- just walking you through kind of where we are --
3 I think, at the last Board meeting Ms. Yevich, I think,
4 and her staff came before you and submitted a strategic
5 plan.

6 And I think, you know, what I would tell you
7 about that is that's one of the first pieces of the puzzle
8 in the whole process, because the strategic plan is kind
9 of the umbrella of everything that you see for a long-term
10 vision, which is, I think, for '15 through '19.

11 So not only is it '16-'17 biennium, but it goes
12 across even -- we're planning past that, so we've taken
13 that step. Early on in the process, as we started this
14 past calendar year, there are also opportunities that are
15 provided to us by the LBB and the Governor's Office of
16 Budget, Planning, and Policy, to request either changes to
17 our riders or measures, things of that nature.

18 And this go-around, we have submitted a couple
19 of requested changes, and two in particular as it relates
20 to measures. The first being that we wanted to see if --
21 as performance measures are in place -- to see if we could
22 move away from targeted types of measures and move towards
23 actually types of provisions in terms of measures.

24 We engaged the LBB and the Governor's Office of
25 Budget, Planning, and Policy, and they agreed to allow us

1 to make changes in terms of moving towards actual. So as
2 we build the LAR, those'll be some of the changes that
3 you'll see on the performance side.

4 The construct of the LAR also has a component
5 related to compliance initiatives. And in there we also
6 requested to see if we could include an additional measure
7 to outline community affair types of programs and the
8 contract oversight that we do in those areas.

9 Once again, the request was made; the request
10 was accepted. So again you'll see a couple of things in
11 terms of our measures along those lines. I think those
12 were the two main things as it'll relate to the measures.

13

14 As you move over toward riders, the riders that
15 you have in there in the LAR are typically directives in
16 terms of the direction of the agency and what it's
17 intended to do, and certain provisions.

18 The first measure deals with performance
19 measures, and I've just touched on the changes that we've
20 offered up there. The second rider typically talks about
21 capital budget.

22 And in the previous biennium, we had a capital
23 budget of \$588,000. This year, we're proposing to adjust
24 the rider for the capital budget, and it will be a
25 \$492,000 submission.

1 You have the opportunity to include any capital
2 project that you think is coming around in the future. In
3 our particular case, it will continue to be only one
4 capital project, and it's for IT services and things of
5 that nature. Okay?

6 The \$492,000 pretty much will be for critical
7 need, and so therefore we're trying to bolster up security
8 measure to prevent any potential breach at the agency. So
9 we're including some additional hardware that we'll use to
10 try to move in that direction.

11 We are also including -- and we have computers
12 that are going to be older than five years. So again,
13 we're playing catch-up with those types of things to
14 ensure that we're going to have computer systems that are
15 more up to date.

16 And then of course, we're looking at hardware
17 and software that also will reach end of life in '16 and
18 '17, and so we're looking to improve those conditions, as
19 well. Okay?

20 Those are the top two riders that are there.
21 The remaining types of riders -- the other one that I
22 would mention to you, there's one that relates to our
23 sunset legislation that existed in the last biennium.

24 And in accordance with legislation that passed
25 last time around, House Bill 3361, the previous version

1 indicated that it was pending passage by legislation for
2 the continuation of the agency.

3 House Bill 3361 is the one that gave us 12
4 years of life during the last session. So we're
5 respectfully asking to see if the rider can be -- to
6 remove that particular section of the riders. Okay?

7 So we've gone through measures, we've gone
8 through riders. The next thing that we're right in the
9 middle of is what they call a baseline request. And we
10 are requested to submit a baseline request to the
11 legislature -- well, to the LBB and the Governor's Office.

12 And what that does, it pretty much -- they
13 request us to reconcile in the current biennium that we're
14 in right now, in '14 and '15, because every agency and
15 every state agency is submitting these, and it establishes
16 a base for the state as a whole.

17 And so right now, what we have in submission is
18 our base request. And even though it includes all kinds
19 of financing for the Department, the key to the base req
20 is the general revenue component of it because, of course,
21 that's the measure that they're trying to put down or lay
22 down in terms of the starting point for state-funded
23 initiatives. Okay?

24 So the base is in. Once the base is certified,
25 then the next step is asking agencies if there are any

1 exceptional items over and above the baseline. In our
2 particular situation, we are not recommending any
3 exceptional items this coming session. Okay?

4 So that's where we stand, as far as the base,
5 at this juncture. I think the only thing that remains is
6 in relation to a policy letter that typically is issued
7 out by the LBB and the Governor's Office.

8 We received that letter this week, and that
9 particular letter, what it does is it outlines
10 expectations of where the state is headed as a whole
11 through this next session.

12 And it also lays down what we've experienced in
13 the past to be a 10 percent reduction schedule. Okay?
14 And as you know, probably two, three sessions back, when
15 budget times were much tighter, it was common for them to
16 not only request the schedule but to also enact provisions
17 to create savings statewide to be able to maintain
18 services all the way around.

19 So we are in the process of developing a
20 schedule that will be submitted in the LAR, and it will be
21 compiled with the basis of obviously trying to minimize
22 any impact toward direct services to the public.

23 So we'll look in house first to see if there
24 are any savings that we can generate internally, primarily
25 in the administrative wings and then we'll move from

1 there, in terms of any reductions that we'll recommend, in
2 priority order that way.

3 So in summary, I think those are my remarks
4 this morning in relation to where we are on the LAR. We'd
5 like to request your approval to move forward, again, with
6 the understanding that those are the conditions that we're
7 working through.

8 And our LAR will be due August 4, so we're on
9 the fast track now and have probably about four weeks
10 now --

11 MR. OXER: Great.

12 MR. CERVANTES: -- to be ready to go.

13 MR. OXER: Okay. Robert, do you have
14 questions?

15 MR. THOMAS: Just a statement of kudos to our
16 Executive Director and his staff for continuing to
17 exercise a high level of fiduciary responsibility to our
18 citizens, to our state.

19 The reductions and the planning are
20 phenomenally difficult. I would only say that I encourage
21 you to -- as our chair pointed out earlier, as we're
22 doing -- working on the LAR, to make sure that you are
23 comfortable; while you are committed to lean operations,
24 that you don't feel so lean that you're concerned about
25 making sure that you're able to do your job.

1 I don't think anyone can question the
2 incredible job this State agency did to these residents.

3 MR. IRVINE: Well, in regard to that, you know,
4 I would note that we've been operating below our
5 appropriated FTE cap. And one of the traditional
6 approaches that you might have would be to look at moving
7 down to the lower operating levels, but we're actually
8 seeking to retain the FTE cap.

9 We are looking at ways that we can use savings
10 to produce opportunities to fund positions, specifically
11 to address such things as heightened compliance
12 responsibility under the new HUD HOME rule, under the new
13 OMB-adopted supercircular rule with regard to expanded
14 asset management requirements.

15 We are absolutely looking to ways to rebalance
16 operations to take care of those extraordinary challenges,
17 you know. I think it's -- something that we are always
18 mindful of is that Patricia Murphy and her
19 responsibilities in compliance deal with an ever-expanding
20 portfolio, so we're looking to ways to put more resources
21 there.

22 And I think a big component of the ultimate
23 success in this regard is going to be some of the
24 efficiencies that we're achieving in other ways.

25 UNK: All right. Here, here.

1 MR. CERVANTES: Yes. Mr. Thomas and members of
2 the Board, the other thing -- just to kind of fast forward
3 a little bit -- you know, we'll submit our LAR in August.

4 And then the LBB and the Governor's Office will be making
5 their recommendations as we move toward the end of the
6 calendar year.

7 Typically in September, October, as we start
8 the new fiscal year, is when we'll have our first
9 hearings, and those'll be sponsored and hosted by the LBB
10 and the Governor's Office.

11 And that'll be our first opportunity to go on
12 record and present what we have in there, after baseline
13 certification and our LAR submission. And then of course,
14 we'll get to January, and then the Senate Committee on
15 Finance and House Committee on Appropriations will take
16 over, and we'll go through our legislative process from
17 January through May.

18 And then of course then there'll be Comptroller
19 certification. And of course, then the Governor will have
20 the final say in terms of any veto power that he would
21 exercise or anything like that.

22 And so that's that's kind of the progression.
23 And then you'll hear the term General Appropriations Act,
24 and it's basically the end product of what we are going
25 through this entire process, from one calendar year, all

1 the way -- cycled all the way around to another as we
2 engage and move toward '16 and '17.

3 And that'll be the culmination, and it will --
4 it, of course, 84th Legislature General Appropriations Act
5 will be the final product. And that's what we'll be
6 around next time, to tell you, you know: We're here to
7 try to present the first year, hopefully, of the next
8 biennium, in terms of our interim budget and so on. MR.
9 OXER: Any other questions from the Board? Just a
10 comment. From a strategic standpoint -- and I know you're
11 working on this as a rolling estimate to what's going on
12 in the future -- from a -- just -- since I am involved in
13 the strategic planning for the agency, we're not looking
14 for things to do.

15 One of my first admonitions was I'm not over
16 here to figure out what to do. I'm over here to figure
17 out how to do what the Governor and legislature decided
18 needed to be done.

19 MR. CERVANTES: Right.

20 MR. OXER: That said, there still needs to
21 be -- and I think you're doing a good job of this, as is
22 Tim and the entire agency, which I appreciate more than
23 you can measure. We have to take a look at the conditions
24 or the context that we're going to be working in, because
25 I don't think anybody here or anybody in this room that

1 really knows anything about this sees any expanding
2 budgets coming out from any government, you know,
3 particularly the state.

4 MR. CERVANTES: Right.

5 MR. OXER: So being able to do more with less,
6 and optimizing the efficiency with which we deploy our
7 intellectual and our financial capital and the costs that
8 we can manage, are critical components; that I take note
9 and appreciate the fact that you're looking a couple of
10 cycles down the road.

11 MR. CERVANTES: Sure.

12 MR. OXER: And even for the ones that were not
13 legislative -- for which we have no legislative mandate to
14 consider, in terms of our planning, -- numerical,
15 financial planning -- we need to start thinking -- or we
16 need to continue to be thinking in terms of context of
17 like what does the world look like in those three to five
18 years out --

19 MR. CERVANTES: Sure.

20 MR. OXER: -- not just in the next two budget
21 cycles out.

22 MR. CERVANTES: Yes. I mean, it's -- it's very
23 interesting times. I mean, you know, Curtis stands behind
24 me, but I mean, you know, we can start talking about cloud
25 computing and things of those types and of course all the

1 risks that are associated and coming around the corner, as
2 well. Yes.

3 MR. OXER: You're just trying to get of Windows
4 XP now. Right?

5 MR. CERVANTES: Well, yes, probably. So I mean
6 it's --

7 MR. OXER: I would think your job -- whatever
8 they pay me. Okay?

9 MR. CERVANTES: I find it extremely
10 interesting, and we have conversations with different
11 groups, DIR and others, and it's just amazing that the --
12 whether it's technology or just the pace that we're
13 working through, and the many challenges that we have to
14 provide high quality services to the citizens.

15 So we're certainly keeping all of that in mind
16 and working with, you know, all of the problematic areas
17 to ensure that we're going to try to do everything
18 possible to meet their needs, to --

19 MR. OXER: Curtis, it's --

20 MR. CERVANTES: -- try to provide --

21 MR. OXER: -- it's hard to get those vacuum
22 tubes with that big box down in the basement these days.
23 Right?

24 MR. CERVANTES: Okay. And so with that, I
25 guess I would like to, before I close, a thank you to the

1 division of the Department, and the sections. We've been
2 working very closely with them since March.

3 And in terms of the 2015 operating budget, we
4 still have some work ahead of us, in terms of the LAR, in
5 the next four to five weeks; but I do want to extend a
6 thanks to all of the divisions for their cooperation and
7 assistance along the way.

8 Last, but not least, I'd like to recognize a
9 couple of my staff members. In the audience, I have Ernie
10 Palacios and Joe Guevara, if you can kind of wave. I get
11 the luxury of coming here and making few remarks, but the
12 heavy lifting is really taken place by these gentlemen
13 back here.

14 We've also included a couple of new staff
15 members in the budget process, Christina Vavra and John
16 Tahney [phonetic], who are new members to the organization
17 and to this particular process.

18 So again, we're trying to develop some depth
19 there and include them in process, but they're the ones
20 that deserve the credit for this product that you see here
21 today.

22 MR. OXER: Yes. Thank you for those comments.

23 And, you know, this is a tough job. You've got a tough
24 job. It's made harder by the fact that we're working with
25 less money.

1 So it's an important thing that we're trying to
2 do for the state. It's even more important that we're all
3 working, sort of paddling in the same direction.

4 MR. CERVANTES: Yes, sir.

5 MR. OXER: So just from all the folks -- I
6 think I can speak for most of the Board members up here,
7 the Board appreciates that the agency staff works together
8 to get this done, because we know this is not easy.

9 MR. CERVANTES: Okay.

10 MR. OXER: All right. Any questions of the
11 Board, that we have? Where are we back -- who did the
12 motion? We're -- we haven't had one of these. All right.
13 Good.

14 MR. GANN: Are you ready for one?

15 MR. OXER: Let's have one. Mr. Gann?

16 MR. GANN: I move we approve the Legislative
17 Appropriations Request for the fiscal year -- let's say,
18 for fiscal year 2016 and 2017.

19 MR. THOMAS: Second.

20 MR. OXER: Motion by Mr. Gann to approve staff
21 recommendation; second by Mr. Thomas. Is there any
22 question?

23 (No response.)

24 MR. OXER: Any comment, public comment? All
25 right. We have one public comment.

1 MR. CLOUTMAN: Thank you, Mr. Chair. I'm
2 Charles Cloutman with Meals on Wheels and More, here in
3 Austin. And as such, we're one of the administrators for
4 the Amy Young Architectural Barrier Removal program.

5 I'm here before you today to ask you to think
6 outside the proverbial box in your LAR. We need much more
7 funding for the Amy Young program; the Amy Young program
8 is terribly underfunded.

9 \$4 million in a biennium is almost sinful when
10 we have 3 million low-income disabled people in this
11 state. We must have more funding. We must ask for more
12 funding.

13 Staff cannot advocate; they can just advise, as
14 I've been reminded numerous times and numerous locations,
15 that we're in this as administrators, and advocating for
16 the persons with disabilities.

17 And their lack of ability to be served by this
18 state is our responsibility, as one board that's set here
19 to represent the poor, the disadvantaged, persons with
20 disabilities.

21 You're the one that's going to have to say,
22 Legislature, we need more money; Mr. Governor, we need
23 more money. We must have more funding to help these
24 people.

25 It's in your purview. It's in your

1 responsibility to ask for this. I am here before you to
2 just wave the flag. I'm here before you to shine a light.

3 I'm here before you to ask you to stand up, to represent
4 the hurting of this state.

5 I'm here before you to ask you to ask the
6 legislature for at least \$10 million every year, \$20
7 million biennium, for the Amy Young Barrier Removal
8 program, not for the Housing Trust Fund but for this
9 wonderful program, wonderfully administered.

10 It is very fleet of foot, very accurate, very
11 easy to implement, and does wonderful work. Please do
12 this. It's a mandate we must do. We basically are
13 deceiving ourselves into thinking that we're actually
14 serving the people of this state with a bowl of Cheerios
15 and trying to spread it out to 3 million people.

16 It won't work. We're not doing our job.
17 People are hurting. They're looking to you; they're
18 looking to me, and I'm here before you, sharing the load.

19
20 So please, make a rider, make a stand, wave the
21 flag, shine the light, and we'll take it from there. But
22 we need you. Without your recommendation, we are hollow.
23 We're there saying, We need help; and yet the Board
24 doesn't request it. And they're easily capable. They're
25 easily and willing to dismiss our cry if you're not crying

1 with us.

2 So please stand with us. We'll carry it, but
3 stand with us. Thank you.

4 MR. OXER: Thank you, Mr. Cloutman. Appreciate
5 your comments.

6 MR. CLOUTMAN: Thank you.

7 MR. OXER: Any other public comment?

8 (No response.)

9 MR. OXER: David?

10 MR. CERVANTES: No, sir. That's it.

11 MR. OXER: Okay. All right. Motion by Mr.
12 Gann, second by Mr. Thomas to approve staff recommendation
13 on Legislative Appropriations Request, Item 2(c). All in
14 favor?

15 (A chorus of ayes.)

16 MR. OXER: Opposed?

17 (No response.)

18 MR. OXER: There are none. Thank you.

19 MR. CERVANTES: Thank you for your continued
20 support. Appreciate it.

21 MR. IRVINE: Mr. Chairman --

22 MR. OXER: Yes, sir.

23 MR. IRVINE: -- if I might, just with respect
24 to Mr. Cloutman's comment, in our last session, there were
25 similar requests regarding the Homeless Housing Services

1 program, and the Agency did not ask for any exceptional
2 items, but the local interests that were extremely engaged
3 on that program took the matter up in the legislative
4 process.

5 And the legislature called upon us, as they
6 always do, as a resource to explain the operation of the
7 programs, the needs of the programs, and so forth, and
8 that was an effective mechanism.

9 And I think that certainly the budgetary and
10 programmatic oversight areas of the legislature are well
11 aware of the significant needs in Texas, and this
12 department is always there as a resource to help the
13 legislature navigate those tough decisions.

14 MR. OXER: And I would also make note that I
15 think the Amy Young Barrier program has it's 500th
16 project. Do you have some comments on that, you can --
17 someone can tell us some more about it?

18 (No response.)

19 MR. OXER: Guess not. Anyway, I think we were
20 going to celebrate -- Homero?

21 Just put it in the record, because I think it's
22 a fine achievement that we had on there, and I think it
23 would appropriate for you to say a few things.

24 MR. CABELLO: Yes. The --

25 MR. OXER: And you have to identify yourself,

1 you know.

2 MR. CABELLO: Homero Cabello, the Director for
3 Office of Colonia Initiatives and the Housing Trust Fund.

4 The Amy Young Barrier Removal program was
5 launched in 2010, and within just over three years, we
6 have assisted 500 persons with disabilities --
7 households -- and making their home accessible and
8 addressing some health and safety issues.

9 And we were going to celebrate the 500th home
10 in Marble Falls. Unfortunately, the lady had a health
11 issue, and it was postponed. But it's a program that's in
12 high demand, and we're assisting many persons with
13 disabilities under 60 percent of the area median family
14 income.

15 MR. OXER: Okay. Thanks, Homero.

16 Okay, Item 3, Bond Finance. Good morning, Tim,
17 Eric.

18 MR. PIKE: Good morning, Board Chairman Oxer,
19 Board members. My name's Eric Pike, Director of the Home
20 Ownership division. I'm here to speak on behalf of Item
21 3, which is presentation, discussion, and possible action
22 on Resolution Number 14-035, which is authorizing
23 publication of a Public Notice for Mortgage Credit
24 Certificate Program; as we call it, MCC Program 83.

25 As a part of this Item, the TDHCA executive

1 team has asked me and Tim Nelson, our Bond Finance
2 Director, to give you a little historical overview and
3 report on the Department's MCC programs.

4 The division that I oversee, the Texas Home
5 Ownership division, is responsible for administering the
6 Department's My First Texas Home, Taxable Mortgage program
7 TMP-79, as well as the Texas Mortgage Credit Certificate
8 Program.

9 First of all, an MCC is an instrument designed
10 to assist low to moderate income persons with home
11 ownership. The procedures for issuing MCCs were
12 established by Congress as an alternative to the issuance
13 of single-family mortgage revenue bonds.

14 Under an MCC program, no bonds are issued, no
15 mortgage money is lent by the Department, and lenders are
16 required to pay nominal up-front fees. An MCC helps make
17 home ownership more affordable by entitling the home owner
18 to a personal tax credit up to \$2,000 against their
19 federal income tax liability.

20 This is on an annual basis. The amount of the
21 tax credit is calculated based on the credit rate
22 established by the housing agency, and it's based on the
23 annual amount of mortgage interest paid by the borrower.

24 The MCC credit rate can range anywhere from 10
25 percent to 50 percent. TDHCA's rate is currently set at

1 40 percent. Again, that's our MCC credit rate, set at 40
2 percent.

3 And it's typically set based on the historical
4 average loan amount for the programs, as well as the
5 current interest rate environment at the time the program
6 is launched.

7 The credit reduces the federal income taxes of
8 the buyer and has the potential of saving the MCC holder
9 thousands of dollars over the life of the loan. To claim
10 the tax credit, borrowers file Form 8396 with their IRS
11 1040 tax return.

12 Instead of waiting until year end to benefit
13 from the tax credit, borrowers may instead, if they choose
14 to do so, revise their W-4 withholding forms with their
15 employer to reduce the federal withholding tax by up to
16 \$166.67 a month.

17 That figure is derived from taking the \$2,000
18 that someone may receive on an annual basis and dividing
19 it out by a 12-month period of time. This allows the
20 borrower to increase their disposable income on a monthly
21 basis and may assist them for loan qualifying purposes.

22 For illustrative purposes, a homeowner that
23 purchases a home with a mortgage loan of \$140,000 and an
24 interest of 4.25 percent for 30 years would have a
25 principal and interest payment of approximately \$689.

1 The amount of the interest paid during the
2 first year would be approximately \$5,950 in this scenario;
3 multiplied by the 40 percent credit rate that the program
4 has established by the program, the borrower would realize
5 the full benefit of the \$2,000 tax credit.

6 If the calculation exceeds \$2,000, \$2,000 is
7 the max that they may claim. Program eligibility
8 requirements are stipulated by the Internal Revenue Code.

9 Borrowers must be a first-time home buyer and occupy the
10 property as their primary residence.

11 And they also must comply with their applicable
12 income and purchase price limits. MCCs cannot be used
13 when mortgages are funded with tax-exempt bond programs,
14 so in the past, they were never able to be used with our
15 bond programs when we funded our mortgage loan program
16 through the sale of mortgage revenue bonds.

17 But now that we have this taxable mortgage
18 program, TMP-79, the two can be combined, so it provides a
19 significant -- or can provide a significant benefit to a
20 borrower.

21 The Department made available its first MCC
22 program back in the 1980s. I've been around a long time,
23 but I wasn't here back then.

24 But after several years, the program was
25 suspended, but it resumed again in 2003 with the release

1 of a \$60 million program. The program struggled initially
2 to gain momentum but soon began to catch on in popularity.

3 Subsequent program releases have followed since
4 then. The last several programs have grown significantly,
5 from \$120 million to \$260 million to \$525 million, which
6 was the last program that we released.

7 And it has now grown to become one of the
8 largest programs in the country. Subsequently, the number
9 of MCCs issued by staff has risen dramatically over the
10 past four years, from 625 households to a projected 2,044
11 households to be served for fiscal year 2014.

12 Due to increased demand, the current program --
13 and it's called Program 82 -- was launched five months
14 early, in March of 2014, in order to allow a continuous
15 availability of funds.

16 At the current rate of reservations, we expect
17 to be fully committed by February of next year. Due to
18 efficiencies created with the use of a new online
19 reservation system, a shared approval process with our
20 program administrator, increased training and other
21 technology upgrades, we have been able to vastly improve
22 our ability to handle the increase in MCC activity.

23 Now, to explain how the programs are funded and
24 our plans for the next program, I want to turn it over to
25 Tim Nelson, our Bond Finance Director, to describe that to

1 you.

2 MR. NELSON: Good morning, Mr. Chairman,
3 members of the Board. Before I begin my comments, I did
4 want to --

5 MR. OXER: Tim --

6 MR. NELSON: -- want to reiterate --

7 MR. OXER: -- you have to say who you are.

8 MR. NELSON: Oh, Tim Nelson, Director of Bond
9 Finance.

10 I did want to reiterate a couple of comments
11 that Eric made regarding the MCC program, and that is to
12 say that even though this is available to every state, not
13 every state has an MCC program.

14 And those states that have an MCC program vary
15 in sort of the success that they've had with the MCC
16 program. So I'd like the Board to know that, largely due
17 to the efforts of Eric and their staff, our program is, I
18 believe, the largest one in the country and one of the
19 most successful ones.

20 MR. OXER: Why -- just as a question, why is it
21 the other states aren't as successful?

22 MR. NELSON: Well, it's -- as Eric said, when
23 we first started ours back in the '80s, it's -- I
24 think there is certainly a difference between going to
25 someone and saying, I will give you a mortgage loan; maybe

1 I'll give you some down payment assistance; and that rate
2 is 4, versus, Okay, go to Wells Fargo or someone else.

3 Go ahead and get your own loan and then go
4 through this process, and I'll give you this piece of
5 paper, and when you file your taxes at the end of the
6 year, you'll get some money back.

7 I think it's a difficult concept for the type
8 of borrowers that we're dealing with. And so it takes a
9 lot of, I think, education on their part. I also think,
10 for lenders, having to -- there's a difference in --
11 again, of course, lenders -- they every day originate
12 mortgage loans.

13 So it's a lot easier for them to understand a
14 concept of, Okay, we're offering a mortgage product. As
15 long as you meet these guidelines, you can go ahead and do
16 that loan.

17 So it's a different animal, and like I said,
18 there's -- out of the 50 states -- I don't know, Eric --
19 there's probably, I don't know, maybe 10 or 12, and a lot
20 of those are fairly recent programs.

21 And frankly, I think people who've looked at
22 the success of our program and said, you know -- I think
23 Eric fields calls from these other states on a daily basis
24 as to, Hey, we're thinking about starting an MCC program,
25 and what do you do to make yours successful?

1 MR. OXER: So it's just one more major program
2 that Texas is leading the way on.

3 MR. NELSON: That is correct.

4 MR. OXER: I like that answer.

5 MR. NELSON: Okay. So turning to my comments,
6 as Eric said, you know, he's given you some of the
7 programmatic background. What I want to talk about is
8 what we do, in Bond Finance, in terms of assisting and
9 getting these programs done.

10 And I would sort of break the MCC down into
11 three stages. And the first stage is getting approval to
12 publish for the program, which is why we are before the
13 Board today, looking for that approval for Program 83.

14 The next stage is that we need to somehow get
15 our hands on some volume cap because, similar to a tax
16 exempt bond program, even though you've got demand, unless
17 you have volume cap, you do not have a program.

18 And then finally we would come to the Board,
19 and the Board needs to approve, just like in our bond
20 deals, the MCC documents and to set the various terms for
21 the MCC program.

22 The first item is publication. That is
23 required by IRS regulations. I think the best way to look
24 at publication for an MCC is it similar to a TEFRA hearing
25 for a bond issue. That's sort of the corollary for it.

1 And we're required to publish in the Texas Register, and
2 we are required to publish in newspapers of general
3 circulation.

4 In working with our bond counsel, we have
5 identified 12 newspapers statewide that fit that
6 definition -- the Austin American-Statesman, San Antonio
7 Express, Fort Worth Star-Telegram, Lubbock, Corpus
8 Christi, and so forth.

9 So you can see one of the challenges that we've
10 got, as opposed to most other states, who might have one
11 large city, perhaps one newspaper that is the newspaper of
12 general circulation, we've got 12 of them that we have to
13 coordinate with.

14 And the publication date is important, because
15 we cannot issue an MCCs until 90 days after your
16 publication date. But again that's just in the IRS rules.

17 And the corollary to that is you cannot have a
18 loan closing date for which the MCC is being issued --
19 cannot be earlier than that publication date plus 90 days.

20 So I want to point out to the Board, though, that it's
21 important to realize that, at this point, we're not sizing
22 the program; you're not even agreeing to do a program.

23 We're just out there publishing that we're
24 looking to do a program, announcing that to the public and
25 also for lenders, primarily, to say, Okay, if you're

1 interested in this program, here's whom you contact. This
2 is how you get information on it.

3 So the cost to the Board, at this point -- I
4 can tell you, the cost to publish, for Program 82, which
5 Eric said that we had published that late last year and
6 released it this spring, was \$18,000.

7 And you know, some of these newspapers, it cost
8 a couple of hundred dollars; a couple of these newspapers,
9 it cost a couple of thousand dollars to publish. It
10 varies by the paper.

11 So once we have done that, then the next thing
12 that we have to do, as I pointed out earlier, is the
13 Department has to apply to the Texas Bond Review Board for
14 volume cap.

15 Every state is, since 1986, given a volume cap
16 for which they're to fund not only their single-family but
17 student loans and multifamily and all the other private
18 uses.

19 For this year, it's \$100 per capita, with a
20 minimum of \$297 million. I can report to the Board that
21 the set-aside for the Department for 2014, for single-
22 family programs is \$247 million dollars.

23 The volume cap for the entire state of Texas is
24 \$2.6 billion. That is the second largest in the country,
25 after the state of California. As I said earlier, we do

1 go through the Bond Review Board, which has a myriad of
2 rules, which I'm not even going to attempt to review here,
3 but I do want to point out that they do have some various
4 deadlines that we do have to be aware of.

5 There's a deadline of August 7 for us to apply
6 for the amount that is set aside for us, that \$247
7 million. After that, it all collapses into a housing
8 set-aside.

9 The deadline to apply for housing set-side
10 monies is August 15. At that point, if it's not been
11 requested by a housing issuer, it collapses into an open
12 pool for everyone.

13 So the Board can expect in -- I think since
14 I've been at the Department, we've pretty much done this
15 every year. We'll come to you at the July 31 meeting,
16 asking for a resolution to go in and apply for some of
17 that volume cap.

18 And it could either be our set-aside volume cap
19 or it could be some of the housing set-aside volume cap.
20 But we will typically every year go in and ask for some of
21 that volume cap.

22 The next deadline we have to deal with is
23 November 15. That is the deadline, if everything
24 collapses, for you to apply for volume cap of any type.

25 And then the deadline to request what the IRS

1 refers to as a carryforward allocation is December 23. So
2 again, the upshot of this is, you can expect staff -- and
3 we've done this before -- to come back to you in the fall,
4 probably in October or November, and ask for a resolution,
5 to go and apply for any of those carryforward amounts that
6 are available.

7 It's important for the Board to note that
8 volume cap that's carried forward can be used for up to
9 three years. So when you're dealing with that
10 application, that isn't money that you have to use by the
11 end of that year. You have up to three years to use any
12 amounts that you request in carryforward.

13 In fact, the Department has, as I said, done
14 this before. We currently have 400 million, in 2013
15 carryforward that we asked for last year, that's still
16 available to us.

17 MR. OXER: You understand that's one of the few
18 places in this Agency where "forward" actually has a
19 positive connotation.

20 MR. NELSON: I understand that. It's also
21 important for the Board to recognize that volume cap that
22 is not requested or not carried forward by the end of the
23 year is forfeited. It just goes up in smoke.

24 And in fact, the State of Texas has forfeited
25 one and a half billion, with a B, dollars of volume cap in

1 the past two years. And so anyway, when we come to you in
2 the fall and ask for that, again, that's what we're
3 looking for.

4 Better for us to go in and get some of that
5 cap, in particular when we have programs that are in need
6 of it, than to have the cap just be forfeited and go away.

7 The cost to the Board, at this stage, is for
8 each \$100 million of volume cap that we request for MCC
9 programs costs us \$12,500. That's as opposed to if we
10 were going in for bond volume cap; that's \$25,000 for each
11 \$100 million; plus we have to pay \$500 for each
12 application that we put in.

13 So finally we will come back to the Board, once
14 we're through with all this process, and we will look for
15 you to approve the MCC documents and to set the terms for
16 that particular MCC program.

17 One of the terms that you'll set -- remember, I
18 said earlier we haven't determined the size of the deal --
19 when we come in to approve these documents, it's at that
20 point that we set the size of the deal.

21 And to give the Board some perspective, as Eric
22 said, we've had a huge growth in our programs. Our
23 Program 75 was \$120 million in cap that we used for that.
24 We then, on Program 78, went to \$180 million.

25 Program 82, which is the one we just released,

1 was \$525 million. Program 83, which we're looking for,
2 again, authorization to publish today -- not going to size
3 it till later -- but based upon the demand that we're
4 seeing today, we certainly expect that program to be in
5 excess of the 525 million that we used for Program 82.

6 Similar to the carryforward, it's again
7 important for the Board to recognize that the
8 Department -- once you issue your MCC program, you have
9 three years in which to issue those MCCs.

10 Actually, more accurately, you have until
11 December 31 of the third year following the release of the
12 program to use it. So that means you don't really have
13 three years, and it also means that's what you typically
14 see, that we try to release our MCC programs in the early
15 part of the year, because if you issue your MCC in
16 December, you have two years; if you issue it on January
17 2, you have three years.

18 So unless we're forced to -- and we certainly
19 have had times where our demand has been unexpectedly
20 increased, where we will release a program in the fall,
21 but we typically don't like to do that. The IRS rules
22 allow volume cap to be converted for MCC use, based on a
23 four-to-one ratio.

