

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

November 13, 2014
9:32 a.m.

MEMBERS:

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

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	8
Announcements and Introductions - Gov. Rick Perry has appointed T. Tolbert Chisum of Beaumont and J.B. Goodwin of Austin to the Governing Board of the Texas Department of Housing and Community Affairs.	8
CONSENT AGENDA	9
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	
EXECUTIVE	
a) Presentation, Discussion, and Possible Action on Board Meeting Minutes Summary for September 4, 2014	
b) Presentation, Discussion, and Possible Action regarding Resolution No.15-004 Designating Signature Authority and superseding Resolution No. 14-037	
LEGAL	
c) Presentation, Discussion, and Possible Action on the adoption of an Agreed Final Order concerning Holland House Apartments (HTC Exchange 15090009994/ HOME 1001139/CMTS 4471)	
RULES	
d) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 10, Subchapter E, concerning Post Award and Asset Management Requirements, and an order adopting the new 10 TAC Chapter 10, Subchapter E, and directing its publication in the Texas Register	
e) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 10, Subchapter D, concerning Underwriting and Loan Policy, and an order adopting the new 10 TAC Chapter 10, Subchapter D, and directing its publication in the Texas Register	
f) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter A, §5.2 concerning Definitions; and §5.19	

- concerning Client Income Guidelines, and directing their publication in the Texas Register
- g) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5, Subchapter A, §5.16 concerning Monitoring and Single Audit Requirement; and §5.20 concerning Determining Income Eligibility, and directing their publication in the Texas Register
 - h) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter B, §5.204 concerning Use of Funds; §5.207 concerning Subrecipient Performance; §5.210 concerning CSBG Needs Assessment and Community Action Plan; and §5.213 concerning Board Structure, and directing their publication in the Texas Register
 - i) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter D, §5.423 concerning the Household Crisis Component, and directing its publication in the Texas Register
 - j) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subchapter E, §5.502 concerning Purpose and Goals; and §5.528 concerning Health and Safety, and directing their publication in the Texas Register
 - k) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC Chapter 5, Subchapter H, Housing Choice Voucher Program §5.801 concerning Project Access Initiative and directing their publication for public comment in the Texas Register
 - l) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 5, Subchapter K, §5.2013 concerning Environmental Clearance, and directing its publication in the Texas Register
 - m) Presentation, Discussion, and Possible Action on proposed amendments to 10 TAC Chapter 20, Single Family Umbrella Rule, §20.4 and §20.15, and directing their publication for public comment in the Texas Register

HOUSING RESOURCE CENTER

- n) Presentation, Discussion, and Possible Action on the 2015 Regional Allocation Formula Methodology

MULTIFAMILY FINANCE

- o) Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-005 for Multifamily Housing Revenue Bonds and an Authorization for Filing Applications for 2014 Private Activity Bond Authority for Artist Lofts at Fort Worth Town Square
- p) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer 14412 Parmer Place Austin

ASSET MANAGEMENT

- q) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments
13144 Mariposa at Pecan Park La Porte
14017 Catalon Houston

NEIGHBORHOOD STABILIZATION

- r) Presentation, Discussion, and Possible Action to authorize the programming of NSP1 Program Income

REPORT ITEMS

The Board accepts the following reports:

1. TDHCA Outreach Activities, September-October 2014
2. Report on the Department's 4th Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")
3. Report on the Department's 4th Quarter Investment Report relating to funds held under Bond Trust Indentures
4. Report on the Status of the 2014 Competitive 9% Housing Tax Credit Application Cycle

ACTION ITEMS

- ITEM 2: EXECUTIVE
Presentation, Discussion, and Possible Action on the Executive Director's Appointment of the Director of Internal Audit

37

- ITEM 3: SECTION 811 PRA PROGRAM 41
 Presentation, Discussion, and Possible Action approving the Program Selection Guidelines for 2015 9% Housing Tax Credit Applicants placing Section 811 Units in Existing Properties and regarding contractual issues with HUD
- ITEM 4: RULES
- a) Presentation, Discussion and Possible Action on an order adopting the amendments to 10 TAC Chapter 11 §11.1(e), concerning Census Data; §11.2, concerning Program Calendar for Competitive Housing Tax Credits; §11.3(e), concerning Developments in Certain Sub-Regions and Counties; §11.3(f), concerning Additional Phase; §11.5, concerning Competitive HTC Set-Asides; §11.6, concerning Competitive HTC Allocation Process; §11.7, concerning Tie Breaker Factors; §11.8(b), concerning Pre-Application Threshold Criteria; §11.9C9) (4), concerning Opportunity Index; §11.9(c) (5), concerning Educational Excellence; §11.9(c) (7), concerning Tenant Populations with Special Housing Needs; §11.9(d) (1), concerning Local Government Support; §11.9(d) (4), concerning Quantifiable Community Participation; §11.9(e) (7), concerning Funding Request Amount; and §11.10, concerning Challenges of Competitive HTC Applications; concerning the Housing Tax Credit Program Qualified Allocation Plan and directing its publication in the Texas Register 60
- b) Presentation, Discussion, and Possible Action on orders adopting the repeals of 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions; Subchapter B, concerning Site and Development Requirements and Restrictions; Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Waiver of Rules; and Subchapter G, concerning Fee Schedule, Appeals, and Other Provisions; and orders adopting the new Subchapter A, concerning General Information and Definitions; Subchapter 123

B, concerning Site and Development Requirements and Restrictions; Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Waiver of Rules for Applications; and Subchapter G, concerning Fee Schedule, Appeals, and Other Provisions; and directing their publication in the Texas Register

- ITEM 5: MULTIFAMILY FINANCE
- a) Presentation, Discussion, and Possible Action on a Request for a Waiver of §11.3(e) of the 2014 Qualified Allocation Plan Relating to Developments in Certain Sub-regions and Counties for Villas at Plano Gateway 140
 - b) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer 14414 Villas at Plano Gateway Senior Living Plano 151
 - c) Presentation, Discussion, and Possible Action to adopt the 2015 Multifamily Programs Procedures Manual 159
 - d) Presentation, Discussion, and Possible Action regarding Awards of HOME funds from the 2014-1 HOME Multifamily Development Program Notice of Funding Availability 160
 - e) Presentation, Discussion, and Possible Action to Approve the Programming of Funds from the Tax Credit Assistance Program and issuance of a NOFA 161
 - f) Presentation, Discussion, and Possible Action on a request for an Extension of a deadline to submit documentation as a condition of a Housing Tax Credit Award for Application #14130, Tays, El Paso 57
- ITEM 6: APPEALS (deferred) 166
- Appeal of a denial recommendation for a HOME reservation participation agreement for Starr County

	7
PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS	123 167
EXECUTIVE SESSION	119
OPEN SESSION	119
ADJOURN	171

P R O C E E D I N G S

1
2 MR. OXER: Good morning, everybody. I'd like
3 to welcome you to the November 13 meeting of the Texas
4 Department of Housing and Community Affairs Governing
5 Board. We will proceed as we do.

6 Ms. Bingham?

7 MS. BINGHAM ESCAREÑO: Here.

8 MR. OXER: Mr. Gann?

9 MR. GANN: Here.

10 MR. OXER: Mr. McWatters is not with us.

11 MR. OXER: Dr. Muñoz?

12 DR. MUÑOZ: Present.

13 MR. OXER: I am here, and Mr. Thomas is not
14 here, so we have four, that's a quorum, we're in business.

15 Tim, lead us in the flag pledge.

16 (The Pledge of Allegiance and the Texas Pledge
17 were recited.)

18 MR. OXER: As a quick program note, Tim will
19 have a few things to say here in a minute, but as most of
20 you may know, we have two new members of the Governing
21 Board that have accepted their appointments: Tolbert
22 Chisum from the Beaumont area, and Mr. J.B. Goodwin, who
23 is a well-known Realtor here in the Austin area. They
24 are, as yet, unofficially on because they haven't taken
25 their oath of office and gone through their training, so

1 they'll be here for the December 18 meeting and we'll
2 introduce you then, and then the roll call will change, as
3 you might guess.

4 Let's see, who have we got? Bobby Wilkinson,
5 there he is.

6 Anybody else we need to ID here, Michael?

7 MR. LYTTLE: No, sir.

8 MR. OXER: Okay. Glad to have you with us
9 Bobby. You're going to have a new boss here coming up in
10 January, it looks like. We're hoping it's going to be
11 you; that's what we're thinking.

12 Do you want to make a note before we got into
13 the consent agenda?

14 MR. IRVINE: Yes, Mr. Chairman. I have one
15 comment on the consent agenda. Under item 1(e), this
16 covers the real estate analysis rules, there's been a fair
17 amount of discussion about the way that these rules are
18 applied and administered in connection with the cost
19 certification process, and I just want the Board to know
20 that we intend to initiate a roundtable to discuss these
21 late developing ideas more fully, and we'll quite likely
22 early in the new year be bringing back to you
23 recommendations for changes to these rules once they
24 become final. That's all.

25 MR. OXER: Any other thoughts from the Board on

1 the consent agenda?

2 (No response.)

3 MR. OXER: Jean, you have a point?

4 MS. LATSHA: Yes, sir. I just wanted to --

5 MR. OXER: Jean Latsha?

6 MS. LATSHA: I'm sorry. Jean Latsha,

7 Multifamily Finance director.

8 Mr. Lyttle has a couple of letters related to
9 item 1(o) which was recommendation for an inducement
10 resolution for Artist Lofts at Fort Worth Town Square. In
11 addition to the letters he read, we received several
12 emails and letters in support of that development as well.

13 MR. OXER: And that's for a development is it
14 this cycle?

15 MS. LATSHA: It's a 4 percent tax exempt bond
16 transaction.

17 MR. OXER: Okay. Do we need to get that in the
18 record here?

19 MR. LYTTLE: Yes, sir.

20 MR. OXER: Let's go ahead and get that one in
21 the record right quick.

22 MR. LYTTLE: Okay. The first letter is from
23 State Representative Nicole Collier, District 95:

24 "I am writing in regards to the application for
25 housing tax credits concerning the Artist Lofts at Fort

1 Worth Town Square. The Texas & Pacific Warehouse is
2 proposed to be converted into a high rise multifamily
3 housing community in the downtown area. The population of
4 Fort Worth and the surrounding area is growing rapidly and
5 there is tremendous need for affordable housing,
6 specifically in the downtown area.

7 "The estimated 500 apartments of the Artist
8 Lofts at Fort Worth Town Square are being offered to low
9 income households whose incomes do not exceed 60 percent
10 of AMI, and the development is designed to provide
11 occupancy preference to those who are involved in artistic
12 or literary activities, as provided under Section
13 43(g) (9) (C) of the Internal Revenue Code.

14 "The ability to live and work in a vibrant
15 eclectic community atmosphere will support Fort Worth's
16 goals for density, increased downtown residence, the arts,
17 urban design, open space and tourism. In addition, the
18 development will use a historic building as a business,
19 economic development and transportation generator. With
20 this project we will be able to offer affordable housing.

21 It does not have a full mixed income component, however,
22 the occupancy standards will likely create a diverse
23 residence population that will benefit Fort Worth.

24 "In light of the information I have received to
25 date, I stand in support of this application for housing

1 tax credits.

2 "Kindest regards, Nicole Collier."

3 The second letter comes to us from State
4 Senator Wendy Davis. It reads as follows:

5 "I would like to express my support for the
6 application for housing tax credits concerning the Artist
7 Lofts at Fort Worth Town Square, and adaptive reuse and
8 historic preservation of the iconic Texas & Pacific
9 Warehouse located in downtown Fort Worth, which is in
10 Senate District 10. The Texas & Pacific Warehouse is
11 proposed to be converted into an affordable high rise
12 multifamily housing community in the downtown area, which,
13 due to the high cost of land and construction, makes it
14 difficult to develop affordable housing for low income
15 persons wanting to live close by where they work.

16 "The population of Fort Worth and the
17 surrounding area is growing rapidly, and there is a
18 tremendous need for affordable housing, specifically in
19 the downtown area. This need is identified in the ten-
20 year strategic action plan for downtown Fort Worth
21 entitled "Plan 2023" which also supports the redevelopment
22 and historic preservation of the Texas & Pacific
23 Warehouse. Plan 2023 was adopted by the Fort Worth City
24 Council in December 2013 and endorsed by the Fort Worth
25 Transportation Authority November 21, 2013.

1 "The Artist Lofts at Fort Worth Town Square
2 will provide qualify affordable housing to those in need
3 and begin to satisfy the large demand for affordable
4 housing units. The development further supports the
5 area's transportation goals due to its proximity to the
6 TNP's TRE station which also will serve the TxRail
7 commuter station. This transit-oriented development will
8 potentially attract residents from other cities in the
9 Metroplex utilizing the commuter trains and other mass
10 transportation systems.

11 "The proposed apartments of the Artist Lofts at
12 Fort Worth Town Square are being offered to low income
13 households whose incomes do not exceed 60 percent of AMI,
14 and the development is designed to provide occupancy
15 preference to those who are involved in artistic or
16 literary activities, as provided under Section 42(g)(9)(C)
17 of the Internal Revenue Code. The ability to live and
18 work in a vibrant eclectic community atmosphere will
19 support Fort Worth's goals for affordable housing,
20 density, increased downtown residency, the arts, urban
21 design, open space, tourism and historic preservation. In
22 addition, the development will use a historic building as
23 a business, economic development and transportation
24 generator. It is an example of the most effective use of
25 housing tax credits.

1 "Although I recognize the project is proposed
2 without a full mixed income component, the occupancy
3 standards will create a diverse resident population that
4 will benefit Fort Worth. However, we also know that the
5 plans for its development remain in progress and will be
6 subject to further consideration and approval in public
7 meetings.