24 So when we talk about these volume caps that
25 we're using, when we turn those in, we're allowed to get

1 basically 25 percent; whatever the volume cap we turn in,
2 we get an MCC credit for that.

3 So turn in 100 million in volume cap, you get
4 25 million in MCC credit authority for that. As Eric
5 said, our MCC credit percentage is currently 40 percent.
6 It's been 35 or 40 percent on our more recent programs.

7 As he said, that all varies according to the
8 size of the deal, where interest rates are, what other
9 people are offering, I'd say, is a third item that we take
10 a look at.

11 The other thing that the Board will do is,
12 again, set the fees for the program. Similar to the bond
13 program, we have MCC issuance fees, review fees,
14 application fees.

15 Those are all set forth in the program, and
16 under our statute, the Board needs to set all of those.
17 The cost to the Department, at this point, is about
18 another 30- to 50,000 for attorneys fees to go through and
19 generate all these documents; whether on the lower or
20 higher end of that range depends on the complexity of the
21 deal.

22 For instance, on the Program 81 that we did
23 last year, since we had our TMP program out there and we
24 wanted to combine the use of those, we went through on all
25 of our forms and made them sort of compliant, so that you

1 could use the same form, whether it was TMP-79 or the MCC
2 program. So that required a little bit more legal time.

3 In closing, I guess I would say that the
4 challenge for the Department, moving forward, is really
5 managing this volume cap. I know I've thrown a lot of
6 numbers out here, but you might recall that I said the
7 amount we have set aside for us is 247 million.

8 And obviously the last several MCC programs
9 have been in excess of 247 million. And fortunately,
10 because our TMP program is a taxable program, we don't
11 need to use volume cap for that.

12 If we ever convert back to where we're doing
13 tax-exempt bonds, our annual volume on loan programs is
14 anywhere between 250 million and 300 million. So we could
15 be in a situation where we have a loan program that needs
16 250 million of cap and an MCC program that needs 3- to 500
17 million, let's say.

18 We've only got 247 at least at the present, so
19 we've got to go in and hopefully, be able to garner some
20 of this additional cap. And so with that, I will say that
21 staff recommends approval, and we'd be more than happy to
22 address any questions.

23 MR. IRVINE: If I might just put the plain
24 English capstone on this, this is a really impactful
25 business development and economic development program. We

1 are really doing great things in the way that these guys
2 have geared up the program with their incredible team,
3 some of whom are here.

4 You know, in an average day, they're doing 1 or
5 \$2 million of new home ownership activity. Recently we
6 had the unprecedented, what, \$7-1/2 million dollars in a
7 single day.

8 I mean, this is a really significant, vibrant
9 engine, and we just want to pave the way that if there is
10 available bond cap which is administered by the BRB, we
11 want the Board's authority to go and try and exercise and
12 acquire that cap to keep this program running at current
13 levels.

14 MR. OXER: Even better, keep it running at
15 higher levels. Sounds like it's doing a pretty good job
16 for the folks out there, too. And using the MCC program
17 or the bond cap for the reservation for the MCC, seems
18 like that puts a lot more responsibility and
19 accountability on the borrower and is less impactful,
20 particularly if we have to buy that cap and then manage
21 it. If we buy too much, you're in a difficult balancing
22 mode.

23 MR. NELSON: Well, and also --

24 MR. OXER: Do you have to buy it up front and
25 then use it out, or do you pay for it as it's extracted,

1 Tim?

2 MR. NELSON: Well, you currently pay the \$500
3 application fee every time you go in to get it. The way
4 the way the issuance fee works is that that's basically
5 paid at the time you use it.

6 So you can bank this and then like I said, up
7 to three years to use it. At the time you draw it down
8 and use it, that's when you make your payment to the BRB.

9
10 But it's looking at, again, two different
11 programs, two different sort of growth rates, trying to
12 manage all the time lines, it can be challenging.

13 And again, right now, since we're forfeiting
14 cap, it's -- there's not -- I won't say there's not a huge
15 demand, but it's pretty easy to go in and get it. There
16 were times when --

17 MR. OXER: You're not going to have to claw
18 your way in to get this this time.

19 MR. NELSON: Yeah. There were years years ago,
20 when that wasn't the case, but we could go back to that in
21 the future. So we're trying to manage this carryforward
22 process so that we always have the maximum amount
23 available to us, given, frankly, what we see our next
24 three years of issuance needs being.

25 We would certainly never recommend going in,

1 taking down 2 billion dollars in cap or whatever, if
2 that's not something you think you can use, but --

3 MR. OXER: Well, yes, that limits -- or
4 diminishes your credibility with the Bond Review Board.
5 So -- all right.

6 Any questions of the Board?

7 (No response.)

8 MR. OXER: Okay. Let's have a motion to
9 consider, then.

10 MS. BINGHAM ESCAREÑO: I'll move staff's
11 recommendation to publish the Public Notice, I think, is
12 what we're doing today. Right?

13 MR. OXER: Right.

14 MR. NELSON: That's correct.

15 MR. OXER: We're just getting started. Right?

16 MR. NELSON: Just getting started.

17 MR. OXER: Okay.

18 DR. MUÑOZ: Second.

19 MR. OXER: All right. Motion by Ms. Bingham,
20 second by Dr. Muñoz, to approve staff recommendation to
21 get started on Item 3. No public comment?

22 (No response.)

23 MR. OXER: All in favor?

24 (A chorus of ayes.)

25 MR. OXER: Opposed? There are none. Thank

1 you. Yes, I have to -- I do have to say, just as a
2 comment, you know, we've got a fine finance team.

3 Okay, on Item 4. Okay, Item number 4.

4 MR. IRVINE: That's been pulled, Chairman, till
5 next time.

6 MR. OXER: Okay. All right. Then, Item number
7 4 has been pulled, for the record, so let's jump into the
8 deep end of the pool here, Jean.

9 MS. LATSHA: Morning again. Jean Latsha,
10 Director of Multifamily Finance. First, I'd like to do
11 just a little housekeeping. This item is a presentation
12 of appeals, waivers, and requests for preclearance.

13 So if there's --

14 MR. OXER: Let's do this. I think -- you know,
15 I know you list them in numerical order, their --

16 MS. LATSHA: That's right.

17 MR. OXER: -- application number. And I think
18 we would be better served in this to look at the one
19 that's going to be the most contentious first, and then
20 take the rest of them, grouped together -- they're grouped
21 under terminations and appeals.

22 MS. LATSHA: That's right. So first there are
23 a number of these, so this list isn't nearly as long
24 anymore as it appears to be. First we can cross some off.

25 The first one, Pine Terrace Apartments, they've

1 withdrawn their appeal. Savannah Park also was withdrawn.

2 I think that was shown in your Board book, but that
3 way -- Stoneleaf at Glen Rose, withdrawn.

4 Manor Lane Senior Apartments, that has been
5 pulled; that may or may not appear at the next Board
6 meeting. Tays has been pulled and also may or may not be
7 at the next Board meeting.

8 Those, we just had appeal deadlines kind of
9 running into the Board meeting. We're trying to get them
10 here but didn't quite work out. Liberty Square and
11 Liberty Village, that appeal's been withdrawn.

12 You may recall that was actually at the last
13 Board meeting and was tabled, but they decided they did
14 not qualify for the USD set-aside; Prairie Gardens, also
15 withdrawn.

16 So that leaves us with one request for
17 preclearance, and then the remainder are appeals. Those
18 appeals -- we could group them as appeals of terminations
19 of applications and then appeals of scoring items if the
20 Chair so chooses.

21 MR. OXER: Yeah. Let's do that.

22 MS. LATSHA: All right.

23 MR. OXER: Let's take them in the terminations,
24 because that's sort of a --

25 MS. LATSHA: Sure. So --

1 MR. OXER: -- rule of application. Then we
2 have the -- is there one for which there is --

3 MS. LATSHA: There's one that is simply a
4 preclearance request.

5 MR. OXER: Let's take that.

6 MS. LATSHA: That's Wheatley Courts.

7 THE COURT: Let's take that one first and
8 then --

9 MS. LATSHA: 14191.

10 MR. OXER: -- the terminations, and then the
11 appeals.

12 MS. LATSHA: Right. And then the terminations
13 are Selinsky Street Supportive Housing and Palm Parque.
14 We could take those second; then Residences at Rodd Field,
15 third; then Waters At Granbury, fourth. Those are all
16 appeals of terminations.

17 MR. OXER: Okay. Let's take Wheatley first.

18 MS. LATSHA: Okay.

19 MR. OXER: Okay. One more time, just sort of
20 as a matter of housekeeping, which I see everybody pretty
21 well got the message: first row up here, on our left, is
22 for public comment.

23 This is the staff chair for the item we're
24 addressing. If you need some overflow, just go to the
25 left. We'll make sure everybody gets heard. Okay.

1 MS. LATSHA: All right. So this agenda item is
2 simply a request for preclearance. It might feel similar
3 to some other items we had the last couple of Board
4 meetings, under the same rule, undesirable area features.

5 In those cases, however, we were dealing with
6 staff had terminated the application, and they were appeal
7 that termination, although the termination was made under
8 the same rule.

9 This application's not been terminated. Staff
10 simply felt that this was a preclearance request that
11 should be brought to the Board's attention. So you will
12 see that we don't have a firm recommendation as far as
13 approval or denial of their request.

14 This is a determination of eligibility of the
15 site, and that is all. We still would need to complete
16 our review of this application, although it's pretty close
17 to being completed. So this wouldn't address any other
18 eligibility or scoring items. This simply has to do with
19 the rule regarding undesirable area features.

20 So this is an application in San Antonio. The
21 overall plan is a reconstruction of a 246-unit public
22 housing site into -- I'm sorry -- I think it's
23 currently -- 246-unit public housing site, and then it's
24 going to be reconstructed into a 423-unit mixed income
25 community.

1 They can -- all of these folks here are going
2 to be able to speak to that in a little bit more detail.
3 It's located on the east side of San Antonio. Staff did
4 visit the site and the surrounding area. The pictures in
5 your Board book were taken on staff's site visit. Those
6 are all pictures of the area right around the site, within
7 that 1,000 feet.

8 You'll see there's a number of residential and
9 commercial buildings that are boarded up and seem to have
10 been vacant for quite some time.

11 Staff also did a bit of research on crime in
12 the area, and luckily, I guess -- I don't know if it's
13 luckily or not, but San Antonio actually does have a web
14 site that allows you to pull up each instance of crime
15 over a month, in a particular spot. So we were able to
16 gather a lot of information with respect to that.

17 You'll see in the write-up, we did see -- and
18 this is pretty recent, just in the few weeks of June of
19 this year, we did find that there was a murder and assault
20 with a deadly weapon, two burglaries with intent to commit
21 a felony, and some other minor offenses.

22 We were on that site and found some rather
23 disturbing instances of crime in the area. There was
24 definitely evidence of crime in other parts of San
25 Antonio, but there was definitely an establishment of a

1 high crime area in this part of town, on the east side of
2 San Antonio.

3 So staff obviously had some concerns with the
4 site; however, there seem to be definitely some mitigating
5 factors at play here. There is a substantial amount of
6 investment, public investment, into this side of town,
7 both from the city, from the Housing Authority, and some
8 substantial federal grants that I think these folks can
9 also speak to as well.

10 So staff feels, quite frankly, a little caught
11 in the middle. This is a bit of a troubling site, but
12 there does seem to be evidence of significant investment
13 in this area.

14 However -- and I think these folks are going to
15 speak to that a little bit, too -- it's difficult to see
16 exactly at what point that investment is. We talked
17 before about not wanting to be the first in the water on
18 these.

19 I'm not sure if we're first or second, but
20 considering the current state of the site, it's
21 difficult -- at least, the optics make it difficult to see
22 that that investment's already been made.

23 Again, I think that these folks here are going
24 to speak to the substantial nature of that investment, and
25 I think that, considering some previous action, we could

1 come to the conclusion that, if there's enough evidence
2 that this revitalization effort has begun and is under way
3 and we're confident that it's going to continue, that
4 staff could recommend preclearance of the site. And with
5 that much, do you have other questions for me?

6 MR. OXER: But at this point you're ambiguous
7 about --

8 MS. LATSHA: I hate to say that, but yes. Yes,
9 sir.

10 MR. OXER: That's being clear. You're not --
11 you've come to us because you didn't make a decision.

12 MS. LATSHA: Unfortunately, yes.

13 MR. OXER: That's not -- no, no. That's one of
14 the reason we're here. Like I told Cameron, we get all
15 the fun ones. If it's easy, you do it.

16 MS. LATSHA: This is a fun one.

17 Unless you have any other questions for me, I
18 think we have quite a number of people here that would
19 like to speak to --

20 MR. OXER: All right. I have a -- and thanks,
21 Jean. Please, you can be seated for a minute, but
22 let's --

23 MS. LATSHA: Sure.

24 MR. OXER: I have a procedural question, Mr. ED
25 and Madam General Counsel.

1 MR. IRVINE: Actually I had another comment.

2 MR. OXER: Well, let's hear that.

3 MR. IRVINE: I think another reason that this
4 certainly bears this kind of public discussion and
5 opportunity for input is because this is in a proposed
6 newly-created Promise Zone, which is something unique.

7 And it's an effort at the federal level to
8 coordinate the channeling of resources into an intensive
9 redevelopment, revitalization effort. But as Jean
10 indicated, we do have our own standards for what
11 constitutes a qualifying community revitalization plan.

12 And we've met with these folks who are going to
13 be testifying to you, or some of them. We'll also be
14 getting some new information today. And one of the things
15 that I observed was that there are different kinds of
16 investment and effort that are being involved here.

17 Some are what I would call services related,
18 and it's hard to see the impact of services. In terms of
19 the tangible, physical attributes of the area, I think
20 Jean has summarized it pretty well.

21 MR. OXER: Okay. And the procedural question
22 that I have, Madam Counsel, is with no staff
23 recommendation the Board has to make -- must resolve to
24 vote whether or not we follow staff recommendation or deny
25 it. And given that there is none --

1 MS. DEANE: Well, no, in this case -- right.
2 In this case, the Board would make -- either make a motion
3 to grant the --

4 MS. LATSHA: The preclearance.

5 MR. OXER: To grant the preclearance --

6 MS. DEANE: -- the preclearance or deny the
7 preclearance and then --

8 MR. OXER: Only with respect to the
9 preclearance.

10 MS. DEANE: -- for this to get started.

11 MS. LATSHA: That's correct.

12 MR. OXER: Only with respect to the
13 preclearance.

14 MS. LATSHA: The preclearance decision, should
15 it be denied, would deem the application ineligible.
16 Should it be granted, there is still some review of the
17 application that needs to be completed, but the site
18 itself would be eligible.

19 MR. OXER: Okay. So denying the preclearance
20 takes them out of the game.

21 MS. LATSHA: Correct.

22 MR. OXER: Okay, just to be clear. All right.
23 Given that, we have an abundance of public comment, it
24 appears.

25 MR. THOMAS: Do we make a motion?

1 MR. OXER: We don't make a motion yet.

2 MS. DEANE: Well, yes, we need a motion --

3 MR. IRVINE: If I could speak for staff, I
4 mean, until the case has been made that it meets the
5 requirements for preclearance --

6 MR. OXER: Right.

7 MR. IRVINE: -- I think you have to assume the
8 absence, so --

9 MR. OXER: Yes,

10 MR. IRVINE: -- I think the staff
11 recommendation would be not to grant
12 preclearance.

13 MS. LATSHA: Really?

14 MR. IRVINE: Yes --

15 MR. OXER: That's --

16 MR. IRVINE: -- unless you're comfortable that
17 it absolutely does.

18 MS. DEANE: I would agree with Tim.

19 MR. OXER: We're still questioning Jean at this
20 point.

21 MR. GANN: Can I make a point?

22 MR. OXER: Yes.

23 MR. GANN: It seems to me that we -- the
24 correct way to do this is, instead of going blindfolded
25 and approve it, we need to deny it so we can have the

1 discussion from all these people --

2 MR. OXER: Well, I didn't --

3 MR. GANN: -- then we can change our motion --

4 MR. OXER: Right. And then it --

5 MR. GANN: -- if we need to.

6 MR. OXER: Bear with us, folks. We're -- this
7 is a procedural thing, because we're trying -- we've
8 worked a long time, and the principal policy contribution
9 that this Board makes is in trying to use or create a very
10 well defined set of rules that the staff uses to
11 articulate or to evaluate whether the applications are
12 inside the line or outside the line. Okay?

13 So when it comes down to it, absent the fact
14 that you prove that you do meet the regulation, that they
15 do meet the rule, the assumption is that you do not.

16 MS. LATSHA: Right. And I think, to provide a
17 little bit more detail to what Tim was saying, I think
18 that, yes, this site is ineligible with respect to the
19 undesirable area features rule.

20 The reason for the lack of recommending denial
21 of preclearance is because we recognize that there are
22 possibly some mitigating factors here that would allow for
23 that preclearance to be granted, quite frankly.

24 But under the strict reading of the rule, I
25 think it would be a denial.

1 MR. OXER: Okay. Well, that's important to be
2 clear about that, because when it comes down to it, you
3 know, what the Board -- we can make any motion we want,
4 but we have to define and describe why we -- because our
5 statute requires that we define why we would deny staff
6 recommendations. Okay?

7 So you can't be ambivalent about any of -- we
8 can't and you can't, tragically, but -- so given the
9 current circumstances, if they do not meet the rule as
10 written currently, you would vote --

11 MS. LATSHA: Then staff's recommendation would
12 be denial.

13 MR. OXER: Okay.

14 MS. LATSHA: Yes.

15 MR. OXER: All right. Then we can entertain a
16 motion for that consideration at this point and then hear
17 public comment to determine whether or not we would agree
18 with the staff recommendation.

19 MR. GANN: I'd like to make the motion to
20 approve staff recommendation for the purpose of
21 discussion.

22 MR. OXER: Okay, noted.

23 DR. MUÑOZ: Okay. Just for my clarification,
24 once again, what is staff's recommendation?

25 MS. LATSHA: Denial.

1 DR. MUÑOZ: I see a blank line.

2 MS. LATSHA: You know, after this short
3 discussion, staff's recommendation is denial of
4 preclearance.

5 MR. OXER: Recognizing that from a procedural
6 standpoint, that they recommend denial, Mr. Gann has moved
7 to approve staff recommendation to deny for the purpose of
8 discussion, with the idea that the vote is yet to come,
9 and we'll hear public comment. Okay?

10 Motion by Mr. Gann to approve staff
11 recommendation for denial of preclearance. Is there a
12 second?

13 MR. THOMAS: Second.

14 MR. OXER: Second by Mr. Thomas. Thank you.
15 From a procedural standpoint, we stay clear like that.

16 All right. As you come up, state your name.
17 Make sure you get signed in. Annette -- I'm sorry, folks,
18 but we're going to have run a really hard clock here
19 today, because we've got a lot of folks that want to do
20 this. Five minutes and that's -- and we'll ask questions.

21 You get all five minutes to speak, and then we'll ask
22 questions.

23 MR. IRVINE: If I might offer one more
24 clarification before the testimony begins, as you hear the
25 testimony, I think you really need to be filtering it in

1 two perspectives: one, whether they bring additional
2 information that would indicate that, no, this site does
3 comply with the rule or, two, to get a sense of whether
4 the revitalization efforts, which they're going to be
5 describing, are of such a magnitude and impact that they
6 will overcome the negative site features.

7 MR. OXER: And I would offer also, if there's
8 anybody -- and there's a variety of folks, and I
9 appreciate that you've come all the way up here; we all
10 do, but if anybody's got something to say and there're six
11 of you; five minutes apiece; another half an hour -- if
12 you've got any of you that are going to be saying the same
13 thing, just say, I agree with whoever said this before,
14 and then that'll save us all some time, because we
15 understand what is going on here, and we understand that
16 you'd like to approve this.

17 So unless you have new information, I would ask
18 you, just as a courtesy for the others that are waiting to
19 speak on other items later today, just to be as brief as
20 you could possibly be, succinct.

21 MS. BINGHAM ESCAREÑO: Mr. Chair, one more
22 question.

23 MR. OXER: Ms. Bingham.

24 MS. BINGHAM ESCAREÑO: Just for Tim. So what I
25 just heard you say is as we're listening to comments, then

1 we're either listening for features that may change the
2 position in terms of it is appropriate for clearance, or
3 that there are other conditions that are such that make
4 it -- what did you say?

5 MR. IRVINE: Basically either that they can
6 provide information that shows that we misassessed the
7 site and that it does comply. That's one possibility.

8 The other possibility is that they can describe
9 the revitalization efforts that they are undertaking and
10 convince you that they are sufficient to overcome the
11 deficiencies of the site.

12 MS. BINGHAM ESCAREÑO: Okay. And then is there
13 anything statutorily or that could -- that we have to meet
14 in order to convince us of that? Okay.

15 MS. DEANE: Let me just mention that the rule
16 itself, -- when you talk about undesirable area features,
17 this particular rule looks more holistically. It's
18 whether a confluence of the undesirable features, such as
19 crime and blight -- whether there's a confluence such that
20 would cause the site to be ineligible.

21 And so it's a little bit more of a holistic
22 view than when you look at the undesirable site feature
23 like a railroad track or something like that. So you do
24 have the ability to look at it as a whole.

25 I will say that, just thinking of the past

1 actions that have been somewhat similar, what you would
2 look for is -- and what the Board has looked for in the
3 past is whether or not there -- you know, here again,
4 what's the confluence of it all coming together in light
5 of what's going on today.

6 But, it also looks at -- you know, as Jean has
7 said, the questions that the Board has asked of other
8 similarly situated developments is, does it appear to
9 already be turning the corner in transition, such that,
10 you know, perhaps it has some of these features but it is
11 already appearing to be transitioning into revitalized
12 area.

13 And that goes to the question that came up on
14 the other issues. Are we the first ones in, or does there
15 already appear to be actions going on that causes it to
16 appear to be, you know, so to speak, turning the corner
17 already.

18 MR. OXER: And to my perspective, which I
19 present as mine alone, that's with the interest of
20 protecting the health and safety of those folks who would
21 live into any facility that we're trying to build on these
22 locations and also recognizing that if you don't have the
23 revitalization or effort put forward -- you know, housing
24 doesn't do this by itself.

25 You know, housing is a very important tool in

1 what we're doing, but it's not the only tool, and it can't
2 be -- it typically is not very useful as the first tool.

3 So what we continue to look for is that there
4 is an effort and we're not the first money in or the first
5 effort in. I personally am looking for some evidence that
6 there is -- as General Counsel mentioned, that that there
7 is -- this effort is ongoing; a commitment has been made
8 to the area, knowing that it's going to take us -- I mean,
9 for this housing to be built there, eventually, it's some
10 period of time, but I want to see if there's evidence that
11 there's going to be something improving that site here
12 within the two years that it'll take to get that site
13 built.

14 MS. TAYLOR: Okay.

15 MR. OXER: So with that, may I offer you --

16 MS. TAYLOR: All right. Thank you.

17 MR. OXER: Welcome.

18 MS. TAYLOR: Thank you so much. Good morning.

19 My name is Ivy Taylor, and I'm a member of the San
20 Antonio City Council, representing District 2, which
21 includes the site in question and the Eastside.

22 I've served in this capacity for five years,
23 and I'm here to present testimony that shows that the
24 scope and magnitude of the activities that are ongoing on
25 the Eastside are such that it does overcome any negative

1 features of this site.

2 And so during the time that I've been on the
3 City Council, from pretty much the beginning of my tenure,
4 Mayor Castro and I have worked closely together to focus
5 on Eastside revitalization.

6 We had a series of community meetings in order
7 to develop a joint vision with the community and
8 stakeholders in the city. And so after the those
9 meetings, the City of San Antonio began a very intensive
10 effort, a comprehensive initiative, to address many of the
11 negative features and the decline in the area.

12 We started out with code compliance. We
13 addressed crime, public safety. We picked up a lot of
14 stray animals. We focused on illegal dumping, graffiti,
15 and a number of other basic city services.

16 With that approach, we were able to get the
17 area what we consider to be investment ready. Building on
18 that energy and enthusiasm from that progress, the United
19 Way of San Antonio, as well as San Antonio Housing
20 Authority, applied for and received both planning and
21 implementation grants for the Promise Neighborhood Program
22 and the Choice Neighborhood Initiative.

23 And so today we're focused on successful
24 implementation of those two federal grants, as well as the
25 new designation of the Eastside Promise Zone.

1 So the neighborhood is at a key transition
2 point, and it's poised for a major upswing. A critical
3 component of the success of these initiatives is the
4 comprehensive redevelopment of the Wheatley Courts.
5 Wheatley Courts, we expect, will be a major catalyst for
6 change and complement the ongoing activities.

7 The City of San Antonio and other public and
8 private partners all agree that rebuilding this distressed
9 public housing will change the face of this community in a
10 visible way and create a foundation for future
11 development.

12 The City has demonstrated confidence in this
13 project and the area by formalizing our participation
14 through several key initiatives. For example, our 2012
15 bond program has seven projects, totaling \$26.5 million,
16 within this area.

17 We've been working closely with our police
18 chief, who you'll hear from, in relation to public safety
19 in the area, and we have experienced a decline in relation
20 to crime.

21 Code Enforcement has responded to almost 700
22 cases since 2010, and we've demolished 137 vacant houses
23 in the area. The City and the Housing Authority have
24 worked together on an infill and rehabilitation strategy
25 in targeted blocks around the Wheatley Courts so that we

1 can provide more mixed-income housing and eliminate
2 blight.

3 Notably the City of San Antonio has committed
4 \$19.6 million in gap financing for some of the housing
5 projects, for public infrastructure, and for streets
6 surrounding Wheatley Courts.

7 Our other public partners have been equally
8 committed. Bexar County has committed \$4 million to
9 supplement the 6.5 million that the City allocated for the
10 Menger Creek linear park project, which will run straight
11 through the Wheatley neighborhood. This project will be a
12 destination park for the community, with hike and bike
13 trails, lighting, and picnic tables.

14 The San Antonio Independent School District has
15 created an early college high school at Saint Philip's
16 College, which is in the footprint of the revitalization
17 area, and that's set to open in the fall. So students
18 will be able to earn college credit, while still in high
19 school, and earn an associate's degree by the time they
20 finish their senior year.

21 The community is currently planning to create a
22 community-based school at Wheatley Middle School, which is
23 directly across the street from the Wheatley Courts, and
24 so that will provide additional services and amenities to
25 the entire community, outside of the normal operating

1 hours of the school.

2 We have a nonprofit in the area, called SAGE,
3 San Antonio for Growth on the Eastside, that's been
4 focused on economic development in the area, and they are
5 in the midst of developing a \$2 million Grow Eastside Fund
6 to provide low interest loans and target the major
7 commercial corridors in the area.

8 And they're also working on an economic
9 development plan. Just yesterday, Bexar County, through
10 their county health system, announced a partnership with
11 the Housing Authority to construct a \$4 million healthcare
12 facility -- family healthcare facility just minutes away
13 from Wheatley Courts.

14 We've also seen an investment of private
15 capital by entrepreneurs and developers. We have 10 major
16 catalytic projects under way in the Eastside area that
17 totals \$219 million: a micro-brewery, apartment complex,
18 townhomes, charter schools, and senior housing.

19 So the other speakers will speak more about the
20 dollar investment for the Promise and Choice, but as you
21 can see, we have quite a bit under way that's going to
22 eradicate the vacant housing, revitalize blighted and
23 commercial strips, and create jobs for our residents.

24 It's been mentioned that we also have the
25 Promise Zone designation, which will allow us to focus

1 more specifically on economic development, workforce
2 development; had a meeting with Hope Andrade yesterday to
3 talk with her about that specifically.

4 And then finally I'll just say that I live in
5 the area, a proud resident of this part of town; could
6 walk to the Wheatley Courts. And so this area really is
7 on the upswing. We have more and more middle-income
8 families coming in, fixing up homes. We're in the midst
9 of a major transformation, and we hope that the State of
10 Texas, through the Texas Department of Housing and
11 Community Affairs, can be part of this historic
12 transformation of San Antonio's Eastside.

13 Thank you for your time and attention.

14 MR. OXER: Thanks for your comments, Ms.
15 Taylor.

16 Anybody have any questions of Ms. Taylor?

17 (No response.)

18 MR. OXER: All right. I'm going to exercise
19 the Chair's discretion here. We appreciate your comments.

20 Chief, I have a question from your -- my
21 question will be specifically for you, but I'd like to
22 hear your comments first.

23 MR. McMANUS: Comments now?

24 MR. OXER: Yes, please.

25 MR. McMANUS: Okay. My name is Bill McManus.

1 I'm the Police Chief in San Antonio, Texas, and I've come
2 up here today in order to address and hopefully alleviate
3 the crime issues that have been talked about in that area.

4 Wheatley Courts is indeed an area that's in
5 transition. Since 2010, it's been part -- what you heard
6 about was about all the city departments that have been
7 involved -- Code Compliance, Animal Care, Public Works.
8 They're all part of a community policing initiative.

9 That's what Councilwoman Taylor was talking
10 about, a community policing initiative. And it was
11 started by the mayor and the Councilwoman, spearheaded by
12 the police, and we've made great strides in decreasing
13 crime, because of that community policing initiative, and
14 in improving the quality of life in those neighborhoods,
15 including Wheatley Courts.

16 Now, not only is SAPD heavily involved in that
17 area, but I've invited and have partnered with federal
18 agencies as well: the FBI, DEA, ATF, the U.S. Marshal
19 Service. So they are all involved in this, with us, and
20 we have operations going on there right now.

21 Wheatley Courts lies within the EastPoint
22 Neighborhood Initiative area. And that area is, as the
23 Councilwoman mentioned, being flooded with resources. So
24 we remain involved in that EastPoint Initiative heavily,
25 as well.

1 We have both Police Athletic League -- not
2 both, but we have the Police Athletic League heavily
3 involved in that area to provide activities for the youth
4 of that area, to keep them off the streets, keep them out
5 of trouble.

6 So our commitment is steady, and it's
7 continuing. And as police chief, I think it's important
8 for you to know that I understand fully well the effect of
9 economic development on crime and the effect of crime on
10 economic development.

11 By moving these resources and getting these tax
12 credits, it enables us to better develop that area
13 economically, and that again will -- as has been proven in
14 the past, in many cities in the country, knocked out
15 crime.

16 MR. OXER: Good. Thanks very much.

17 Do I have questions from the Board?

18 (No response.)

19 MR. OXER: We're entirely sensitive to the idea
20 that economic development has an impact on crime, and
21 housing is a secondary or a corollary component to that
22 economic development. You have to have people there to do
23 it.

24 I have a question. Do you have children?

25 MR. McMANUS: I do.

1 MR. OXER: Would you let them walk to school by
2 themselves to go to Wheatley Elementary School?

3 MR. McMANUS: I would. And I don't say that
4 because I think that's what you want to hear. I would.

5 MR. OXER: I assume, with that badge, you come
6 here, giving your official testimony, so --

7 MR. McMANUS: Yes. There are people in every
8 city that live in a subculture of violence. These people
9 are gang members, they're drug dealers, they're
10 prostitutes, people who use prostitutes, people who buy
11 drugs from an open market.

12 They are the people that are involved in the
13 violence that occurs in the city. It's not your normal,
14 everyday folks that go to work nine o'clock to five
15 o'clock, walk to school every day.

16 So I say, yes, I would be comfortable having my
17 kids in that area --

18 MR. OXER: Well, now -- and to --

19 MR. McMANUS: -- but -- walk to school in that
20 area.

21 MR. OXER: Not be a victim of that violence. I
22 know the implications of all that.

23 MR. THOMAS: Is there -- I have a question. --

24 MR. OXER: Mr. Thomas.

25 MR. THOMAS: Is there anyone to speak against

1 preclearance?

2 MS. BINGHAM ESCAREÑO: Yes. I want to know
3 that, too.

4 MR. THOMAS: Is there anyone here that's to
5 speak against preclearance?

6 (No response.)

7 MR. THOMAS: Okay. Thanks.

8 MR. OXER: Hold on, Bill.

9 MR. McMANUS: I just was making sure you could
10 see the --

11 MR. OXER: Yes.

12 MR. McMANUS: Thanks.

13 MR. OXER: You want to make sure I can see you.

14 MR. McMANUS: Okay. But one of the things that
15 I didn't mention was that since 2012, we also had an
16 initiative going along with the DA. It's a gang
17 injunction. And since that time, combined violent crimes
18 fell by 6 percent.

19 I won't go through each one of the, but there's
20 about six of them, and most of them are all double digit
21 declines in crime, that have been the effect of the police
22 working in that area with the DA, not to mention the work
23 that we're doing in the area with the other federal
24 agencies that we're working with.

25 MS. BINGHAM ESCAREÑO: I have a question --

1 MR. OXER: Procedure --

2 MS. BINGHAM ESCAREÑO: -- for the Chief.

3 MR. OXER: I'm sorry, go ahead.

4 MS. BINGHAM ESCAREÑO: Just out of curiosity --
5 we all have photos that we're looking at that were taken
6 that I think Jean referenced. And just -- curiously,
7 there isn't any graffiti.

8 How did -- is there a specific initiative that
9 was addressing -- I think the Councilwoman addressed
10 graffiti. Did you all see graffiti on any of the -- I
11 mean, it's clearly some blight, but we see a lot of photos
12 where -- and to me -- I used to be a teacher -- but
13 graffiti was also kind of a sign of lack of productive
14 things for folks to do, lack of supervision and that.

15 And there's no graffiti in these photos. Is
16 that a step in the right direction?

17 MR. McMANUS: I think there're two reasons for
18 that. Number one, the pictures that you've seen -- many
19 of them have been boarded up as a result of our code
20 compliance effort.

21 And the other part of it is the gang injunction
22 that, you know, we had going with the DA's office helps
23 get rid of those --

24 MS. BINGHAM ESCAREÑO: Right.

25 MR. McMANUS: -- folks from those areas. And

1 the City has a quick-cleanup policy. So we try to -- you
2 know, it's difficult to arrest the problem away. But
3 the -- on the other end of it, the clean up end of it, you
4 know, the quicker you do that, the better off -- the more
5 it prevents it from happening again; you know, broken
6 windows theory.

7 MS. BINGHAM ESCAREÑO: Yes. Thank you.

8 MR. OXER: Reducing the environmental
9 opportunity.

10 MR. McMANUS: Correct.

11 MR. OXER: Yes. Okay. Thanks, Chief.

12 MR. McMANUS: Thank you.

13 MR. OXER: All right. Let me ask this. Of the
14 folks here that want to -- Bill, I've got your -- is there
15 anybody here -- of the other four of your there, are any
16 of you going to rise to oppose this preclearance?

17 (No response.)

18 MR. OXER: Everybody here is supporting of the
19 preclearance. Is that correct? Did I hear that right?

20 VOICES: Right.

21 MR. OXER: Okay. Well, I assumed that they
22 were, you know --

23 MR. THOMAS: Mr. Chair?

24 MR. OXER: Yes?

25 MR. THOMAS: I would like to withdrawn my

1 second.

2 MR. OXER: Be happy to do that, but as a point
3 of order, we can maintain that vote and vote that -- it's
4 an informational point, a procedural point.

5 We have to have the motion. We can deny that
6 one, then reconsider it.

7 MR. THOMAS: What if we -- Mr. Chair, what if
8 we were to hear those that may be --

9 MR. OXER: Yes. Here's what I want to do, I
10 want to hear -- everybody here obviously -- the
11 Councilwoman's made a recently strong case that there have
12 been resources, and the Chief has, too -- that there's
13 resources and effort being put in to developing this that
14 would satisfy certainly what I'm looking for.

15 And, Bill, you're here opposing the
16 preclearance. Okay. Well, we'll the opposition,
17 recognizing that Mr. Gann's motion was to approve staff
18 recommendation, which was to deny the preclearance, okay,
19 and seconded by Mr. Thomas. That's on the table at this
20 point.

21 We have the option, should we feel satisfied,
22 to vote not to approve that and reconsider, but we would
23 like to hear the opposition first.

24 So if that's the case, if there's nobody here
25 that's going to say anything else, apart from the fact

1 you're just adding on, you've got a fairly strong case
2 made in your behalf already.

3 So the question is you want to just leave that
4 sit, and then we'll hear the opposition.

5 Does anybody feel strongly about wanting to be
6 heard?

7 VOICE: We may be heard later, if necessary, if
8 that's -- that it would be appropriate to be heard later,
9 if necessary.

10 MR. OXER: Yes. We'll give you an opportunity
11 to rebut the charge --

12 VOICE: Thank you.

13 MR. OXER: -- or rebut the comment if that's --

14 VOICE: Thank you.

15 MR. OXER: -- that fair? Okay.

16 Bill?

17 MR. FISHER: Good morning, Board members. My
18 name is Bill Fisher. I am with Sonoma Housing Advisors,
19 and I'm here to speak to speak against the preclearance
20 waiver request for Wheatley Court.

21 It's not your policy. The site is ineligible.

22 It's in a combat zone, high crime, three times the
23 average in San Antonio. Yeah, they talk about some
24 improvements, but the bullets are still flying. There was
25 a murder on Wheatley Avenue two days ago, Eastside, Daniel

1 Cordova, shot in his car, in the head.

2 The issue of what's going on in the community I
3 think is well articulated. It's clearly a difficult area.

4 They're making efforts to do it. The Agency has a policy
5 that's generally against being first money in. Well,
6 we're already first money in.

7 The Agency's invested nearly \$40 million in
8 this area. They've awarded and funded Sutton Oaks Homes,
9 and the Sutton Oaks Homes initiative II, with the San
10 Antonio Housing Authority, 3,500 feet from Wheatley Court.

11 So what they're asking us to do is put more
12 money in, which will raise your investment to about \$60
13 million, which is frankly more than they're putting in. I
14 think we need to see the results.

15 I think we need to see that Sutton Oaks is
16 contributing to that economic -- that community
17 revitalization, before we put any more money on the ground
18 in this area for an application that's ineligible.

19 That's really not your policy. Who's being
20 disenfranchised by the approval of Wheatley Court? Other
21 housing authorities that are following your policy, that
22 are furthering your policies.

23 The Laredo Housing Authority has an application
24 down the list that is highly unlikely to get funded if
25 Wheatley Court's ineligibility is approved -- or waived by

1 you in this preclearance.

2 What are they doing? They're demolishing
3 public housing and moving into a nicer area of town. Now,
4 this Housing Authority participated with other housing
5 authorities in helping shape your policy.

6 They came to the staff and said, Please, in
7 this set-aside allow us to demolish and reconstruct in a
8 high-opportunity area: higher incomes, more amenities,
9 certainly better school, and low crime.

10 And that's what they advocated for, and that's
11 what your policy is allowing them to do. So we have money
12 on the ground. We're now into another policy issue that
13 you all have said, We're not going to do.

14 We're not going to concentrate public and
15 low-income housing in the same neighborhood, but that's
16 exactly what they're asking us to do -- 3,500 feet. We
17 have \$40 million 3,500 feet away to help in what's going
18 on there.

19 Staff's already terminated another application
20 similarly situated in El Paso due to these combat zone
21 features: crime, drugs, poor schools, very high
22 concentration of poverty, 55 percent in the Wheatley Court
23 neighborhood.

24 So let's consider those applicants down the
25 list that are furthering your policies, that are taking

1 their public housing out of these ghetto-ized areas,
2 demolishing them, and rebuilding in a second quartile area
3 of Laredo, for example. That's the best application.

4 It's the one down the list that certainly, in
5 my math, is going to not get funded if you approve them
6 but would certainly get funded if you did not. So I
7 advocate that we follow your policies, reward the
8 applicants that are furthering your policies, reward your
9 policies regarding deconcentration of low-income and
10 public housing in the same area.

11 Those applicants need your support. That's
12 really what I'm advocating for. It's less against
13 Wheatley Court and more for the other applicants that are
14 furthering your policies.

15 What's the solution to Wheatley Court, really?
16 What's the solution? It's simply to wait. It's not at
17 risk. It's not really going anywhere. Let's see some
18 tangible results.

19 Let's get the blight out of there. Let's show
20 average crime statistics. Let's show vastly improved
21 schools before we put more money on the ground here. It's
22 not like you all haven't already done your part 3,500 feet
23 away.

24 So what other solutions are there for Wheatley
25 Court? As you can imagine, they have a ton of resources:

1 these developers, McCormack Baron Salazar. We're familiar
2 with them from Galveston. Right?

3 They've got all the resources they need to do
4 whatever they want with Wheatley Court. They could easily
5 do a 4 percent execution, if you remember what they did in
6 Galveston, and there was even concern there from staff and
7 the Board that they even needed those resources to do what
8 they were asking.

9 So for Wheatley to take basically 25 percent of
10 this set-aside, disenfranchise the housing authorities
11 down the list that are doing your policies and furthering
12 your policies doesn't seem to be consistent with this
13 Board's message.

14 They really need to do what they advocated for
15 basically when this policy came up. They need to demolish
16 Wheatley Court and move it to a nicer area of San Antonio.
17 It's not like San Antonio's land locked. There are plenty
18 of good properties in other areas, where the schools are
19 already good, where the crime rate's already reasonable,
20 where there aren't gangs, where there aren't drug
21 activities.

22 That's where our money needs to go. And if
23 they were doing that, I would be advocating for them. So
24 I'm asking you to reject their preclearance simply on the
25 grounds that it violates your own good policy.

1 It's an ineligible application. We need to
2 reward those folks down the list who are furthering your
3 policies. We need to make sure that we're advocating for
4 fair housing choice, which is a duty, and it's a
5 commitment that we've made in other jurisdictions. Right?

6 We're not going to concentrate these deals all
7 in one area. We're not going to subject these families to
8 these neighborhoods and have nothing of the housing in
9 there but the low-income and public housing.

10 I ask that you wait until they show way more
11 tangible results. Staff has said in their writeup,
12 despite what they say, that they don't see any evidence.
13 They know there's money working, but they haven't seen any
14 evidence yet.

15 And I suggest that there are better Housing
16 Authority applications down this list who are furthering
17 your mission, and those are the ones that we need to fund.
18 I wanted to call your attention, just real quickly, to a
19 letter that Laredo Housing Authority provided to you
20 regarding their application, that may or may not be in the
21 record; I don't know what staff's position is on it,
22 but --

23 MR. OXER: You need to sum it up, Bill, because
24 we're running a hard clock today.

25 MR. FISHER: There's a letter in here from the

1 Laredo Housing Authority chairman I think confirming much
2 of what I said.

3 MR. OXER: Okay. All right. Thanks very much
4 for that.

5 Any questions from the Board members? Okay.

6 MR. THOMAS: Very quickly.

7 MR. OXER: Okay, Mr. Thomas.

8 MR. FISHER: Yes, sir.

9 MR. THOMAS: Do you consider the razing of I
10 think it was 137 homes as making progress --

11 MR. FISHER: In this --

12 MR. THOMAS: Of abandoned homes?

13 MR. FISHER: Not given the vast scope of --

14 MR. THOMAS: Okay. Do you --

15 MR. FISHER: It's all -- I was going to say I
16 don't know, because I just -- it's a matter of
17 perspective.

18 MR. THOMAS: How much do you think?

19 MR. FISHER: If there's a thousand, it's not a
20 lot. If it's half the inventory, it's a lot.

21 MR. THOMAS: I've got you. Just some quick
22 questions here.

23 MR. FISHER: Yes, sir.

24 MR. THOMAS: Then on the issue of not order of
25 magnitude of amount of money invested, but in first

1 dollars in, if we've already invested and if it's clear
2 that the community is already invested, if not us, who,
3 then?

4 Is there an opportunity for the investment to
5 raise -- additional investment in this community to raise
6 the standard of living and the opportunities and economic
7 development for this community?

8 MR. FISHER: Well, I --

9 MR. THOMAS: Is it nonexistent? Is that what
10 you're arguing?

11 MR. FISHER: Well, all I can tell is what the
12 statistics say. They have a \$21 million grant, and
13 they've spent 300- of it, so I'm just suggesting it's
14 early.

15 It's not that the efforts aren't there. I'm
16 not -- they have planning, and they have funding, and they
17 have good intentions. I am not undermining those at all.

18 But this is really against your policy, and it's too
19 early.

20 We're not seeing any tangible -- they haven't
21 even deployed the money yet. They've got good plans, and
22 they've got stuff in the pipeline, but it's not there, and
23 we have other choices. That's my message. I'm not --

24 MR. THOMAS: Tell me the specific -- because
25 I'm not sure I agree with you, but I'm not arguing with

1 you. I just need to see where you're saying it's against
2 our policies when, as our Chairman clearly pointed out, if
3 the applicant is able to and the supporters are able to
4 show improvement or opportunity for advancement.

5 I'm trying to see where you're -- tell me the
6 line that I need to be focusing on to --

7 MR. FISHER: The staff has told you the
8 application, under your policy, as they view it, is
9 ineligible. That's all I'm --

10 MR. THOMAS: The staff -- no, that's not what
11 they said. What the staff said is that they were torn
12 here, and they needed our direction. And then in order to
13 get some further clarification for the Board, the Chair
14 asked the staff to take a position here on the record so
15 that we can figure out where to go from there, so --

16 MR. FISHER: And I respect your right, Board
17 member Thomas, for -- I respect this Board, and I respect
18 your right, and I know that you will make a good decision.

19 But I do believe I sat there and heard the
20 staff say that the site was ineligible. If I'm wrong,
21 then I apologize. I understood they were saying it was
22 ineligible.

23 MR. OXER: Okay. Anything else?

24 MR. FISHER: No, sir.

25 MR. OXER: All right. Thanks, Bill.

1 Jean, one quick question right quick. I just
2 want to make a point of clarification here. This is
3 simply for preclearance.

4 MS. LATSHA: That's correct.

5 MR. OXER: It has nothing to do with any other
6 point, any other waiver, any other application. This is
7 either in to be considered, or not.

8 MS. LATSHA: That's correct. It's
9 preclearance, under undesirable area features, which --
10 you know what? I think it might be a good idea to just
11 read the rule real quickly.

12 MR. GANN: Yes, that would be --

13 MS. LATSHA: Okay.

14 MR. OXER: Yes, okay. Let's hear that.

15 Actually, I'll tell you what'd be an even better idea
16 right now. We're going to take a brief break. You get
17 your rule ready, and we'll hear it when we come back.

18 Nobody get excited; nothing's being decided.
19 We can't talk about this amongst the Board members outside
20 of the public forum.

21 So we're going to take about a -- give us a 10-
22 minute break. It's 11:10 a.m.; we'll be back in our
23 chairs at 11:20 a.m.

24 (A brief recess was taken.)

25 MR. OXER: All right. Let's get back under

1 way. We're pretty close, on time, so -- all right. We've
2 heard -- do you have your rule?

3 MS. LATSHA: I do.

4 MR. OXER: Let's hear the rule from Ms. Jean.

5 MS. LATSHA: Jean Latsha, Director of
6 Multifamily Finance. All right.

7 The rule reads, "Undesirable Area Features. If
8 the development site is located within 1,000 feet of any
9 of the undesirable area features in subparagraphs A
10 through H of this paragraph, the applicant must disclose
11 the presence of such feature to the Department.

12 "The standard to be applied in making a
13 determination under this paragraph is whether a confluence
14 of undesirable area features are of a nature that would
15 not be typical in a neighborhood that would qualify under
16 the Opportunity Index, pursuant to 11.9(c)(4) of this
17 title.

18 "The presence of such features must be
19 disclosed at the time that the application is submitted to
20 Department. An applicant may choose to disclose the
21 presence of such features at the time the preapplication,
22 if applicable, is submitted to the Department, if
23 requesting preclearance.

24 "Disclosure of such features affords the
25 applicant the opportunity to obtain preclearance of a

1 particular site from the Department, in accordance with
2 10.207 of this chapter."

3 I can go on. "Should Department staff withhold
4 or deny preclearance, applicants may appeal the decision
5 to the Board, pursuant to 10.902 of this chapter.

6 "Should the Board uphold staff decision, or
7 initially withhold or deny preclearance, the resulting
8 determination of site ineligibility and termination of the
9 application cannot be appealed."

10 And the factors listed are: a history of
11 significant or recurring flooding; significant presence of
12 blighted structures, blighted being the visible and
13 physical decline of a property or properties due to a
14 combination of economic downturns, residents and
15 businesses leaving the area, and the cost of maintaining
16 the quality of older structures; fire hazards that could
17 impact the fire insurance premiums of the proposed
18 development; locally known presence of gang activity,
19 prostitution, drug trafficking, or other significant
20 criminal activity that rises to the level of frequent
21 police reports; a hazardous waste site or a continuing
22 source of localized hazard emissions, whether corrected or
23 not; heavy industrial use; active railways, or landing
24 strips or heliports.

25 MR. OXER: Okay. So they're asking for

1 preclearance. Let me put some context on this, just for a
2 second.

3 They're asking for a preclearance, and this is
4 June. We're about to make an award in five weeks.
5 These applications were in in March?

6 MS. LATSHA: True. That -- you know, that's
7 just a factor of the application process itself. We
8 didn't take these requests in any particular order.

9 And in addition to that, some of these reviews,
10 especially when they involve staff going out to the
11 sites -- even though this one was relatively close, it
12 just took some additional time.

13 MR. OXER: Okay, just making sure, because
14 that's --

15 MS. LATSHA: Sure.

16 MR. OXER: If you're working on a preclearance
17 for a site, and you're down to the championship and you
18 don't know if you're in the game or not. That's a
19 question, folks. You understand that. So it's a
20 procedural thing I'm just trying to clear up here, so --
21 okay.

22 Any other questions of Jean from anybody?

23 (No response.)

24 MR. OXER: Okay. Thanks, Jean.

25 All right. Is there anybody else here who

1 wants -- hi, John. Hold on just a second, John. Anybody
2 else here who wants to speak? Chief, would you like to
3 say anything else?

4 MR. McMANUS: Yes, sir.

5 MR. OXER: Okay.

6 MR. McMANUS: The murder that Mr. Fisher
7 described earlier was actually not near Wheatley Courts.
8 It was actually 3.5 miles away from Wheatley Courts, so it
9 was not in that specific area.

10 MR. THOMAS: Chief, Chief, I thought I recalled
11 Mr. Fisher having said it took place on Wheatley
12 Boulevard.

13 MR. McMANUS: It was on a street named Yucca,
14 not Wheatley Boulevard.

15 MR. OXER: Good. Thank you.

16 Any other questions?

17 (No response.)

18 MR. OXER: Okay. Is there anybody else here,
19 who would like to speak on behalf or to make any other
20 comments? Hold on -- hold on just --

21 DR. STRIBLING: Mr. Chairman, we do have other
22 speakers we'd like to have speak --

23 MR. OXER: Okay.

24 DR. STRIBLING: -- please.

25 MR. OXER: All right. We'll -- I gather you're

1 going to be in favor, so what I'm going to have to do is
2 I'll offer you three minutes apiece on this. Okay?

3 Annette -- all right. Who's first?

4 DR. STRIBLING: Thank you, Mr. Chairman, and to
5 the Board. My name is Dr. Morris Stribling. I am a
6 commissioner with the San Antonio Housing Authority. I
7 did have some prepared remarks, but I think I'm going to
8 go at this a little bit differently, just based on what
9 your staff has said and The gentleman who is opposed.

10 I am a member of Antioch Baptist Church, which
11 is two blocks from Wheatley. I'm also Chairman of the
12 Antioch Community Transformation Network. That's a
13 nonprofit that's been in existence for 12 years.

14 Our purpose, 12 years ago, was to help to try
15 to change some of the things that you've heard in terms of
16 the negative responses about Wheatley and that particular
17 area.

18 And so we've been working with the kids in that
19 area. We have a sports complex where we bring the kids in
20 after school so they can have something to do other than
21 get in trouble.

22 We have tutoring programs for adults and
23 children. We have seniors programs. So we've seen a
24 significant change in a positive sense. Now, when Choice
25 and Promise and the Byrne grant came into this area, that

1 is an unprecedented conglomeration of government entities
2 that came into an area that would help with education,
3 housing and also to look at this whole area of crime,
4 through the Byrne grant.

5 And so for us it was a welcome sight. I mean,
6 when you're a nonprofit in an area like that, you almost
7 work on an island, but now we work with the City and the
8 County.

9 And I think someone mentioned just yesterday we
10 have a health component to Choice, and we have been
11 talking to the University Health System about building a
12 clinic, because three areas that we have to combat in that
13 area are education, poverty, and health.

14 And if healthcare is denied or there's bad
15 access to it, then those people suffer greatly. And so
16 when they made the announcement yesterday that the
17 University Health System was going to build a clinic, and
18 they were putting in \$4 million and that we have money
19 through our Choice grant though what's called Critical
20 Community Improvements, we can also aid in that regard, as
21 far as health is concerned.

22 The other thing that I'd like to mention is
23 that we do have residents here that are from the Wheatley
24 area. And I think for them to hear that it would be
25 better to move them to another area -- this is where they

1 live. This is where the people have committed their lives
2 to for decades.

3 And so I think, just like in my neighborhood,
4 I'd like to live in my neighborhood and let that
5 neighborhood be better and not be moved to a different
6 part of town just for financial reasons. Thank you.

7 MR. OXER: We appreciate your comments, Dr.
8 Stripling. Are there any questions from the Board?

9 (No response.)

10 MR. OXER: Okay. Please make sure you've
11 signed in, if you would.

12 Next speaker.

13 MS. RAMIREZ: Good morning, Mr. Chairman and
14 members of the Board. I'm Lourdes Castro Ramirez, and I
15 serve as the President and CEO of the San Antonio Housing
16 Authority.

17 And I also wrote -- I had, you know, prepared
18 remarks, but I want to have the opportunity to respond to
19 some of the comments that were made by Mr. Fisher.

20 First and foremost, many of the facts that Mr.
21 Fisher provided or statements that he provided were
22 inaccurate. I'm not sure where he's getting his data
23 from, but, you know, I'm very troubled by the fact that he
24 was providing data that was not accurate.

25 With regard to the level of investment that is

1 taking place and the evidence that, you know, this
2 community is on the upswing and is in transition, and it
3 is going through transformation, let me provide you with a
4 few data points.

5 First, owner-occupied home values have
6 increased by 95 percent in the EastPoint census tracts.
7 This is in the last two years. One of the key components
8 of the Choice and the Promise effort is for us to ensure
9 that we are keeping track of socioeconomic indicators.
10 And as a partner to this effort, we are working closely
11 with Trinity University, a very reputable academic
12 institution, that has been part of this process. And so
13 some of this data is coming both from Trinity and also
14 from other data sources.

15 Second, population growth is up by 28 percent
16 in the Choice Neighborhood footprint. This is, you know,
17 compared to 17 percent in the city of San Antonio. So
18 what does that say to us? People are moving into the
19 neighborhood. We see that, both through the schools,
20 where school enrollment is up, and we see it also most
21 recently with the Sutton Homes development.

22 As mentioned, we just celebrated the grand
23 opening of 208 units at Sutton Homes. Thirty percent of
24 those units were market-rate units with no subsidy, no
25 Section 8 assistance.

1 All 30 percent of those units have been leased.
2 We're at 99 percent leased. So that's, you know, a key
3 indicator that, you know, there is demand, that families
4 are moving in. They want to be part of this
5 revitalization.

6 Median household income for the area also has
7 increased, by 46 percent, in the EastPoint Census tracts,
8 as compared to 24 percent for the city of San Antonio
9 overall.

10 The number of workers employed has also
11 increased by 24 percent. As was mentioned by the
12 councilwoman, this is a very comprehensive initiative
13 that's under way, that's not just focused on the built
14 environment and the physical transformation, but it's
15 focused on the people, the people's transformation and
16 ensuring that we are making sound investments in folks
17 that -- you know, people are a part of this process.

18 And you know, the fact that we have the number
19 of residents that are here today demonstrates that not
20 only do they support what is taking place, but they have
21 been part of this. They have been part of this
22 transformation, and they are eager to -- to see the re-
23 development of Wheatley Courts.

24 The last piece that I think is really important
25 that I just want to, you know, highlight is that the staff

1 report specifically says that, It's staff's view that the
2 undesirable site and area features may be considered in
3 the context of appropriate mitigation, taking into account
4 such things as current and ongoing revitalization efforts.

5 What we have here is a comprehensive
6 revitalization effort that is focused on people, that is
7 focused on housing, and that is focused on the overall
8 neighborhood.

9 And so we respectfully ask that the Board
10 approve the preclearance of this application. We think
11 that this is a partnership that bodes well for TDHCA.
12 There is strong neighborhood and city and federal support.

13 And the focus of preserving existing affordable
14 housing and transforming this neighborhood into a
15 neighborhood of opportunity is something that we all are
16 looking forward to. Thank you.

17 MR. OXER: Okay. Thank you.

18 Any questions from the Board?

19 (No response.)

20 MR. OXER: Lourdes, I had a question. You're
21 welcome to come up and be signing in, if you like, but I
22 have a question for Lourdes.

23 There is at least some measure of statistical
24 evidence gathered by -- not our agency but by agencies
25 like this all over, and through some HUD, that it's

1 economic development that builds the vibrance of a
2 neighborhood, and housing supports that; housing doesn't
3 build the economic strength of the unit.

4 So the question is, if there is availability of
5 jobs, economic wherewithal and vigor, then how far is this
6 site from downtown San Antonio?

7 MS. RAMIREZ: It's less than three miles away
8 from downtown San Antonio.

9 MR. OXER: So it's a good chance that somebody
10 could live there and could actually take a bus to work
11 downtown, or there'd be investment --

12 MS. RAMIREZ: Exactly, exactly.

13 MR. OXER: Okay.

14 MS. RAMIREZ: Not -- and not only that, you
15 know, that --

16 MR. OXER: I gather that's --

17 MS. RAMIREZ: Well, and we also just --

18 MR. OXER: For the record, I see you guys
19 brought a bus up here. Right?

20 (General laughter.)

21 MS. RAMIREZ: Well, and just across, you know,
22 the highway, we have the military base which also is a
23 great sort of job creation and economic engine.

24 Many of the military families are also choosing
25 to live in the EastPoint neighborhood. The other --

1 MR. OXER: Tragically, that's what some of them
2 can only afford, from our military, but that's another
3 conversation we ought to have one afternoon over some
4 adult beverages.

5 MS. RAMIREZ: I would like to do that. You
6 know, the other thing that I think is really important to
7 note is that -- and Councilwoman Taylor mentioned this --
8 is that we have a very strong economic development
9 partner, which is San Antonio for Growth on the Eastside.

10 Their focus is to support small businesses and
11 to grow small businesses. They are working on a number of
12 different incentives, you know, to be able to do that. Of
13 particular significance for us is we are working closely
14 with SAGE around a facade improvement program.

15 And just in the last two years, 23 businesses
16 have been supported by the facade improvement program. We
17 are seeing businesses come into the area, and small
18 businesses, as we all know, are also a great, you know,
19 generator of jobs for community folks.

20 So, Mr. Chairman, I would agree with you. I
21 think it's not -- you know, is it economic development, or
22 is it housing, or is it services? What you see here is
23 that it's all three and more, you know.

24 There's a concerted effort on improving the
25 housing starts, making sure that we're providing not only

1 rental -- quality rental affordable housing, but there's
2 also a very strategic infill housing policy and plan that
3 has been developed with the City of San Antonio that is
4 targeted on owner-occupied projects and also that is
5 looking to renovate and rehab homes that are in the area.

6 From an economic development perspective, I,
7 you know, shared with you the focus of SAGE, but also
8 we're working closely with the Casey Foundation, with
9 Goodwill, with the local community college on developing a
10 workforce development strategy.

11 And many of our residents that have been
12 relocated from Wheatley Courts are part of that effort.
13 So there is a focus on workforce development, employment,
14 and education.

15 And then lastly, you know, you see that the
16 City -- that this is a very important initiative for the
17 City. The City is all in. This is a priority for the
18 City.

19 We think that what we have here is the shaping
20 of how you turn distressed communities around into a
21 community of opportunity. I think we will become not only
22 the model for San Antonio, but the model for the country.

23 MR. OXER: Thank you.

24 MS. RAMIREZ: And we hope that you will be part
25 of that.

1 MR. OXER: Mr. Thomas.

2 MR. THOMAS: And honestly, ma'am, I'm already
3 worried about affordability. I'm so impressed with just
4 the efforts. I'm starting to think, with all the
5 opportunity that's being -- opportunity for advancement
6 being driven to the area, the passion for the people that
7 live in that community, I'm worried about, in five years,
8 that it's going to be too pricey.

9 MS. RAMIREZ: Thank you for that comment. And
10 you know, I think that one of the things that has been
11 really constant for us is that we want to ensure that
12 families that live in the neighborhood have an opportunity
13 to stay in the neighborhood.

14 MR. THOMAS: Amen.

15 MS. RAMIREZ: So there is a focus on home
16 ownership. There is a focus on ensuring that, you know,
17 families are part of the economic stability and prosperity
18 of this neighborhood. It's not --

19 MR. OXER: And if I may interrupt, Ms. Lourdes,
20 I'm sorry to suggest this, but while it's important that
21 they have affordability for the housing -- for housing,
22 for individually-owned housing, one of the things we have
23 to be concerned with, as a component of the discussion and
24 certainly decision we have to make; we're under an
25 obligation, under HUD, to affirmatively further fair

1 housing, which means we have to deconcentrate.

2 And what we're showing is -- what you continue
3 to say is, it's a low income neighborhood, which we
4 appreciate, while it's growing, if we're putting these
5 things in there, all we're doing is concentrating -- an
6 argument can be made that what we're doing is
7 concentrating that low-income housing.

8 And if I might offer another comment, that got
9 us in trouble recently, and we'll still sorting that out.

10 So one of the questions we have to look at is, does
11 this -- in the context of all of the decisions and all of
12 the projects that we accommodate for this program, how
13 does that fit within the context, because we've been under
14 a judicial mandate to find locations in high opportunity
15 areas.

16 High opportunity doesn't mean -- tragically, I
17 think of this -- what you're suggesting there -- that's a
18 very high opportunity area to get in. That's not the way
19 high opportunity is defined at this point.

20 MS. RAMIREZ: Yeah. And if I may, I just want
21 to clarify that, you know, what we are proposing, with the
22 redevelopment of Wheatley Courts, is to created a mixed
23 income community.

24 So this is -- you know, a mixed income
25 community includes units for public housing residents, tax

1 credit units, and market rate units. So we're truly
2 looking to create a community that integrates different
3 socioeconomic groups together.

4 So it's not about just simply creating deeply
5 affordable housing. It's about creating a mixed income
6 community. In addition to that, you know, as I shared
7 earlier, there is a strategy and a plan under way that is
8 focused on ensuring that those vacant lots, those
9 abandoned homes are renovated or turned into a for-sale
10 product.

11 And so we're working closely with the City on
12 what we call the Owner Rehab and Infill Housing Project.
13 On a parallel track, we also are providing home ownership
14 services and training to ensure that there are, you know,
15 opportunities for families to be able to own their home
16 and be part of that, you know, revitalization.

17 So it's not -- we're not concentrating
18 affordable housing. We're creating opportunities for
19 families to have an improved quality of life, but also
20 we're creating opportunities for new families to want to
21 move into the area because they see that it has good
22 infrastructure. They see that there are good housing
23 options. They see that the proximity to the downtown and
24 employment sector --

25 MR. OXER: And Chief McManus is sending a few

1 people every once in a while, just to run through, yeah.

2 MS. RAMIREZ: Well, and also, you know, you'll
3 hear from Mary Ellen with United Way and as our Promise
4 partner, the transformation that's taking place in the
5 schools is also very significant.

6 And we all know that, you know, when you have
7 children, when you're looking to move to a neighborhood,
8 you're looking to see the performance of those schools.
9 And so, you know, that's also a key component.

10 So I just wanted to clarify that we're not
11 looking at creating, you know, just an affordable
12 community; we're looking to create a --

13 MR. OXER: A community.

14 MS. RAMIREZ: -- a community, right, that's
15 integrated --

16 MR. OXER: That has affordable housing.

17 MS. RAMIREZ: -- that has affordable housing,
18 that has good infrastructure, that has good schools; and
19 that has good access to the amenities that we all have,
20 possibly, in our own communities.

21 MR. OXER: Okay. Thanks for your comments.

22 MR. GANN: Chairman, I have a question --

23 MR. OXER: Yes, sir, Mr. Gann.

24 MR. GANN: -- or maybe two. Is there a time
25 line on either redoing or demolishing these houses,

1 because there seems to be a lot of them.

2 MS. RAMIREZ: Well, we are -- yes. So we've
3 actually already started that process, but we have
4 eight -- we are in contract negotiations with 11
5 homeowners in the area, who have, you know, these
6 abandoned homes that they're not taking care of.

7 So the time line is over the next five years to
8 strategically go block by block, either renovating
9 existing homes or building new homes on vacant lots. So
10 that process is already under way.

11 We've identified the first four blocks that are
12 focused. In addition to that, we are purchasing about two
13 and a half blocks right along Walters Street, literally
14 two blocks away from Wheatley Courts. The goal there is,
15 you know, to convert that area into a mixed-use type of
16 environment.