8 "Please know that the law firm of Newby Davis,
9 PLLC, in which I am a partner, represents Cleopatra
10 Investments, Ltd., an affiliate of the applicant, Artist
11 Lofts of FWTX, Ltd.; however, in this matter I am acting
12 in my capacity as a state senator for Senate District 10.

13 I give this application for housing tax credits my full
14 support.

15 "Sincerely, Wendy Davis, State Senator, Senate
16 District 10."

17 MR. OXER: Thanks. Anything else? Nothing
18 else irregular on this, Jean?

19 All right. Any other questions on the consent
20 agenda?

21 (No response.)

22 MR. OXER: Motion to consider?

23 MS. BINGHAM ESCAREÑO: So moved.

24 MR. OXER: Motion by Ms. Bingham to approve the
25 consent agenda.

1 MR. GANN: Second.

2 MR. OXER: Second by Mr. Gann.

3 Peggy, do you have another item to add?

4 MS. HENDERSON: Peggy Henderson, TDHCA,
5 registering public opinion for item 1(f) by Maria Allen,
6 City of Austin Health and Human Services Department. She
7 has submitted an email of comment:

8 "Thank you for accepting the public comment
9 form on agenda item 1(f) for tomorrow's TDHCA agenda.
10 Unfortunately, I will be unable to attend. As you may
11 know, the City of Austin Health and Human Services
12 Department submitted a public comment on the proposed rule
13 change to 10 TAC, Chapter 5, Subchapter A, 5.2(b)(13). In
14 response, TDHCA staff maintained their position that
15 declaration of income statements must be notarized for all
16 programs, despite acknowledging this is not a requirement
17 for the Community Services Block Grant. We wish to
18 register our opinion that the CSBG should be excluded from
19 this requirement as it has created unnecessary barriers
20 for the clients we serve."

21 Thank you.

22 MR. OXER: Thanks, Peggy.

23 Any other public comment?

24 (No response.)

25 MR. OXER: Okay. Motion by Ms. Bingham, second

1 by Mr. Gann, to approve the consent agenda. All in favor?

2 (A chorus of ayes.)

3 MR. OXER: Opposed?

4 (No response.)

5 MR. OXER: There are none; it's unanimous.

6 Let's go straight to the action items here.

7 MS. RODRIGUEZ: Excuse me. May I comment? We
8 had registered to comment on 1(f).

9 MR. OXER: Okay. It's a little late, but we'll
10 be happy to have your comment.

11 MS. RODRIGUEZ: We notified the clerk. I'm
12 sorry.

13 MR. OXER: Let me add a little housekeeping
14 point here. Everybody that comes to these meetings by now
15 should know that when we're addressing an item, including
16 consent agenda, those who wish to make comment sit in the
17 front row on this side. So that's just for those coming
18 beyond now, but we'll be happy to have your comment.

19 MS. RODRIGUEZ: My apologies.

20 MR. OXER: No problem.

21 MS. RODRIGUEZ: Good morning. My name is
22 Stella Rodriguez. I'm the executive director of the Texas
23 Association of Community Action Agencies, and I come
24 before you on behalf of our membership.

25 With respect to this agenda item 1(f), the

1 proposed amendments to 10 TAC, Chapter 5, Community
2 Affairs Programs, representatives from our network met,
3 reviewed, commented, we filed comments, and so we have
4 further comments to make. Many of our comments were not
5 accepted by the Department, but there are two that we want
6 to bring to your attention that are critical to our
7 network, it's in reference to 5.19, Income Eligibility.

8 The current rule includes a list of included
9 income and another of excluded income for the purpose of
10 an agency determining if a client is eligible for
11 services. The Department staff recommends removing the
12 included income list and expanding the excluded income
13 list. We disagreed with the recommendation and asked for
14 a finite list of included income. Staff's response was,
15 and I quote: "Staff has yet to find a finite list of
16 income inclusions. Since staff is unable to assemble a
17 finite list of income inclusions based on federal
18 guidance, staff recommends no changes to the rule based on
19 this comment."

20 There is federal guidance on what is included
21 income, and I refer to the federal HHS application for
22 states for the Low Income Home Energy Assistance Program.

23 In it there's the federal application, and it's included
24 in TDHCA's State Plan for 2015, approved by this Board at
25 the July 31, 2014 meeting, which reflects a list of what

1 is called countable income. On pages 9 through 10 of the
2 State Plan there's a list of boxes to check for countable
3 income. Texas's State Plan to the federal government
4 checked nineteen boxes but one was unchecked, per staff
5 recommendation to this Board -- and we agreed with it --
6 at the July 31 meeting.

7 The eighteen boxes are: wages, self-employment
8 income, contract income, payments from mortgage or sales
9 contracts, unemployment insurance, strike pay, Social
10 Security Administration benefits excluding Medicare
11 deduction, Supplemental Security Income, retirement,
12 pension, general assistance benefits, Temporary Assistance
13 for Needy Families, rental income, income from employment
14 through Workforce Investment Act, alimony, interest
15 dividends, royalties, commissions, Veterans Administration
16 with some exclusions, and there was an other list which
17 referenced workers comp and some military allotments, net
18 gamblings, lottery, et cetera.

19 So we recommend that the TAC mirror the 2015
20 LIHEAP federal application state plan to reflect these
21 sources of income for determining eligibility for the
22 programs in this rule.

23 Regarding the excluded income list, the
24 Department proposes to expand the list from nineteen
25 sources to forty-five. We don't think it is necessary to

1 expand the excluded list. Imagine a flyer sent out to an
2 assisted living home or an apartment building or an agency
3 not being able to include what is included income that is
4 required by the agency. The confusion would be immense
5 and time spent explaining to clients during a call or
6 intake would impede the quality and timeliness of our
7 processes. When clients call for assistance, we no longer
8 have a list of income to document and to tell them what to
9 bring to the application process so that we can verify
10 their income. If we don't have a list to provide clients
11 of what types of income documentation they need to bring,
12 imagine the results: no documentation.

13 Equally concerning is how compliance will
14 monitor our programs if it's not listed in the included
15 income. Our programs will be evaluated on what income was
16 not considered for determining eligibility. Logic
17 dictates we should be evaluated on what income was counted
18 for determining eligibility.

19 So we understand there may not be a finite list
20 but we ask that you at least include in the TAC a list of
21 included income which mirrors the LIHEAP state plan as
22 submitted to the federal government. We're not asking the
23 Department to abandon the excluded income list but rather
24 the Department recognize that without the included list,
25 subrecipients will be denied access to a reasonable

1 expectation of success.

2 The second issue is in reference to Social
3 Security disability income. That has been excluded --
4 rather, it has been included as countable income. It is
5 not part of the federal application to include SSDI, and
6 so we ask that the Department either reverse that action
7 to not include SSDI. What is happening is it is throwing
8 clients over the income guidelines and so we're having to
9 deny many, many clients based on this nominal amount that
10 they're receiving for SSDI which sometimes they use for
11 housing or other needs that they have. So either exclude
12 SSDI as countable income or raise the assistance
13 percentage up to 150 percent of poverty which is
14 allowable, this Department can do that, it's in the
15 federal guidelines that you can do that.

16 So these two are critical as to how we qualify
17 or disqualify clients for the much needed services like
18 bill payment assistance to the elderly and persons with
19 disabilities. Our mission is to assist clients, our
20 stakeholders expect us to help our vulnerable Texans, and
21 we see an issue that not only affects community affairs
22 programs but the housing programs as well. Often we ask
23 for low income citizens to choose between housing
24 obligations and their energy and nutrition needs. So we
25 ask you to please take action to address these two issues.

1 MR. OXER: Thanks for your comments, Stella.

2 MS. SWENSEN: Members of the Board, good
3 morning. Mr. Irving. It's been a while. Good to see all
4 of you.

5 I'm Karen Swensen. I'm the executive director
6 of Greater East Texas Community Action, based in
7 Nacogdoches and serving Angelina County. Good morning,
8 and I appreciate the opportunity to share comments in
9 relation to be proposed changes, particularly to 10 TAC,
10 Chapter 5, and many of these issues have already been
11 raised by Ms. Rodriguez previously.

12 I want to reiterate the critical importance of
13 the CEAP assistance program. LIHEAP federal money comes
14 to this state and it is a lifeline for many who are the
15 poorest of the poor. For elderly, disabled and families
16 with young children and the working poor, it makes the
17 difference in a house being dark or heat in the winter,
18 and today I think we can all understand how it would be if
19 you had to get up this morning to a house that was
20 bitterly cold and in the dark. Keeping the lights on
21 allows them to pursue their efforts and to pursue
22 employment opportunities, as well as to maintain health
23 and stability. Being warm in the winter and cool in the
24 summer is significant to the overall health.

25 In reference, I strongly encourage the use of

1 the income included that TDHCA submitted in their 2015
2 LIHEAP state plan, and this was referenced by Ms.
3 Rodriguez previously. Federal rules are complicated,
4 they're complicated enough. The federal plan requires
5 detail for what is included rather than excluded.
6 Uniformity should continue, as in the previous years,
7 explaining what should be included.

8 Our agency explains what is required by
9 guidelines to all of those who are potentially eligible,
10 but even at that, we still have a number of low income
11 folks who are very confused by this, and this excluded
12 language is going to further complicate this process.

13 In addition to that, GETCAP urges the federal
14 150 percent of federal poverty, and actually, part of this
15 actually caused my trip out here today. Yesterday I was
16 working in our office and one of the cases came in from
17 Diboll, Texas, and this little lady is 132 percent of
18 federal poverty. She's doing the best she can. To be 125
19 percent of federal poverty means that she has \$15,000 a
20 year or less -- it comes in just slightly under \$15,000 a
21 year, a little elderly lady, and we can't help her. She's
22 on a rural co-op and no one can help her.

23 For a family of two -- and we see a lot of
24 elderly disabled couples that are doing the best they can
25 on Social Security -- it's \$20,000 a year or less. That's

1 at 125 percent of federal poverty. I understand, friends,
2 that there is always going to be someone that falls over
3 the income guideline. Let the feds make that
4 determination. Let's go with what the feds require which
5 is we can go up to 150 percent of federal poverty.

6 I assure you that these funds are critical to
7 low income Texans. I know they are absolute life and
8 death for many of the folks that we serve in rural East
9 Texas. The feds make it complicated enough. Simplifying
10 and going with their guidelines is what we recommend. The
11 2015 LIHEAP state plan that was submitted by the TDHCA is
12 a good plan, it complies with the federal guidelines, and
13 we encourage the use of going by that federal plan as
14 closely as possible within the federal guidelines.

15 I strongly encourage you also to consider the
16 comments that TACAA has submitted. We have a very active
17 energy assistance CEAP committee that looks at this
18 statewide. Their comments are front-line. We're talking
19 about low income folks. This is the poorest of the poor
20 in our state, and unfortunately, we have far too many of
21 them.

22 Again, I thank you for this opportunity to
23 comment and would be glad to entertain any questions.

24 MR. OXER: Thanks, Karen. Any questions from
25 the Board?

1 (No response.)

2 MR. OXER: And despite the fact that the Board
3 has acted on this in terms of the consent agenda, is
4 Brooke here? There's Brooke. Have you got any thoughts?
5 Can you add any illumination to this at all? Hey, we're
6 throwing you a curve ball in the middle of the field here.

7 MS. GAMBLE: Good morning, Mr. Chairman and
8 Board. My name is Sharon Gamble. I'm the programs
9 manager in the Community Affairs Division at TDHCA.

10 MR. OXER: Good morning, Sharon.

11 MS. GAMBLE: Good morning. And I want to just
12 give a brief answer to the comments that were made this
13 morning.

14 When we drafted this rule, this part of the
15 rule is in the general section of the Community Affairs
16 Division rules. That means it's overarching for five of
17 the six programs that we have in the Community Affairs
18 Division, the Section 8 program being excluded, and so in
19 this rule it affects more than just the one program. The
20 commenters suggested that we use the list that's included
21 in the LIHEAP state plan. That state plan only fits one
22 program, that's the CEAP program, and so that is why we
23 don't use that list in this overarching rule because that
24 list doesn't apply to all of the programs that this rule
25 applies to.

1 As far as the excluded list versus the included
2 list, it is true we have yet to find a list that is an
3 exhaustive list of all of the included income. There's
4 always but what about this, but what about this. Whereas,
5 in looking at federal guidance, HUD puts out an excluded
6 incomes list and the Department of Energy also has an
7 excluded incomes list, and so we were able to put together
8 a list of the things that we know federal authorities
9 exclude as income. And so for us it's better to be able
10 to say we know that this is not included rather than have
11 a list that is basically incomplete as far as what can be
12 included. Essentially, if it's not on the excluded list,
13 then it should be included, and that's the bottom line.

14 MR. OXER: What we're essentially providing is
15 implicit guidance.

16 MS. GAMBLE: Exactly, and that will be made
17 clear to the network. And so essentially it does not
18 prohibit them from having a list of included income, they
19 can still use that, still provide that to their clients,
20 still provide that guidance.

21 MR. OXER: So it's included as long as we don't
22 say it's not included.

23 MS. GAMBLE: Exactly. So that's why we went to
24 the excluded list which we do believe is a better list.

25 MR. OXER: It allows the applicant more

1 latitude in finding income to consider?

2 MS. GAMBLE: It allows the applicant more
3 latitude. It also allows the subrecipients more latitude
4 because they don't have to say to us, okay, I have this
5 thing, it's not on the list, I need to ask about it, or I
6 will risk a finding because of this. It's very clear if
7 it's not in the excluded list then it should be included.

8 One of the commenters mentioned SSDI as a
9 source of income, and we are aware of the fact that this
10 does prohibit some people from receiving services. On the
11 excluded list that we referred to, Social Security income
12 is listed as a source of income that should be included or
13 that should not be excluded -- excuse me -- and it does
14 not differentiate between whether it is Social Security
15 retirement income or Social Security disability income.

16 MR. OXER: SSDI is then considered a subset of
17 SSI.

18 MS. GAMBLE: That's correct. I'll let her
19 answer that.

20 MR. OXER: In your perspective SSDI --

21 MS. GAMBLE: In my perspective, yes, we view it
22 as a financial benefit that's coming in to the family and
23 therefore it is income, as far as we view it. And I'll
24 let Stella answer that.

25 The last comment was on the 150 percent income

1 limit. Our CSBG program does have a 125 percent income
2 limit. We can take it up to 150 percent, we do have that
3 latitude. We keep it at 125 percent simply because the
4 LIHEAP statute requires us to provide the greatest
5 services to the households that have the lowest incomes
6 and the highest energy burdens, and with the limit at 125
7 percent, we're still only reaching a fraction of the
8 households in Texas that qualify at that income level, and
9 so to raise it would be to certainly bring in different
10 clients but it would not be meeting the intent of the
11 statute that says households with the lowest incomes and
12 the greatest energy burden.

13 DR. MUÑOZ: Sharon, I've got a question. How
14 much in real dollars are we talking about between 125 and
15 150? When you're that poor, what are we really talking
16 about? From my perspective, bringing in, that's good, if
17 more people qualify, great. So I mean, when you're that
18 poor, what are we talking about here, \$1,500?

19 MS. GAMBLE: Probably.

20 DR. MUÑOZ: Well, okay.

21 MS. GAMBLE: I'll just repeat, we do keep it at
22 125 percent to meet the intent of the statute. That's
23 what we're following.

24 DR. MUÑOZ: Summarize for me intent.

25 MS. GAMBLE: Well, the intent is just that the

1 greatest benefit goes to the households with the lowest
2 incomes and the highest energy burden. It may be
3 literally what it says, but I can send you the language.

4 DR. MUÑOZ: No, no. The 125 percent, 150
5 probably captures lowest income, highest energy needing
6 population.

7 MS. GAMBLE: Probably, yes; not completely but
8 probably.

9 The CEAP program is funded by Health and Human
10 Services. The other Health and Human Services program
11 that we administer is the Community Services Block Grant,
12 and that has been held at 125 percent, and so we keep --

13 MR. OXER: By whom?

14 MS. GAMBLE: By HHS. HHS has not raised that
15 limit forever.

16 MR. OXER: They just haven't raised the limit,
17 period.

18 MS. GAMBLE: Yes. And so we keep the CEAP at
19 125 percent so that it basically works smoothly with the
20 CSBG. Those programs work pretty hand in hand.

21 But those are my answers to their concerns, and
22 I can answer any questions that you have.

23 MR. OXER: So recognizing that if we did what
24 Stella and Karen have asked, it would have an impact and
25 you would bring in more and you would cover. Of course,

1 if we could add more money to every program we have, then
2 there would be more people that would be covered by it.
3 But part of what we have to do is maintain some
4 consistency across all the program management that we're
5 working on. Is that what I'm hearing you saying?

6 MS. GAMBLE: That's what I'm hearing you say --
7 I mean that's what you're hearing me say. I'm cold.

8 (General laughter.)

9 MR. OXER: I was trying to repeat what you're
10 saying.

11 MS. GAMBLE: My brain is frozen.

12 Yes, that is what I'm saying. We could raise
13 it to 150 percent, we would still be serving low income
14 Texans, people who need the services. I don't believe
15 that we would be serving the lowest income, just simply
16 because with people with higher incomes coming in, I just
17 think it would possibly crowd out some of those others.

18 MR. OXER: I'm going to tell you like I told
19 Walter a couple of years ago. Stand right there, take a
20 deep breath, breathe. Walter figured out how to do it and
21 he's got a project across the street from us.

22 What my question is how would increasing the
23 level to 150 percent exclude anybody that's already in it.

24 MS. GAMBLE: Increasing the levels would not
25 mean more funds, it would mean the same funds for the

1 organization.

2 MR. OXER: So you'd be spending more per unit.

3 MS. GAMBLE: Basically you'd have a larger
4 population of clients, basically, and so with a larger
5 population of clients but with the same funding.

6 MR. OXER: It's a lower number. I got it.

7 MS. GAMBLE: Somebody is going to get squeezed.

8 DR. MUÑOZ: But we wouldn't be the somebody, it
9 would be the subrecipients, they would allocate those
10 resources.

11 MS. GAMBLE: Correct. They would determine
12 which clients received the benefit.

13 DR. MUÑOZ: And they're indicating that they're
14 comfortable doing so.

15 I suppose my position is not on the sort of the
16 list question, which seems very reasonable and strategic
17 the way you've organized that, but one of the other points
18 that they made in terms of this sort of threshold. I
19 suppose in my math, when you're at that level of poverty,
20 a few hundred dollars this way or that way, if the non-
21 profits believe would be helpful to increase that range,
22 then why wouldn't we work to comply with that
23 recommendation?

24 MR. OXER: Well, they've got a certain number
25 of applications and a fixed amount of money. If they

1 increase the number of applications, it automatically
2 drops the amount of money available to each one of the
3 applicants.

4 MR. IRVINE: Or the number of applicants you
5 can serve.

6 MR. OXER: Or the number of applicants you can
7 serve.

8 MS. GAMBLE: The number of applicants you could
9 serve for sure. Yes.

10 DR. MUÑOZ: You've got people bringing you up a
11 couple of notes.

12 MS. GAMBLE: I know. Right? Crack team behind
13 me.

14 So in answer to the different question, for
15 2014 poverty income 125 percent is at \$19,662, and I
16 believe that would probably be for a family of two, and
17 150 percent is \$23,595, so it's a \$3,900 difference.

18 MR. OXER: About \$4,000.

19 MR. GANN: I had a question.

20 MR. OXER: Mr. Gann.

21 MR. GANN: Is the money equal in each different
22 agency? So they have their own monies basically allocated
23 to them?

24 MS. GAMBLE: That's correct. It's based on
25 several factors, one of which is the poverty population in

1 their service area.

2 MR. GANN: But I mean, it's possible that one
3 agency could use the 150 and serve more people with the
4 same amount of money. Am I wrong or right there?

5 MS. RODRIGUEZ: (Speaking from audience.) Yes.

6 MR. OXER: Hold on, Stella.

7 MR. GANN: And that's where I'm thinking, they
8 have that independence to decide which way it goes or
9 because they have more money they can do it that way for
10 some reason.

11 MS. GAMBLE: They do have that independence
12 locally. I think that what we seek to preserve is,
13 again -- well, not the intent of the statute but what's
14 written in the statute -- and I really wish I would have
15 brought it -- that says the lowest income households
16 served with the greatest benefit.

17 MR. IRVINE: I think the single example would
18 convey it the most impactful way: each agency is formula
19 allocated a certain amount of money and if it has the
20 authority to go to 150 percent and if the need far exceeds
21 the amount of money available, when you serve that 150
22 percent household, what that means is there is a 125
23 percent household that didn't get served.

24 MS. GAMBLE: Won't get served. That's correct.

25 And Megan will kill me if I don't say that if

1 we changed it we would have to amend our LIHEAP plan,
2 which is certainly doable, but that's just something to
3 consider.

4 MR. OXER: Okay. All right. Anything else?

5 (No response.)

6 MR. OXER: Megan, thanks. Welcome to the
7 kitchen. Megan, have you got anything you want to add to
8 this?

9 MS. SYLVESTER: Just that it would be possible
10 to amend the LIHEAP plan.

11 MR. OXER: And you are?

12 MS. SYLVESTER: Megan Sylvester, Legal
13 Services.

14 MR. OXER: That's what we thought.

15 MS. SYLVESTER: A possibility -- I don't want
16 to say for sure but it's a possibility that that would
17 delay their contract start date of getting the money out
18 because we have those scheduled to go out January 1.

19 MR. OXER: So this sounds like it's boiling
20 down to more or less procedural. And while we recognize
21 that there are more monies that would be available to more
22 people if we could put more money in more programs, as
23 we've pointed out on pretty much every program we've got,
24 we're not looking for opportunities to spend money, we're
25 looking for money to spend on those opportunities.

1 Thanks, Megan.

2 Stella, would you like to make a last comment?

3 MS. RODRIGUEZ: Please. I just want to clarify
4 that we're not saying to raise it at 150, we're asking up
5 to 150, so every agency has that flexibility. If someone
6 qualifies at the 125, 130, it's up to 150.

7 MR. OXER: So you're asking for latitude on
8 behalf of the agency, not management, on the disposition
9 of the funds.

10 MS. RODRIGUEZ: Yes, that and also to remind
11 that, yes, CSBG is capped at 125 percent of poverty but
12 our other weatherization program under the Department of
13 Energy is capped at 200 percent of poverty, so we already
14 juggle locally whether a client is going to qualify for
15 this program at 125 percent, 150 percent, or up to 200
16 percent. So we already juggle that.

17 And also, a clarification on the SSDI, the way
18 it is listed in the plan and in the federal application,
19 it's Social Security Administration, and then it has
20 excluding Medicare deduction, and then there's
21 supplemental security income. It's spelled out, two
22 different line items. Supplement security disability
23 income is not included in here, so it doesn't fall under
24 the caveat of SSA.

25 MR. OXER: Okay. Your comments are noted.

1 Karen, anything else? You can say yes, you
2 agree with her, and that will be fine.

3 MS. SWENSEN: I concur with everything that she
4 said, but I do want to stress 150 percent is poor, and we
5 already do that energy burden. The lady that I was
6 talking about yesterday, her electric bill was \$198, and
7 on that kind of income, that's a lot of money. So this
8 does matter, it definitely does.

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

10 The item has been addressed in the consent
11 agenda, your comments are noted. I think staff will take
12 those into account and we'll see what we can work out. As
13 every one of these programs tends to be, it's a work in
14 progress, so nothing is carved into steel.

15 MS. RODRIGUEZ: Just one last comment. I'm
16 sorry.

17 MR. OXER: That's okay.

18 MS. RODRIGUEZ: Stella Rodriguez.

19 I would hope that when we have some major
20 changes of this nature that if we could meet and talk
21 about it first, because we filed our comments on Monday
22 and so they were posted in the Board book on Thursday.
23 There really wasn't much time to have dialogue because we
24 didn't see the response until when it was posted. So if
25 we could have some discussion about it before, I think

1 that we could iron out a lot of the issues.

2 MR. OXER: I think it's been evident, certainly
3 some of the major programs that we have, that the staff is
4 enormously receptive to comments, and I'm sure Brooke will
5 entertain yours, and Sharon, so we'll make sure that that
6 happens.

7 Well, with that, just as a matter of
8 housekeeping, we've got a pretty extensive agenda today.
9 I think you hear Annette is running a clock. We're going
10 to have to run a hard clock for any of the long comments
11 that we have on the long items, and for a couple of these
12 if there's a group that has an interest in making comment
13 en banc, so to speak, we're going to ask you to collect
14 among yourselves those comments and have one or two of you
15 make those on behalf of the entire group when we get to
16 those.

17 Did you tell me there's a group here that wants
18 to make a comment? We have several things here, we're at
19 risk of losing our quorum late this afternoon, I'd like to
20 take these in the order of the ones that have to get taken
21 care of, that we don't have an option on.

22 MR. IRVINE: I was given to understand that
23 there was a large group that had come from out of town to
24 address a matter that would be under general public
25 comment. Is there such a group here?

1 MR. OXER: From El Paso, raise your hand.

2 (No response.)

3 MR. IRVINE: Well, if they're not here, they're
4 not here.

5 MR. OXER: All right. Well, let's get with it
6 then. Let's go to item 2.

7 MR. IRVINE: Thank you, Mr. Chairman. Since
8 item 2 actually involves introducing a new person, I'm
9 going to insert here a couple of comments about some other
10 people.

11 First of all, I'm very sorry that the
12 Department will be losing Cari Garcia, our director of
13 Asset Management. I believe today is your farewell party
14 late in the day. You've been wonderful. Thank you so
15 much.

16 I'd like to introduce some new folks.

17 MR. OXER: I just want to know who else has
18 been cherry-picking off of our staff.

19 (General laughter.)

20 MR. IRVINE: Monica Galuski is our new director
21 of Bond Finance. We're thrilled to have Monica with us.
22 Welcome. Good morning. Big job.

23 And I've also made a change, a personnel change
24 within the staff. Cameron Dorsey has been designated on
25 an interim basis as my chief of staff. I just did it on

1 an interim basis because I want to see how it works and
2 fine tune it as it goes. I have no reason to believe it
3 won't become permanent, unless I drive him crazy. And I
4 hope you'll notice he's in the back of the room and it
5 gets him to wear a tie.

6 (General laughter.)

7 MR. IRVINE: Those are some personnel changes.

8 Now, with respect to item 2, I would like to
9 introduce Mark Scott as my recommendation, the person I
10 would like to appoint as director of Internal Audit.
11 Mark, if you could say hi to everybody.

12 I'd also really like to thank Betsy Schwing for
13 stepping in on the interim basis and doing a wonderful
14 job, fantastic. It's great to have a deep bench.