17 MR. OXER: And what's your schedule for doing
18 that?

19 MS. RAMIREZ: In the next three years. MR.
20 GANN: My other question was --

21 MS. RAMIREZ: Well, the schedule for acquiring
22 it is in the next six months. We've already begun the
23 process. We've noticed all the families. We have a
24 number of contracts already under way.

25 MR. OXER: Yeah. What I'm looking for is,

1 what's the schedule for when somebody can say things like,
2 Man, they built -- tore something down, built something
3 back in it's place, and acquires it.

4 MS. RAMIREZ: Well, Wheatley Courts, we
5 completed the relocation of the families three months ago.

6 Some of the families that lived at Wheatley Courts that
7 have already been relocated are still very involved in the
8 process.

9 Wheatley Courts has been fenced off. We're,
10 you know, hoping to have a favorable response from TDHCA
11 to begin the demolition of the site, to begin construction
12 by the end of this year.

13 MR. OXER: And that's on the site for this
14 housing --

15 MS. RAMIREZ: Right.

16 MR. OXER: -- but I'm talking about the rest of
17 it, where there's other opportunity -- physical evidence
18 that there's -- in addition to the services and the
19 education -- and I'm more than happy to hear Mr. Stribling
20 has opportunity for kids to come into a sports center,
21 because idle hands don't do well at 14 and 15, you know,
22 so the --

23 MR. GANN: One more question.

24 MR. OXER: Yes, sir.

25 MR. GANN: My question is, you're out three to

1 five years, probably. Why now? Why not next year, when
2 you've got more evidence that you're in compliance, and
3 they come back and say, You're in compliance. And then
4 all we have to do is vote on this. Why now, when it's
5 not --

6 MR. OXER: And it's not even a question.

7 MR. GANN: -- even a question. Why do it this
8 year instead of next year?

9 MS. RAMIREZ: Well, sir, let me clarify that we
10 are -- this is the time for us to do this. There is
11 significant progress already under way, as I shared
12 earlier, in terms of the economic numbers that I provided.

13 Families are eager to see the demolition of
14 Wheatley Courts because that will, you know, sort of be a
15 catalytic project that will signal, both to the business
16 community and to the community in general, that we are
17 serious.

18 I mean, we have been working on this for the
19 last two years. When I speak to, you know, how long will
20 it take, you know, the next three to five years are
21 critically important for the entire area.

22 For our particular site, we need to start now.
23 We need to start with the demolition this summer. We'd
24 like to begin construction by the end of the year. We'd
25 like to have the units in place by the end of next year,

1 to begin to, you know, move families in.

2 The infill housing and the owner rehab project,
3 that's well under way. With regard to the two and a
4 half blocks that are being acquired, people will see
5 visible change there within the next six to 12 months.

6 We're in, you know, contract negotiations. So
7 beyond the Wheatley Courts site, you know, there's going
8 to be very visible change on the Walters street, because
9 that will be, you know, part of the revitalization of the
10 area.

11 MR. GANN: That's my point, is next year you
12 could show the evidence that you're probably there and
13 there wouldn't be the issue that Jean has right now, that
14 she can't say that it has that development coming in.
15 It's on the way, maybe, but it's not --

16 MS. RAMIREZ: Well --

17 MR. GANN: -- but it's not there yet.

18 I have one question too, Jean. Jean, how
19 many -- if you don't mind, how many applications have we
20 got? -- because this is just really an application
21 section.

22 We haven't -- they haven't been approved.
23 Nobody's been approved on points or anything yet, so --

24 MS. LATSHA: That's -- well, we have scored the
25 vast majority of our applications. Now, we received 161.

1 This is competing in the at-risk set-aside.

2 MR. GANN: How many in that area is what I'm
3 trying to say.

4 MS. LATSHA: In the San Antonio area?

5 MR. OXER: With at-risk set-aside, but is --

6 MR. GANN: Set-aside.

7 MS. RAMIREZ: Just one.

8 MS. LATSHA: In the at-risk set-aside, yes. I
9 think this is the only one that's in the at-risk set-aside
10 and then also competing in the San Antonio area. This
11 would be the only one.

12 MR. OXER: Okay. So the question continues, if
13 you waited a year -- you know, if you're trying to get
14 this built by the end of next year, 18 months from now,
15 you'll have people moving in, is what I hear you trying to
16 say.

17 So the question is, amongst the Board -- and
18 I'm not -- the question in my mind is do we think that
19 there's going to be enough motion and evidence in this, so
20 that when these folks move in there, they're -- you're on
21 that upswing, hard on that upswing, you know, for an
22 economically viable area; that if you waited till next
23 year, it wouldn't even be a question.

24 And we have had occasion on other rounds on
25 this and on other projects, where they were denied, and

1 they came back the next year, and I can recall at least
2 one that came back the third or fourth time they came
3 through.

4 And they finally checked all those boxes and
5 got it done, demonstrated the evidence, and brought --
6 while I appreciate your data, Chief McManus, you
7 know, it -- and it's going down; your crime issues are
8 declining, certainly, there would be more evidence to say,
9 Here's a lot more data to support that this is not even
10 controversial; this satisfies a preclearance. That's what
11 I'm looking for.

12 MS. RAMIREZ: Well, you know, Mr. Chairman,
13 there is a lot of data already that supports that this
14 community is in transition and is going through
15 transformation.

16 And I think it would be helpful maybe to have a
17 few of my other colleagues be able to provide some data to
18 you; but I will just say that we strongly encourage, you
19 know, the Board to consider preclearance, to allow us to
20 be able to move this project forward now.

21 MR. OXER: Just for the record, we never get
22 anybody that says, Yes, leave our project till next year.

23 MS. RAMIREZ: And you know, there's -- we
24 have -- not only do we have evidence that this is a
25 community in transition, and not only do we have data that

1 supports both, you know, from a crime perspective, but
2 also, you know, from an investment perspective, you know.

3 The \$55 million that -- of federal funding that
4 is coming into the area from the Department of Education
5 and through the Department of Housing and Urban
6 Development has leveraged over \$180 million more.

7 That's both in public funding, where the City
8 is making public commitments to improve the streets and
9 infrastructure and utilities, but it's also in private
10 investment that we're seeing in the area.

11 There's significant, you know, private
12 investment that is coming in. So you know, now is the
13 time. We think we have all of the -- not only do we have
14 the neighborhood support; we have the business support.

15 This community is ready, and we would strongly
16 encourage you to allow us to --

17 MR. OXER: So tell me this. Tell me, by the
18 time -- under the schedule you just suggested, and this
19 gets cleared off, they can build the site, and you have
20 people moving in --

21 MS. RAMIREZ: We break ground this year.

22 MR. OXER: You break ground this year, so it's
23 built by December of next year. January of 2016, people
24 are moving in. Okay?

25 MS. RAMIREZ: Exactly.

1 MR. OXER: Now, are they going to have --

2 MS. RAMIREZ: And I --

3 MR. OXER: Are they going to have new roads and
4 infrastructure that are going to be rebuilt by then?

5 MS. RAMIREZ: Yes, yes. We've identified --
6 we've worked closely with the City. All of the streets
7 have been identified. They're already being --

8 MR. OXER: Identification is not the issue.
9 It's execution.

10 MS. RAMIREZ: Yes. The design is already under
11 way. The funding has been --

12 MR. OXER: Councilwoman Taylor's still here?

13 MS. RAMIREZ: Yes.

14 MS. TAYLOR: Yes, I'm here. Thank you. Yes.
15 The answer is yes. We've been working through our city
16 budget process to allocate the funding that's necessary.
17 We have made a commitment.

18 MR. OXER: I'm sorry; I have to do this. You
19 have to say who you are again.

20 MS. TAYLOR: Oh, my name is Ivy Taylor,
21 District 2 Councilwoman for San Antonio. We have
22 committed -- the City of San Antonio has committed to
23 \$19.6 million over a number of years.

24 MR. OXER: And that number -- that wasn't the
25 issue, the number of years, three to five. I'm talking

1 about by December of next year.

2 MS. TAYLOR: Yes, yes. We are working in
3 conjunction with SAHA and MBS so that the work that we do
4 on infrastructure and also working with our utilities is
5 in line with their time line. So yes, we're --

6 MR. OXER: So you're telling me the streets --
7 the streets and utility department are -- the City sewer
8 department has this -- this is a top priority in the city.

9 MS. TAYLOR: Yes, it is.

10 MR. OXER: Okay.

11 MS. TAYLOR: We have allocated staff. Mike
12 Etienne is here. He's the City Manager's representative.
13 He is full time working on this project.

14 MR. OXER: I believe you. I trust you. I just
15 want to hear an answer so she can put it on the record and
16 make -- okay. All right, then thank you, Ms. Taylor.

17 MS. TAYLOR: Thank you.

18 MR. OXER: I'm going to ask for our next
19 speaker.

20 MS. RAMIREZ: I'm going to -- let me go ahead
21 and sign. Thank you very much for the time. I'm going
22 to, also, for the record, share the list of private
23 investments that are taking place in the area, and I'll
24 pass this around. Thank you.

25 MR. OXER: I don't think -- we can't --

1 MS. DEANE: No, we can't take --

2 MR. OXER: We can't pass those. We can't --
3 you can't do that. You can't do that. [indiscernible]
4 later on.

5 MR. BERNARDY: Actually, the same information
6 was in your packet.

7 MR. OXER: Right. I think it's in here
8 already, so --

9 MR. BERNARDY: Good morning. My name is Louis
10 Bernardy. I'm a vice-president with McCormack Baron
11 Salazar, in charge of our development activity in the
12 state of Texas.

13 Thank you for the opportunity to be here today.
14 I wanted to just speak on a couple of points that you
15 asked the councilwoman about, real quickly. With respect
16 to the planned infrastructure and the remediation,
17 demolition, and grading that needs to take place on the
18 site, we are ready to go at this moment.

19 We have selected a contractor; made that
20 recommendation to the Housing Authority. We will be
21 overseeing that work. With respect to the public
22 improvements, we'll be overseeing that work as well, in
23 conjunction with the city, the city's water department,
24 and the CPS, the energy department of the city.

25 All have made significant commitments to --

1 dollar commitments to the effort to redo the streetscape,
2 the undergrounding of utilities, street improvements,
3 sidewalks; you name it -- lighting.

4 We have a budget. We have for months worked on
5 that budget. We have detailed that budget. We are ready
6 to go once we begin the housing construction, which as
7 Lourdes said, if we're able to get the credits, we can
8 close by the end of the year and initiate construction on
9 the site.

10 MR. OXER: Sounds like you folks that came up
11 in a bus are going to need a Jeep to get around this place
12 with all the construction going on.

13 MR. BERNARDY: But that's a good thing because
14 what that means also is opportunity, and one of the things
15 that I wanted to say today is that our firm, as you may
16 know, is one of the leading developers -- for-profit
17 developers in economically-integrated communities across
18 the country.

19 Our previous experience with Hope VI, which is
20 a predecessor to Choice Neighborhoods -- we have developed
21 the same types of -- we have redeveloped the same kinds of
22 projects in neighborhoods across the country.

23 We've completed over 30 phases of Hope VI, the
24 predecessor to Choice, and we have been successful in the
25 cities that we've worked in, and we want to be successful

1 in San Antonio, in addition to the other Choice
2 neighborhood initiatives that we're working on across the
3 country.

4 Our process incorporates integrating
5 mixed-income development with schools, jobs, construction,
6 opportunities for minority-owned business, women's
7 business companies, neighborhood amenities, and social
8 services.

9 This approach has not only transformed
10 distressed public housing projects, but it's helped
11 revitalized neighborhoods and really did and really does
12 attract new investment in communities where the market
13 previously was absent.

14 The same transformation will occur at
15 Wheatley -- developing the Wheatley development. It will
16 serve as a catalyst for additional mixed-income
17 residential development, and it will attract increased
18 economic development activity.

19 We've provided extensive information. This is
20 a copy of the binder that you all have seen. We compiled
21 much of what you've heard today in terms of the investment
22 and the partnerships that are in place to execute, on all
23 levels, the revitalization plan that we've explained.

24 Now we need TDHCA to join our team and to be a
25 partner with us. We appreciate -- irrespective of some of

1 the comments that were made today by staff, we appreciate
2 staff's positive recommendation in its own staff report,
3 their recognition of the substantial rehabilitation,
4 revitalization that is under way at Wheatley and in the
5 EastPoint neighborhood.

6 We want to underscore the appropriateness of
7 this investment, given that there are well conceived
8 strategies in place to address the undesirable features
9 that were noted in the staff report.

10 And it is clear that they are working. The
11 scale of the neighborhood investment is exceptional. It
12 is very substantial, and it is well coordinated. So
13 again, want to ask that you approve the preclearance, as
14 requested.

15 We welcome TDHCA as a new partner to this
16 effort. You are not the first set of resources, by any
17 means, going into the EastPoint and to the Wheatley Courts
18 area. We want you to be our partner, and we welcome your
19 approval of the preclearance. Thank you.

20 MR. OXER: Thanks, Mr. Bernardy. Any questions
21 from the Board?

22 MR. THOMAS: Yes, sir.

23 MR. OXER: Mr. Thomas.

24 MR. THOMAS: What percentage of the new units
25 would be market rate?

1 MR. BERNARDY: Thirty percent of the units
2 would be market-rate units. Our approach typically is --

3 MR. OXER: And that's out of 423. Is that
4 correct?

5 MR. BERNARDY: Correct. We will have one-for-
6 one replacement under the Choice Neighborhood grant. The
7 one-for-one replacement occurs over multiple phases. So
8 as we develop each phase, families from Wheatley that wish
9 to come back will come back and will essentially be
10 leasing units side by side with tax credit families and
11 also market rate families, and that will occur in each of
12 the phases.

13 MR. THOMAS: Do you have -- they can't be
14 entered in the record; I've read everything here, but do
15 you have any pictures of what the new development's going
16 to look like?

17 MR. BERNARDY: We do. We have our conceptual
18 design. I don't have it with me, but we do have that
19 information that we can certainly provide. We have
20 submitted, in our packet, our tax credit application, our
21 conceptual design. So all of that has been submitted.

22 MR. THOMAS: My point is -- I'm sorry, not to
23 interrupt you, but to keep -- make sure I'm moving
24 forward.

25 MR. BERNARDY: Yes.

1 MR. THOMAS: That has been shared with the
2 community. Your community is aware what --

3 MR. BERNARDY: Absolutely.

4 MR. THOMAS: -- that looks like, and you've
5 gotten positive feedback?

6 MR. BERNARDY: Absolutely. They've been part
7 of the process. We recently had community meetings to --

8 MR. OXER: Apparently you have a bus full of
9 community.

10 MR. BERNARDY: We are beyond that, and we have
11 great acceptance among the community about the design and
12 the multiple designs that will be on the site. So we're
13 very happy with the feedback and their participation.

14 MR. THOMAS: Further clarification: So all the
15 shirts that I see that say Wheatley, are those all
16 residents who've come to show support for here? Is --
17 everybody's that come from Wheatley, raise your hand.

18 MR. OXER: Raise your hands up, folks.
19 Everybody's that's in favor of all this.

20 (A show of hands.)

21 MR. OXER: No wonder you needed a bus.
22 Jeepers!

23 MR. THOMAS: Okay, thank you.

24 MR. OXER: Anything else, Mr. Thomas?

25 MR. THOMAS: No, sir, thank you.

1 MR. OXER: Okay. All right. Are there
2 others -- you have -- Lourdes, you've got somebody else?

3 MS. RAMIREZ: Yes.

4 MR. OXER: Please. And I'll assume it's going
5 to be -- you're going to be in favor, so we're going to --

6 MS. ROBERSON: Yes.

7 MR. OXER: I have to limit it to three minutes.

8 MS. ROBERSON: Hello and good morning. My
9 names is LaShawn Roberson, and I'm a resident. I'm
10 representing a group of fellow residents here today to
11 show support of the Wheatley redevelopment.

12 First, I would like to thank y'all for hearing
13 me. And I want to say, there were 200 families relocated
14 from the property, with a majority of those residents
15 wanting to return to the revitalized community.

16 Wheatley was and still is our home, and I think
17 we deserve the opportunity to go back. As a result of the
18 Eastside Choice Neighborhood grant and the Eastside
19 Promise Neighborhood grant, we, the residents of Wheatley,
20 have access to a broad array of well coordinated
21 supportive services.

22 These services will be critical, important to
23 assisting residents to prepare themselves and their
24 families for the return to the Wheatley neighborhood. In
25 addition, these resources have been provided through the

1 Byrne grant, have resulted in many great improvements in
2 the Wheatley Courts neighborhood and the surrounding
3 community.

4 In the areas such as education, health, job
5 training, safety and security, I and my fellow residents
6 are actively engaged in the process of the revitalization
7 of our community, and we have started to see significant
8 improvements throughout.

9 I continue to look forward to continued
10 progress in my community, so in closing, I would like to
11 say once again, we, the residents of Wheatley Courts, wish
12 to convey our strong support of the Wheatley Courts tax
13 credit application.

14 I hope the Board joins me in that support and
15 joins the partners who are actively working together so
16 that we may return to the neighborhood with new housing
17 and revitalized community.

18 I greatly appreciate the time and the Board's
19 time for allowing me to speak on this matter, and to
20 answer your question, I rode the bus every day to work and
21 still do. Thank you so much.

22 MR. OXER: There you go. I rode the bus a long
23 time. Okay.

24 Any questions from the Board?

25 (No response.)

1 MR. OXER: I have a question. Chief McManus
2 mentioned the community policing. Tell me how you and
3 your residents are involved in the community policing
4 effort.

5 MS. ROBERSON: Well, we're not really involved
6 in the policing --

7 MR. OXER: I don't carry a badge myself,
8 either.

9 MS. ROBERSON: Oh, yes.

10 MR. OXER: Okay?

11 MS. ROBERSON: But I see how it's changed.
12 Like, I used to --

13 MR. OXER: That's -- and I appreciate that you
14 do, and I'm asking a specific question, okay?

15 MS. ROBERSON: Uh-huh.

16 MR. OXER: Chief, do you want to come up and
17 give her a hand?

18 MR. McMANUS: Sure.

19 MR. OXER: Okay. Now, you're talking about the
20 community policing. I think I understand what you're
21 talking about.

22 MR. McMANUS: Sure. Okay? And I want to know
23 how many of them out there, that showed up -- what are
24 they doing that adds to your community policing?

25 MR. McMANUS: We engage residents in the

1 various neighborhoods, wherever community policing
2 initiatives take place. And what the resident do -- and
3 it could be an HOA; it could be a neighborhood group;
4 whatever it may be -- but they work with police, what we
5 call our Safe Officers.

6 Safe Officers address chronic neighborhood
7 issues that deal with either crime or quality of life.
8 And what we do together, as a team, is, we identify the
9 problems. There could be five problems; there could be 10
10 problems.

11 There could be people hanging on the corner.
12 It could be overgrown yards. It could be whatever.
13 Together we identify those problems. We prioritize them,
14 in order of importance to the neighborhood, and then once
15 we do that, we pull together every city department that
16 can touch the problem.

17 And once we do that, then we establish a time
18 line. We provide a feedback mechanism to the communities
19 that are involved in this. Some neighborhoods don't want
20 to do it. Some neighborhoods start it off and they drop
21 out real quickly. It's just kind of a quick flash in the
22 pan, and we're left on our own to do it.

23 But we've done it successfully on the Eastside
24 in a much larger area, starting back in 2012. And some of
25 these folks here may not have been involved in the actual

1 planning of it or the actual prioritization, but we've
2 done it on the Eastside.

3 We've done it on the Southside. We've done it
4 all over the city, with a lot of success. So that's how
5 it works.

6 MR. OXER: And while I don't mean this to sound
7 quite as cold as it's going to, okay, it's one thing to
8 ride up here on a bus and wear a T-shirt to a meeting;
9 it's another thing to be involved every week, every
10 weekend, every day with your school and your community,
11 making an effort to make your community better, and
12 assisting him, so that's what I was looking for.

13 You know, the effort -- what is the community
14 putting in the effort in policing -- the community
15 policing, or do you expect him to do it by himself?

16 MS. ROBERSON: No, we're going to -- I mean --

17 MR. OXER: We're going to, or you are?

18 MS. ROBERSON: I am.

19 MR. OXER: You're not being cross-examined.

20 MS. ROBERSON: I mean, if I see something --

21 MR. OXER: He's the -- he's the attorney, over
22 there.

23 MS. ROBERSON: -- I'm going to report it. If I
24 see something, I'm going to report it, of course.

25 MR. OXER: Well, and I understand that, but

1 what I was looking for is, what is the active effort on
2 behalf of the community, not to report things, but to
3 prevent them from occurring in the first place?

4 You understand what I mean, Chief?

5 MR. McMANUS: Yes, sir, I do. And we will
6 guide the folks along to help us in the effort.

7 MR. OXER: I know, and I suspect you will.
8 And -- okay, and I appreciate your comments. Is there any
9 more --

10 Members of the Board have another question?

11 (No response.)

12 MR. OXER: Okay. Thanks for your testimony.

13 MS. ROBERSON: Thank you for your time.

14 MR. OXER: Certainly. Lourdes, I have one more
15 question -- actually, we have one more speaker with
16 something else to say, specifically?

17 MS. BURNS: Yes.

18 MR. OXER: Okay.

19 MS. BURNS: Thank you. Mary Ellen Burns,
20 United Way. We're the organization who was awarded the
21 Promise Neighborhood grant on behalf of the Eastside. A
22 few things: I would like to respond to the question, why
23 now?

24 Before I do, I want to talk about great
25 schools. First of all, \$23.7 million in federal funds has

1 to be matched dollar for dollar, so United Way took that
2 responsibility on.

3 We'll bring in the dollars -- we are bringing
4 local public and private dollars to match every dollar
5 coming down. Already -- we just finished our second year,
6 so we have a momentum that is significant.

7 There is already increased attendance,
8 decreased mobility, decreased chronic absenteeism. STAAR
9 data is preliminary, but these are -- these used to be the
10 schools that were the weakest in the district. That's why
11 we chose them. No longer.

12 The preliminary data in 12 out of 24 measures,
13 these six schools exceeded district average in two years,
14 and we had already just started the STEM career plan. I
15 just returned yesterday or -- actually early this morning,
16 from the national conference, and the only school turn-
17 around model that was profiled was the San Antonio model
18 on Eastside. So there's significant progress being made.

19 On the question of why now, this is not a
20 collection of efforts walking side by side. We are
21 interwoven, we are interdependent, and there is momentum.

22 The Annie E. Casey Foundation came to us as a
23 collaborative and said, What's missing? You've got
24 significant traction. There's transformation going on.
25 What piece is missing?

1 So they helped us build -- well, Department of
2 Ed built a cradle-to-career pipeline. Annie E. Casey
3 said, What are you doing for the parents? We said, Not
4 enough. So they're helping us build -- we are building --
5 not helping us; it's in play -- an education-and-career
6 pipeline for the parents.

7 We have already significant traction, so much
8 so that last Thursday, the Secretary of Education, Arne
9 Duncan, came down to take a look. The other reason he
10 came down was because the other end of the pipeline, the
11 most critical end of the pipeline actually, the early
12 childhood side -- lot of work going on there.

13 Already we have these population level metrics
14 that are saying kids are showing up healthier to
15 kindergarten, more ready for kindergarten. This used to
16 be a community that you -- one would -- that 30 percent to
17 40 percent of the community population would pass through.
18 No longer.

19 They're staying. The kids are healthier.
20 They're more ready to learn. There's a cradle-to-career
21 pipeline. We've got early college high school. We've got
22 a community school.

23 So you look -- you talk about optics. You can
24 look at the community and then you look underneath the
25 hood, and change is under way. If we stop at any point I

1 fear it's going to affect the whole interplay of these
2 collective efforts.

3 Living Cities, which is the collaboration of
4 the world's 22 largest foundations, has selected us to
5 take a look at a further, a more deeper economic
6 development plan; the world, not the nation -- the world's
7 22 largest foundations.

8 They would not do that had we not had all this
9 in play, and they want to take us to the next step, and
10 they want to make us sustainable. Thank you.

11 MR. OXER: All right. Thank you, Ms. Burns. I
12 appreciate your comments.

13 (No response.)

14 MR. OXER: Any questions from the Board? Okay.
15 We're -- I have one more question, or one -- couple of
16 metric questions here. Okay?

17 Wheatley Courts -- and you'll answer, just say
18 who you are. Go ahead and say who you are, where you --
19 and I'll ask a couple of questions.

20 MS. RAMIREZ: Yes. Lourdes Castro Ramirez,
21 with the San Antonio Housing Authority.

22 MR. OXER: Okay. Now, you just -- the Housing
23 Authority and the City had -- Wheatley Courts was
24 populated before this project started.

25 MS. RAMIREZ: Exactly. Yes, 246 units.

1 MR. OXER: 246 units, and of those, there were
2 200 families that were there, more or less, something like
3 that?

4 MS. RAMIREZ: Just over 200 families.

5 MR. OXER: Okay. And you spent some time and
6 effort and expense to move those people into another
7 location?

8 MS. RAMIREZ: Right. Well, we -- exactly. So
9 there was a relocation plan that was developed with the
10 community, and the relocation process was completed in
11 March of this year.

12 MR. OXER: And does that period -- how long did
13 that take, and what did you spend on it?

14 MS. RAMIREZ: So two phases. So first, I
15 should mention that there was a planning process to
16 develop the concept and the transformation plan for
17 Wheatley Courts and for the EastPoint Choice Neighborhood
18 community.

19 That took about 12 to 18 months of planning,
20 both with the community and the City. In terms of the
21 actual relocation, the process took, you know, between
22 four to five months.

23 We started with, of course, the noticing,
24 meeting with families, assisting -- working closely with
25 the school district to minimize the impact to children

1 that were in the school.

2 MR. OXER: And who bore the expense of those
3 relocations?

4 MS. RAMIREZ: We did.

5 MR. OXER: To what level? How much?

6 MS. RAMIREZ: So the Choice grant is about a
7 \$30 million grant. We have spent about \$2 million thus
8 far in case management services, relocation expenses, and
9 some of the predevelopment that's already beginning to
10 take place.

11 So those expenses are coming directly from the
12 Choice grant. And actually, you know, to that point, Mr.
13 Chairman, I was going to mention to you that -- you asked
14 the question, Can we wait? Can we wait another year. Why
15 now?

16 MR. OXER: I think it was Mr. Gann, but I'll
17 take credit for it. Okay.

18 MS. RAMIREZ: Oh, yes, I'm sorry. Yes, Mr.
19 Gann did. And, you know, my response was, you know, that
20 we can't wait, but I want to sort of just qualify that
21 also by saying that the Choice Neighborhood Initiative is
22 a five-year grant.

23 It's an implementation grant. We are in year
24 two. The redevelopment of Wheatley Courts will take place
25 over three phases. This is the first phase. As Lou

1 mentioned, from McCormack Baron Salazar, we are ready to
2 begin the demolition process and ready to begin the
3 construction of the site this year.

4 And so being able to get this project -- to get
5 the tax credit this year and get this project under way
6 will enable us to continue our strong track record of
7 delivering this grant on time.

8 And specifically the cost for the relocation
9 itself was \$600,000.

10 MR. OXER: Okay. All right. Thanks, Lourdes.

11 Any other questions?

12 (No response.)

13 MR. OXER: Johnny, do you have a comment to
14 make?

15 MR. SHACKELFORD: I've waited a long time.

16 MR. OXER: Well, I know. Do you want to play?

17 I thought you were taking a nap. I didn't know we were
18 boring you.

19 MR. SHACKELFORD: I'll be brief. John
20 Shackelford, with Shackelford, Melton, McKinley, and
21 Norton. I am asking that this Board deny the
22 preclearance.

23 And I appreciate these people's efforts. I'm
24 sure it's a wonderful project, and they've made a
25 compelling case before you. All their speakers have been

1 terrific, and I appreciate and respect all the work
2 they've done.

3 So the two things I was going to focus on, Mr.
4 Chairman Oxer, you've said one of them, and Mr. Gann, you,
5 the other. First, to you, with respect to this Board --
6 as you know, I've been coming here for a long time -- and
7 how this Board and staff did things in the past and what
8 you've achieved and what Mr. Irvine and Ms. Deane have
9 done with staff and the Board, of turning things around
10 and making --

11 MR. OXER: They all achieved it. I just got to
12 take credit for it. Okay?

13 MR. SHACKELFORD: That's wonderful, but people
14 can know that when they come before the Board, the rules
15 get enforced equally amongst everybody. And you've made
16 that comment several times on several occasions at past
17 Board meetings.

18 And what I would say is, this is one of those
19 situations where it's a tough call for you. I get that.
20 But there are those factors. The QAP has been changed.
21 The rule's been changed where you do have these confluence
22 of factors that I believe do make this a site that's
23 undesireable.

24 It doesn't qualify in a high opportunity area
25 that the rule provides. It's -- Mr. Gann, to your

1 question, this is in the at-risk category. There're 9
2 million dollars allocated to the at-risk category this
3 year.

4 This award is a request for 2 million. So
5 essentially just over one-fifth of the entire at-risk
6 budget would go to this project. That would deny a couple
7 of other projects that, again, they, too, are in the
8 at-risk category.

9 So it's one of those things where there's not
10 enough money, ever, to go around, to do all that we want
11 to do for everybody. So I look at it, sort of, Mr. Gann,
12 like you. The timing of it, you know -- they've got tons
13 of commitments.

14 I heard a lot of good people here saying what's
15 going to happen, what will be coming, the commitments; but
16 when I look at the materials that they provided in the
17 Board book, of all the commitments they have from HUD,
18 DOE, the Byrne grant -- but when you look at the column of
19 the money expended, it sort of glaringly shows not much as
20 been expended yet, and so there's a lot to be done.

21 here's a lot, it sounds like, will be done.
22 But for this Board, I would say there's a lot of promises
23 and a lot of great intentions but for you the decision
24 should be -- you know, we've got limited resources; we
25 have a fiduciary duty to this state and the citizens; what

1 can we do to help other projects that qualify within our
2 rules and our guidelines that we're trying to encourage
3 developers to follow, which by changing the QAP on this
4 point-scoring system, you're trying to encourage people to
5 put developments in better neighborhoods.

6 And also because of ICP, you're also trying to
7 get away from concentration of affordable units. So I
8 know it's a tough call for you, and I would just ask that
9 you give consideration, aside from the emotional issues
10 that surround this project that -- you know, please follow
11 the policies that you guys have long and hard implemented
12 the last several years.

13 MR. OXER: Good. Thank you, John.

14 MR. SHACKELFORD: Thank you.

15 MR. OXER: Any questions from any of the
16 members?

17 (No response.)

18 MR. OXER: Okay. Your points are well made.

19 Dr. Muñoz?

20 DR. MUÑOZ: Just a point of order, Mr. Chair.
21 I'd like to -- I think we've heard substantial testimony.
22 I'd like to call the question.

23 MR. OXER: Okay. One more quick question. And
24 then I have to presume -- you know, there's a motion on
25 the floor right now. We'll review that in a second.

1 But, Lou, this is -- while this is an important
2 opportunity for this project, this is not the only source
3 of funding available for this project, would not be an
4 only -- there are other sources of funding. I'm looking
5 at another -- other sources of funding.

6 MR. BERNARDY: The 9 percent allocation is a
7 key and crucial part of funding for the first phase.
8 There's no doubt about it.

9 MR. OXER: Let's make this 30 seconds. Make
10 this short, because I know everybody's getting to the
11 point they need to go up or down on this.

12 MR. BERNARDY: It's crucial to the success of
13 the first phase, no question about it. It's crucial to
14 the ability to utilize the City funds that have been
15 committed and are ready to be spent right now, if we're
16 able to get started and get an allocation.

17 There is no question that the City funds are
18 available to be used for the public improvements that have
19 been described, and they're extensive, and as I said,
20 we're ready to go.

21 Lourdes talked about the back-end date for the
22 deliverables under the HUD grant. Those are tight
23 schedules. Those are tight -- very difficult to move.
24 We've got to deliver on these units, 417 -- 423, whatever
25 the number may be -- new units within that time frame.

1 And we have to get started the first of the
2 year with this allocation. And we're going to be ready to
3 close if we get an award this year, in July and August.

4 MR. OXER: I hasten to point out that what --
5 so that it's clear, on the record, and amongst the
6 Board -- that we're not saying that -- we're not offering
7 a waiver.

8 It only -- what we're just saying is that you
9 get in the tournament. You get in the game on this one.
10 Okay? You get to compete on this particular site. But
11 given --

12 MR. BERNARDY: Understood.

13 MR. OXER: -- that it's on the at-risk
14 set-aside, which has a limited number of applications in
15 it, there's -- that has certain implications in terms of
16 the competitiveness of the project, in and of itself.