15 So Mark is our recommendation, and if you'd
16 like to come make any introductory remarks. As you're
17 making your way, I'll say that Mark has got about twenty-
18 five years of experience in internal audit. He's been
19 with the Alcoholic Beverage Commission, he's been with the
20 Health and Human Services Commission, he's been with the
21 Texas Facilities Commission and its predecessor agency,
22 Texas Buildings and Procurement. He's a certified public
23 account, he's a certified internal auditor, and I believe
24 you have a certification also in information systems
25 auditing. He's got a lot of experience with control self-

1 assessments and other types of consulting arrangements.

2 We had a pretty extensive interview process, we
3 had a lot of really fine candidates. Brooke and Barbara
4 and I were the first interview team, and then we narrowed
5 the field down, and the last couple of folks were
6 interviewed by the entire executive team, and this is the
7 guy we're recommending.

8 MR. SCOTT: Thank you very much. I want to
9 say --

10 MR. OXER: And here's the first thing you have
11 to learn: say who you are and what you do.

12 MR. SCOTT: Yes. I'm Mark Scott. I'm the
13 applicant, and I think this agency has a great mission and
14 I'm very excited about getting started, and I want to
15 thank you very much for the opportunity. I want to thank
16 everybody here also. And that's all I have to say.

17 MR. OXER: What do we need to do procedurally
18 here?

19 MR. IRVINE: You just have to approve my
20 appointment.

21 MR. OXER: Since this is an audit position, I
22 will defer any comments to our Audit Committee chairman.

23 MS. BINGHAM ESCAREÑO: I'd like to make a
24 motion to approve the executive director's appointment of
25 Mark Scott as director of Internal Audit.

1 MR. OXER: Motion by Ms. Bingham.

2 MR. GANN: I'll second the motion.

3 MR. OXER: And a second by Mr. Gann, who is
4 also on the Audit Committee.

5 Is there any public comment?

6 (No response.)

7 MR. OXER: See, you have to stand there with
8 your back to the audience. You don't get to see who
9 throws the arrows at you.

10 (General laughter.)

11 MR. OXER: Motion by Ms. Bingham, second by Mr.
12 Gann, to approve the executive director's appointment of
13 Mark Scott as the auditor. All in favor?

14 (A chorus of ayes.)

15 MR. OXER: Opposed?

16 (No response.)

17 MR. OXER: Of course there are none.

18 Mark, welcome aboard. You'll soon find that
19 your irreverence will play well in this shop.

20 MR. SCOTT: Thank you very much.

21 (Applause.)

22 MR. OXER: Brooke, have you got one? You're
23 sending in your subs to soften us up. Is that what it is?

24 MS. MOORE: Good morning, Chairman Oxer, Board.
25 My name is Kate Moore.

1 MR. OXER: Hi, Kate.

2 MS. MOORE: I'm the Section 811 manager,
3 reporting directly to Brooke Boston, deputy executive
4 director.

5 We're here for agenda item 3 to ask for
6 approval of program selection guidelines for the 2015 9
7 percent housing tax credit applicants who choose to place
8 their Section 811 PRA units in existing properties.

9 Before I get into the specifics of this agenda
10 item, I want to refresh you on the importance of the
11 Section 811 program, its background, and the efforts that
12 have gone into bringing this program to fruition. As you
13 may recall, in February 2013, the U.S. Department of
14 Housing and Urban Development, or HUD, announced that
15 TDHCA was one of thirteen states selected to participate
16 in the first ever Section 811, Housing for Persons with
17 Disabilities Project Rental Assistance Program, that's a
18 demonstration program from HUD.

19 This was designed by HUD and the Federal Health
20 and Human Services Department specifically as an effort to
21 look outside the more commonly used supportive housing
22 model and consider a different approach. This new Section
23 811 PRA demonstration is designed to assist specific hard
24 to serve populations through the provision of project-
25 based vouchers. The vouchers expand integrated supportive

1 housing opportunities for people with the most significant
2 and long-term disabilities and was the centerpiece of the
3 Frank Melville Supportive Housing Investment Act of 2010.

4 The award of \$12 million is anticipated to
5 provide approximately 300 to 400 project-based vouchers
6 for extremely low income Texans with disabilities. The
7 demonstration nature of the program focuses on a strong
8 partnership with the Health and Human Services Commission
9 and some of the agencies it oversees to contribute to the
10 clients' needed services.

11 Discussion about whether and how Texas would
12 pursue the Section 811 program began in 2011 when TDHCA
13 was awarded a Real Choice Systems Grant with the Texas
14 Department of Aging and Disability Services, or DADS.
15 TDHCA has a very strong and longstanding relationship with
16 DADS. The grant enabled us to coordinate with key
17 stakeholders, including the array of state health and
18 human services agencies, housing developer advocates,
19 legislatively created oversight committees and people with
20 disabilities on how best to design the program.

21 In addition, TDHCA consistently receives public
22 comment on the need to create affordable housing
23 opportunities for extremely low income households.
24 However, even as other funding streams at TDHCA continue
25 to contract, greater pressure is placed on the Department

1 to provide those housing opportunities. Achieving those
2 efforts for these hard-to-serve populations is
3 particularly challenging because of the high subsidies
4 required to serve this population. The Section 811
5 program is a unique opportunity for Texas to access funds
6 we would otherwise not have access to

7 I want to acknowledge our health and human
8 service partners in the room. This is not only a
9 contractual partnership but also a partnership of state
10 agencies that are committed to making this program work.
11 We have two of our partners here. Laura Gold -- if you
12 want to wave -- she's with the Department of Aging and
13 Disability Services. DADS is serving as the lead state
14 agency for the health and human services and they've been
15 a wonderful partner to us on this program. The Department
16 of State Health Services is represented by Anna Sonenthal,
17 and she's here today as well. So we thank them for this
18 continued partnership. There are other state agency folks
19 that couldn't be here today, but it's really been a really
20 wonderful collaborative partnership between state
21 agencies.

22 Based on a variety of reasons, we have always
23 been aware that the success of the 811 grant in Texas
24 would require active participation in the tax credit
25 program, and only through its inclusion in the QAP could

1 the program be reasonably expected to succeed.

2 So that leads me back to the agenda item. As
3 you heard discussed in September, as you adopted the draft
4 2015 QAP for public comment, staff included in that draft
5 a scoring item that provides an option for 2015 9 percent
6 housing tax credit applicants to participate in the
7 state's Section 811 Project Rental Assistance program.
8 You may hear some opposition to this later, but I would
9 like to emphasize that this item is a scoring item and
10 therefore a choice of applicants, not a mandatory
11 threshold item. You will see that the 811 point item is
12 still included in the 2015 QAP being presented for your
13 consideration and adoption today. My item is correlated
14 to the QAP, which Jean will cover later under agenda item
15 4(a).

16 For the 811 QAP scoring item, we have developed
17 a mechanism for applicants to qualify for points in the
18 2015 QAP either through their 2015 competitive application
19 property or through placing those 811 units in an existing
20 property within the applicant's portfolio. The ability
21 for applicants to place units in an existing property is a
22 win-win for the program and the applicants. The program
23 can access more units quickly in existing properties will
24 result in many of the Section 811 PRA property development
25 requirements for new construction and rehabilitation to be

1 inapplicable.

2 As you will recall, at the September Board
3 meeting you, Dr. Muñoz, and Chairman Oxer wanted careful
4 consideration of the qualities of the properties that
5 might be used. TDHCA has created criteria that are
6 anticipated to ensure that the existing properties used
7 for this purpose are high quality existing properties by
8 requiring high standards for physical inspection and
9 occupancy rates. This includes a recent UPS inspection
10 score of an 80, an occupancy rate of 85 percent. In
11 addition, existing properties cannot have been awarded
12 before 2002 and must be within a quarter mile of public
13 transportation or provide free transportation to a bus
14 stop.

15 We held a roundtable on September 30, and at
16 that roundtable there was quite a bit of discussion
17 regarding the proximity of the transportation, and staff
18 believe we have found a middle ground that as best as
19 possible for the varying perspectives that were brought up
20 on that issue.

21 The existing properties with these
22 characteristics will create a balance of properties, along
23 with those properties in the newly awarded in the 2015 9
24 percent tax credit round, that will help the Department to
25 meet the goals of the program. Department staff

1 anticipate that allowing applicants for the 9 percent
2 housing tax credit program to place Section 811 PRA units
3 in existing properties will allow the Department to serve
4 tenants starting in 2015 and provide a certain number of
5 properties with close proximity to transit which some
6 Section 811 tenants will need.

7 If this item and inclusion of the points in the
8 QAP are adopted today, our next step for this policy will
9 be to provide applicants the means for preapproval of
10 these properties by accepting submissions from potential
11 2015 9 percent housing tax credit applicants. We will
12 screen those existing properties to determine if they meet
13 guidelines in this policy. Housing tax credit applicants
14 will then be confident that they have an approved existing
15 property before their housing tax credit application is
16 submitted.

17 In addition, I have a technical correction to
18 the agenda item. On page 6 a couple of the metropolitan
19 statistical names need just technical corrections to be
20 consistent with OMB definitions. The Austin-Round Rock-
21 San Marcos MSA needs to be edited to take out San Marcos
22 to just read Austin-Round Rock MSA. The Houston MSA
23 should read the Houston-Woodlands-Sugar Land, instead of
24 Houston-Sugar Land-Baytown.

25 And I'm happy to answer any questions that you

1 have.

2 MR. OXER: Any questions from the Board?

3 (No response.)

4 MR. OXER: Do I have a motion to consider?

5 MS. BINGHAM ESCAREÑO: I'll move approval of
6 staff recommendation.

7 MR. OXER: Motion by Ms. Bingham to approve
8 staff recommendation.

9 MR. GANN: Second.

10 MR. OXER: And a second by Mr. Gann. Any other
11 questions?

12 (No response.)

13 MR. OXER: Okay. We have public comment. And
14 as a reminder to everybody that comes up, make sure you
15 identify yourself and sign in.

16 MS. CORDRY: Chair and members, good morning.
17 My name is Joanna Cordry and I'm the planning coordinator
18 for the Texas Counsel for Developmental Disabilities.

19 TCDD is established by federal law and is
20 governed by a 27-member board appointed by the governor.
21 Sixty percent of our members are either adults who have
22 developmental disabilities or they're parents of
23 individuals with developmental disabilities. The
24 council's purpose in law is to establish policy change so
25 that people with disabilities have opportunities to be

1 fully included in their communities and to exercise
2 control over their lives.

3 TCDD wishes to express our support for action
4 item 3 that establishes program selection guidelines for
5 2015 housing tax credit applicants who wish to participate
6 in the 811 supportive housing program. We understand that
7 the current proposal will allow developers to use new
8 development tax credits to place 811 units in existing
9 properties that are in close proximity to public
10 transportation. This would allow the 811 program to start
11 next year rather than wait for the construction of new
12 developments.

13 TDHCA staff held two meetings with developers,
14 staff of state agencies related to long-term services and
15 supports and protective services and disability advocates
16 to consider how to incentivize tax credit developers to
17 participate in the 811 program. Because of these
18 productive meetings, stakeholders were able to address
19 misconceptions about developer responsibilities in the
20 provision of long-term services and supports -- they have
21 no responsibilities in that area -- and able to address
22 myths about the people who will benefit and concerns about
23 burdensome requirements for a provider of project rental
24 assistance.

25 People with intellectual developmental and

1 mental health disabilities already live in tax credit
2 developments, they already receive Medicaid or privately
3 funded services and supports. These services will be
4 provided by local providers, not the property owner. The
5 811 program is different only because it's the first
6 federal stand-alone project-based rental assistance
7 project.

8 The Texas Council appreciates the efforts of
9 TDHCA and your staff to prioritize deeply affordable
10 housing for extremely low income individuals with
11 disabilities and youth in foster care, and we strongly
12 recommend that TDHCA and tax credit developers give the
13 Section 811 program and people with disabilities a home.
14 And thank you for your service to Texas.

15 MR. OXER: Okay. Is there any questions for
16 Joanna from the Board? I have a question. One of the
17 things that we're -- and Kate, come back up because I want
18 to hear something on this -- what we're essentially saying
19 is we're implementing this early. What would be different
20 from what we're doing now?

21 MS. MOORE: Well, this particular agenda item
22 will give us the ability to place -- it will give the
23 applicants for the 2015 9 percent tax credit round --

24 MR. OXER: The next round coming.

25 MS. MOORE: -- the next round coming, to place

1 their units in an existing property that's in their
2 portfolio.

3 DR. MUÑOZ: So they ask for the credits in the
4 application, and if they're awarded they make immediately
5 available units in existing.

6 MR. OXER: In another place they already have.

7 DR. MUÑOZ: Right away rather than a year and a
8 half out.

9 MS. MOORE: Exactly.

10 DR. MUÑOZ: But if I read the insert correctly,
11 sort of the requirements of the room, they're very high
12 standards, they have to have very specific characteristics
13 in order to qualify for this kind of use.

14 MS. MOORE: Yes. And so we took your feedback
15 and we created criteria that we believe will bring in high
16 quality existing properties, and we think it will be a
17 benefit, in addition, that will allow us at least some
18 properties that will be available in 2015. We anticipate
19 being able to approve these existing properties before the
20 applications would be due for 9 percent, so that once an
21 applicant goes in, they will know whether their existing
22 property is approved by the Department or not.

23 MR. OXER: And the ones that are preapproved
24 that an existing developer decides they'll accept 811
25 vouchers and they set aside a certain number of rooms in

1 an existing facility, would there be any upgrades required
2 to those facilities to accept that?

3 MS. MOORE: No.

4 MR. OXER: And so the point of the item is that
5 to define that 811 property or those that are available
6 for the 811, they would be preexisting, or what?

7 MS. MOORE: Yes. So they will be preexisting
8 properties that might be already managing and have as a
9 part of their portfolio.

10 MR. OXER: That's right, but the rooms
11 themselves would not necessarily be -- is there anything
12 that makes the individual units available on this program
13 in the existing facilities any different than anything
14 that would come into the new facilities to be built later
15 on?

16 MS. MOORE: No.

17 MR. OXER: Okay. That was the question.
18 Anything else?

19 MS. BINGHAM ESCAREÑO: I had a question for
20 Joanna. Are there any specifics in these proposed program
21 requirements that you hold most important or that are most
22 key to you?

23 MS. CORDRY: I'd like to say that I'm the
24 planning coordinator and I am here in part because this
25 issue is extremely important to the council. Obviously,

1 affordable, accessible, integrated safe housing is
2 important to people with disabilities. I can't answer
3 your specific question because I'm not our housing expert,
4 but I would be glad to get back with you as soon as I can,
5 probably when I get back to the office, about whether or
6 not there's anything specific.

7 MS. BINGHAM ESCAREÑO: I think that's okay. It
8 was just anticipating comment and wanting to know what was
9 most important, but we'll listen to comment.

10 MS. CORDRY: Thank you.

11 MR. OXER: All right. We've had a motion by
12 Ms. Bingham and second by Mr. Gann. Is there other public
13 comment?

14 MS. LANGENDORF: Good morning. I'm Jean
15 Langendorf with Disability Rights Texas. I have a letter
16 here from one of our supervising attorneys.

17 Disability Rights Texas is the federally
18 designated legal protection and advocacy agency for people
19 with disabilities in Texas. Our mission is to help people
20 with disabilities understand and exercise their rights
21 under the law, ensuring their full and equal participation
22 in society. The Texas Department of Housing and Community
23 Affairs with this program is offering housing resources to
24 those most in need, those exiting institutions. The lack
25 of resources for housing for those individuals has been

1 identified as a crucial, crucial issue, and we applaud the
2 Department and the Board for approving the application,
3 albeit several years ago, and we know this has been a work
4 in progress, and hopefully there's going to be more units
5 coming.

6 We are here today in support of those
7 guidelines. Transportation is a big issue as far as
8 anything that's very specific. And we also want to say
9 the actual guidelines in allowing units to become
10 available earlier is very, very beneficial to this program
11 and to those individuals. We know at least on one of your
12 own waiting lists that you have, I believe, over 125
13 individuals waiting to move out of an institution, and
14 this program would offer them the opportunity to move out.

15 We support these guidelines, we support it
16 being in the QAP, obviously, and we feel it is imperative
17 that it be in the QAP and included as a scoring incentive
18 so we can have some of these units to address what you all
19 have which is to us in the community a gold mine when you
20 have these units that have subsidies that come along with
21 them. So just want to encourage you all to consider what
22 the staff has presented to you.

23 MR. OXER: Okay. Thanks, Jean.

24 Are there any other comments? Is anybody
25 opposed to this?

1 MS. DEANE: Mr. Chair, let me just mention that
2 you might have seen a letter offered to Michael to pass
3 out, but it's my understanding that this was not given to
4 staff ahead of time, in terms of our public comment rule,
5 so it would be strictly up to the chair as to whether or
6 not you would want to accept it at this time.

7 MR. OXER: At this point, it doesn't appear
8 that it's going to go contrary to what the Board is
9 inclined to consider, so let staff keep it for this point.

10 Yes, and you are?

11 MS. LEA: Good morning. My name is Jemila Lea.
12 I'm a policy fellow at the Hogg Foundation for Mental
13 Health and an attorney. I just want to thank you for the
14 opportunity to provide public comment.

15 The 811 Project Rental Assistance program
16 should be supported with a scoring option in the 2015 Tax
17 Credit Qualified Allocation Plan for owners that choose to
18 participate through application on an existing property.
19 As you all know, affordable housing is a primary barrier
20 for individuals with disabilities living in the community.

21 The 811 demonstration program is modeled on the Project
22 Access program that has served to transition individuals
23 from institutions. There are still many individuals on
24 the Project Access voucher waiting list waiting to be
25 relocated into the community. This program could assist

1 many individuals with disabilities living in institutions,
2 individuals with serious mental illness, and youth with
3 disabilities exiting foster care.

4 Allowing points for developers who participate
5 in the Section 811 program will support the targeted
6 population for this demonstration project in accessing
7 affordable housing in their communities, including
8 individuals with serious mental illness that are engaged
9 in services but face challenges due to housing
10 instability. Developers receiving tax credits should be
11 encouraged to continue the mission of preservation of
12 affordable housing for low income individuals through
13 participation points in the 811 program allocated.

14 Thank you.

15 MR. OXER: Great. Thanks for your comments.

16 Any questions from the Board?

17 (No response.)

18 MR. OXER: Peggy, do you have one to add?

19 MS. HENDERSON: Peggy Henderson, TDHCA,
20 registering public opinion for Tanya Lavelle, Easter Seals
21 Central Texas for agenda item number 3, for staff
22 recommendation. And registering opinion for Cate Graziani
23 with Mental Health America of Texas on agenda item 3, for
24 staff recommendation.

25 MR. OXER: Okay. Thank you.

1 Anybody else have anything to say?

2 (No response.)

3 MR. OXER: Item number 3, have a motion by Ms.
4 Bingham, second by Mr. Gann. All in favor of staff
5 recommendation?

6 (A chorus of ayes.)

7 MR. OXER: And those opposed?

8 (No response.)

9 MR. OXER: We'll take that as a positive sign,
10 those opposed there are none; it's unanimous. Thank you.

11 Okay. Let's go on to number 4 here. This is
12 in the supplement.

13 MS. LATSHA: Good morning. Jean Latsha,
14 director of Multifamily Finance.

15 If the Board would indulge me, I'd like to make
16 a request in behalf of El Paso Housing Authority. They
17 have some flights to catch and we have, I assume, a pretty
18 quick agenda item, number 5(f), that I think they'd like
19 to hear.

20 MR. OXER: That's why I was asking if they were
21 here earlier because we wanted to give them the
22 opportunity to make their point. Have they arrived?

23 MS. LATSHA: I think that was a different set
24 of folks that we were talking about earlier, from El Paso
25 but on a different subject.

1 MR. LYTTLE: Mr. Chairman, if I may.

2 MR. OXER: Yes, Michael.

3 MR. LYTTLE: Michael Lyttle, TDHCA staff.

4 Terri Roeber from our staff did indicate to me
5 that the folks from El Paso that want to provide comment
6 at the end of the meeting on a non-listed agenda item were
7 here, have gone away, but they're expected to be checking
8 back.

9 MR. OXER: All right. This is going to be
10 rough balancing the agenda and the quorum today, so we're
11 going to work until lunch, lunch is going to be short, we
12 have practically no -- well, actually, we have no
13 executive session. It would be very short to begin with,
14 if at all. So we'll have a half hour for lunch, we'll
15 take the folks that want to make public comment on an
16 item, we'll take that immediately after lunch. That way
17 it will give them some certainty of when we'll be back.
18 We'll plan to stop for lunch no later than 12:30 so we can
19 be back in our chairs at one o'clock. They're here.

20 Jean.

21 MS. LATSHA: And although both groups are from
22 El Paso, I think these are different issues, so item 5(f)
23 is, I believe, separate from what the other folks from El
24 Paso would like to speak about. The El Paso Housing
25 Authority, it's their agenda item that is 5(f), and

1 they're the ones that have requested to just hear that
2 really quickly.

3 MR. OXER: So your request is to bring 5(f) to
4 the front.

5 MS. LATSHA: Yes, sir.

6 MR. OXER: Are you okay with that?

7 MS. LATSHA: Absolutely.

8 MR. OXER: All right. As chair I get to do
9 that, so we'll take 5(f).

10 MS. LATSHA: So 5(f) is about an application
11 for Tays 14130 in El Paso. You may recall you heard about
12 this development at the July meeting. Staff had some
13 concerns with the development site and its eligibility, so
14 the Board ultimately found the site eligible but
15 conditioned the award on the receipt of a letter from the
16 appropriate officials at HUD to speak on fair housing
17 issues. That letter was due on November 3 and they
18 haven't been able to obtain it, but I understand there's
19 been quite a bit of back and forth with the office. We've
20 actually spoken with them as well, so staff is
21 recommending that we extend that deadline to December 10.

22 The December 10 date is so that if for some reason they
23 were unable to meet that deadline as well, we would still
24 have time to bring it to the December Board meeting and
25 possibly discuss it again.

1 Basically, the story is the same: if we were
2 to get the credit back before the end of December, we
3 would reallocate it in this cycle; if they were ultimately
4 unable to meet a deadline that extended past into 2015,
5 then we would still reallocate the credit, we would simply
6 reallocate it in the next cycle. So the recommendation is
7 extension to December 10.

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

10 (No response.)

11 MR. OXER: Motion to consider?

12 DR. MUÑOZ: So moved.

13 MR. OXER: Motion by Dr. Muñoz to approve staff
14 recommendation on item 5(f).

15 MS. BINGHAM ESCAREÑO: I'll second.

16 MR. OXER: And second by Ms. Bingham.

17 It looks like we've got somebody who wants to
18 say something. Everything good? Smart thinking.

19 Anybody else?

20 (No response.)

21 MR. OXER: Item 5(f), motion by Dr. Muñoz,
22 second by Ms. Bingham, to approve staff recommendation.

23 All in favor?

24 (A chorus of ayes.)

25 MR. OXER: Opposed?

1 (No response.)

2 MR. OXER: There are none. Congrats, you got
3 it. I think December 10 is going to be a drop dead date,
4 though.

5 Anything you want to say, Juan?

6 DR. MUÑOZ: That's what I was going to say.

7 MS. LATSHA: So item 4 then?

8 MR. OXER: Is that where we were? Yes, let's
9 go to item 4(a).

10 MS. LATSHA: The first one is Chapter 11.

11 MR. OXER: Let me get this question back up on
12 here. Is the bus team that showed up from El Paso, are
13 they here, are they planning to come back, or do we have a
14 way to get a message to them? No, no and no, I gather.
15 Well, if they're listening in, somebody will be listening
16 in, we'll plan to hear their contribution or comments
17 immediately after lunch. We'll take that out of order so
18 that they can have an opportunity. We appreciate that
19 they've come this far to make their comments, so we'll
20 hear them first thing after lunch which should be very
21 close after one o'clock.

22 Okay, Jean, 4(a).

23 MS. LATSHA: Yes, sir. So item 4(a) is staff's
24 presentation of a final draft of Chapter 11, the Qualified
25 Allocation Plan, so that it could be approved and sent on

1 to the governor for final adoption.

2 So one thing I want to say, it was funny, I was
3 looking back at some transcripts from last year and I saw
4 all of the praise that Cameron was giving Teresa, and so I
5 have to stand up here and do the same thing. I think
6 people see Cameron and I up here a lot, talking about
7 rules and things like that for the last couple of years,
8 and I think Cameron might agree with me in that I can
9 probably sometimes function without him and him without
10 me, but neither of us could do this without Teresa,
11 there's no way. So thank you to Teresa for all of her
12 work on this, it's really quite amazing.

13 So one thing really quickly, the one thing that
14 did change this year, and we discussed this at the July
15 meeting and at the September meeting as well, was that
16 this was presented as an amendment to the rule and not a
17 repeal and replace. This was in an effort to keep the QAP
18 much the same as it was last year.

19 MR. OXER: Essentially reflecting all the work
20 that's been put into it the last couple of years to get it
21 up and sort of polished up a bit.

22 MS. LATSHA: Yes. So what you do see in your
23 reasoned response, in staff's reasoned response is the
24 response to comment that was received on those amended
25 sections. We did receive comment on some of the sections

1 that were not amended, particularly on cost per square
2 foot, the leveraging scoring item, commitment of
3 development funding from local political subdivision. We
4 did review all of that comment too. I don't think that
5 staff's recommendations would have changed at all as a
6 result of that comment.

7 So a few things that we did change as a result
8 of the comment, first I'll talk about 811 just very
9 briefly.

10 MR. OXER: Hold on just for a second, Jean.

11 This is an important item, I know that, so just
12 for the record, anybody that wants to say anything sit in
13 those chairs right there, because if there's nobody in
14 them, there's not going to be any public comment.

15 MS. LATSHA: I was so hopeful for a moment.

16 MR. OXER: What troubles me is a number of the
17 regulars that are coming out of their seats to get up
18 here, you guys knew this, didn't you?

19 Go ahead, Jean.

20 MS. LATSHA: Sure. So a few things that did
21 change, and these are changes from the September draft to
22 now. I'm not going to repeat what we changed up to
23 September. So 811, you'll see a lot of red in there. It
24 looks like that changed substantially, it actually didn't.
25 That was a lot of cleanup language just to help us

1 explain a little bit further and have the rule match what
2 the 811 folks were doing with respect to those existing
3 developments. The concept of the rule is very much the
4 same, with one exception, and that is that supportive
5 housing developments are not required to participate in
6 the 811 program in order to achieve those points.

7 One of the other significant changes, which
8 actually we didn't change from September to now, but it
9 garnered quite a bit of discussion, was the lifting of the
10 elderly restriction in some subregions and counties. This
11 garnered a lot of discussion in staff too. I'll say
12 really quickly that when we imposed that restriction, that
13 was a snapshot of a relevant piece of data, a piece of
14 data that's still relevant now, and although we're
15 cognizant of that data with respect to the number of units
16 that are in these regions and the number of eligible
17 elderly households, there's other data that we looked at
18 as well this year, population trends, the need to serve
19 persons with disabilities, and where we landed was lifting
20 that restriction, and so in the proposed draft that
21 restriction does not exist.