17 MR. BERNARDY: We believe that we're very
18 competitive, given where the scoring is now. We know
19 we're still going through underwriting, but we believe
20 that we're going to remain very competitive in the at-risk
21 set-aside.

22 MR. OXER: Good. Okay.

23 MR. BERNARDY: Thank you.

24 MR. OXER: Thanks very much. All right.

25 MR. THOMAS: Mr. Chairman?

1 MR. OXER: Mr. Thomas -- we have an active
2 request on -- let me review this. Do we have a -- let's
3 see what we do have.

4 MR. THOMAS: I'd like to complicate it, because
5 I'm going to withdraw my second.

6 MR. OXER: Okay. I was -- we have a motion on
7 the floor by Mr. Gann; second by Mr. Thomas; there's been
8 a request by El Doctor to call the question with the --
9 you have to drop that for him to drop his second.

10 MR. THOMAS: No, I can withdraw my second, so
11 I'd like to withdraw.

12 MR. OXER: So do we have a call? But he's
13 called the question. That's my discretion, okay. So you
14 dropped the -- you withdraw your second on the motion,
15 which was to approve staff recommendation to deny the
16 preclearance. Is that correctly stated?

17 MR. THOMAS: Correctly stated.

18 MR. OXER: Okay. All right. Given that there
19 is no second to Mr. Gann's motion, Mr. Gann, do you have
20 an interest in retracting your motion?

21 MR. GANN: No.

22 MR. OXER: Okay. There's a motion by Mr. Gann
23 to approve staff recommendation to deny the preclearance.
24 Is there a second?

25 (No response.)

1 MR. OXER: Apparently not. Okay.

2 DR. MUÑOZ: I'd like to make a motion.

3 MR. OXER: Motion -- hold on a second. Motion
4 dies for lack of second.

5 Dr. Muñoz.

6 DR. MUÑOZ: I'd like to make a motion that we
7 approve the preclearance.

8 MR. OXER: Which is to deny -- to oppose the
9 staff recommendation to deny preclearance.

10 DR. MUÑOZ: I'm not -- no. I suppose. I don't
11 recall the recommendation of the staff. I recall a flat
12 line, neither --

13 MR. OXER: They did. They came up and told us
14 it was a denial.

15 DR. MUÑOZ: All right. Well, then -- and --
16 okay.

17 MR. OXER: Okay. Motion by Dr. Muñoz to deny
18 staff recommendation to approve -- or to deny the
19 preclearance, which would in effect confer the
20 preclearance.

21 MS. BINGHAM ESCAREÑO: I'll second.

22 DR. MUÑOZ: Well done.

23 MR. OXER: It's like a double negative.

24 MR. IRVINE: I was -- thank you for seconding,
25 Leslie. I was looking at Jean to making sure we got it

1 right before I could say -- you understood it, so okay,
2 we're there.

3 MR. OXER: Leslie and I've been working
4 together a long time, so she probably --

5 MR. IRVINE: I guess she knew what you were
6 saying.

7 MR. OXER: Okay. So there's a motion by Dr.
8 Muñoz, seconded by Ms. Bingham, to deny the staff
9 recommendation which is to deny the preclearance, which
10 would have the effect of providing the preclearance, which
11 is not an offer point; it simply allows the application to
12 continue.

13 Did you have a comment, Mr. Irvine?

14 MR. IRVINE: I request to clarify the rationale
15 for that is essentially that the testimony provided --

16 DR. MUÑOZ: No. I can provide my explanation.

17 MR. IRVINE: Okay, perfect.

18 MR. OXER: It's even better to let him say what
19 he thought.

20 DR. MUÑOZ: I take very carefully to mind
21 counsel's direction, and it was that there be sufficient
22 evidence to overcome the deficiencies presented by these
23 undesirable features and to take a holistic view.

24 I can't help but have appreciated the
25 commentary, and to my mind, I am utterly satisfied that

1 there is remarkable investment being made to completely
2 transition this community into one that in a short period
3 of time represents a high opportunity neighborhood.

4 This is precisely what we try to do, to create
5 and advance housing of the high quality that remains
6 accessible for working people. And I tell you, I -- some
7 of the -- I appreciate the procedural sort of points made
8 by some in opposition, but I also took a little bit of
9 exception to some of the language used, in terms of
10 ghetto-ization.

11 You know, as someone that grew up in one of
12 those barrios, I couldn't help but recognize some of these
13 homes as similar to the ones around where I grew up and
14 many in this room grew up, and with fine people of great
15 character and ambition and vision.

16 And this is exactly what I think we should be
17 supporting. So put that down in the record.

18 MR. OXER: Okay. Thank you. I think it just
19 went in the record, for the record.

20 And just for purposes of the Chairman's
21 comment, I don't want to have HUD calling us and abusing
22 us because we're concentrating low-income housing. Okay?

23 VOICE: That's going to happen.

24 MR. OXER: You know, they're the ones that put
25 the money there to start with, so we're supporting what

1 they're doing. In the event that this passes, I just want
2 to make sure that's on the record, too. All right.

3 Motion by Dr. Muñoz to -- we'll skip to the
4 detail -- to offer the preclearance, or to confirm the
5 preclearance; second by Ms. Bingham. All in favor?

6 (A chorus of ayes.)

7 MR. OXER: Opposed?

8 MR. GANN: No.

9 MR. OXER: There is one. It's Mr. Gann.
10 Motion passes, four to one. I can hear some stomachs
11 rolling. It's -- all right, hold on. I've got to -- can
12 everybody sit still and be quiet?

13 Here's what we're going to do. We have a long
14 session this afternoon. We're going to go into Executive
15 session, and it's going to be relatively short. I'm not
16 going to give you a fixed time. If you want to speak on
17 the first item coming up, you better stick around and stay
18 close, because I don't expect it to be very long.

19 I have to say this, and it has to go on the
20 record, so listen: The Governing Board of the Texas
21 Department of Housing and Community Affairs will go into
22 closed session at this time, pursuant to the Texas Open
23 Meetings Act, to discuss pending litigation with its
24 attorney under Section 551.071 of the Act to receive legal
25 advice from its attorney, under Section 551.071 of the

1 Act; to discuss certain personnel matters under Section
2 551.074 of the Act; to discuss certain real estate matters
3 under Section 551.072 of the Act; and to discuss issues
4 related to fraud, waste, or abuse, under Section
5 2306.039(c) of the Texas Government Code.

6 The closed session will be held in the anteroom
7 immediately behind us. The date is June 26, 2014, and the
8 time is 12:29 p.m. We'll be back as soon as we can,
9 because we're going to make this short and get back to a
10 fairly long afternoon that I expect. We'll be back in a
11 little bit.

12 (Whereupon, at 12:29 p.m., the Board met in
13 executive session.)

14 (Whereupon, at 1:18 p.m., the Board reconvened
15 in open session.)

16 MR. OXER: Okay. The Board is now reconvened
17 in open session at 1:18. We heard advice from our legal
18 counsel and made no decisions, so we have no open items to
19 consider after that. So we will jump right into Item 5, I
20 believe. So Jean.

21 MS. LATSHA: That is correct, sir.

22 MR. OXER: All right. Saddle up.

23 MS. LATSHA: Jean Latsha, Director of
24 Multifamily Finance. So Item 5 is appeals of Housing Tax
25 Credit, 9 percent Competitive Housing Tax Credit

1 applications.

2 MR. OXER: Based on what we decided earlier,
3 when we started all of this, before we went to Wheatley,
4 we were going to do the terminations first.

5 MS. LATSHA: If you like. We can do it that
6 way.

7 MR. OXER: Or put these together, because --

8 MS. LATSHA: That is totally fine. Yes.

9 MR. OXER: Let's do that.

10 MS. LATSHA: All right. So in that case, first
11 we will go over 14083 and -084. Those are taken together.
12 Selinsky Street Supportive Housing and Palm Parque. Then
13 14097, Residences at Rodd Field. After that, 14114,
14 Waters at Granbury, then 14063, Hudson Providence.

15 MR. OXER: And for the record, this is for
16 everybody out here who is listening, we are going to take
17 these in this order. So you will know what is coming up
18 next. And we will announce each one of them as they come.

19 MS. LATSHA: Right. So those first three
20 are --

21 MR. OXER: They will be taken up one at a time.

22 MS. LATSHA: Yes, sir.

23 MR. OXER: Right.

24 MS. LATSHA: Those first three were
25 terminations that are being appealed.

1 MR. OXER: Okay.

2 MS. LATSHA: They we start with the appeals of
3 the scoring items.

4 MR. OXER: Okay.

5 MS. LATSHA: That would be 14063, Hudson
6 Providence, 14209, Riverside Village, and 14215, Village
7 at Harvest Time.

8 MR. OXER: Okay.

9 MS. LATSHA: So just really really quickly, to
10 kind of go over how we got here, I think most of us know
11 this. We receive about 300 preapplications each year.
12 This year, we received 161 full applications.

13 Of those, 95 to 100 received a full review,
14 which consists of staff member viewing at least 400 pages
15 of documentation, issuing deficiencies, and reviewing the
16 responses to those. I kind of point that out just because
17 this process, Cameron always like to describe it as an
18 assembly Ford line, or a Ford assembly line.

19 Sorry. Yes, I can't be Cameron. It is never
20 going to happen.

21 MR. OXER: We like you just the way you are.

22 MS. LATSHA: Thank you. So but my point is
23 this, you know, it feels a bit bureaucratic. And it feels
24 like we are being a little bit nitpicky on some of these
25 rules. And I think we might see a couple of these up here

1 that certainly sound that way at first.

2 And so I just want to kind of touch on how that
3 process works. And when we are sifting through these
4 applications and we issue administrative deficiencies and
5 that process is a tool for staff to use, we say, hey. It
6 looks like something is wrong in your application,
7 Applicant. Can you clarify that for me?

8 And then the appeals process is really their
9 way of being able to point out to us, hey, you know, I
10 think you took this set of circumstances, and you didn't
11 apply the rule correctly.

12 And I think we are going to find here too, that
13 in order to get where the applicant wants, it is not
14 necessarily the granting of an appeal, but it is really a
15 waiver of a rule that they are requesting. And so I will
16 try to point out as we go through these, when that is the
17 case.

18 So that being said, we can jump right in to
19 14083 and 14084. That is Selinsky Street Supportive
20 housing and Palm Parque. The reason is --

21 MR. OXER: Why are they being considered
22 together?

23 MS. LATSHA: They are considered together, it
24 is essentially the same applicant, the same organizational
25 structure. Two applications that have exactly the same

1 circumstance, which is why they were both terminated.

2 MR. OXER: Okay.

3 MS. LATSHA: So in this case, applicants are
4 required to submit a market analysis summary with the
5 application submission -- that's on February 28 -- and
6 then a full market analysis on April 1.

7 Not only our rules, but also state statute and
8 federal requirements, Section 42, require that these
9 market studies be prepared by a market analyst approved by
10 the Department. That language is used in Section 42 and
11 2306, and then in our rules, too. That that analyst has
12 to be approved by the Department.

13 This application was submitted with the summary
14 prepared by Mr. Jack Poe, who, as of February of 2013, was
15 not an approved analyst. He had been approved prior to
16 that date, but as of February of 2013, last year, he was
17 not approved.

18 So staff received this application on February
19 28th with the summary. On March 19th, we terminated that
20 application because the rule really applies to the summary
21 as much as it does to the full market analysis that is due
22 on April 1. So March 19, we terminate that application.

23 The applicant then did submit a full market
24 analysis on April 1, but it was also prepared by Mr. Poe,
25 who still at that time was not an approved market analyst.

1 Just as a little history, Mr. Poe was on the
2 list. And as of February 16, 2012, the next list that was
3 published was March 27 of 2013, and Jack Poe was not on
4 that list. Another list was published on February 1st of
5 2014. And he was not on that list of approved analysts,
6 either.

7 DR. MUÑOZ: Who would that be? The last date?

8 MS. LATSHA: The last one was February 1st of
9 '14. But prior to that, March 27th of '13, Mr. Poe was not
10 an approved analyst.

11 So while Mr. Poe was preparing and submitting
12 this market analysis to the Department, he was not
13 approved. Because this is not only a requirement of the
14 rule, but also a federal and state requirement, staff does
15 not really believe that there is a mechanism to grant this
16 waiver.

17 And this would be a waiver of this rule that
18 the applicant needs in order for the market analysis and
19 therefore the application to be eligible for an award. So
20 staff recommends denial of the appeal. Unless you have
21 any questions for me, I think we have some public comment.

22 MR. OXER: Are there any questions of Jean?
23 All right. Do we have a motion to consider first.

24
25 DR. MUÑOZ: Move staff recommendation.

1 MR. OXER: Okay. Motion by Dr. Muñoz to
2 approve staff recommendation.

3 MR. THOMAS: Second.

4 MR. OXER: Second by Mr. Thomas. Is there a
5 comment? Public comment.

6 MR. SIMS: Yes. Rick Sims. I submitted the
7 application. And my opinion, I believe that staff put the
8 cart before the horse.

9 I have been doing this ten years. I have --
10 did nothing but submit special-need housing for ten years.

11 I have more terminations of special-need housing of any
12 one person in this state.

13 And then there is a moral issue I deal with,
14 because I am in that protected class. And I have said
15 that over and over again. So I look at it. Do I just
16 overlook myself, or do I try to help myself, and try to
17 help others.

18 And I have dealt with these issues of
19 terminations, 2005. This issue came up with a third-party
20 report. Look at the minutes. Jennifer said, I issued
21 Rick a deficiency notice; he addressed the deficiency
22 notice, number one application in the region. But I
23 submitted a third-party report after the fact. But it was
24 not for that issue. But then when it came to the Board,
25 the Board said, Well, Rick, had you gave us that

1 information -- it was a identify-of-interest issue.

2 Had you gave us the facts, that you addressed
3 the deficiency, but we got an appraisal, a third-party
4 report. But you did not address the issue of showing us
5 proof that the price of the land -- that the original
6 purchase price of the land was greater than what they sold
7 it for -- okay -- where they bought it high and sold it
8 low.

9 And I argued, the rule doesn't require the
10 third-party part, why are you applying it? Why are you
11 applying that rule? Well, the Board went and said, well,
12 confusion. You should have added it when we asked for it.

13 And we can't add information now at the Board.

14 So I can say, give me a reasonable
15 accommodation. They say nothing. So finally, ten years
16 later, asking about reasonable accommodations, you adopt a
17 reasonable accommodation, Texas Administrative Code 1.1,
18 reasonable accommodation.

19 Here is a person in a protected class that has
20 a disability, history of a disability, or assumed to have
21 a disability, can ask for a reasonable accommodation, a
22 modification or exclusion for the rule. February 18, I
23 saw some challenges that was beyond the normal realm of
24 this application process. Because of -- now, the new -- I
25 didn't have a program.

1 Because of the wording of the QAP -- and we had
2 discussed this the last time, 2011, that it is easier for
3 me, when I file on staff, staff every time they do their
4 QAP, when there is something that is changed, they
5 highlight it. They don't use a blue or a red. And I
6 follow it.

7 Because I told them, I do have attention
8 deficit disorder, because I am going to -- I have to be
9 perfect when other people have imperfections. Because
10 they didn't get a deficiency. But you are saying, hey,
11 Rick. I can find a word you can't see.

12 And I have told people. They say, you are not
13 paying attention. Just because you say I saw it, that
14 don't mean I saw it at the moment until you brought it to
15 my attention. So you exploited it.

16 But anyway, let me get back to my thought.
17 Well, during the process, this is what happened that was
18 different. Before you put out the QAP, what was coming
19 up --

20 MR. OXER: Rick, I'm glad to give you another
21 two minutes. Okay.

22 MR. SIMS: Well, anyway, I requested a
23 reasonable accommodation to the rule. And I would just
24 ask the staff, which we have done before, just extend the
25 process.

1 MR. OXER: And that accommodation was what?

2 MR. SIMS: Just extend the time for me to get
3 the market analyst on the list. That is it.

4 MR. OXER: Was he on the list when you engaged
5 him?

6 MR. SIMS: Was he on the list?

7 MR. OXER: Was he on the list.

8 MR. SIMS: I never saw the list, never saw the
9 list. They brought that to my attention. What happened
10 in that process, I had already engaged -- when they
11 brought to my list -- I said wait a minute.

12 When I engaged Jack Poe, when the rule says,
13 whether he is on the list or you put him off, or whatever,
14 negligence, if you are commissioning 90 days before the
15 start of application acceptance period, and inasmuch as
16 that does not invalidate the market study, right.

17 But he can get back on the list either
18 through -- if he is put out, I get my interpretation,
19 adjust the market study you review, or get a new market
20 study. We got a new market study from a person that was
21 on the list. And then because -- and I sent a check in,
22 saying, Wait a minute. I got terminated because of my
23 mistake.

24 I paid Jack Poe \$7,500 for that area. And now,
25 guess what? He owes me a market study, and I am

1 already -- now, here's the thing that is funny.

2 Because of you said in the QAP, if I am going
3 to choose to do supportive housing, and the wording about
4 how it had to be with the City of Houston for scoring and
5 for the preapplication, the City of Houston -- usually we
6 can get to November -- I mean, April, to do the
7 application. They put the application due for supportive
8 housing January 5.

9 We have already committed it to -- regardless,
10 committed to spending \$15,000. Nobody else in the
11 application -- what do you call this? -- the application
12 process are committed to.

13 And we don't even have a preapplication score.
14 Just to say hey, if we just stand a chance. And then
15 that's where the moral issue come in. That's just like
16 killing myself.

17 So I ask, well, we can get around this,
18 reasonable accommodation. They just kept doing like they
19 do all of the time; they just put it to the side.
20 Knowing, that, hey, man, a reasonable time is seven to ten
21 days.

22 I said, I am not appealing it. I am not coming
23 in here. I would like for you to grant me a reasonable
24 accommodation because I have the right to exercise it, to
25 extend me the period of time, just to get him on the list,

1 because like you said today, it is just an application.
2 It is just me and the application.

3 MR. OXER: That may be true, Rick. But my
4 understanding, under ADA, we have an obligation to provide
5 a reasonable accommodation for the communication to you of
6 what is necessary, not to extend deadlines.

7 And I would hasten to point out to you, those
8 two little letters on the back end of my title card up
9 here, if I don't have my license certified, I don't get to
10 stamp anything and anything that I do is out of order, if
11 I'm not --

12 MR. DORSEY: I know.

13 MR. OXER: Do you see those?

14 MR. SIMS: Oh, you did.

15 MR. OXER: So my question is this: You've
16 asked for a reasonable accommodation.

17 MR. SIMS: Yes.

18 MR. OXER: What are you asking for?

19 MR. SIMS: I am asking for the staff to extend
20 the time for me to get him on -- back on the list.

21 MR. OXER: Changing the rules in the QAP is not
22 an accommodation for -- to be able to communicate with
23 you.

24 MR. SIMS: That is my request, for the
25 Department to extend the time for me to get him put on the

1 list for you to evaluate the application to continue to
2 participate in this process.

3 MR. OXER: Okay. All right. We understand
4 what your request is.

5 MR. SIMS: Yes.

6 MR. OXER: So now given that you have made a
7 request for an accommodation, our obligation is to
8 determine whether or not it is reasonable.

9 MR. SIMS: Reasonable or not.

10 MR. OXER: Okay. Good. Thanks very much for
11 your input.

12 MR. SIMS: Okay. Thank you.

13 MR. OXER: Let's see. We had a motion. Who
14 did this? Are there any other comments?

15 MS. LATSHA: No.

16 DR. MUÑOZ: I was the one that made the motion.

17 MR. OXER: Okay. Motion by Dr. Muñoz and
18 second by Mr. Thomas to approve staff recommendation to
19 deny the appeal. That is correct.

20 Right, Jean?

21 MS. LATSHA: Yes, sir.

22 MR. OXER: Okay. No other public comment?

23 (No response.)

24 MR. OXER: All in favor?

25 (A chorus of ayes.)

1 MR. OXER: Those opposed?

2 (No response.)

3 MR. OXER: And there are none. It's unanimous.

4 MS. LATSHA: All right. Next on the list is
5 application 14097, Residences at Rodd Field in Corpus
6 Christi.

7 So this application was terminated for having a
8 material deficiency. This application, when it came in,
9 there was an indication that this applicant was applying
10 for not only a 9 percent Housing Tax Credit but also TDHCA
11 administered HOME funds.

12 Staff issued a deficiency clarifying the
13 request for HOME funds, because it was discovered that the
14 site was in an area that was not eligible to receive our
15 HOME funds. That deficiency was part of a number of other
16 deficiencies, all told, 33 separate issues in the
17 application that were deficient.

18 And so staff asked for all of this
19 clarification, part of which had to do with the HOME
20 request. And the applicant returned over 20 exhibits.
21 Again, another set of deficiencies was issued on a second
22 review.

23 Some of those also still kind of related to the
24 HOME funds. Some things not really matching up. Now the
25 rule regarding the administrative deficiency process

1 reads: a review of the response by the applicant may
2 reveal that issues initially identified as an
3 administrative deficiency are actually determined to be
4 beyond the scope of the administrative deficiency process.
5 Meaning that they in fact implicated matters of a material
6 nature not susceptible to being resolved.

7 And basically we had to say we took another
8 look at this application after all of these deficiencies
9 and responses and, quite frankly, still have questions
10 about what is going on. If this application were to be
11 reinstated today, I would have to issue another set of
12 deficiencies to again figure out what happened.

13 A large part of what happened in this is that
14 they had a request for a million dollars in HOME funds
15 that, like I said, they were not eligible to receive from
16 the Department. So in order to remedy that situation,
17 they submitted a new development cost schedule which
18 indicated that their development costs had been reduced by
19 that million dollars.

20 Specifically they reduced their acquisition
21 costs. But there was no purchase contract revision to
22 basically match up with that reduction in costs. So we
23 still have questions as to how they can prove up that this
24 is their actual development costs, and that they have the
25 sources and uses to -- the sources to take care of those

1 costs.

2 So I think there is some comment here. Just
3 one quick thing about our staff. When we review these, we
4 have five staff members, who their core responsibility is
5 to review these applications. Out of those five, the
6 least veteran has been doing this for five years. And so,
7 they have reviewed hundreds of applications.

8 So I guess, when having that in mind, this
9 application really looked a lot different than a lot of
10 other applications that receive maybe even a high number
11 of deficiencies and come back, and were able to resolve
12 those issues. So staff recommends denial of the appeal.

13 MR. OXER: Okay. Any questions from the Board?
14 Ms. Bingham?

15 MS. BINGHAM ESCAREÑO: Jean, just so I heard
16 you correctly, there was an initial deficiency notice that
17 went out, kind of pertaining to 30-some-odd. And then the
18 applicant submitted supportive documents. And then in the
19 process of looking at those, there were still some
20 deficiencies and a second notice went out?

21 MS. LATSHA: That is correct.

22 MS. BINGHAM ESCAREÑO: And then so, just so I
23 understand. So the rule, the Section 10.201.7 rule that
24 you just read, so basically what you are saying is, that
25 upon review, that second time, your team kind of looks at

1 it and says, you know what, these are still so
2 substantial, that they really take more than just another
3 deficiency notice.

4 They are really an indication that -- they
5 implicate matters of a material nature that are not
6 susceptible to being resolved. Like they are --

7 MS. LATSHA: That is correct.

8 MS. BINGHAM ESCAREÑO: And then when you went
9 over the million-dollar question just now, that is kind of
10 the most visible example that that rule would apply to, of
11 where, you just didn't really see how they got from Point
12 A to Point B. And how that was ever really going to be
13 proved up. Okay.

14 MS. LATSHA: That is right.

15 MS. BINGHAM ESCAREÑO: Okay. Very good. I
16 understand.

17 MR. OXER: All right. Any other questions?

18 Mr. Thomas.

19 MR. THOMAS: So that just so that I am clear,
20 picking up on the 10.202.(b), this triggers the material
21 deficiency issue.

22 MS. LATSHA: Exactly.

23 MR. THOMAS: Under -- okay.

24 MS. LATSHA: And I believe part of that
25 definition talks about a substantial reevaluation of an

1 application, which is really what this would require.

2 MR. THOMAS: Okay.

3 MR. OXER: Okay. Motion to consider.

4 MS. BINGHAM ESCAREÑO: I will move to approve
5 staff's recommendation.

6 MR. OXER: Okay. Motion by Ms. Bingham to
7 approve staff recommendation.

8 MR. THOMAS: Second.

9 MR. OXER: Second by Mr. Thomas. Okay. Do we
10 have comment on this item?

11 MR. ALLGEIER: I am Dan Allgeier, Vice
12 President of NuRock Companies. We are the applicant for
13 Residences at Rodd Field in Corpus Christi.

14 Briefly, the background, this is an application
15 for a new 100 units of family housing in a high
16 opportunity area of Corpus Christi. We do have a support
17 resolution from the City, the state rep is for it, and a
18 commitment of funds from the Corpus Christi Housing
19 Finance Corporation.

20 The market in Corpus is incredibly strong right
21 now, thanks to the Eagle Ford Shale, among other things.
22 I disagree about the substantial nature of the
23 deficiencies. We did make a mistake applying for the HOME
24 funds.

25 There is, however, precedent here, which I will

1 point out. Another 2004 application was challenged this
2 year for that very reason; same elements, with a HOME
3 funds application. And since challenges are public
4 knowledge, we can look into that in a little more detail.

5 We see that staff denied that challenge and allowed that
6 application to proceed with removing the HOME funds.

7 The details, the underwriting, I don't know.
8 But I know it is a fact, and I know it is done. That is
9 the same situation we have, and they denied that
10 challenge.

11 So let's talk about the application itself.
12 She said there was 33 deficiencies. Eleven of those were
13 the result of HOME funds. If you've never done an
14 application, if you change one number, you change six
15 forms. You change a number on the sources and uses, you
16 change a lot of things.

17 So we responded to all of their deficiencies on
18 a timely basis. We got six more comments. They were
19 important considerations, like the percentage on the
20 ownership chart doesn't agree with the percentage in this
21 form.

22 You show a permanent loan source of Impact CCL.
23 We show Chase Bank. Well, Impact CCL is Chase Bank; it's
24 just a subsidiary of. Our letter was from Chase Bank.
25 They both showed Impact CCL as the permanent lender.

1 Some numbers issues. The side work cost was
2 signed by an engineer, who also has those same initials
3 after his name. Unfortunately, it's not third-party,
4 because I signed it, so we gave it to the engineer to
5 sign. The same numbers; only the signature changed.

6 Those are pretty small changes. They don't
7 affect the economics, the underwriting, the points of the
8 deal. So how did we fix this? We have a contract, a
9 company -- a NuRock subsidiary has a contract to purchase
10 20 acres. We put all 20 acres in the initial app.

11 We can't get the HOME funds. We only are using
12 six acres for this. Six acres are shown on the site plan,
13 that were shown on the original site plan. So some of the
14 changes were, we went back to six acres.

15 We provided in the administrative deficiencies
16 a revised development cost schedule with the new number
17 and the new acreage in a note, changing this. Second, we
18 provided a new assignment of the land contract to the
19 applicant. It is in there, that says we are only doing
20 six acres. The rest of it the subsidiary is keeping.

21 And third, we provided a revised title
22 commitment with new legal description. We changed all of
23 the numbers in the application to change it to six acres.

24 I don't know what else we could have done to justify and
25 tell them what we did to get rid of the million bucks that

1 we needed.

2 Understand this. Land cost is not going to
3 development basis. And because it doesn't go into
4 development basis, it doesn't go into the calculation of
5 the tax credits. It didn't change the credit allocation
6 request. Very simple. A million out here, a million out
7 here. It's the same numbers.

8 The precedent I told you about. Now, look, I'm
9 the last one to guess how those things are going to float
10 in the tax credit realm. That is your decision. That is
11 not mine. I wish at least it was partially mine
12 sometimes.

13 But there's only two applications in Region Ten
14 in the urban area, and you've terminated this one. There
15 is only one application. Assuming they make it through
16 underwriting, assuming they make it through threshold and
17 everything else, you're going to underfund this region.

18 Put us back in and give us an opportunity to
19 proceed. You don't have to overturn a rule. You don't
20 have to change a rule.

21 The QAP and rules have no definitive number of
22 deficiencies. That is the threshold for termination. It
23 is a subjective decision; it is strictly subjective.
24 There are no deficiencies that weren't resolved.

25 We can proceed with this application. We would

1 request that the application be resubmitted. It has
2 already been through threshold underwriting. Then we get
3 to go on to the number crunching and go from there. I am
4 open for questions.

5 MR. OXER: Okay. Thanks, Dan.

6 Any questions from the Board?

7 (No response.)

8 MR. OXER: Okay. Jean, did you have anything
9 you want to read on this one, or it's on the next one?

10 MS. LATSHA: Uh-huh.

11 MR. OXER: Okay. Any questions from the Board?

12 (No response.)

13 MR. OXER: None from the Board. Okay. Motion
14 from Ms. Bingham, second --

15 DR. MUÑOZ: I just might ask.

16 Jean, any response to --

17 MS. LATSHA: Sure. We did have two other
18 applications this round that were similarly situated,
19 where they requested HOME funds and were in participating
20 jurisdictions and so were not eligible for those HOME
21 funds.

22 I have stressed a few times that that is not
23 the reason that this application was terminated. It is
24 because that, combined with the response to not only that
25 issue but the other issues, called for a complete

1 reevaluation of this application that to date is not
2 resolved. Speaking to the other applications --

3 DR. MUÑOZ: Just a minute.

4 MS. LATSHA: Sure.

5 DR. MUÑOZ: Because I heard the gentleman say
6 that there is nothing that hasn't been, and I think his
7 words were, resolved.

8 MS. LATSHA: I believe what he is probably
9 talking about is the purchase contract that is currently
10 in the application, which the last time I checked -- and I
11 have looked at this thing ten times, if I have looked at
12 it once -- indicates a \$2.7 million purchase price for
13 6.048 acres. And his revised development cost schedule
14 indicates \$1.6 million in acquisition costs.

15 And the fact is those things just don't match
16 up. So I would have to go back and ask him to reconcile
17 those figures. I'm not saying he couldn't. Maybe he
18 could. But the point is it's still deficient as of this
19 date.

20 MR. OXER: Any other questions?

21 (No response.)

22 MR. OXER: Okay. There has been a motion by
23 Ms. Bingham and a second by Mr. Thomas to approve staff
24 recommendation to deny the -- not to deny -- to approve
25 staff recommendation. Those in favor?

1 (A chorus of ayes.)

2 MR. OXER: Those opposed?

3 (No response.)

4 MR. OXER: There are none.

5 Okay. Next case.

6 MS. LATSHA: I believe Kathryn has got the next
7 one; 14114, Waters at Granbury.

8 MS. SAAR: Good morning, Mr. Chair, Board. For
9 the record, my name is Kathryn Saar, Competitive Housing
10 Tax Credit administrator.

11 MR. OXER: Welcome to the kitchen.

12 MS. SAAR: Hopefully, it won't be too hot. The
13 next item on your agenda is an appeal of the termination
14 of application 14114, the Waters at Granbury.

15 I believe your writeup says that the
16 termination happened on June 4th. That is actually a
17 typo. That was the date that Tim issued his denial of the
18 appeal.

19 The application was actually terminated on May
20 16, 2014. And that was for failing to meet the procedural
21 requirements for application submission, which specify
22 that an application must be submitted in a single
23 individually bookmarked PDF file. The Waters at Granbury
24 was not submitted with the required bookmarks.

25 I would like to take a moment to explain why

1 this requirement exists. As mentioned in your writeup,
2 the Department received 161 applications this year, and
3 each application is several hundred pages long.

4 The bookmarks provide a searchable table of
5 contents allowing the reader quick and easy movement
6 through these hundreds of pages. In the old days, we
7 required the applications be submitted in hard copy. But
8 they were required to have specific files and tabs so that
9 they could be easily understood.

10 Bookmarks provide the same organizational
11 structure to an electronic application, without which the
12 submission would be seemingly a random pile of paper.
13 These organizational bookmarks are not only necessary for
14 staff but other interested parties to review these
15 applications, such as state Representatives, neighborhood
16 organizations, and competing applicants.

17 Including the bookmarks is relatively easy to
18 do. It takes only a few minutes, and can be easily
19 checked by an applicant before submitting the application.

20 Of the 161 applications received, Waters at Granbury is
21 only one of two applications that have been identified as
22 failing to include these bookmarks.