22 We also added some language to our new
23 provision which is our force majeure provision which
24 allows developers to return credits and get it back in
25 cases where they have started construction, and we all

1 heard about one very specific example where you're halfway
2 through construction and your development breaks down, a
3 tornado comes and wipes it out, events like that that are
4 clearly very outside of the development owner's control,
5 so that they would be able to return that credit and get
6 it back in the next cycle.

7 With respect to the opportunity index, we did
8 make one relatively significant change, especially to some
9 school districts out there that have choice school
10 programs. We looked at this pretty extensively and where
11 the rule was pretty tight last year and we would have had
12 to look at the lowest rated school when looking at choice
13 programs, we have decided to look at the district rating
14 instead in cases where tenants can choose which school.
15 There's a few districts out there that have this system
16 where the tenant would pick their top three schools and
17 then they're placed in one of those schools based on a
18 number of different factors in each of those districts.

19 We're not applying this to district-wide
20 enrollment which is a little bit different than a choice
21 program, but we did address that choice program situation.

22 We had a lot of comment with respect to that.

23 Also, in the educational excellence scoring
24 item, we inserted that same language to address those
25 choice school programs, but in addition to that, lowered

1 the threshold for middle and high schools in Region 11.
2 This was based on quite a bit of analysis of the data
3 provided by the Texas Education Agency that reflected that
4 the middle and high schools in Region 11 had a much lower
5 average Index 1 rating than really the rest of the state.

6 So this was really in response to that
7 situation last year where we wound up with three
8 developments in Alton, Texas, and as much as I love Alton,
9 I think all of us kind of wondered how that happened, and
10 it happened, I think, because folks were chasing these
11 educational excellence points. So we lowered that
12 threshold a little bit to open up that scoring item to
13 some more, quite frankly, good sites in Region 11.

14 Also a few other slight changes. The pre-
15 application deadline back to January 8 based on just some
16 comment and it really made sense to staff too. We'd like
17 to use January and February to do some more site visits so
18 that we can get all of that site eligibility out of the
19 way sooner rather than later this coming year. And some
20 clarifying language with respect to notifications at pre-
21 application.

22 And the last change that we made in response to
23 comment was the tiebreaker. In the September version and
24 last year, the tiebreaker was dependent on the proximity
25 to the nearest housing tax credit development, and we

1 revised that to say the nearest tax credit development
2 serving the same target population. I think you might
3 hear some comment on that today. That wound up being a
4 bit of a discussion yesterday with some of the development
5 community.

6 So with that, I think we can hear from these
7 folks, unless you have any questions for me.

8 MR. OXER: Essentially we're buffing and
9 polishing off some rough edges.

10 MS. LATSHA: Yes, sir.

11 MR. OXER: All right. Any questions by the
12 Board of Jean?

13 (No response.)

14 MR. OXER: Okay. I'd like to have a motion to
15 consider.

16 MR. GANN: I so move.

17 MR. OXER: Motion by Mr. Gann to approve staff
18 recommendation on item 4(a). Do I have a second?

19 DR. MUÑOZ: Second.

20 MR. OXER: Second by Dr. Muñoz.

21 Okay. It looks like we've got a crew up here.
22 Let's get started. Just sort of for purposes of
23 scheduling and timing here, it's going to take a little
24 while to go through this, it's going to be more than we'll
25 want to stay on. We'll hear comments, everybody gets

1 three minutes on the clock, and that will be pushing a
2 hard clock for us. Let's go until eleven o'clock straight
3 up and see how many we can get in, get the comments, and
4 we'll take a quick break and then get back in our chairs
5 after that.

6 Beginning here on the aisle, from your left to
7 your right.

8 MS. MEYER: I'll take it. Robbye Meyer. It's
9 good to see you again.

10 MR. OXER: Good morning, Robbye. Nice to have
11 you back among us here.

12 MS. MEYER: I just have one comment and it's on
13 the tiebreaker comment that was put in. It did add in
14 serving the same tenant populations. This was not in the
15 draft in September, and although it seems like a small
16 comment and I would normally accept the comment that was
17 in there, it wasn't in the draft in September, we weren't
18 allowed to make comment on it, and it does make a
19 significant impact now having it in there. And since we
20 weren't able to consider it in the draft and it does make
21 a considerable difference in impact going forward now, I
22 respectfully request that it be removed going forward now
23 and we can consider it for the 2016 QAP.

24 MR. OXER: Great. Thanks for your comments,
25 Robbye.

1 Okay, Claire.

2 MS. PALMER: Claire Palmer, representing
3 various clients, I guess, today.

4 Real quickly, because I don't want to duplicate
5 any efforts, I am supporting some comments that are going
6 to be made later about waivers for daycare facilities that
7 have received waivers from the applicable department being
8 allowed to be considered for the daycare points. And the
9 comments that are going to be made on underserved areas
10 and limiting those that have never received an award
11 within the last fifteen years rather than forever.

12 What I'm really here to talk about is to get a
13 clarification on the force majeure language. As everyone,
14 I think, is aware, this language was really drafted in an
15 effort to rectify a problem that happened with one of my
16 clients in a fire in Mineral Wells, and then after the
17 language was put into the QAP we were told, oh, but it, by
18 the way, won't apply to your transaction because the
19 language reads: For purposes of this paragraph, credits
20 returned after September 30 of the preceding program year
21 may be considered to have been returned on January 1 of
22 the current year, in accordance with the treatment
23 described in the Treasury regulations.

24 And evidently, TDHCA staff at some level has
25 taken the position that because the QAP is the 2015 QAP

1 and is not in effect right now that that language, credits
2 returned in the preceding year, can't be applied, which
3 seemed to me to be completely counterintuitive if it
4 discusses preceding year, you would think that the 2015
5 QAP meant the year 2014 being the preceding year.

6 I have done just huge amounts of research and
7 it seemed that the problem was that the 2015 QAP is not in
8 effect at any time during 2014 so there was no way to use
9 the force majeure language in the 2015 QAP to apply to a
10 return of credits in 2014. Well, as it turns out, the
11 Texas Register Act and the Texas Administrative Code
12 specifically state that on any rules that have to be
13 published in the Register, once they're given -- for
14 example, if the Board votes on the QAP today, that force
15 majeure language will be in it, the governor signs it on
16 December 1 or December 5, or whenever he signs it, upon
17 delivery to the secretary of state, the QAP automatically
18 goes into effect twenty days thereafter. So the QAP will,
19 in fact, be in effect at some point in December of 2014.

20 Staff at this point doesn't want to make a
21 decision on whether that means that the force majeure
22 language can apply to a 2014 return, and so I've been
23 asked to be here today to get a Board resolution on that
24 particular issue, and I would appreciate it. It seems
25 clear to me that the QAP language was intended to cover

1 this situation, I believe the QAP will be in effect in
2 2014 so we can apply it to a return, and I hope that you
3 will see it the same way. Thank you.

4 MR. OXER: Great. Thanks for your comments,
5 Claire. So essentially, Jean, that's all right, you're
6 keeping track of these comments and be prepared to address
7 them?

8 MS. LATSHA: Absolutely.

9 MR. OXER: Okay. Who's next?

10 MR. DEMPSEY: Good morning. I'm Ben Dempsey
11 with StoneLeaf Companies. I have three comments. I'll
12 try to move quick to be able to meet the time frame.

13 The first thing is I ask for your consideration
14 in changing the QAP wording under the opportunity index,
15 the scoring section, to allow for centers that provide for
16 school-age programs and/or childcare programs to still
17 qualify for points if they're officially exempt from the
18 Department of Family and Protective Services as having to
19 obtain a license. In order for the Department of Family
20 and Protective Services to recognize a center as
21 officially providing a school-age or a childcare program,
22 they have to meet the requirements of the Texas
23 Administrative Code, Section 745.129, however, they will
24 grant them an exemption from having to be licensed if they
25 also meet the requirements under the Texas Human Resources

1 Code, Section 42.041.

2 There is approximately two pages of items in
3 the Human Resources Code that allows for qualification
4 under exemption. One example is whether or not the center
5 is located in an education facility that's accredited by
6 the Texas Education Agency, and another is if the center
7 is organized as a non-profit organization. They still
8 have to meet the Department of Family and Protective
9 Services regulations but as long as they maintain the
10 requirements in the Texas Human Resources Code, Section
11 42.041, they're not required to hold a license.

12 Department of Family and Protective Services
13 issues an exemption letter to these centers that
14 specifically states that any changes in their program are
15 required to be reported so that the exempt status can be
16 reevaluated. Failure to do so could result in civil
17 penalty and/or injunctive relief against any operation
18 that fails to meet or maintain an exemption and engages in
19 activities that require a license from Family and
20 Protective Services. I mention this in order to point out
21 that they're still under the same regulations that
22 Department of Family and Protective Services requires of a
23 licensed center in order to be recognized as providing a
24 school-age or childcare program that still meets the
25 requirements of Texas Administrative Code, Section

1 745.129.

2 We at StoneLeaf Companies feel that this should
3 still meet the requirements of the QAP under 11.9,
4 opportunity index, with a slight modification to allow for
5 Department of Family and Protective Services exemption of
6 licensing.

7 A second comment is also within the opportunity
8 index section of the QAP, and we recommend that
9 developments located in rural areas be given an allowable
10 proximity if 1.5 linear miles to essential community
11 assets. Rural communities in Texas are commonly known to
12 have limited resources, therefore, they have limited
13 community assets, so it's common for these rural
14 communities to have one health-related facility, one
15 childcare facility, one full-service grocery store, et
16 cetera. It's not uncommon for these Texas residents in
17 these rural communities to drive up to two-plus miles to
18 be able to obtain the services from these community
19 assets.

20 The QAP currently allows for the qualification
21 of the points in rural areas based on a proximity of one
22 linear mile to essential community assets, reflected in
23 clauses 1 through 5, and the Uniform Multifamily Rules
24 Subchapter B lists those same community assets with an
25 allowable radius of two miles for the rural areas. TDHCA

1 staff feels that because there's already a threshold
2 requirement in place for the developments to be located
3 within two miles that it's appropriate that any distances
4 of these same amenities that are associated with a scoring
5 item, that that distance be shorter. We feel that
6 allowing the distance to be extended from one linear mile
7 to 1.5 linear miles still accomplishes the same thing,
8 while also giving these rural Texas communities an
9 opportunity to score the necessary points within the
10 opportunity index.

11 I did have a third comment but I've run out of
12 time.

13 MR. OXER: Make it quick, Ben; we'll give you
14 the time.

15 MS. DEMPSEY: Okay. Thank you.

16 My third comment is in regard to the QAP's
17 underserved area scoring item. We recommend that
18 developments in the rural areas be allowed to receive
19 points if they're located in a census tract that's not
20 received a competitive tax credit allocation serving the
21 same target population within the past fifteen years.
22 Currently under the QAP it only allows for rural
23 developments to receive these points if they're located in
24 a census tract that has never received a competitive tax
25 credit allocation that serves the same target population.

1 It doesn't appear that a single fifteen to
2 twenty year tax credit development in a rural community is
3 going to redefine the definition of an underserved area.
4 There's rural areas throughout the State of Texas that
5 received tax credit allocations over a decade ago, they're
6 still in need of affordable housing due to growth, and
7 it's common to have these rural communities that are
8 located within one single census tract so that we can't go
9 to a different census tract within that same community.

10 It seems as though they're, in a way, being
11 penalized for having this tax credit development that may
12 no longer even be in its compliance period, and we just
13 feel that a market study is probably the best way to
14 determine the need for housing in any given community.

15 MR. OXER: Great. Thanks for your comments.

16 MR. BAKER: Chairman, Board, good morning. My
17 name is Devin Baker. I'm here on behalf of Jim Lashburn,
18 current member and former president of Rural Rental
19 Housing. I'd like to support all comments made, future
20 and past, comments made on behalf of the RD community and
21 also emphasize the need to preserve our USDA 515
22 portfolio.

23 The requirement to request a fair housing
24 letter on USDA 515 rehabs is a concern to our members
25 because of the time it will take to have yet another

1 agency review our acquisition rehab plans. I'd like to
2 reiterate the request for the Board to remove this
3 requirement from the multifamily rules. Our challenges
4 with the USDA transfer process are already onerous and
5 burdensome, and this requirement does not promote the
6 rehab of units located in rural areas.

7 Lastly, please allow me to emphasize that all
8 of these USDA properties are in fixed locations. While we
9 in the RD industry understand and appreciate the issues
10 that the Department must juggle regarding the pending ICP
11 lawsuit, we must make clear to staff and the Board that
12 the educational excellence and opportunity index
13 requirements of the current QAP do not promote the
14 identification of 515 properties most in need of repair.
15 In an effort to eliminate the negative impact of these
16 statewide rules, all members of the RD community want to
17 continue to work with staff on alternative solutions to
18 these requirements.

19 MR. OXER: Great. Thanks for your comments,
20 Devin.

21 I'm going to exercise the discretion of the
22 chair and we're going to take a fifteen-minute break.
23 It's eleven o'clock straight up, let's be back in our
24 chairs at 11:15.

25 (Whereupon, at 11:00 a.m., a brief recess was

1 taken.)

2 MR. OXER: All right. Let's get underway
3 again. We have a long agenda today.

4 On item 4(a) which is the QAP, public comments,
5 we have some more.

6 MS. PARANSKY: Good morning. I am Eta Paransky,
7 assistant director of the Housing and Community
8 Development Department of the City of Houston, and head of
9 our multifamily team. I bring greetings to you from Mayor
10 Annise Parker and from Director Neal Rackleff of the
11 Housing and Community Development Department and from the
12 rest of the team. Neal wishes he could be here with you
13 but he's making a presentation before city council today,
14 so I'm here to represent Houston.

15 We want to thank you, Chairman Oxer, and you,
16 Tim Irvine, for coming to visit us this week to learn
17 about our two initiatives in Houston that are currently
18 underway, one bringing an end to chronic homelessness and
19 the other to revitalize three community areas and
20 affirmatively further fair housing which is an opportunity
21 that we began provided by the disaster relief funds in
22 Round 2.2

23 Under the Disaster Relief program, we
24 accomplished an in-depth study and planning effort with
25 significant public input, especially from our colleagues

1 at TAAHP, John Henneberger and Mattie Sloane. This
2 program has kick-starting revitalization in these three
3 communities which are all on the cusp of gentrification.
4 And we also want to thank Cameron Dorsey and Jean Latsha
5 for responding so quickly to our concerns to make sure
6 that the QAP will allow the City of Houston and TDHCA to
7 partner in providing resources to continue these efforts.

8 Jean and Cameron, you've helped us understand
9 that the QAP will allow the CRAs, the community
10 revitalization areas, to be considered revitalization
11 areas under the QAP and would therefore be available to
12 encourage developers to further invest private capital in
13 these neighborhoods, preserving and creating affordable
14 housing where, without this cooperation, housing for LMI
15 households would be replaced only by gentrification. And
16 you've assured us the provision of permanent supportive
17 housing, Houston's program to eliminate chronic
18 homelessness by providing a housing first model for
19 homeless individuals, will be able to receive the same
20 competitive advantage that participating in the 811
21 program for individuals with special needs has today, even
22 though the programs are very different.

23 It's a pleasure to be working in an environment
24 of support of each other's goals. The City of Houston is
25 proud of our efforts to affirmatively further fair housing

1 and we appreciate TDHCA's partnership towards building a
2 better Houston. We would like to invite you and the Board
3 to hold a future Board meeting in Houston where we can
4 showcase the results of our efforts.

5 Thank you very much.

6 MR. OXER: Thanks, Eta.

7 Any questions from the Board?

8 (No response.)

9 MR. OXER: Thank you very much, Eta. Pass on
10 our best regards to the mayor.

11 MS. PARANSKY: Thank you.

12 MR. OXER: Now let me ask this, is there
13 anybody there in the second row that had some things to
14 say. Okay, you were there, so you're moving up.
15 Everybody that wants to comment just come on up here and
16 get in line. That's how I know there are people that want
17 to speak.

18 MS. GARCIA: We've got a whole group that wants
19 to speak.

20 MR. OXER: Okay. This whole group that wants
21 to speak, is there a consistent message or do you
22 represent a group?

23 MS. GARCIA: It's different organizations about
24 a project in the City of Fort Worth.

25 MR. OXER: About a single project?

1 MS. GARCIA: In our area.

2 MR. OXER: Does that have to do with the
3 development of the QAP?

4 MS. GARCIA: Yes.

5 MR. OXER: Okay. So you're not speaking about
6 a project, you're speaking about a rule.

7 MS. GARCIA: I'm going to be speaking on the
8 rules. I'm going to be introducing the speakers but I'm
9 going to be talking about specific changes that we'd like
10 to see to the QAP.

11 MR. OXER: And I understand that. It's
12 specific change to the QAP that we're looking for, not
13 support for a project.

14 MS. GARCIA: Right, exactly. Let me just
15 introduce them really quickly.

16 MR. OXER: Why don't you introduce yourself
17 first.

18 MS. GARCIA: My name is Cynthia Garcia. I'm
19 the assistant director of the Housing and Economic
20 Development Department for the City of Fort Worth. And
21 after I speak, we'll have speakers from our Southeast
22 Coalition, including our council member and members from
23 Texas Wesleyan, Purpose Built Communities, YMCA, and Cook
24 Children's, to talk about a project in southeast Fort
25 Worth which is in a revitalization area.

1 I'd like to go over our comments to the QAP,
2 and the city submitted a letter with our comments, we're
3 number six, if you have your letters with you, and we
4 requested all of our comments be accepted and the changes
5 made to the QAP. I'm going to go over just two of our
6 comments.

7 One of our most important comments is regarding
8 the resolutions of support and the local funding sections.

9 The City of Fort Worth provides resolutions of support
10 because we are totally supportive of affordable housing
11 and we know that there's a need for affordable housing in
12 Fort Worth; however, because of our support and providing
13 the resolution, what has happened is that we are losing
14 developments that we believe are vital to our community.

15 The city for the last few years has issued an
16 RFP for its HOME funds and its local housing funds, and we
17 look at location, access to transportation, access to
18 jobs, retail, grocery, all of those items, and normally
19 receive between three to seven applications, and last year
20 we chose two low income housing tax credit projects and we
21 awarded \$1.2 million to one and \$2.5- in the other.

22 However, both scored at the bottom because other
23 developers received our four points for the resolutions
24 because we did provide those, but these developers went to
25 other providers for local funding, either to the housing

1 authority or other local housing corporations.

2 And the QAP scoring has completely circumvented
3 the city's desire to support our two projects, one in a
4 high opportunity area and one in a revitalization area.
5 Since we've lost both of those projects, we're asking that
6 the QAP be amended to allow the city's support and award
7 of funds carry more weight, and so one of the changes is
8 on page 3 of the letter and it has different scoring
9 depending on how much dollars the city actually puts into
10 a project.

11 I understand that staff believes that this
12 proposed change is unnecessary, redundant and
13 inconsistent, but we respectfully disagree. We believe
14 it's necessary and that's why I'm here and these folks who
15 will be speaking next are here. It's not redundant. The
16 resolution of support can only come from the municipality
17 but the local funding can come from the housing authority
18 or other local housing corporations. And it's not
19 inconsistent with the statute. In fact, I think it's very
20 consistent with the statute because when you're looking at
21 these two sections it's trying to give weight to local
22 support and what could be more weight than actual
23 resolutions of support from the municipality and dollars.

24 My second comment is on the points regarding
25 the seven points for high opportunity areas and six points

1 for revitalization areas. We'd still like for those
2 points to be changed for the following reasons. One,
3 dollars are easier to get in high opportunity areas from
4 private lenders, it's very difficult to get those dollars
5 from private lenders in revitalization areas. The market
6 rents in revitalization areas are so low they don't
7 support the debt and so the only way to get private
8 investment in these areas is through these low income
9 housing tax credit dollars.

10 Because of the point differential, when
11 developers look at areas in Fort Worth -- and this is
12 talking from experience -- they come to me and they're
13 only looking at high opportunity areas, they never even
14 look at the -- well, there's some that do, maybe one out
15 of ten that do look at the revitalization areas, because
16 of that one point differential. In my opinion, I think if
17 you look at the projects that actually got awarded last
18 year in our region, most of them were in high opportunity
19 areas and the only ones that were not were the set-asides.

20 So we'd like to see those changes.

21 MR. OXER: Okay. Good timing. I compliment
22 you on your timing, and I hope that's an example for
23 everybody else that comes up.

24 MR. SMITH: Good morning, Chairman, Board.
25 Thank you for the opportunity to speak today. My name is

1 Evan Smith and I'm a community development advisor with
2 Purpose Built Communities. We're a non-profit consulting
3 firm that provides pro bono support to local leaders as
4 they plan and implement a neighborhood revitalization. We
5 work at the invitation of local leadership, and I speak
6 today on behalf of the revitalization section of the QAP,
7 and on behalf of Renaissance Heights United, the folks
8 here with me.

9 The Renaissance Heights United will attract
10 families with choice and additional private investment,
11 while simultaneously ensuring the neighborhood connects
12 children and families, especially those with low income,
13 with the opportunities and resources they need to thrive.

14 There are two reasons we believe this revitalization will
15 be successful and revitalization like it will be similarly
16 successful.

17 First is that the approach is drawing on
18 inspiration from other successful neighborhood
19 revitalization efforts, notably an effort in Atlanta's
20 East Lake neighborhood. Twenty years ago East Lake was a
21 place of constrained and limited possibility, the crime
22 rate was 18 times the national average, the elementary
23 school that served children living in the neighborhood was
24 the lowest performing in the city, and only 30 percent of
25 students went on to graduate high school.

1 Through strategic coordinated investments and
2 mixed income housing, a college education pipeline and
3 community wellness programs and facilities, the
4 neighborhood has been transformed. The housing, schools,
5 programs and facilities all serve people across a broad
6 range of incomes. East Lake is one of the safer
7 neighborhoods in the city, and Drew Charter is one of the
8 best schools in the city. Low income students at Drew
9 outperform their non low income peers in both the district
10 and the state. In the first ten years of the
11 revitalization, more than \$200 million in private
12 investment occurred in the surrounding area.

13 Second, Renaissance Heights United has achieved
14 a lot already. Renaissance Heights United is a
15 collaborative focused on a neighborhood in southeast Fort
16 Worth. Our efforts are concentrated in and around the
17 property that was formerly the site of the Masonic Home
18 and School of Texas. Since 2005 a number of investments
19 have been made to ensure that this 180-acre tract known as
20 Renaissance Heights is a community asset.

21 To date, more than \$125 million in capital
22 investment has occurred, with more plans, 330,000 square
23 feet of retail providing families with access to service,
24 fresh food and opportunities that didn't exist in the
25 community previously, ACH Child and Family Services, Cook

1 Children's, and Uplift Education are operating on site,
2 the YMCA will be operating on site soon and is currently
3 operating in the neighborhood, and other quality partners,
4 including Texas Wesleyan are operating in the neighborhood
5 as well.

6 These partners are working together to better
7 serve children and families, and a community quarterback,
8 the Renaissance Heights Development Group, is being formed
9 to provide the collaborative with additional coordination
10 capacity. The missing piece is multifamily mixed income
11 housing. The proposed QAP makes it difficult for
12 revitalization efforts to secure the 9 percent tax credits
13 they need to include quality affordable housing as part of
14 the initiative.

15 Multifamily mixed income housing at Renaissance
16 would do two things. It would: one, connect more low
17 income families with the programs, services, retail and
18 facilities at Renaissance Heights, and two, accelerate the
19 neighborhood revitalization. As such, I recommend that
20 TDHCA modify the scoring criteria to recognize these high
21 opportunity areas that are created by coordinated
22 revitalization efforts. Thank you.

23 MR. OXER: Thanks, Evan.

24 Any questions?

25 (No response.)

1 MS. DAVIS: Good morning.

2 MR. OXER: Good morning.

3 MS. DAVIS: Thank you for allowing me to
4 address you today. My name is Reeshemah Davis and I
5 represent the YMCA of Metropolitan Fort Worth, and I am
6 the vice president of operation and community development.

7 The YMCA of Metropolitan Fort Worth has been a
8 part of the Fort Worth community for over 120 years, with
9 a longstanding history of serving the community through
10 well-being and recreational activities, childcare, summer
11 camp and family services. Our mission is to put Christian
12 principles into practice through programs that build
13 healthy spirit, mind and body for all. The uniqueness of
14 the Y being a part of this collaborative allows us to
15 continue to serve in this community in non-traditional
16 ways.

17 We are committed to the Renaissance Heights
18 initiative, as presented by my colleagues earlier. We're
19 in the process of raising \$10 million for a facility in
20 southeast Fort Worth. Based on our market study, this
21 facility will be the largest in the city of Fort Worth, it
22 would serve youth, families and seniors with health and
23 wellness programs, diabetes prevention programs, recovery
24 programs for cancer survivors, community wellness,
25 programs to address obesity, nutrition, youth and teen,

1 youth leadership, school readiness for preschool. We're
2 currently partnering with Uplift Charter School regarding
3 after school enrichment, Fort Worth ISD on preschool early
4 learning education, and exploring other partnerships with
5 organizations in this collaborative.

6 As spoken earlier, we need the housing
7 component to allow the community wellness and all aspects
8 of improved community revitalization. We do believe that
9 Renaissance Heights, as well as TDHCA, desire the same
10 results. We respectfully ask that you give the means to
11 achieve this result in southeast Fort Worth by making the
12 slight modification to the scoring criteria to recognize
13 the high opportunity areas created by revitalization
14 efforts.

15 The Y is definitely a committed partner to
16 this. We serve over 1,500 youth and families in
17 predominantly low socioeconomic status and predominantly
18 minorities with increased health disparities in southeast
19 Fort Worth. With 98 percent of our preschool families
20 receiving county assistance and school families receiving
21 county or other third party subsidies, that meet the
22 requirements of federal and state subsidies for free and
23 reduced lunch, the community-wide poverty rate is
24 alarmingly high and the community disadvantage index
25 rating for this zip code is nine out of ten. Of course,

1 this rating proves that the southeast area of Fort Worth
2 has some of the greatest needs, and with revitalization,
3 we are able to anchor support for these families who need
4 wraparound services for their children. We are a safe
5 haven for youth and a community hub of the community
6 residents.

7 Again, asking that you take into consideration
8 our comments today. Thank you.

9 MR. OXER: Thanks, Reeshemah.

10 MS. ROARK: Good morning, Mr. Chair and Board
11 members. My name is Debbie Roark and I'm here today
12 representing Texas Wesleyan University. I'm the associate
13 vice president of sponsor programs and external relations,
14 and I'd like to share our role as a partner in the
15 Renaissance Heights United initiative.