23 The other is also on your agenda today, but
24 that applicant has asked to be heard at the July meeting.

25 I believe that was Manor Wayne. Yes.

1 In this instance, the applicant concedes that
2 the bookmarks are in fact missing but argues that they
3 should be afforded the opportunity to correct this through
4 an administrative deficiency process.

5 While it seems like an easy thing to fix
6 through a deficiency, when only one or two applicants have
7 failed to provide the bookmarks, it would be unfair to the
8 other 159 applicants who complied with this simple
9 organizational structure.

10 In order to fix the issue as an administrative
11 deficiency, the applicant would be submitting an entirely
12 new application file after the submission deadline and
13 would thus be subject to termination pursuant to 10.202,
14 which relates to ineligible applicants and applications.

15 More importantly, it would be virtually
16 impossible for staff to ensure that the new application
17 was identical to the originally submitted file, but for
18 the bookmarks. A single page out of order, and the
19 original unbookmarked application would be like looking
20 for a needle in a haystack.

21 Additionally, this could give such an applicant
22 a distinct advantage over the other applicants who
23 submitted files in compliance with the rule. They would
24 not only have additional time to review their application
25 for error, they would also have time to review a

1 competitor's application and potentially improve the
2 competitiveness of their own application.

3 While staff has no specific reason to believe
4 that the applicant would take advantage of such an
5 allowance, opening the door to this kind of remedy would
6 be highly problematic and would be disruptive to the
7 orderly and transparent administration of the program. As
8 previously mentioned, the appeal letter concedes that the
9 bookmarks are not at all concluded, and asks that the
10 omission be treated as an administrative deficiency rather
11 than a material deficiency by which the application can be
12 terminated.

13 However, this application was not terminated on
14 the basis of a material deficiency. The termination is
15 based on the simple fact that the applicant failed to meet
16 the general submission requirements. Consequently, there
17 is no review. And therefore the administrative deficiency
18 process is actually irrelevant.

19 You may also hear the applicant suggest that
20 the plain language of the rule does not call for staff to
21 terminate an application for not meeting these
22 requirements. While there, the applicant claims that only
23 violations of 10.202.2 related to ineligible applications
24 are subject to termination, staff again disagrees with
25 this assessment.

1 While it is true that this section lists a
2 number of reasons why an applicant could be found
3 ineligible -- an application, rather -- this is not an
4 exclusive list. The general submission requirements not
5 only specify that the application be bookmarked, but also
6 that it is submitted on a CD-R, containing a single PDF
7 file and a single Excel file of the complete application.
8

9 The applicant's argument implies that staff
10 could not terminate an application that was submitted in
11 hard copy or in several separate files or that did not
12 include the required Excel file. In fact, the Board
13 sustained a termination of a preapplication last year that
14 failed to meet the general submission requirements by not
15 including the Excel file.

16 Now, I fully appreciate that this has the
17 potential to feel bureaucratic. It is true that such a
18 simple problem could be easily corrected. But
19 unfortunately that correction should have occurred prior
20 to submission. Allowing for correction now would
21 compromise transparency and be unfair to the other
22 applicants.

23 The rule provides no alternative but to
24 terminate this application on the basis that it failed to
25 meet the general submission requirements. For these

1 reasons, staff further recommends denial of the appeal.

2 MR. OXER: Okay. Thanks, Kathryn.

3 Any questions from the Board?

4 (No response.)

5 MR. OXER: Okay. And from the standpoint of
6 transparency, one of the other risks we run is it would
7 have been easy to remedy, but it also would have been easy
8 to avoid in the first place.

9 MS. SAAR: Correct.

10 MR. OXER: Were you allowed to do this, that
11 would make us susceptible to an audit evaluation of lack
12 of transparency, essentially.

13 MS. SAAR: Correct.

14 MR. OXER: Yes. So we have an audit
15 requirement, since we have all our processes internally
16 are audited through Internal Audit. It is just -- yeah,
17 you've got to pay attention to details.

18 MR. THOMAS: Motion to approve staff
19 recommendation.

20 MR. OXER: Okay. Motion by Mr. Thomas to
21 approve staff recommendation.

22 MR. GANN: Second.

23 MR. OXER: Second by Mr. Gann. Do we have
24 public comment? And I would remind you, just as a -- not
25 to point at you, but as a housekeeping item for

1 everybody -- you're on the clock.

2 MR. ESQUEDA: Okay. My name is Ruben Esqueda.

3 I am with Atlantic Housing Foundation. I was -- I am
4 here to offer a little background on us. We are a
5 nonprofit based in Dallas.

6 The Waters at Granbury was a -- it is a rural
7 development. And Kathryn basically gave the outline. We
8 submitted our application, had a clerical oversight. We
9 didn't have the bookmarks. We did not try to lie about
10 it.

11 We didn't try to say, Oh, it was a technical
12 difficulty. We didn't do it. We were up front about it.

13 We were transparent. And we said, okay. Can we address
14 it?

15 It seems to me like other applicants when we
16 were talking about being fair, if there was a problem with
17 the application itself, we have the ability to address the
18 deficiency. But a clerical, for some reason, is treated
19 differently. We're not asking for two weeks to take
20 advantage of the system; 24 hours, we'd had a new CD down
21 here. I personally dropped it off.

22 It's a clerical oversight. I don't know. I
23 can't justify why that's given more weight than you know,
24 material deficiency. It appears to me to be to be
25 immaterial. And it is preventing us from competing to

1 provide housing to a region that needs it. And if we had
2 even been given the opportunity to address that, I think
3 we would have done it very quickly.

4 Thank you.

5 MR. OXER: Okay. Thank you, Mr. Esqueda. Any
6 questions from the Board?

7 (No response.)

8 MR. OXER: I might offer up, Mr. Esqueda, that
9 this region needs the housing. I haven't seen an
10 application yet come up for a place that didn't need
11 housing.

12 MR. ESQUEDA: Right.

13 MR. OXER: So every one of these projects -- as
14 I pointed out before, we're not looking for projects.
15 We're looking for money. You know, it's a competitive
16 process.

17 Unfortunately for some, for these clerical
18 oversights, because of the process that our staff is going
19 through and in such detail and such volume and magnitude,
20 you know, they seem like they are very -- they're
21 nitpicking, they're bureaucratic.

22 But they are there for a purpose, because
23 coming back and making sure that that application had
24 exactly the same format, lacking only the bookmarks is a
25 good 30, 40 hours' worth of staff time to compare those

1 line by line and page by page. So I point that out as a
2 comment just for -- so that when we go through this
3 process and do the QAP, these rules are here for a
4 purpose.

5 Okay. And that is because part of what we have
6 got to do is flush a lot of work through a really small
7 tunnel in a really short period of time. So thanks for
8 your comments. Okay. Any other questions?

9 (No response.)

10 MR. OXER: Motion by Mr. Thomas. Second by Mr.
11 Gann to approve staff recommendation to uphold the
12 termination.

13 Is that correct, Jean?

14 MS. LATSHA: Yes.

15 MR. OXER: Okay. We're basically supporting
16 staff recommendation on this one. Okay. All in favor?

17 (A chorus of ayes.)

18 MR. OXER: Those opposed?

19 (No response.)

20 MR. OXER: There are none. It is unanimous.

21 MS. LATSHA: All right. So moving on, I think
22 we are at 14063, Hudson Providence in Hudson. This is an
23 appeal of a scoring notice. And this --

24 MR. OXER: We are out of terminations and into
25 the appeal?

1 MS. LATSHA: Out of the terminations.

2 MR. OXER: Okay.

3 MS. LATSHA: So the applications we are dealing
4 with now are still alive; it's a question of how
5 competitive they are.

6 So this scoring appeal relates to a commitment
7 of funding from a local political subdivision. The rule
8 allows for this funding to come from either the city in
9 which the development is located, the county in which the
10 development is located, or a government instrumentality
11 whose board makeup meets a couple of different
12 requirements.

13 The other way that an applicant can qualify for
14 these points is if there is a governmental instrumentality
15 providing funds --

16 MR. GANN: Can I break in just for a minute. I
17 need to recuse myself from this particular item.

18 Mr. Chairman, do you mind? I'll recuse myself.

19 MR. OXER: We will accept that. Let the record
20 reflect that we retain quorum on this. Will there be
21 any -- that is the only one. Right?

22 MR. GANN: That's the only one.

23 MR. OXER: Okay. Because I am concerned about
24 maintaining a quorum later.

25 Jean.

1 MS. LATSHA: Sure. The other way that an
2 applicant can qualify for points is if a governmental
3 instrumentality who maybe doesn't meet the correct Board
4 makeup first awards funds to the city or county. So then
5 essentially that funding winds up meeting one of those
6 first requirements, that essentially the funding is coming
7 from the city or county.

8 So the original submission in this application
9 was a little bit confusing. But it seemed to indicate
10 that the Deep East Texas COG was administering VASH
11 vouchers to Angelina County and that then Angelina County
12 was going to award those vouchers to the development.

13 There was some conflicting documentation in the
14 original application submission. So we issued that
15 administrative deficiency. But when we received
16 additional information back, it became more apparent to us
17 that those VASH vouchers were being actually administered
18 by DETCOG, Deep East Texas COG.

19 So then we looked to that board and see if it
20 meets the makeup requirements of the board. And really it
21 doesn't. There was a lot of argument in the appeal and in
22 the writeup, too, about substituting the term
23 "multicounty" for "county" and how it just doesn't work
24 and it just doesn't meet the requirements of the rule.

25

1 I am happy to get into that, but I don't think
2 that that is really the direction that the applicant is
3 going to go here anyway. I think they submitted some
4 documentation that -- I am not sure if you have or not,
5 but some letters that just came to our attention this
6 morning that go -- revert back to the original
7 application.

8 And it claims that DETCOG actually administered
9 those vouchers to Angelina County, and it's Angelina
10 County that is awarding that to the development, in which
11 case, this would be eligible for the points.

12 I still find those letters a little bit
13 confusing, but I think it might be best if the applicant
14 explains that process and maybe the letters that they
15 submitted to --

16 Yes? Right.

17 MS. DEANE: Let's mention, the letters -- we
18 have two letters that were brought to the meeting. I
19 don't know if they are in the -- are they in the Board
20 book already? Or are they being supplied today?

21 MS. LATSHA: They are not. And that is why we
22 are still here, too. Even if I were able to -- let's say
23 I read those letters this morning, and I said, yeah, it
24 looks like you guys are good to go, we are outside of the
25 appeal process deadlines and things.

1 So we still really do need to be in front of
2 y'all to grant this appeal. We wouldn't even have the
3 discretion to award those points at this point. Not
4 without --

5 MS. DEANE: Are there copies provided out front
6 for everybody to see? Was a PDF copy given to staff under
7 the rule -- given a PDF copy?

8 MS. LATSHA: I don't know if I have --

9 MS. DEANE: Hang on.

10 (Pause.)

11 MS. DEANE: You have the PDF?

12 MR. PALMER: And the copies were provided
13 outside the Board.

14 MR. IRVINE: Okay. Teachable moment here.
15 These are significant, substantive letters. The Chairman
16 now has to make a discretionary call on the dais as to
17 whether to allow them in or not.

18 MS. DEANE: Subject to any objections of the
19 other Board members.

20 MR. OXER: Subject -- before --

21 MS. DEANE: You have the ability to object,
22 under the rule, if you have an objection.

23 DR. MUÑOZ: After he decides -- I mean, why
24 would I object if he decides not to --

25 MS. DEANE: No. You have an ability to object

1 now, before he decides.

2 DR. MUÑOZ: My question is why would we even
3 consider them right now?

4 MS. LATSHA: Instead I think you could probably
5 consider his testimony, and he might speak to those
6 letters himself, but I think you could definitely do that
7 without actually entering the letters in, which is kind of
8 why I wanted him to speak to them, since I really
9 didn't -- I gave them a glance earlier. I have been
10 trying to read them as we were dealing with everything
11 else.

12 MS. DEANE: Or they could be read into the
13 record, but they are pretty long.

14 MS. LATSHA: Okay. Yes.

15 DR. MUÑOZ: Shouldn't this documentation
16 already have been obtained?

17 MS. LATSHA: That would have been ideal. Yes.

18 MR. IRVINE: By law we have to post our Board
19 materials three days before the Board meeting.

20 DR. MUÑOZ: I presume that this hasn't been --

21 MR. IRVINE: Right.

22 MR. OXER: It has not been posted. Hold on,
23 Barry. You will have a shot, Barry. Don't worry about
24 it. Okay. So the Board -- the individual Board members
25 have a right to object and ask that it not be considered.

1 Is that right, Barbara?

2 MS. DEANE: They have the ability to voice any
3 objections to you about whether or not they --

4 MR. OXER: About whether they would -- but
5 ultimately I make the decision?

6 MS. DEANE: Yes. That is what the rule says.

7 MR. IRVINE: That is what the initials mean.

8 MR. OXER: That doesn't mean -- that PE doesn't
9 stand for target, does it?

10 MS. BINGHAM ESCAREÑO: Mr. Chair, I would just
11 share a concern, not necessarily an overt objection, that,
12 you know, in a competitive bid process, if there was
13 something material that everyone should have had the
14 ability to review, that making them available right now
15 may have eliminated opportunity to review it.

16 MR. OXER: By others, apart from the staff? Is
17 that correct?

18 MS. BINGHAM ESCAREÑO: Yes, sir.

19 MR. OXER: That is your point?

20 MS. BINGHAM ESCAREÑO: Uh-huh.

21 MR. OXER: Okay. Any other comments from the
22 Board?

23 DR. MUÑOZ: I just would extend on my
24 colleague's comment that I, too, am concerned, when the
25 Executive Director indicates that by law we are required

1 to post anything that is substantive and that this may
2 have substantively influenced the outcome of a competitive
3 process. I don't know. I haven't seen them.

4 MR. OXER: Mr. Gann or Mr. Thomas have a
5 comment?

6 MR. THOMAS: Mr. Gann has recused himself. And
7 I would --

8 MR. OXER: I guess he wouldn't have a comment.

9 MR. THOMAS: But I do echo my colleagues'
10 comments.

11 MS. DEANE: I will add that one is -- just so
12 you'll know the entities providing the letters, one is
13 from DETCOG and one is from Angelina County. I don't know
14 if them being from a governmental entity makes a
15 difference or not. I just wanted you to know that.

16 MR. OXER: I have to say that I am moved in Ms.
17 Bingham's direction with this, that it provides an unfair
18 advantage. We will keep them out. We will hold them out
19 for now.

20 But we will hear testimony. Okay. So all
21 right, on this item, we still need a motion to consider.

22
23 MS. LATSHA: And staff's recommendation is
24 denial of the appeal. I can go into some more detail if
25 necessary.

1 MR. THOMAS: Would you just -- because --

2 MS. LATSHA: Sure.

3 MR. THOMAS: Would you mind giving us a
4 succinct, clear reason?

5 MS. LATSHA: Sure. So staff's position right
6 now, with the documentation that we were able to
7 thoroughly review. it appears that Deep East Texas COG is
8 administering the VASH vouchers, possibly through Angelina
9 County in a similar kind of raft that we do, where they
10 might be administering those vouchers in a way to where
11 Angelina County would get X number and Shelby County would
12 get Y, based on population or something like that. I'm
13 not sure exactly how they do it.

14 MR. OXER: Some sort of proportionment in it.

15 MS. LATSHA: Right. I think that there is a
16 factor as to which county they are going to. But it
17 became clear to us that DETCOG was really administering
18 those vouchers to the development.

19 DETCOG's board makeup does not meet the
20 requirements of the rule. It is made up of over 50
21 members from elected officials from twelve different
22 counties, so clearly not appointed by Angelina County,
23 which is what would make that an eligible governmental
24 instrumentality for providing funding. It is a -- yes.

25 MR. THOMAS: I understand.

1 MS. LATSHA: Okay.

2 MR. THOMAS: That was perfect.

3 MS. LATSHA: Great.

4 DR. MUÑOZ: Hey, I just -- this is sort of
5 related, just so I understand what that DETCOG is.

6 MS. LATSHA: Sure.

7 DR. MUÑOZ: In Lubbock, in the South Plains,
8 they had that SPAG, South Plains Association of
9 Governments. Would that be like a counterparty? Would
10 that be an equivalent?

11 MS. LATSHA: Yes. I believe it is, actually.
12 Yes.

13 DR. MUÑOZ: Okay. Because some of those people
14 on that SPAG are appointed, and it is a sort of -- it is
15 an aggregation of appointed, elected, other kinds of
16 representatives from the counties in that area.

17 MS. LATSHA: And I am not sure exactly how this
18 board is appointed. It is made up -- DETCOG is clearly
19 made up of elected officials from these twelve counties.

20 Some of them elect in the counties. Some, it
21 looked like there were some mayors on there, some county
22 attorneys and things like that, too. Elected officials,
23 though. Yes.

24 Now, the rule calls for 100 percent of the
25 Board to be appointed by the county in which the

1 development is located. So for it to be eligible under
2 the rule, Angelina County Commissioners, those four or
3 five guys, would need to appoint 100 percent of DETCOG's
4 board, and that just isn't the case.

5 MR. IRVINE: Okay. And this really goes back,
6 as I recall, to the concept behind local political
7 subdivision funding.

8 Local means it's the county where you are
9 located, it's the city where you are located. It is not
10 participation in some much larger body.

11 MR. OXER: And the intent is for the community,
12 smaller -- not the region but the community to demonstrate
13 support for a project.

14 MS. LATSHA: That is right. And I just kind
15 of -- I want to throw this out there, some options, right,
16 in a community like this. Right. This is a town of a
17 little over 4,000 people.

18 So the way our scoring system works in the
19 scoring item, we actually do account for the fact that
20 those kinds of towns aren't going to have the resources
21 that Houston and Dallas have -- right? -- so we use a
22 factor of population to determine the amount of funding
23 necessary to achieve points.

24 In this case, the applicant had requested
25 eleven points, which means you take that population of

1 4,175 and you multiply it by .025. You get \$118 per unit.

2 It is an 80-unit deal. They would need less than \$10,000
3 from the county or city, committed, to get a couple of
4 extra points.

5 The \$10,000 would afford them eight points. So
6 if they were to get that \$10,000 in the form of, let's
7 say, a fee waiver and then get that committed through a
8 resolution from the county or city, eleven points and
9 done.

10 So we do account for it in our rules, these
11 smaller communities. And I realize that they don't have
12 their own housing authority that is administering this
13 funding like some other larger communities do. But I
14 think that the rule is written in a way that an
15 application in Hudson, Texas, could achieve the points.

16 MR. OXER: Well, it was written specifically to
17 address the potential disparity between the larger early
18 regions and those out there struggling to compete with
19 those, with those projects. Is that not correct?

20 MS. LATSHA: Yes, sir.

21 DR. MUÑOZ: Jean, you know, back to the SPAG,
22 an analog where I live, one of the reasons that that group
23 exists is because in West Texas, you have got some small
24 towns of 4,100, 6,200, and they just haven't the human
25 capital or the resources to create some of these boards.

1 I recall at our last meeting, where a gentleman
2 said, you know, I have served as mayor, as city
3 councilman, as et cetera, as school board. Here is my
4 question.

5 Do you know of an instance where we've made an
6 exception on this rule based on an applicant being from
7 such a small community that they themselves could not
8 populate 100 percent a panel or committee or commission to
9 undertake the administration of these kinds of dollars?

10 MS. LATSHA: No. But this rule has only been
11 in place in this manner for two years. It got a pretty
12 good overhaul in 2013.

13 MR. OXER: So essentially we're trying -- and
14 the point of this was for those areas it would have only
15 taken -- I say only, it would have taken the County
16 Commission, because they are elected. It is not a matter
17 of appointing a board. If they are appointing this and
18 providing the money into this, \$10,000 appointed by -- or
19 appropriated by Angelina County would have solved this,
20 would it, more or less?

21 MS. LATSHA: Right. And the other solution
22 would have worked, too; what it looked like they were
23 trying to convey in their application, which was that
24 these vouchers flow through the county.

25 The problem is that you do have this separation

1 from the local government, the county or the city, and the
2 development itself. Even if you have Angelina County
3 participating in appointing this larger board, if the
4 authority is still with that larger board, then the county
5 does lose some say.

6 DR. MUÑOZ: And you're certain that the
7 authority lies with that larger board. Or is that -- are
8 you definitively certain, or is that your interpretation?
9 Because I suspect Barry might have some --

10 MS. LATSHA: I think that is where it might be
11 important to hear what Barry has to say. The
12 documentation, like I said, that was submitted, as of the
13 posting of this Board book -- again, I read those letters
14 over and over.

15 And it was clear to me -- and we did some
16 independent research where we contacted DETCOG as well and
17 contacted Angelina County, and it became pretty clear to
18 us that it was DETCOG administering the vouchers.

19 MR. OXER: Okay. Any questions?

20 (No response.)

21 MR. OXER: Ms. Bingham, anything else?

22 (No response.)

23 MR. OXER: All right. Then we need a motion to
24 consider before we have comment.

25 MS. BINGHAM ESCAREÑO: I will move staff's

1 recommendation.

2 MR. OXER: Okay. Motion by Ms. Bingham to
3 approve staff's recommendation.

4 DR. MUÑOZ: Second.

5 MR. OXER: Okay. Second by Dr. Muñoz.

6 Barry, do you want to go first?

7 MR. PALMER: Barry Palmer with Coates, Rose.
8 We represent the developer. So DETCOG is a regional
9 housing authority in East Texas.

10 Much like you described, Dr. Muñoz, in East
11 Texas, the counties -- it encompasses 12 counties. It is
12 the only housing authority for those 12 counties.
13 Angelina County does not have the resources to run its own
14 housing authority.

15 DR. MUÑOZ: Barry, do you mind if I interrupt
16 to ask just clarifying questions? Is that all that they
17 do? Housing authority? Or do they have other
18 responsibilities, DETCOG? I mean, Deep East Texas Council
19 of local governments?

20 MR. PALMER: I think they have other
21 responsibilities besides that, yes.

22 DR. MUÑOZ: All right.

23 MR. OXER: The answer is yes, they have other.
24 Let him tell us what they are.

25 MR. PALMER: Yes. But DETCOG is the only one

1 that has Section 8 vouchers in this 12-county district,
2 the only one that also has VASH vouchers.

3 The VASH voucher program from HUD allows high
4 performing housing authorities to apply for what is called
5 VASH vouchers: Veterans Affairs Supportive Housing voucher
6 for homeless veterans.

7 That is what DETCOG applied for and received
8 from HUD. And they in turn allocated over half of their
9 vouchers to Angelina County. Now, staff pointed out, in
10 the rule, if you don't have money directly from a city or
11 a county, there is three ways that you can qualify for the
12 points.

13 And I think staff talked about a couple of
14 them, where it is determined by your Board makeup. But
15 the other way that you can qualify for the points is if
16 the instrumentality awards the funding to the county and
17 then it comes back into their project. And that is what
18 happened here. And the two letters that we --

19 DR. MUÑOZ: The instrumentality being?

20 MR. PALMER: The instrumentality being DETCOG
21 got the vouchers from HUD. They awarded half or more than
22 half of their vouchers to Angelina County. And then
23 Angelina County in turn uses DETCOG to administer those
24 vouchers, and the vouchers were then awarded to the
25 project.

1 So that is what -- in the Board writeup, the
2 staff mentioned that they contacted DETCOG and there was
3 no contract in place between DETCOG and Angelina County to
4 prove that the vouchers had been awarded from DETCOG to
5 Angelina County. But the QAP doesn't require a contract;
6 it just requires that the funding be awarded.

7 And so that is what these two letters that came
8 in late -- were from DETCOG and Angelina County to confirm
9 and verify that in fact the vouchers had been awarded by
10 DETCOG to Angelina County. The reason -- first the
11 Department's protocols on admitting late information like
12 this is it has to be provided to the staff in advance of
13 the meeting.

14 Copies have to be -- enough copies for
15 everybody outside. And there has to be a good reason as
16 to why it is coming in late. Here, the Angelina County
17 Judge was out of the country traveling, and he just came
18 back.

19 And we got the letter from him as soon as he
20 got back into the country. And we couldn't get the letter
21 from DETCOG until Angelina -- they wanted the Angelina
22 County Judge to sign off on it, so that's why the letters
23 came in late.

24 But the only purpose of those letters is just
25 to confirm in writing that, yes, these vouchers have been

1 awarded by DETCOG to Angelina County. And then DETCOG is
2 the instrumentality that is administering those vouchers,
3 because they are the only housing authority in Angelina
4 County.

5 So we have -- it literally complies with the
6 QAP. We have got the VASH vouchers in the project. And
7 then we have another speaker that is going to talk some
8 more about the project, if that is okay.

9 DR. MUÑOZ: I have a question.

10 Jean, so as I understand it, there are several
11 ways to sort of satisfy these points, one being, of
12 course, the 100 percent appointment of the board that you
13 described, the other being the route that Barry has
14 described in terms of the instrumentality, providing to
15 Angelina. Do you dispute the veracity of that?

16 MS. LATSHA: Not at all, sir.

17 DR. MUÑOZ: Then I mean --

18 MR. OXER: So do you have --

19 MS. LATSHA: And --

20 DR. MUÑOZ: In which case, they have
21 apparently --

22 MS. LATSHA: Right. Which came to our
23 attention, like I said, probably today. And I want to
24 clarify, too. Our question about the contract was for
25 this reason.

1 When we have these confusing situations, where
2 we are not sure who is doing what, it is true that we are
3 not requiring to see a contract between someone. But that
4 tells us who is actually administering the funding.

5 DR. MUÑOZ: Does the QAP require that a
6 contract be materially presented?

7 MS. LATSHA: No. And the only reason we asked
8 was -- I mean, we didn't ask for the contract.

9 DR. MUÑOZ: That is all right.

10 MR. OXER: It doesn't require a contract, but a
11 contract is unambiguous.

12 MS. LATSHA: Right. And it was for our
13 clarification purposes. That way, I can clearly -- I can
14 call up Angelina County and I can say, Will the contract
15 be between you and the development when these vouchers are
16 administered?

17 DR. MUÑOZ: Now here is my point. Does it
18 require a contract? Because --

19 MS. LATSHA: No.

20 DR. MUÑOZ: A minute ago, we voted that because
21 due to the absence of what's required by the QAP,
22 bookmarks, you know, this person didn't continue. Does it
23 require it? So I mean --

24 MS. LATSHA: Right. And we weren't going to
25 require to ever actually see it. It was our way of asking

1 the question to clarify what is going on here. Right? I
2 was never asking for the contract itself. I just wanted
3 to know what it was going to look like, because that gives
4 me a definitive answer as to who is actually administering
5 anything.

6 MR. OXER: So your point on the second point --
7 to Barry's point, there is one -- there is the first way
8 you talked about satisfying this requirements for
9 qualifying for these points.

10 There is also an alternative which you concede,
11 I concede, agree that he has achieved. Did I hear that
12 correctly?

13 MS. LATSHA: I am not sure if he has achieved
14 it at all yet. Let me explain.

15 MR. OXER: Come on, Cameron.

16 MS. LATSHA: When I talk about these contracts
17 and things, okay. So if DETCOG was acting the way that we
18 kind of thought that this might be happening, which is us
19 regionally allocating -- right? -- so we can say, sure.
20 We allocated X number of credits to subregion -- Rural
21 Subregion Nine. Right. But when these developers come to
22 actually get those tax credits, they are -- it is between
23 the Department and the development; not the county, not
24 the region.

25 There is not some regional contract between

1 Region 9 and the development community. That's not how
2 this is working. And I think that is how DETCOG is
3 working. I think they have a formula to which they are
4 awarding a certain number of vouchers to each one of these
5 counties. But they are not actually involved in picking
6 out the particular project. That is the county's -- they
7 actually are involved in that, and not the county. But it
8 is really confusing. I mean, the documentation that
9 the --

10 MR. IRVINE: I think at the heart of it is, it
11 really is pretty simple. The premise in the rule is that
12 the local political subdivision -- i.e., the county or
13 municipality in which the application exists, the
14 development, the proposed development will be located --
15 makes a decision that it likes this deal so much it is
16 going to put some of its funds into it.

17 And in this particular situation, that local
18 political subdivision, the county, Angelina County did not
19 make that decision directly. It has representation on a
20 larger regional body, and it made the decision to put some
21 of its funds into that development. And it seems that the
22 clear policy language, at least from my reading of the
23 statute is, what does the local government think about
24 this deal?

25 MR. OXER: And conceivably -- this is a far

1 edge of one spectrum, okay. But conceivably DETCOG could
2 have chosen to put funds in this and had everybody vote.
3 Everybody in Angelina County vote against it, and they
4 could have still approved it.

5 MS. LATSHA: That is my understanding of how
6 this process could work. That's right.

7 MR. OXER: They are large enough that there are
8 twelve counties, 50 people, four from Angelina County.
9 They could have been overridden, potentially.

10 MS. LATSHA: Potentially.

11 MR. OXER: We have got -- Cameron?

12 MR. DORSEY: Yes. So --

13 MR. OXER: Cameron Dorsey.

14 MR. DORSEY: Cameron Dorsey, Deputy Executive
15 Director of Multifamily Finance and Fair Housing. Here is
16 my concern.

17 The information that this entire discussion is
18 now based on has not been reviewed by Legal. I've just
19 had an attorney whisper in my ear that that's not how the
20 VASH program works. I haven't reviewed it. Tim hasn't had
21 an opportunity to review it. And we haven't been able to
22 contact the county.

23 Now, this is a concern for a very specific
24 reason, because it was represented previously that the
25 county was administering the vouchers, and we called the

1 county, and that didn't end up being exactly how it was.

2 And I am very concerned about certain optics
3 being used to suggest that it meets the rule when in fact
4 if we look at the reality of the situation, we -- staff
5 may disagree. But we haven't had the opportunity to
6 review any of this information and vet this information.
7 We work on a trust-but-verify basis. And the verification
8 is not here.

9 MR. OXER: I have got it. Okay. Have another
10 comment, Barry? Sixty seconds.

11 MR. PALMER: Okay. And we would not be opposed
12 to tabling this appeal to give more time to get
13 confirmation -- now that the Angelina County Judge is back
14 in the country -- that this does in fact meet the actual
15 letter of the QAP, where the funds from the
16 instrumentality, being DETCOG, have been awarded first to
17 Angelina County.

18 And that is what has happened here. And then
19 the vouchers are being awarded to the project, and
20 administered by DETCOG, which is the instrumentality
21 referred to in the QAP.

22 MR. OXER: All right. Let me jump in and
23 interrupt here, and I'll exercise the Chair's discretion.

24 I hear where you are going and I know what -- I
25 think I see at least something we need to consider here,

1 because staff didn't have a chance to review this, the
2 Board didn't have a chance to review this. I've got
3 these. I had 60 seconds to look over these.

4 I think if Ms. Bingham and Dr. Muñoz are
5 willing to withdraw their motion and second, I would offer
6 that we should table this until this could be vetted and
7 there will be enough time.

8 MS. BINGHAM ESCAREÑO: I will withdraw.

9 MR. OXER: Dr. Muñoz?

10 DR. MUÑOZ: Withdrawn.

11 MR. OXER: Okay. All right. That considered
12 we will have a motion to table. I will entertain a motion
13 to table.

14 Do you have a comment, Cameron?

15 MR. DORSEY: It is very possible that if we can
16 confirm that fact pattern that we could --

17 MR. OXER: And this goes away. We don't even
18 have to deal with it, right?

19 MR. DORSEY: Well, I am curious if -- I don't
20 know, Tim, if you would be comfortable with this. But we
21 can confirm that in fact that is the case if the Board
22 authorizes us to take a look at that. And we get
23 comfortable with that being the case, then let's move on.

24

25 I mean, that would be the intent anyway. In

1 late July, that -- if not -- if what they are saying is
2 confirmed and in fact the funding would be eligible, then
3 let's put it to bed the moment they verify it, if staff
4 gets comfortable with it.

5 MR. OXER: What you are saying, this is not
6 on --

7 MR. DORSEY: Right. I don't want to have
8 multiple scenarios at the late July meeting that we have
9 to toggle and run through if we are able to just deal with
10 it based on this information. Does that makes sense?

11 MR. OXER: I certainly appreciate that that
12 would be an option. I think that would be the top of my
13 option list, if everyone else is generally -- okay. Given
14 that that is the case, then, the motion has been retrieved
15 or rescinded. So we need a motion to table this one. Or
16 not table this.

17 MR. IRVINE: No.

18 MR. OXER: But offer staff --

19 MS. LATSHA: I think tabling is appropriate. I
20 think what we would either do is, staff would not -- we
21 wouldn't change our mind, and then their appeal still
22 stands and they can be heard again, in July. Is that --

23 MR. OXER: Or --

24 MS. LATSHA: Or staff gets comfortable. We
25 simply issue a revised scoring notice and you don't see it

1 again.

2 MR. OXER: Okay. So the suggestion would be to
3 table this item to the next -- if it still exists, in the
4 next meeting.

5 MS. LATSHA: Right.

6 MR. OXER: Counsel?

7 MS. DEANE: I think that works. With staff
8 having the ability to resolve it.

9 MR. OXER: Mr. Thomas, do you care to make a
10 motion to that effect?

11 MR. THOMAS: I adopt that motion just as you
12 said, exactly.

13 MS. BINGHAM ESCAREÑO: Second.

14 MR. OXER: Okay. Motion by Mr. Thomas. Second
15 by Ms. Bingham. Is there any other -- Barry have you got
16 anything else? Do you want to jump in?

17 (No response.)

18 MR. OXER: Okay. Those in favor?

19 (A chorus of ayes.)

20 MR. OXER: Opposed?

21 (No response.)

22 MR. OXER: There are none. All right.

23 MS. LATSHA: All right. Last on the list, this
24 is -- sorry, Mr. Gann -- Number 14215, Village on Harvest
25 Time. This is an application in Houston.

1 This application was denied points under 11.9
2 (d) (7) related to community revitalization plan. There is
3 no evidence that the City of Houston, in the creation of a
4 Tax Increment Reinvestment Zone, a TIRZ, performed an
5 assessment of at least five of the eight factors listed in
6 the rules or that any such assessment was performed in a
7 process that allowed for public input.

8 The documentation in the application and the
9 appeal indicates that the City of Houston adopted the TIRZ
10 on August 26, 1998, effective September 1. The ordinance
11 itself indicates that the City found that the area covered
12 by the TIRZ had -- and I quote -- "a substantial number of
13 substandard, slum, deteriorated or deteriorating
14 structures, and a lack of public water distribution,
15 wastewater collection and storm drainage facilities."

16 This supports aspects of meeting the
17 requirements of the rule. The rule calls for these
18 communities to assess five of eight factors. We gave them
19 a list of eight to choose from.

20 It does support aspects of meeting the rule;
21 showing that the adopting municipality determined that
22 certain conditions were in need of being addressed; those
23 two factors were identified as such. However, the QAP,
24 like I said, requires five of them.

25 The appeals suggests that some of the language

1 included in the ordinances passed in relation to the
2 adoption of the TIRZ, as well as the articles of
3 incorporation of Greater Greenspoint Development
4 Authority, which is charged with administering the plan,
5 can be read in a way that indicates that other factors
6 listed in the QAP were assessed.

7 But this language is only a charge to promote
8 economic development and not necessarily a response to an
9 assessment, finding a lack of local business, or a need to
10 promote diversity where it had been identified in the
11 planning process as lacking.

12 These are some of the other options that
13 were -- that the rules gave for -- as factors for those
14 communities to assess. This language, again, was not in
15 response to any assessment that concluded there was a
16 lack, a poor condition, or performance of public education
17 or a lack of local business providing employment
18 opportunities in the area.

19 There is simply no evidence that these issues
20 were addressed at any time during the formation and
21 adoption of the TIRZ. And just to spell that out a little
22 bit more, this rule, what it is looking for is for the
23 local elected officials to go out and talk with the
24 community and say, community, what are these -- what is
25 wrong here, what needs to be addressed in your community?

1 And we come up with five of these eight factors
2 that we thought were pretty appropriate in the rule. The
3 community says, we need to address blight. We need to
4 address crime. We need to address lack of local business,
5 et cetera.

6 And so then planning begins. A plan is put
7 together. It is taken back to that city council, and it
8 is adopted.

9 That just doesn't seem to be what happened
10 here. It looked like what appears to have happened was
11 some local elected officials or a planning group got
12 together and said, There's a little bit of crime and
13 blight over here in Greenspoint. We should adopt a TIRZ,
14 take that idea to City Council, adopt the TIRZ, and we are
15 done.

16 So there was some steps missing there. And
17 there was some assessment missing that is required by the
18 rule. No doubt that the TIRZ exists. That probably aided
19 in economic development of this area as well. But it just
20 wasn't what the rule was really looking for.

21 MR. OXER: So it essentially, at heart, it says
22 that a TIRZ is not a revitalization plan?

23 MS. LATSHA: That is right.

24 MR. OXER: Okay. Any questions?

25 Ms. Bingham?

1 MS. BINGHAM ESCAREÑO: No.

2 MR. OXER: Okay. Mr. Thomas?

3 MR. THOMAS: No.

4 MR. OXER: Okay.

5 MR. THOMAS: Thank you.

6 MR. OXER: We will have a motion to consider.

7 We have to do that before we take public comment.

8 MR. THOMAS: I so move.

9 MR. OXER: Okay. Motion by Mr. Thomas to --

10 MR. THOMAS: Accept the staff recommendation.

11 MR. OXER: To approve staff recommendation.

12 MS. BINGHAM ESCAREÑO: I will second.

13 MR. OXER: Second by Ms. Bingham. Okay.

14 MS. ADULA: Good afternoon. Tamea Adula with
15 Coates, Rose.

16 MR. OXER: Hi, Tamea.

17 MS. ADULA: I am here on behalf of the
18 developer. And we are appealing the denial of six points
19 for the community revitalization plan.

20 I think that you have to take this in kind of a
21 holistic view. Cities are constrained by the Texas
22 Constitution. If they have federal funds, they can use
23 those federal funds for housing and community development
24 and revitalization; they cannot use general tax revenue,
25 except under certain specified circumstances.

1 The Constitution prohibits cities -- and small
2 cities in particular are very aware of this -- from using
3 the general tax revenues to assist private interests.
4 However, the Legislature has given us a couple of ways in
5 which to handle this.

6 One way is the concept of the Tax Increment
7 Reinvestment Zone, a TIRZ. And this TIRZ was created in
8 order to spark the revitalization of the Greenspoint area
9 in Houston. You also have to holistically look at the
10 creation of the TIRZ, which was started in 1998, and
11 established in 1998 tax base, from which the tax increment
12 would be measured.

13 Then in 1999, there was another ordinance,
14 which established the Greater Greenspoint Redevelopment
15 Authority, which is the implementation of the TIRZ
16 purposes. The redevelopment authority is the
17 administrator of the TIRZ. The redevelopment authority --
18 all of this happened almost 20 years ago; 15 to 20 years
19 ago.

20 The persons who created the TIRZ were looking
21 at the statute that says, this is what you have to have to
22 create a TIRZ. They were not looking at the 2011 QAP, or
23 2014. A little behind the times. So 20 years ago, they
24 didn't know that they had eight different topics that had
25 to be addressed.

1 However, I think that they addressed at least
2 five of them. I think they addressed six of them. And in
3 that regard, the ordinance establishing the TIRZ indicated
4 that they had to have -- there was too much vacant land,
5 land that was being inappropriately used.

6 Obsolete land use, significant decline in
7 property values and other conditions that impeded growth.

8 This is hit by the topic -- the portion of the ordinance
9 that says that this area has deteriorating structures and
10 improvements and therefore needs to have the TIRZ.

11 Additionally, the ordinance that established
12 the TIRZ referenced the fact that there was no storm
13 drainage infrastructure. And so that hits the part about
14 natural or manmade adverse environment conditions that you
15 want to have addressed in a 2014 community revitalization
16 plan.

17 Another element that should be addressed in the
18 plan is the inadequate infrastructure. And the ordinance
19 establishing this TIRZ says there is no public water
20 distribution, there's no wastewater collection, and theirs
21 is no working storm drainage, and we need them all, so
22 that is why that are creating this TIRZ.

23 Another element to be discussed in a community
24 revitalization plan is the lack of business providing
25 employment opportunities. Here there was a determination

1 that the redevelopment would not occur solely through
2 private investment in the reasonably foreseeable future.

3 And when the Greater Greenspoint Redevelopment
4 Authority was established, they were specifically given
5 the right to change the boundaries of the TIRZ in order to
6 encourage employment, to encourage commerce and economic
7 development. So that hits the concept of employment
8 opportunities.

9 Another concept to be addressed in the perfect
10 community revitalization plan is the availability of
11 public education. And in the ordinance it says it is a
12 purpose of the Redevelopment Authority is to promote,
13 develop, encourage and maintain housing, educational
14 facilities, employment, commerce and economic development,
15 which hits numerous of the items.

16 They go on to say that the Authority has to
17 maintain diversity insofar as its procurement requirements
18 are. And it said that they had to stimulate the use of
19 disadvantaged businesses through procurement and the
20 administration of the TIRZ, which is minority- and women-
21 owned businesses, because it is limited to those that are
22 recognized by the City of Houston.

23 Crime was not addressed, although it was
24 addressed in the newspapers in 1999. Health care and
25 social and recreational infrastructure was not addressed.

1 But we hit six out of those eight issues in the
2 ordinance, using 1998 and 1999 language, admittedly. But
3 those concepts were addressed.

4 Another issue that was raised was whether or
5 not there was a public hearing. The City ordinance
6 recites that on July 28, 1998, there was a published
7 notice of a public hearing that was published in the
8 *Houston Chronicle*, telling everybody that it was going to
9 be held on August 5; that on August 5, there was a public
10 hearing held with regard to the creation of the TIRZ. In
11 the City's consideration of the ordinance, public comment
12 to that ordinance is always held the day before a City
13 Council addresses the issue.

14 So on August 25, 1998, there was a public
15 comment session of the City Council at which the public
16 can get up and discuss elements of the rest, the
17 ordinance, the TIRZ, that they do like or don't like. It
18 appeared from the documentation from staff that the issue
19 was whether or not the public actually participated.

20 Well, a TIRZ is subject to the Open Meetings
21 Act, just as this body is. And when you have public
22 comment availability, you don't always have somebody come
23 up here and talk. The TIRZ had a public hearing with
24 regard to --

25 MR. OXER: The record. Does anybody recognize

1 that. Anybody remember a time when we didn't have anybody
2 show up at the mic?

3 MS. ADULA: Under general discussions.

4 MR. OXER: Go ahead. Sorry. Go ahead.

5 MS. ADULA: So it was read into the ordinance
6 that this public hearing was held, the plans were
7 discussed, and that nobody opposed them. Okay. That
8 means that the people really wanted the TIRZ.

9 So why is this not a community revitalization
10 plan? This is how you did it in 1998. Do you really want
11 to have a QAP that only permits a community revitalization
12 plan that is drafted last year with the ordinance in front
13 of the person who is saying, now we have to discuss
14 environment issues?

15 We need to be realistic and reasonable about
16 this. This is a redevelopment entity that has been in
17 existence for over 15 years. This is how it was done.
18 This is the way that the City of Houston and other big
19 cities do it.

20 MR. OXER: Thanks, Tamea.

21 MS. ADULA: Thank you. Any questions?

22 MR. OXER: Yes. Any questions?

23 (No response.)

24 MR. OXER: Okay. One more.

25 MR. COLVIN: Good afternoon. My name is Clark

1 Colvin. I am Senior Vice President of the ITEX Group. We
2 fully appreciate that rules had to be established by TDHCA
3 for the formation of a community revitalization plans.

4 I know that in past years, there have been
5 revitalization plans that were formulated at the last
6 minute, for zones approved by city councils whose land
7 area extended no further than the property line of the
8 proposed multifamily development. The new rules were
9 established to prevent the creation of sham community
10 revitalization plans with no budget, no history and no
11 purpose other than to gain points.

12 We certainly support the creation of these
13 rules, which give sites in poorer census tracts that can't
14 qualify for up to seven points, and the opportunity index,
15 points to the option of pursuing six points under the
16 community revitalization plan. But it would be wrong to
17 assume, as Tamea pointed out, that all community
18 revitalization organizations were created solely for the
19 purpose of receiving points under the 2014 QAP.

20 And what we have done is, we have
21 unintentionally, I believe, created a higher hurdle for
22 long-established revitalization organizations than for new
23 organizations without any history or funding. As an
24 example, we would like for you to consider the very
25 successful revitalization organizations within the City of

1 Houston.

2 We requested six points because of our work
3 with the City of Houston's public nonprofit Tax Increment
4 Reinvestment Zone Eleven, otherwise known as the Greater
5 Greenspoint Redevelopment Authority. As Tamea said, it
6 was created 15 years ago by a City ordinance and
7 encompasses the Village at Harvest Time site. Attached to
8 the 1998 ordinance, creating the TIRZ was the articles of
9 incorporation and bylaws which set forth the community
10 need and purposes.

11 A public hearing, as Tamea just said, was held
12 on August 5, 1998, after proper notice was given.
13 Community needs specifically mentioned in the articles of
14 incorporation included, number one, that the zone is
15 underdeveloped; two, that it had an inadequate water
16 supply; three, inadequate wastewater collection, four,
17 substandard and deteriorating structures, all of which are
18 described as impairments to growth.

19 It is stated that the mission was to promote
20 development and encourage and maintain housing,
21 educational facilities, employment. And then it mentions
22 commerce, economic development and to redevelop
23 residential, education and commercial properties, and such
24 other duties as may be required.

25 Since its creation, the TIRZ plans, its

1 projects and budgets have been developed in open public
2 sessions and through committees that currently consist of
3 over 60 local citizens. There have been major long term
4 plan amendments. There have been two major long term plan
5 amendments to the original plan that was presented in
6 1999.

7 The Greater Greenspoint Redevelopment Authority
8 is a real community revitalization initiative. And based
9 on TIRZ Eleven's latest amendment to its original 1999
10 plan, more than \$227 million has been approved by the
11 Board and the City of Houston. All items included in the
12 TIRZ plan or budgets were fully discussed in open
13 sessions, both before the Board and the Houston City
14 Council.

15 TIRZ Eleven's current 2014 through 2018 project
16 budget, and its 2014 operating budget, also approved by
17 ordinance show that money has been, or will be spent in
18 seven of the eight categories in the 2014 QAP. For
19 example, under adverse environmental conditions, they
20 spent \$1.2 million has been expended on a tire dump in its
21 remediation. Over \$18 million has been spent on various
22 drainage projects.

23 Under blight and decline in property values,
24 the plan calls for expending up to \$10 million for the
25 development of affordable housing. Inadequate

1 transportation and infrastructure, \$9.2 million has been
2 or will be expended on street, highway and bridge
3 improvements.

4 Health care, police, fire and social
5 recreation, \$2.6 million has been expended for a new fire
6 station, 8.2 for a new skate park and \$2 million for bike
7 trails. Presence of significant crime, \$5 million has
8 been planned for the development of a new multipurpose
9 detention and recreation facility.

10 Six, the lack of, poor condition and
11 performance of public schools, \$13.9 million has been
12 expended for school building improvements. All of this
13 within the Zone.

14 And number seven, the lack of local business
15 providing employment opportunities. The Redevelopment
16 Authority continues to have an experienced economic
17 development staff that is working diligently to help the
18 Zone recover from the loss of jobs and tax base associated
19 with Exxon-Mobil moving its offices from Greenspoint to
20 the Woodlands.

21 Now, we certainly feel that TDHCA's policy
22 makers, that it was never their intention to exclude long-
23 established revitalization initiatives, because they can't
24 prove with a high degree of certainty that in at least
25 five of the eight items developed in late 2013 were

1 actually addressed in a public hearing 15 years ago, or if
2 the City's procedural plan for the development process for
3 its TIRZ doesn't provide for an unscheduled midterm plan
4 reassessment just so a developer like me can get some
5 points. The historical record is very clear, that TIRZ
6 Eleven has in its current plan the funding of projects and
7 activities in seven of the eight threshold areas required
8 by the 2014 QAP.

9 These were all discussed and approved in open
10 session. And we would appreciate TDHCA's Board's
11 consideration and the reinstatement of the six points
12 requested.

13 And we would hope that maybe in the 2015 QAP
14 that there would be certain language in that to mitigate
15 the height of the hurdle that long-existing revitalization
16 organizations face, that newly created ones don't. And we
17 think that would only be fair.

18 Thank you so much for hearing me.

19 MR. OXER: Thanks, Clark.

20 Okay. Any questions?

21 (No response.)

22 MR. OXER: Jean is coming back. Okay. Can you
23 address those items?

24 MS. LATSHA: Sure. You know, I think Mr.
25 Colvin actually did -- has a really clear understanding as

1 to where staff is coming from. And not to constantly be
2 reading from the rule, but let me read from the rule, the
3 part of this that is giving us heartburn.

4 "The adopting municipality or county of the
5 plan must have performed in the process providing for
6 public input an assessment of the factors in need of being
7 addressed as part of such community revitalization plan."

8 And I will just go back to -- I think that is
9 really what we saw as missing. Although it does seem
10 clear that through their articles of incorporation, they
11 were charged with maintaining local business and
12 encouraging economic development and all of these other
13 things, what was missing was this: having performed in a
14 process providing for public input, an assessment of these
15 factors.

16 There seem to not have been that assessment
17 that was performed in a process that would allow for the
18 community to come and say, these are the problems that we
19 have going on here right now, in 1998. I am happy to
20 entertain any --

21 MR. OXER: Any more verification on that. He
22 says that they did not do that in 1998, or they haven't
23 done it recently. They did it in '98, which seems
24 evident.

25 MS. LATSHA: And maybe that is where I -- I am

1 not sure that that is entirely evident from the
2 documentation.

3 MR. OXER: Okay.

4 MS. LATSHA: Right.

5 MR. OXER: So --

6 MS. LATSHA: So maybe that is where the
7 disagreement lies.

8 MR. OXER: Okay. Did you have a question?
9 Okay.

10 Clark, do you want to address it?

11 MR. COLVIN: I just wanted to say that Jean is
12 correct.

13 MR. OXER: You can't do it from there. You
14 have to come to the mic.

15 MR. COLVIN: I'm sorry.

16 MR. OXER: And you have to say who you are
17 again.

18 MR. COLVIN: I am Clark Colvin with ITEX.

19 Jean is correct. And I think it is, you know,
20 we cannot, unless we go back and it gets into this higher
21 hurdle, that existing operations would have to do.

22 I would have to go back and examine basically
23 15 years of monthly minutes to be able to pull this out
24 and see if this happened, where a new organization that is
25 trying to just -- you know, walk in and say okay. We are

1 going to discuss these five. All in favor, say aye. And
2 we go to the City Council, and get an ordinance. And we
3 are there.

4 We really felt like, because this was an
5 established organization, that it spent so much money on
6 these seven items, and all of this is on their website.
7 It is right there on the City's website. And this is just
8 one of a number of Tax Increment Reinvestment Zones in
9 Houston, that do a very good job.

10 We just felt like it was too much of a hurdle
11 that was really unintended. We knew what the intention
12 was. It was try to prevent sham revitalization efforts.
13 And this TIRZ is clearly not one of those. It has got a
14 wonderful history, and has spent millions and millions of
15 dollars.

16 MR. OXER: And that is evident from the data
17 that you provided the --

18 MR. COLVIN: Yes.

19 MR. OXER: And I guess what I am looking -- I
20 am trying to get clear in my mind. Yes, it is ongoing.
21 For these applications is what we are looking for. And
22 tell me this, Jean, what we are looking for is a recent
23 evaluation?

24 Because you can say 20 years ago, 15 years ago,
25 yes, it meets all of this stuff. Okay. And you are

1 putting all of that money in there. And that is evident,
2 and we recognize that. The question is, what does it need
3 now?

4 MS. LATSHA: Well, even without the time line,
5 I do want to point out that we reviewed a number of
6 community revitalization plans this year, that you're not
7 seeing here because they really did hit on all cylinders,
8 were legitimate plans. And I am thinking of El Paso,
9 Waco.

10 I know there were at least one or two more
11 that -- these were not cut-and-paste jobs from our QAP.
12 These were legitimate community revitalization plans that
13 did exactly what we were looking for.

14 MR. OXER: Greater Greenspoint Redevelopment
15 Authority is not an illegitimate, okay.

16 MS. LATSHA: Right. I mean, and just to
17 address that point that they were making about how the
18 rule is written to you know, to prevent those shams
19 that --

20 MR. OXER: That were all too evident before.

21 MS. LATSHA: I would say the rule worked in a
22 lot of ways. The plans that I saw this year were great.
23 They hit on all cylinders. Which is why this is -- you
24 are not seeing them here.

25 MR. OXER: I guess I am looking at also, what

1 is it that they could have done that would have satisfied
2 the rule?

3 MS. LATSHA: I think some additional evidence
4 as to how the plan came to be in the first place. It did
5 seem -- the assessment of what was going on in the
6 community at the time, seemed to only address a couple of
7 things.

8 And then it also didn't seem to include that
9 input from the community. I think input is a little bit
10 different than saying, hey, we got together in a room and
11 we realized that there's some blight going on over here.
12 Throw it on the agenda. Do you agree?

13 And I think that is a little bit different
14 than, we are going to create a plan, community, we want
15 your input as to what is going on in your community. And
16 that was not evidenced, at least not in the documentation
17 that I reviewed.

18 MR. OXER: Okay.

19 MR. THOMAS: Jean, this is just a hard one.

20 MS. LATSHA: Agreed, sir.

21 MR. THOMAS: Yes. I'm sorry. This is just a
22 hard one. And this is not to -- and I think you have done
23 a phenomenal job.

24 I am just struggling to synthesize this. And
25 it really does seem to come down to as simple as it has

1 been defined is, does what happened in 1998 -- let me you
2 ask you differently.

3 We keep talking about five, possibly six of the
4 elements were being met. There are eight that we were
5 talking about total. That staff in its review would need
6 to see to be able to award the points. Did I get that
7 right?

8 MS. LATSHA: Five of eight.

9 MR. THOMAS: Five of eight. Five of the eight.
10 Okay. That makes -- okay. I guess it still comes, is it
11 in your mind, as simple that trying to go back and
12 determine whether 1998's actions were --

13 MS. LATSHA: Partially. I think it is
14 something else, too. I think there is a difference
15 between assessing a problem and saying this is our plan to
16 address that problem, and saying now that this authority
17 has been created, you are charged with economic
18 development.

19 And there wasn't that realization that it is --
20 I think we are keying off the word "assessment." There
21 wasn't a realization that these are the problems that
22 exist in our community right now. There was a more
23 general charge to maintain things like education and local
24 business so that economic development could continue to
25 happen.

1 Which I realize, that that is nuanced, and why
2 this is difficult. But I think that is what we were
3 trying to see. And we couldn't quite get there.

4 MR. THOMAS: Well, I mean, the topic for me is,
5 it is economic development focused, versus housing
6 focused. The TIRZ which, I am tired, and it is late. And
7 so that just sounds funny to me. I guess, I'm sorry, Mr.
8 Chair.

9 But I guess what I am trying to figure out is
10 are we really trying to pull this camel through the eye of
11 a needle. I really feel, I am trying to get a sense, if
12 we are trying to -- and I don't know what to say.

13 (Simultaneous discussion.)

14 MR. OXER: Let me -- let's offer -- we have got
15 a question from Tim. And I will also just add into it.
16 Clearly, there is economic revitalization and development
17 going on. Okay.

18 And it gets down to the question, was there an
19 assessment from -- you know, this is paleohistory in the
20 TDHCA realm of things. So we are hard pressed to figure
21 out what people were doing. And so there is a constant
22 requirement.

23 If there is effort going on, there is a
24 constant involvement of whatever the legislative and
25 appropriation efforts are going on in this area. So the

1 question then is, unfortunately, we are the ones with the
2 muzzle, with the bridle on the camel, trying to yank it
3 through this needle, okay.

4 And so, I assume if this was easy, you would
5 have already taken care of it. Right. So we get all the
6 hard ones, you know. And this may be one of those that is
7 just one of those little quirks. We found a few.

8 We find a few every year, and try to iron out
9 some of those wrinkles in this whole process. But with
10 the idea that where we go through with this gives us a
11 chance to go back and make -- even if it is appending the
12 notes to the QAP, this is what we want. Go get it.

13 Clark, have a public meeting. Have some people
14 out there. What do you think is necessary. You can say,
15 yes. We talked to them, and they are checking all of
16 these boxes.

17 And that is just a thought. It is not an
18 obligation. I don't want you to understand, or don't want
19 you to think that if you come back and did that last next
20 year, that is what is going to happen.

21 Tim, did you have a question?

22 MR. IRVINE: Yes, actually. I am looking at
23 the rule. And it says -- I think this is the key
24 language.

25 The adopting municipality or county must have

1 performed in a process providing for public input an
2 assessment, blah, blah. When the TIRZ was created in the
3 late '90s, you mentioned a 60-person body?

4 MR. OXER: Join us back at the mic.

5 MR. COLVIN: Again, I am Clark Colvin with
6 ITEX.

7 MR. OXER: Thank you.

8 MR. COLVIN: I think what we are seeing, Mr.
9 Irvine, is that as the TDHCA has --

10 MR. OXER: Let's -- hold on.

11 MR. IRVINE: I actually have a line of
12 questioning that goes right to --

13 MR. OXER: Okay. Let's let him prosecute for a
14 minute. Okay.

15 MR. COLVIN: Yes. Please. Okay. The 60
16 persons is something that they currently have.

17 MR. IRVINE: They had a significant --

18 MR. COLVIN: Yes.

19 MR. IRVINE: And the 60-person makeup, is it a
20 diverse group?

21 MR. COLVIN: It is committees. Yes. It is
22 diverse persons.

23 MR. IRVINE: Persons who reside in the general
24 area of the TIRZ.

25 MR. COLVIN: Yes.

1 MR. IRVINE: Okay. So they reflect public
2 input.

3 Has this body, in recent years, gone about
4 updating its assessment to address this five, six, seven,
5 eight things that you laid out? So those activities, some
6 of which are clearly revitalization, like getting rid of
7 tire dumps, came out of a process where that large public
8 group was participatory?

9 MR. COLVIN: That is correct.

10 MR. OXER: The real question is, are they --
11 surely they are not working on a plan that was developed
12 15 years ago and they've updated --

13 MR. COLVIN: No. What I had mentioned was that
14 they had developed the original plan in 1999. What we
15 can't do is, we really can't prove what went along there,
16 how much public input was there.

17 But what we see today is that we see two
18 amendments that have gone to that plan. The latest one
19 was in 2008, which is a long term plan, and provides for
20 this \$227 million that is being spent in at least seven of
21 the eight categories.

22 Public input has been great now. I can't tell
23 you what happened in 1998. I haven't been able to find
24 anybody that was there at that time.

25 MR. OXER: I can't remember most of what

1 happened last week.

2 MR. COLVIN: Yes. I am there myself. But
3 today, this is a -- this has got tremendous public input.

4 In fact, I am missing a meeting tonight in Houston at
5 another TIRZ, in which we are addressing, which we are
6 addressing an affordable housing issue, in which they are
7 providing funds for. And this TIRZ has agreed to consider
8 that as well.

9 So we are -- this is one that is not just an
10 economic development group that is out trying to get jobs.

11 They are dealing with all of these issues, like education
12 and housing and the various things.

13 MR. OXER: The fundamental question Jean, comes
14 back to the fact that you didn't see the documentation
15 that supported their public input or engagement -- the
16 development -- what the deficiencies were there. And
17 basically he can show that.

18 MS. LATSHA: I think they might agree with that
19 statement -- right? -- that there is a lack of
20 documentation showing that technically the adoption of
21 this plan met that specific requirement of the rule.

22 DR. MUÑOZ: Are the TIRZ meetings open?

23 MR. COLVIN: Yes.

24 MR. OXER: All right. That is all right,
25 Clark. I know you --

1 MR. COLVIN: Yes, sir. They are.

2 MR. OXER: Here is -- we will accept that they
3 are. All right. Here is another question, since we are
4 slicing this really thin, okay.

5 If there were -- we just gave somebody some
6 extra time to find some documentation to support their
7 position, in the item before that came up, before this
8 one. If -- this is a discussion question -- if this was
9 tabled, or left, and they were able to provide that
10 documentation, would this meet that rule?

11 MS. LATSHA: I am not sure that that is the
12 question here.

13 VOICE: I'm sorry. I am agreeing. I think I
14 know where you are going.

15 MS. LATSHA: I think all of those are
16 documentation related to the original adoption of the TIRZ
17 has been submitted by the applicant and then some, in the
18 appeal. I think the real question is, perhaps, a more
19 nuanced interpretation of the rule. And if there is one
20 out there.

21 MR. OXER: All right. Let me ask this. How
22 often does the TIRZ meet?

23 MR. COLVIN: The TIRZ that I am most familiar
24 with is TIRZ Seven, where we are doing a project. They
25 typically meet once a month. They typically don't meet in

1 August. But they can meet at any time that they want. If
2 they don't have any issues --

3 MR. OXER: And they are public. Do they have
4 public --

5 MR. COLVIN: Yes. And they have --

6 MR. OXER: And so input is being made, public
7 input and assessment of what the situation is, I am trying
8 to find a way --

9 MR. COLVIN: Yes. The first item on the agenda
10 is just open public comment. And then everything is open.
11 And it is all presented, including the budgets and plans
12 and everything else.

13 MR. OXER: Okay. Thanks.

14 Tamea.

15 MS. ADULA: Yes. Tamea Adula, Coates, Rose. I
16 wanted to bring to your attention that the evidence we do
17 have of the public input is in the city ordinance in 1998
18 that says, "Whereas, at the public hearing on August 5,
19 1998, interested persons were allowed to speak for or
20 against the creation of the proposed Zone, its boundaries,
21 or the concept of tax increment financing. And owners of
22 property in the proposed Zone were given a reasonable
23 opportunity to protest the inclusion of their property in
24 the proposed Zone.

25 "And whereas the evidence was received and

1 presented at the public hearing in favor of the creation
2 of the proposed Zone under the provisions of Chapter 311,
3 Texas Tax Code, and no one appeared or presented evidence
4 in opposition to the creation of the proposed Zone;

5 "And whereas no owner of real property in the
6 proposed Zone protested the inclusion of their property in
7 the proposed Zone" -- and then it goes on with several
8 other whereases.

9 But the first finding is, A, that the facts and
10 recitations contained in the preamble of this ordinance
11 are hereby found and declared to be true and correct and
12 are adopted as part of this ordinance for all purposes.
13 So you have the City, the City Council, which is the
14 creator of the TIRZ, making a determination. Admittedly,
15 there is a certain amount of self-interest there. But
16 there wasn't a TIRZ to take notes at the time.

17 The City Council has, in their ordinance, the
18 circumstances of the opportunity for public input. Now
19 whether any one person took advantage of that fact, I am
20 not able to say. But there was opportunity for public
21 input.

22 MR. OXER: Okay. All right. Thank you.

23 MS. ADULA: Thank you.

24 MR. OXER: Anything else?

25 (No response.)

1 MR. OXER: Okay. Jean. Anything else? Wrap
2 it up?

3 MS. LATSHA: I am not sure if I have anything
4 further.

5 MR. OXER: Okay. Anything else?

6 MR. THOMAS: I just -- there needs to be some
7 level of discussion, maybe amongst ourselves to try to get
8 our heads around. I have got some concern that -- I have
9 got concern that this is such a narrow -- this seems to me
10 to be an instance in which our QAP, we are being choked on
11 a technicality, that maybe it would have been impossible
12 for us or our staff to have anticipated. Our staff is
13 clearly struggling to provide the full context of the
14 information for us and for our constituents to all hear at
15 the same time.

16 I just feel like -- I feel like in essence -- I
17 feel like the opportunity, if it becomes as simple as our
18 interpretation of the rule, then the opportunity to
19 present it globally has already occurred. And then I
20 would be very concerned about whether or not a preexisting
21 entity would be held to a standard today that globally
22 existed to further the interest of --

23 MR. OXER: Which is the applicant's position.
24 So --

25 MR. THOMAS: So the question that I have for

1 you, Chair, is there enough communication or understanding
2 on the Board level? I am not even sure.

3 I would like to hear some of my colleagues'
4 thoughts, I guess, is what I am trying to say. I would
5 like some guidance from people who have been on here for a
6 while, that have struggled with some of this.

7 MR. OXER: Some comments on this.

8 MR. THOMAS: Yes.

9 MR. OXER: Anything to add, Ms. Bingham?

10 MS. BINGHAM ESCAREÑO: You know, I think I am
11 struggling most with -- I understand the nuances. And I
12 don't mean to trivialize it at all. It is a points issue,
13 right? It is really not an issue of, is the application
14 qualified or not.

15 And I guess I am still in a position that, that
16 these are just not points that this TIRZ satisfies. That
17 is just -- I mean, you are asking for my own impression.
18 Hearing everything, and maybe there is some color
19 commentary that we are missing.

20 We are talking about stuff that happened in
21 1998. But we are also talking about the meetings still,
22 that occur monthly. But we are finding back to things
23 that happened in the 1998 meeting, as if that is the only
24 history that we have access to.

25 So there is something there that just isn't

1 connecting for me. And I appreciate that it is an area
2 that is -- you know, that has a need. And I know that you
3 know, all of the developments are about points. And that
4 is how you, you know, get your developments done.

5 But I guess I am just not hearing what I need
6 to hear that helps me understand why they would qualify
7 for these points. It still could be an awesome -- I am
8 sure it is an awesome application. But that is where I
9 am.

10 MR. OXER: Okay. Dr. Muñoz?

11 MS. LATSHA: I don't mean to interrupt this,
12 but perhaps I can give you a little perspective on this
13 scoring item. It has flip-flopped quite a bit. And what
14 it has been, it has been worth as little as one or two
15 points, four or six over the past decade.

16 It at times, has been as simple as a letter
17 from a City Manager, saying sure, we have a community
18 revitalization plan. And then it evolved into something
19 that went through a pretty lengthy preclearance process,
20 much like the desirable site features.

21 And yes, in this latest QAP, dictates pretty
22 specifically what the Department is wanting to see. And
23 maybe that -- I don't know if that helps where you are,
24 this discussion at all.

25 But just to provide -- we have always tried to

1 find the right way to craft this portion of the rule, so
2 maybe it is somewhere in between this dictating everything
3 exactly what it should look like. And a letter that quite
4 frankly doesn't mean anything. If that is helpful.

5 MR. THOMAS: It is. Thank you.

6 MR. OXER: And, recognizing as we do that this
7 is a -- has become and continues to be and we expect will
8 continue to increase, is an extraordinarily competitive
9 process. That because of the extraordinarily competitive
10 nature of this, those little details make a lot of
11 difference.

12 And so, we are measuring at the literally, not
13 at the margin, but at the edge of the margin, you know.
14 And that is -- the good news is, it is a very competitive
15 process and there are lot of people in it. The bad news
16 is, there is just not enough money to go around.

17 We have to figure out a way to sort that out.
18 So I add that.

19 Dr. Muñoz, do you have a comment?

20 Robert, want to hear some thoughts from anybody
21 else?

22 DR. MUÑOZ: Well, I suppose I am in agreement
23 with Board member Bingham. On the face of it, it seems
24 that back in '98 it may have addressed many of the
25 expectations.

1 I just have some reservations as to, you know,
2 I mean, whether all of what it has set out to do is
3 currently today addressing the concerns of the item. I
4 mean, that is -- I suppose, that would be a distillation
5 of my just inherent reservations.

6 MR. OXER: Okay. Mr. Gann, do you have any
7 thoughts?

8 MR. GANN: I have mixed emotions over it.

9 MR. OXER: Don't we all?

10 MR. GANN: Yes. I could go either way at some
11 point, but I think that -- I don't think you can get the
12 right wording out of the 1998 documentation. But at the
13 same time, I wonder why the gentleman didn't go down there
14 and ask them for that proclamation, including that one
15 more thing.

16 MS. ADULA: May I address that?

17 MR. OXER: Certainly.

18 MS. ADULA: We were trying to -- this is Tamea
19 Adula, Coates, Rose. Trying to comply with the
20 requirements of the QAP. The issue is what happened when
21 the plan was originally adopted. Not what is going on
22 today.

23 And this was adopted a long time ago. So that
24 is why we are all in 1998, and not last week at the
25 meeting. If you wish to table this, and ask us to bring

1 you more information, we will be happy to do that.

2 MR. OXER: Jean, back to the box, here.

3 MS. LATSHA: Thank you.

4 MR. OXER: In the event that we table this,
5 let's see. What benefit do we gain from tabling, Mr.
6 Irvine?

7 MR. IRVINE: It just seems to me --

8 MR. OXER: That's when we are not tired
9 anymore.

10 MR. IRVINE: It just seems to me that the rule
11 says the adopting municipality must have performed an
12 assessment of these factors. And I understand that there
13 has been a lot of good stuff done by the TIRZ in the
14 intervening period.

15 But when I look back to 1998 and the creation
16 of the TIRZ, it seems that multiple factors were within
17 its potential purview. But it doesn't seem to me that
18 there was an actual assessment of the requisite number of
19 factors documented. That is where it falls to me.

20 MR. OXER: Right. Does the QAP as currently
21 written, and I am sure this will be, as it will be
22 written. But as it is currently written, does it
23 accommodate the point that Tamea had addressed, which is,
24 if we are looking 15 years ago when it was formed, are we
25 in any position to be able to consider assessments that

1 have been done recently?

2 MS. LATSHA: It is not --

3 MR. IRVINE: I think you could consider
4 assessments done recently, if they were done by the
5 adopting municipality.

6 MR. OXER: Not the TIRZ, but in this case, it
7 would have been the City of Houston?

8 MR. THOMAS: So then the appropriate way, if
9 this were to be tabled, the only reason we would table it
10 is to give staff the opportunity to work with the
11 applicant so that they could go see if they could get the
12 necessary action to occur. And that would be -- in this
13 instance, the City of Houston would then have to do go
14 through the study. Is that right?

15 MR. OXER: Well, you can't do it now in the
16 application. That would only satisfy next year's
17 application.

18 MR. IRVINE: It was a scoring item at the time
19 of submission.

20 MR. OXER: Right.

21 MS. DEANE: I think it would be to see if, my
22 understanding of this then, two changes to the plan, to
23 the minutes of the plan would be to see if any of the
24 ensuing amendments to the plan, in a way that brought it
25 closer to satisfying the rule.

1 MR. OXER: Okay. Here is the Chair's
2 recommendation, okay. And I know this is hitting on the
3 edge, on the bubble on this thing. Because there is just
4 not a whole lot of time left, or very many more meetings
5 about this.

6 I would suggest that we consider tabling this.
7 Withdraw the motion, consider tabling this. See if the
8 2008 amendments and modifications to the TIRZ plan
9 actually engaged public input to assess some things that
10 were needed. To document that, that seems like that would
11 satisfy those.

12 Now that is the documentation for the
13 application did not include that. So what does that do
14 for us. Since it was not included in the application?
15 Even worse, what does it do to us?

16 MS. DEANE: Well, I have to admit, I am trying
17 to figure out how we would actually manage that kind of
18 procedurally.

19 MR. OXER: That is what I was trying to figure
20 out.

21 MS. DEANE: You know, and if -- even if we were
22 to figure out a way to accept the documentation, outside
23 an appeals process that has already kind of run its
24 course, if staff were to still be unsatisfied, would that
25 start another appeal clock. I am not really sure how --

1 MR. OXER: Yes. Nor am I. And that is --
2 while the -- Tamea was -- we went through the entire
3 process for creating the TIRZ.

4 It did not suggest in there that it was for the
5 purpose of engaging public input, although public input
6 was involved. Okay.

7 Cameron, did you have a thought? And no is a
8 decent answer, by the way, if you don't want to talk.

9 MR. DORSEY: One thing I think you could
10 probably do is, someone with the knowledge --

11 MR. OXER: Mr. Dorsey.

12 MR. DORSEY: Cameron Dorsey, Deputy Executive
13 Director. I think you could -- given the knowledge of the
14 amendment now, you could direct staff to issue an
15 administrative deficiency.

16 I generally, when issuing administrative
17 deficiencies would try not to presume you know exactly
18 what is going to be submitted, and whether or not it would
19 be allowable or not. You wait until you get the
20 submission. And then you make that determination.

21 In fact, that is how the administrative
22 deficiency process is written into the rule. You don't
23 presume you know the response. And so, you could simply
24 do that, and we could bring the information back.

25 MR. OXER: It sounds like a good plan to me.

1 Okay. Then with the agreement that Mr. Thomas and Ms.
2 Bingham with their motion and second will withdraw the
3 motion, consider the motion to table, do exactly that, as
4 Cameron just outlined, and then we will consider this for
5 the next meeting.

6 And if you are satisfied with what is there,
7 through an administrative deficiency, then we don't have
8 to deal with this next time.

9 MR. IRVINE: Might I clarify then what it is
10 staff is really looking for? Because ultimately appeals
11 are yes/no questions.

12 MR. OXER: Correct.

13 MR. IRVINE: What I am looking for is evidence
14 that in a process allowing for public input, the adopting
15 municipality -- i.e., the City of Houston -- has actually
16 considered the requisite number of factors, performed
17 assessment.

18 MS. LATSHA: Then you would say at any point
19 between 1998 and '14.

20 MR. DORSEY: I don't care when it did, because
21 I don't think that the rule says when they have to do it.

22 It just says at the time it comes to us for approval,
23 they, the City, has to have gone through these public
24 processes and actually assessed the requisite number of
25 factors.

1 MR. OXER: And for the record, Tamea, it is not
2 just when it was formed, it is when it was formed and
3 amended and reformed, because that constitutes a
4 reformation in our mind. Okay.

5 Go ahead, Ms. Bingham, would you -- I'm sorry.

6
7 MS. LATSHA: I'm sorry. I just want to make
8 one last -- I'm going to sound like a crazy person.

9 MR. OXER: No more than the rest of us.

10 MR. LATSHA: But the point -- and I don't think
11 will necessarily be an issue with the TIRZ, because there
12 is so much funding involved.

13 But the points associated with this scoring
14 item are based largely on the budget of the plan. So if
15 we were to find that that assessment took place at X date,
16 should we only consider the budget from X date moving
17 forward?

18 MR. OXER: You're right. You are crazy.

19 MR. DORSEY: That's a good question.

20 MR. OXER: Okay. That is going to be one we
21 will have to refer --

22 MS. LATSHA: I have a feeling we are going to
23 be okay there, anyway. All right.

24 MR. OXER: Okay. All right. Let's go. Here
25 we go.

1 Ms. Bingham, will you withdraw your second?

2 MS. BINGHAM ESCAREÑO: Yes.

3 MR. OXER: Mr. Thomas, will you withdraw your
4 motion?

5 MR. THOMAS: I will.

6 MR. OXER: Okay. Now we will consider a motion
7 to table, with guidance to staff to do as we have
8 instructed, to gather that information and see if it
9 satisfied the administrative deficiency.

10 MR. THOMAS: So moved.

11 MR. OXER: Okay. Motion by Mr. Thomas.

12 MS. BINGHAM ESCAREÑO: Second.

13 MR. OXER: Second by Ms. Bingham to table this
14 item and allow staff to acquire additional information.

15 Those in favor?

16 (A chorus of ayes.)

17 MR. OXER: And opposed?

18 (No response.)

19 MR. OXER: There are none. You got a stay.
20 Okay.

21 MS. ADULA: Thank you very much.

22 MS. LATSHA: All right. And I lied about that
23 being the last one. I'm sorry.

24 MR. OXER: And let the record reflect Mr.
25 Thomas has to leave, but we still -- we retain quorum.

1 Okay. Jean, you have a next one?

2 MS. LATSHA: Yes, 14209, Riverside Village. I
3 apologize. I read right over it. This application is in
4 the Rio Hondo ETJ.

5 Your writeup indicates that no appeal was
6 actually filed on time. It was the applicant's intention
7 to use his response to a challenge of this application as
8 his appeal documentation.

9 That wasn't entirely clear to staff at the time
10 of the writeup, but we did have that documentation in
11 house and believe that has been provided to you. Yes.

12 MR. OXER: Yes.

13 MS. LATSHA: Yes. All right. This is actually
14 a pretty simple issue.

15 MR. IRVINE: Sure.

16 MS. LATSHA: Sure.

17 MR. OXER: Yes. Whatever you say.

18 MS. LATSHA: It's a simple thing. All right.
19 So the rule calls -- this application was denied points
20 under 11.9 (d) (1) local government support. This is the
21 scoring item that provides points for applicants providing
22 support resolutions from either the City or the County.

23 The rule very clearly states, if your site is
24 within the city limits of a municipality, then you need a
25 support resolution from that municipality to achieve 17

1 points, the maximum number of points. If you are located
2 outside the city limits of a municipality, then you would
3 go to the county for that support resolution and achieve
4 those 17 points.

5 If you are located in the ETJ of a
6 municipality, a support resolution from the city affords
7 you 8-1/2 points. A support resolution from the county
8 affords you 8-1/2 points, for a maximum of 17. This
9 language was written in the QAP and taken pretty much
10 straight from the statute. Straight from the statute.

11 So the applicant only provided a city
12 resolution from the city of Rio Hondo and claims that
13 because he intends to be annexed into the city, that he
14 should only have to provide that city resolution in order
15 to achieve the maximum 17 points. The language in the
16 statute reads, a resolution. Let's see.

17 Applications are evaluated based on a
18 resolution concerning the development that is voted on and
19 adopted by the following, as applicable: the
20 Commissioners Court of a county in which the proposed
21 development site is to be located and the governing body
22 of the applicable municipality if the proposed site is to
23 be located in the extraterritorial jurisdiction of the
24 municipality.

25 We further clarified that in the QAP and stated

1 very clearly that we would consider where the site was
2 located at the time of application submission to
3 specifically address the issue of annexation. So we --
4 some of you may remember a discussion last year about this
5 concept of a site is proposed to be located here.

6 And how -- I suppose some folks find that
7 language problematic, although I have to admit I still do
8 not find it problematic. So we say a site is proposed to
9 be located here.

10 So where is "here"? It is either in the city
11 or it is in the county, or it is in an ETJ. These
12 applications are all about proposals. They are proposals
13 for development.

14 So we do use that word quite frequently. But
15 as I said, because we anticipated that this language does
16 seem to be confusing to some applicants, we, like I said,
17 clearly laid this out in the QAP, that we would consider
18 where that site was at the time of application, and then
19 the points follow as such. I think --

20 MR. OXER: This is largely consistent with our
21 market study. You have got to be on the list when it is
22 done.

23 MS. LATSHA: Yes. I think I can let Tim maybe
24 make his other argument. But this is an item that is very
25 clearly laid out in the rule. If you are in an ETJ, you

1 have to have both resolutions for maximum points.

2 MR. OXER: Okay. Ms. Bingham.

3 MS. BINGHAM ESCAREÑO: I have a question. Just
4 out of curiosity, is the entire application predicated on
5 the annexation, the pending annexation? In other words,
6 if for any reason an annexation didn't go through, would
7 this application and development still be solid?

8 MS. LATSHA: Likely. You know, the applicant
9 could probably speak to that more. He might have a little
10 bit more difficulty getting utilities to the site or
11 something like that, but it is certainly nothing that
12 would stop -- that staff would stop his application for.

13 So we actually had this very situation, you
14 know, last year or two years ago, when we did have an
15 application that was proposing annexation. And so there
16 was a lot of back and forth about how to apply the rules.

17 And then we actually came to an agreement with that
18 applicant.

19 He wound up not getting annexed. It certainly
20 didn't bother us. And then he was able to move forward
21 too. And I think that is the importance of this, as well.

22 If I am supposed to consider the annexation, at
23 what point do I consider it? April 1? Now? September.
24 You know, when do I reevaluate this application and say,
25 all right. You are in the city. You only needed the one

1 resolution.

2 MR. IRVINE: And I don't think that the point
3 item really turns on whether it is viable or not viable
4 depending on annexation. It is simply, you are applying
5 right now at this specific location. Who has an interest
6 in that outcome?

7 Clearly if it is in a county, the county has an
8 interest. If it is also within a municipality's ETJ, the
9 municipality also has an interest. So this is to give
10 voice to the bodies of local government that have an
11 interest in the outcome.

12 MR. OXER: Any other questions?

13 (No response.)

14 MR. OXER: Okay. So the staff recommendation
15 is?

16 MS. LATSHA: Denial of the appeal.

17 MR. OXER: Okay. Do we have a motion to that
18 effect?

19 DR. MUÑOZ: So moved.

20 MR. GANN: Second.

21 MR. OXER: A little movement up here. So okay.
22 So motion by Dr. Muñoz to support staff recommendation.
23 Second by Mr. Gann.

24 Tim, have you got a comment?

25 MR. LANG: Yes.

1 MR. OXER: Okay. You are on the clock.

2 MR. LYTTLE: Mr. Chair?

3 MR. OXER: Hold on one second, Tim. I'm sorry.
4 My mistake. Michael has got one to read in.

5 MR. LYTTLE: We had a letter -- Michael Lyttle,
6 TDHCA staff.

7 We have received a letter from State
8 Representative Eddie Lucio III on this item. It reads as
9 follows.

10 "I am writing to you today in support of the
11 Riverside Village tax credit application from the City of
12 Rio Hondo. Currently the annexation rules for small
13 general law cities make it very difficult to annex
14 property, and it can only be done through a voluntary
15 petition by the owner.

16 "Furthermore, the State has taken away 8.5
17 points from the application, because the property
18 apparently was in an extraterritorial jurisdiction and a
19 resolution from the county was not received. House Bill
20 3361 set rules that state that resolutions have to be
21 obtained from political subdivision where the project is
22 to be located or built.

23 "They obtained a city resolution as required by
24 House Bill 3361. A county resolution should not be
25 required. In light of this information, I encourage you

1 to review the decision to deduct 8.5 points from the
2 City's application, and that this letter be read into the
3 record.

4 "Please do not hesitate to contact me if I may
5 be of further assistance.

6 "Sincerely, Eddie Lucio III, State
7 Representative District 38."

8 MR. OXER: Okay. Tim. I know we are anxious
9 to get on this. And we are down to the deep end, the far
10 long shanks of the agenda here. But we have been sitting
11 in our spot here for a couple of hours.

12 So we are going to give you the advantage of
13 letting us take a minute break, so we can sit still and
14 listen to you. So we are going to take, let's take like a
15 five-minute break. We'll be back. Just take a quick pit
16 stop.

17 (Whereupon, a short recess was taken.)

18 MR. OXER: Okay. Let's finish up. Tim.

19 MR. LANG: Okay. Good afternoon. Tim Lang,
20 Tejas Housing. Thank you for the opportunity to speak
21 before you.

22 This is a new scoring item. This item was not
23 in existence prior to September 1st of 2013. The way that
24 the bill reads, House Bill 3361 as Jean mentioned, it
25 speaks to where the development is to be located.

1 Now, I understand that we have been through
2 that same sort of language in prior application rounds.
3 But I strongly feel that this language is different as the
4 Legislature intended it, as the House had passed the bill.

5 It doesn't speak to -- when it speaks to the
6 proposed development to where it is to be located, to me
7 that is its eventual place where it is going to be owned
8 and operated and continue to do business going forward.
9 It doesn't speak to a snapshot in time, such as the date
10 of application.

11 And it only makes sense that you would have
12 support from the entities that were governing that body
13 where the land was, or where the development was to be
14 located.

15 A case in point is in rural areas, we quite
16 often are along the outskirts. Sometimes, we are just
17 outside the city limits. Sometimes we are just inside
18 city limits.

19 If it were the other way around, would we -- if
20 we were just inside the city limits, we would not be asked
21 to get the support from the county as well, even though
22 they would be right next door on contiguous land. They
23 wouldn't have that voice.

24 So this is kind of the same thing, but in
25 reverse, to where, this development will never exist on

1 county land. The annexation has been applied for. It has
2 been accepted by the City Council. And it is just one
3 meeting away from being passed.

4 It would have been passed by now except for the
5 way land purchases work. On a typical scenario in the tax
6 credit program, similar to -- and it is very similar to
7 how we process the zoning. The land is just under
8 contract.

9 We don't own the land. Therefore, we don't have
10 the right to change the zoning or have the site annexed.
11 That has got to be the owner's decision. They typically
12 don't want to do that unless they know that their land is
13 going to be sold and the property is going to be moved
14 forward.

15 I think the better way to approach this would
16 be to make the processes similar in the case of
17 annexation, because annexation is not -- it is not
18 considered in the new rule, in the new QAP rule. It is
19 not addressed in the House bill. So because these are so
20 similar in form and function, it makes sense going forward
21 to have the annexation and the zoning, which are -- the
22 zoning is due at commitment.

23 So when you get your development, you are
24 charged with proving up your zoning and making sure that
25 you are properly zoned before you can sign your tax credit

1 commitment and move forward. This, I think should be
2 absolutely no different. I think that it is the same
3 process. It is just a different extension of that.

4 And I agree completely. If we don't get the
5 annexation, then by all means, 8-1/2 points should be
6 taken away. But if we do get it, it is a city property.
7 The county would have nothing to do with the property from
8 that point forward.

9 So it really -- I don't know what is to be
10 gained at that point from having a resolution from the
11 county. Now that is not to say that the county doesn't
12 support it. I have got a letter here from the county
13 judge. And they are in full support of the property.

14 But I just -- I disagree with staff's
15 assessment of where the proposed development is to be
16 located. And if it came to that, also the processing
17 which that we are handling those sorts of things.

18 I think that it deserves the opportunity
19 because of how the process works with land under contract.

20 And you know, you are not going to close on them until
21 you know you are going to get an award of tax credits;
22 that we should be provided the opportunity to prove that
23 up at commitment and not at the time of application. We
24 are never going to get that done at the time of
25 application.

1 Although prior to application, we did have
2 the -- I think I mentioned that we did have the annexation
3 applied for. So it is queued up. It is ready to go. It
4 could be annexed to the city by the end of the month if
5 the points were restored.

6 MR. OXER: All right. Thanks, Tim. Any
7 questions?

8 (No response.)

9 MR. OXER: Another comment.

10 MR. MITCHELL-BENNETT: Good afternoon. Nick
11 Mitchell-Bennett, the Executive Director of the Community
12 Development Corporation of Brownsville. And I am here to
13 ask that you uphold the findings of the staff.

14 The application, the QAP says what it says. At
15 the time of application. And I followed that rule, and in
16 my project, I did it at the time of application.

17 And I had other properties that I was able to
18 put in, and I would have had to have done the same thing
19 that this other group did, but I did not, because I could
20 not get both at the time of application. It was very
21 clear.

22 I run many different programs with the state
23 home, NSP. The rules are the rules. I am always told the
24 rules are the rules. Don't try to change them, Nick.

25 The rules are the rules. And I ask you to

1 uphold that now. If you want to change it next year, God
2 bless you. It will make my life easier, too. But at this
3 point, this needs to be upheld as it is. Thank you.

4 MR. OXER: Thanks, Nick.

5 Okay. Go on, Jean. Can you -- let's read that
6 rule.

7 MS. LATSHA: Sure. Happily. I say that. Then
8 where did it go. All right. I will get to the relevant
9 sentence here.

10 "For an application with a proposed development
11 site that, at the time of the initial filing of the
12 application, is within the extraterritorial jurisdiction
13 of a municipality, the application may receive points
14 under Clause 1 or 2 of this subparagraph, and under Clause
15 3 or 4 of this subparagraph."

16 And I will say one and two -- one and three
17 are 8-1/2 points for a resolution from the governing body
18 of that municipality expressly setting forth that the
19 municipality supports the application or development.

20 And three is 8-1/2 points for a resolution from
21 the governing body of that county expressly setting forth
22 that the county supports the application or development.
23 The other point items are lesser points for neutral
24 resolutions that don't expressly state support.

25 One thing I would like to point out to kind of

1 piggyback on Tim's earlier statement is that when we talk
2 about where these sites are at the time of application.
3 You are talking about the people who live right around
4 there, that elect those officials, that elect those County
5 Commissioners, or elect those city council members.

6 In the case of being in an ETJ, if you take
7 away the power of the county to weigh in, you are
8 basically taking away the power of the people in the
9 county to weigh in. And the fact is, that is where that
10 site is located.

11 Let's say they don't want to be annexed. And
12 they don't want to support this development. If you were
13 to say, we are not going to look at any resolutions from
14 the County, and consider them, it seems a little bit
15 backwards.

16 Those folks that are in the county should be
17 able to weigh in at the time of application, as to what
18 they want to see there. Whether they want it to be
19 annexed or not, whether they want that development there
20 or not.

21 MR. OXER: Okay. Any questions?

22 (No response.)

23 MR. OXER: Thanks, Jean.

24 MS. LATSHA: Sure.

25 MR. OXER: Tim? Last comment. Sixty seconds.

1 Okay.

2 MR. LANG: Tim Lang, Tejas Housing. There are
3 two things that I want to address with Jean's comments.
4 One is that this particular site is surrounded on three
5 sides by city land. The fourth side is agricultural land
6 as far as you could see.

7 So every residence around this site and near
8 this site is already within city limits. So this is, this
9 basically is a little chunk taken out of what would be a
10 more regular shape of a city limits sign. It is currently
11 a cutout to that particular piece.

12 And on the second point of that, I would like
13 to go back to what I said earlier, in that you know, we
14 are not -- the way the statute and the rule, I mean, it is
15 clear to me that if the development is to remain in the
16 ETJ, and operate in the ETJ, then yes, you should be
17 required to get both resolutions from the county and the
18 city. I agree with that, 100 percent.

19 But to make the argument that in the city, or
20 in the ETJ, if it is going to be annexed in it, you need
21 the resolution from the county as well, is to give the
22 voice to an entity that is not going to ever have control.

23 In other words, if that line was drawn now, if that
24 annexation was taken care of now, those people wouldn't
25 have a voice anyway.

1 So we are not -- and we are not doing that on
2 the other side. If we were on the city limits, but inside
3 the city, we wouldn't be giving the voice to the county.

4 So we need to be either consistent with it. Or
5 we need to make an adjustment as far as how the annexation
6 was treated. Because it is not going to be a consistent
7 deal going forward.

8 MR. OXER: Okay. Your point is noted. And how
9 do you get around the relevant term in there, at the
10 point -- "at the time of application"?

11 MR. LANG: How do I get around it?

12 MR. OXER: Relevant phrase in the rule, in the
13 QAP.

14 MR. LANG: It is one of those things when, to
15 me it was -- I missed it. To be quite honest with you, I
16 missed that sentence.

17 It was -- when I was looking at it, I knew from
18 the get-go this was going to be annexed into the city. It
19 was always a city property in my mind. So to be quite
20 honest, up until we got the challenge, it had never dawned
21 on me that there was going to be anything other than a
22 city property.

23 So I never thought -- the language in the QAP
24 was clear, that if you were going to remain in the ETJ,
25 you need both. If you are going to be in the city, you

1 need the city. If you are going to be in the county, you
2 need the county. And it was that approach from the very
3 get-go.

4 MR. OXER: Okay. All right. Any questions
5 from the Board?

6 (No response.)

7 MR. OXER: Okay.

8 DR. MUÑOZ: At the point of application, it was
9 an ETJ.

10 MR. LANG: That is correct.

11 MR. OXER: Okay. Motion by Dr. Muñoz. Second
12 by Mr. Gann to approve staff recommendation to deny the
13 appeal. Those in favor?

14 (A chorus of ayes.)

15 MR. OXER: Those opposed?

16 (No response.)

17 MR. OXER: The appeal is denied, Tim.

18 Okay. This appears to be -- do you have
19 anything else? What else have you got there, Jean?

20 MS. LATSHA: Yes. I am throwing paper all over
21 the place. But that's all right.

22 MR. OXER: That's all right.

23 VOICE: Crazy person.

24 MS. LATSHA: All right. So Item 5(b), this is
25 simply a list of approved competitive 9 percent Housing

1 Tax Credit applications for the 2014 cycle. Statute
2 mandates that we publish this by June 30th. And so, we
3 have.

4 I can -- I am happy to answer any questions
5 about the law. We have some really similar format that we
6 have had in the last couple of years. Yes, sir.

7 MR. IRVINE: Will be updated to reflect any
8 terminations, as a result of today's actions.

9 MS. LATSHA: Yes.

10 MR. OXER: So the request, to what you are
11 asking the Board to do is approve this list, as amended by
12 action today?

13 MS. LATSHA: Yes, sir.

14 MR. OXER: I want to ask Ms. Bingham to make
15 this. Because I always ask her to make -- I like to have
16 you make the motion to get the list out there, and to
17 approve those. And that is just, I think that is a
18 courtesy I offer you. That is tradition for us, Leslie.

19 MS. BINGHAM ESCAREÑO: Okay.

20 MR. OXER: Tradition to me. You get to swing
21 at this one, okay.

22 MS. BINGHAM ESCAREÑO: All right. Do you want
23 to kick it off?

24 MR. OXER: I lined it up.

25 MS. BINGHAM ESCAREÑO: All right. Very good.

1 So I will move staff's recommendation to approve the 2014
2 competitive 9 percent Housing Tax Credit program
3 application log as submitted.

4 MR. OXER: And as amended today.

5 MS. BINGHAM ESCAREÑO: And as amended today.

6 MR. OXER: As through changes today, right?

7 MS. LATSHA: Yes, sir.

8 MS. BINGHAM ESCAREÑO: Correct. On the list.
9 Yes.

10 MR. OXER: Okay. I get to exercise a point of
11 discretion I have every once in a while in this bit. The
12 Chair seconds. Okay. Are there any public comment?

13 (No response.)

14 MR. OXER: Okay. Motion by Ms. Bingham.
15 Second by the Chair to approve staff's list as amended
16 today through action today. Those in favor?

17 (A chorus of ayes.)

18 MR. OXER: Those opposed?

19 (No response.)

20 MR. OXER: There are none. Thanks. Good job.
21 Okay. We have reached a point in the agenda, where we
22 ask for input from those, for any item that you wish to
23 find on the future agenda. We will not be able to act on
24 it today. We will ask for any comments.

25 (No response.)

1 MR. OXER: Any public comments for future
2 agendas?

3 (No response.)

4 MR. OXER: Okay. There seems to be none. Is
5 there any comment from the staff in the audience today?

6 (No response.)

7 MR. OXER: We had a few comments due to wild
8 and crazy Jean. So we appreciate the effort that you put
9 forth. I know this is a hard time of the year for you and
10 Cameron and Kathryn.

11 So thanks very much for that. Okay. Any
12 comments from staff or members of the Board?

13 MS. BINGHAM ESCAREÑO: I would echo the Chair's
14 commendations to Jean and Cameron and team. And you know,
15 it is difficult.

16 And sometimes -- I think Jean started by saying
17 that some of the appeals of the request that we would hear
18 today would kind of present as if sometimes this team is
19 somewhat nitpicky. And I appreciate you acknowledging
20 that.

21 But know now that we are so very much
22 appreciative and acknowledge what huge volumes of data you
23 are dealing with, and your responsibility to uphold the
24 rules and statute. That it is easy sometimes for you
25 know, our customers to get up and expect that we be more

1 flexible than sometimes we appear to be.

2 But then truly, in the light of, you know,
3 everything you do, and I don't think a single applicant
4 has ever gotten up and said, you guys weren't helpful.
5 You are very helpful. You are always good listeners. But
6 you do uphold your responsibility. And sometimes that
7 means you make difficult decisions. And we support those.
8 So I just wanted to extend my appreciation also.

9 MR. OXER: Okay. Any comments from any others?

10 (No response.)

11 MR. OXER: Okay. Mr. E.D.

12 MR. IRVINE: Yes. There are a lot of people
13 that don't get to make it to the lectern. And therefore,
14 they don't necessarily get the accolades.

15 But you know, this particular time of year,
16 there are a ton of people. The folks I see out there,
17 there aren't many here from REA. They have been just
18 really under the gun. The folks in Asset Management and
19 Compliance who push through all of the reviews necessary
20 for EARAC to consider awards.

21 There is just a ton of work that goes into a
22 tax credit round. And you know, it includes heavy duty on
23 Michael Lyttle, dealing with members and local governments
24 and so forth, calling him with issues. Our consigliere is
25 just stressed beyond recognition, along with help from

1 Megan Sylvester.

2 I mean, this is an incredible team effort. And
3 frankly, the folks that aren't involved in the tax credit
4 round, I apologize to them that they really kind of have
5 to be able to keep going without as much input from some
6 of us. And it's a tough time of year. And I am glad it
7 only lasts another month.

8 MR. OXER: Then we get to start all over again.

9 All right. I get to say the last words. It is a good
10 thing that we are doing here. We do a good thing for the
11 State of Texas. I'm glad we're all here, and it's
12 reassuring to me to see how well that this team works
13 together. And I appreciate that more than you can
14 imagine. So with that, I will entertain a motion to
15 adjourn.

16 MS. BINGHAM ESCAREÑO: So moved.

17 MR. OXER: Motion by Ms. Bingham to adjourn.

18 Do I hear a second?

19 DR. MUÑOZ: Second.

20 MR. OXER: Second by Dr. Muñoz. All in favor?

21 (A chorus of ayes.)

22 MR. OXER: We stand adjourned. See you in five
23 weeks.

24 (Whereupon, at 4:00 p.m., the meeting was
25 adjourned.)

C E R T I F I C A T E

MEETING OF: TDHCA Board of Trustees

LOCATION: Austin, Texas

DATE: June 26, 2014

I do hereby certify that the foregoing pages,
numbers 1 through 275, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Penny Bynum before the
Texas Department of Housing and Community Affairs.

07/2/2014

(Transcriber) (Date)

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