16 Texas Wesleyan is a private four-year
17 institution, located in southeast Fort Worth, offering
18 bachelor's, master's and doctoral programs. The
19 university's mission through its 124-year history is to
20 develop students to their fullest potential as individuals
21 and as individuals of the world community. With an
22 overall minority enrollment of about 45 percent, an
23 average age of 26, the university is truly diverse. Of
24 our undergraduate domestic students, approximately 60
25 percent are financially needy; they receive Federal Pell

1 Grants to support their education. Sixty-eight percent of
2 our students from Tarrant County and 19 percent of our
3 incoming freshman class was from within the Fort Worth
4 Independent School District.

5 Located in this predominantly Hispanic and
6 African American community in southeast Fort Worth, we
7 have been developing many programs that encourage minority
8 students to pursue a college education. In fact, our
9 fastest growing student segments include low income
10 students, minority populations, non-traditional students,
11 and those who are not fully prepared for college. The
12 university has redefined its role in the community,
13 developing new partnerships and opportunities that benefit
14 the campus and the entire community alike.

15 Over the past decade, as an anchor institution
16 in southeast Fort Worth, we have focused on community and
17 economic development, and currently we're in the midst of
18 a \$6.7 million construction project which will bring
19 twenty-five new jobs to the community. Additionally,
20 we're partnering with the City of Fort Worth, Tarrant
21 County, the North Central Texas Council of Governments,
22 and TxDOT on a \$32 million street improvements project
23 that will be completed in the spring of 2015.

24 We take our role in the local community quite
25 seriously and dedicate employee time in this endeavor,

1 conducting numerous outreach activities with area schools
2 and non-profits. Joining the Purpose Built Communities
3 and Renaissance Heights project team is a prime example of
4 our interest in improving the social fabric of the local
5 community, helping to move individuals and families from
6 poverty to progress through our cradle-to-college
7 education partnership model.

8 Certainly we agree with the premise to invest
9 in high opportunity areas, but red lining areas of poverty
10 eliminates opportunities for public-private partnerships,
11 such as those represented by our organizations here today,
12 striving to make a difference in their local communities
13 deserving revitalization. Texas Wesleyan supports the
14 recommendation submitted by the City of Fort Worth and our
15 partner organizations to change the allocation methodology
16 supporting revitalization efforts of large partnerships
17 providing wraparound services to improve that social
18 fabric of our communities. These are, in fact, high
19 opportunity areas with community buy-in and commitment.

20 Thank you for your time this morning.

21 MR. OXER: Thank you.

22 MS. TALLEY: Good morning. My name is Veronica
23 Talley. I'm the director for the neighborhood clinics at
24 Cook Children's.

25 The last time I spoke here before you, I told

1 you about our twenty years of commitment in the southeast
2 Fort Worth area with neighborhood clinics that provide
3 primary care services. I also told you about our newest
4 investment in the community in Renaissance Square, a
5 medical and dental integrated clinic that's providing
6 services to underserved children.

7 Today I just want to take a couple of minutes
8 to tell you about two children: a young man who has
9 chronic asthma and is now sixteen years old, he's been our
10 patient since he was two, but he's not a productive
11 basketball team member instead of a gang member; another
12 young man who is the choir director for Uplift Academy,
13 and he pursued higher education and came back to the
14 community.

15 So with our concerted efforts we can produce
16 healthy and productive members of the community, and we
17 believe with improved housing you can help us sustain the
18 momentum that we've already started. And so today I ask
19 for support in my colleagues' collaboration for improving
20 the community at Renaissance Square in southeast Fort
21 Worth. Thank you.

22 MR. OXER: Thanks, Veronica.

23 MS. MADOLE: Good morning, Board. Thank you so
24 much. Good morning, Chairman. I'm Becky Madole,
25 representing Uplift Education which a free public charter

1 school, and I work with fourteen campuses in North Texas.
2 We're the oldest and largest charter school network in
3 North Texas.

4 In 2012, Uplift opened two campuses in
5 southeast Fort Worth, one of which is in the Renaissance
6 Heights United community which we are all representing
7 today. Uplift is built on two premises, and I spoke about
8 this last time I was here, but just to reiterate that all
9 children can succeed in college and career and that all
10 schools can be excellent, and we take these core beliefs
11 seriously. We strategically open schools in communities
12 with few high performing options. Eighty-four percent of
13 the children across our network are free or reduced lunch,
14 and this reaches as much as 90 percent and above in the
15 communities in southeast Fort Worth.

16 The success of our students as a network is
17 dramatic. One hundred percent of Uplift graduates are
18 accepted to college. Last year nearly half of those
19 colleges were top 100 schools. The class of 2014 received
20 \$67 million in scholarships and grants, and seven of our
21 seniors received either the prestigious Gates or the Dell
22 scholarship.

23 Uplift in this community is committed to being
24 part of this revitalization effort. We're going on our
25 third school year here and continue to watch the tenured

1 growth of our students. We are committing to preferential
2 enrollment to the residents of Renaissance Heights. We're
3 partnering with the YMCA to address early learning and to
4 ensure that all children in Renaissance Heights come to us
5 in kindergarten well prepared. And we're partnering with
6 ACH, who couldn't be here today because of health issues
7 for their representative, but they've already committed
8 and given thousands of dollars of in-kind services of
9 therapeutic services to our kids to ensure that their
10 social and emotional needs are met and that they're ready
11 to learn in our classroom.

12 Texas Wesleyan has committed to providing
13 scholarships and reduced tuition to our graduates as our
14 school continues to grow out to grade twelve. And then
15 the Cook Children's Clinic, she mentioned that our choir
16 director at Uplift actually was in their program, is
17 within walkable distance from our campus and it will
18 ensure that all families have access to the critical
19 healthcare they need.

20 And so just in conclusion, TDHCA and
21 Renaissance Heights United desire the same result. With
22 so much of the critical infrastructure already in place,
23 we really do believe that this is a high opportunity area
24 that is a worthy investment, however, the current
25 allocation methodology in the revitalization plan section

1 prevents us from moving forward with the missing piece
2 which is mixed income housing. There's a dearth for that
3 in this area of housing in general, and we need that to
4 move forward.

5 So the partners before you are 100 percent
6 committed to this area, and following the success of a
7 national model that has already worked beautifully in ten
8 cities in the nation, and so we ask that you change the
9 current scoring criteria so that we can move forward.
10 Thank you.

11 MR. OXER: Thanks, Becky.

12 MR. TEACHEY: Good morning, Mr. Chairman and
13 Board members. My name is Rod Teachey. I am a vice
14 president with Columbia Residential, based out of Atlanta,
15 Georgia. We are a multifamily developer; we have
16 developed over 7,000 units that we currently manage,
17 located in Georgia, Louisiana and here in Texas.

18 We have worked on several transformational
19 redevelopment initiatives like Renaissance Heights that
20 are also part of a public-private partnership where the
21 local government is providing support and financial
22 support. We are excited to be a part of this team and we
23 believe that this site is an ideal location for mixed
24 income housing for many reasons that have already been
25 expressed by my partners here, but also the fact that the

1 property is very close to the Fort Worth central business
2 district and surrounding employment centers. Our plan is
3 to develop about 5- to 600 affordable and mixed income
4 housing units at the site over several phases, but that's
5 not going to be able to happen without a 9 percent tax
6 credit allocation.

7 We understand TDHCA's scoring approach
8 regarding the opportunity index and educational excellence
9 categories and the reasoning behind it. We agree that it
10 is counterproductive to concentrate low income housing in
11 certain geographic areas -- it just doesn't work.
12 However, we believe that truly transformational
13 developments like Renaissance Heights become collateral
14 damage, intentional or not, and can never realize their
15 full potential to bring housing to areas that really need
16 it.

17 In this regard, we implore the Board and the
18 staff to consider alternative approaches to the scoring so
19 that unique developments, such as ours, have a fighting
20 chance to get done, and that's not going to happen without
21 a 9 percent tax credit allocation. We have offered up
22 several options to TDHCA staff on how this may be
23 addressed, but unfortunately, they did not agree with most
24 of those suggestions.

25 So again, we're here today to let you know that

1 we're committed to continue to work with the staff and
2 with the Board as necessary to come up with creative
3 solutions that will allow developments such as these to
4 happen. Thank you.

5 MR. OXER: Great. Thanks, Mr. Teachey.

6 I want to offer, as an interim comment here --
7 does anybody else care to speak on Renaissance Square?
8 Okay, we'll have one more. Come on up. Welcome back.
9 It's nice to see you again.

10 MS. GRAY: It's nice to see you, as well. Good
11 afternoon -- I guess we're almost close to that -- late
12 good morning. My name is Kelly Allen Gray and I serve on
13 the Fort Worth City Council, and I stand before you today
14 representing the City of Fort Worth, as well as the 94,000
15 people that I represent in District 8. I want to talk
16 just a moment about Renaissance Square and how you
17 changing the scoring of the revitalization section of the
18 QAP will assist us in bringing forward quality housing in
19 southeast Fort Worth.

20 In 2007, as discussions of Renaissance Square
21 swirled about, there was a major concern of two things:
22 income earnings and the ability of the spending capacity
23 of the residents who reside in southeast Fort Worth. We
24 learned two things from a social compact study that was
25 commissioned by Congressman Michael Burgess. One, that

1 based upon 2000 census data, the average median income in
2 southeast Fort Worth is actually \$42,000 and not \$20,000.

3 The other thing we learned was that \$80 million a year
4 from residents residing in southeast Fort Worth was spent
5 on goods and services outside of southeast Fort Worth. So
6 we knew beyond a shadow of a doubt that commercial
7 development in the area would be successful.

8 Last year in February we opened Renaissance
9 Square, a master planned mixed use development with a
10 182,000 square foot Walmart. To date we have over 330,000
11 square feet of commercial retail grocery space for the
12 residents not only residing in southeast Fort Worth but
13 those who use that commercial corridor called 287 coming
14 back and forth into the city of Fort Worth. So we know we
15 have a winner in Renaissance Square. It's a \$125 million
16 investment, infrastructure, with many more things to come.

17 It gave us over 600 jobs, and it is the first development
18 in southeast Fort Worth in over 30 years.

19 You've heard from our partners, you've heard
20 from our service providers what's happening at Renaissance
21 Square, but what's missing is the housing component. And
22 we're not just talking about any type of housing, we're
23 talking about quality affordable mixed use housing that
24 will continue to make Renaissance Square very, very, very
25 vibrant, but it also can give that ripple effect to the

1 rest of southeast Fort Worth.

2 So as I stand before you today on behalf of the
3 City of Fort Worth and my delegation that we brought to
4 Austin, I'm asking to help us, the City of Fort Worth,
5 this endeavor, the changing of the revitalization section
6 of the QAP, because the City of Fort Worth is willing to
7 put our money where our mouth is, we want to see quality
8 affordable housing come into southeast Fort Worth, and the
9 only way that we can do that is by changing that section
10 in the QAP.

11 So thank you so much for your time, and J.
12 Paul, it's good to see you again.

13 MR. OXER: You, as well. Thanks, Kelly.

14 Any more on that particular component? I'll
15 say it's nice to see all the Renaissance Square folks
16 again. I'll point out that I went up to Fort Worth, and I
17 had other business there but I went by to see this
18 particular facility and location and the development that
19 was there, and I have to say if there's anything that we
20 should be doing, it's supporting this sort of development.

21 The need is obvious.

22 As I explained to you during the site visit,
23 and I think you'll recognize that we are under some
24 constraints that we can't necessarily wiggle free of yet,
25 but the intent is -- and I think we'll have some comment

1 and figure out the point on the revitalization -- but I
2 think if I had something to do, if this was just me making
3 the decision, you guys would already have the money, but
4 that's not how it works. We have to stay within certain
5 constraints that HUD is going to impose on us and that
6 others are going to impose on us.

7 And so I hope you'll recognize that while
8 you're in a development that's going to be strategically
9 doing 500 to 600 units, I don't expect you're going to do
10 them all at once so there will be a progression of these,
11 that I'm looking forward to seeing you back here on
12 successive opportunities for funding through the tax
13 credit program.

14 So with that, does anybody have any questions
15 of the Renaissance Square team that's here?

16 (No response.)

17 MR. OXER: Okay. Who's next? Diana.

18 MS. McIVER: Chair, Board, Diana McIver, DMA
19 development.

20 And I am not part of their team, but I would
21 echo exactly what you said: we need to find a way to make
22 the QAP accessible for projects like that, not just in
23 Fort Worth but across the state. That is what we need to
24 be funding. I'll save that for next year's QAP because I
25 feel very strongly that we're --

1 MR. OXER: This won't count off on your time,
2 but one of the things that we've brought up on a number of
3 occasions is that housing doesn't lead the development,
4 housing follows the development, so we're always looking
5 for somebody to pour capital into these developments that
6 creates the need for the housing, and it's evident that
7 there's that need. I've seen the development, seen the
8 way it's laid out and seen it getting close to \$200
9 million being put into it already and more that's going
10 forward, so it's not a long jump to be able to see that
11 the housing tax credit financing of the multifamily
12 housing there would definitely be in order.

13 MS. McIVER: Well, and on that topic -- and
14 this really leads to 2016 which is not what I'm here to
15 talk about -- but basically the QAP, by reasons that are
16 beyond your control, has some rewards for revitalization
17 areas and some for high opportunity areas, and we have an
18 entire group in between those two that is totally shut out
19 of the program. And I want to sit and tell you that I
20 have 24 properties and the bulk of those are in really
21 solid middle class areas that fall in probably the bottom
22 of the second quartile and the top of the third quartile,
23 but they're really healthy neighborhoods, and we've got to
24 somehow get that group of neighborhoods back into
25 competition for tax credits.

1 MR. OXER: We had high opportunity
2 revitalization areas.

3 MS. McIVER: Exactly, we need those, yes, just
4 like they're proposing.

5 But the real issue I'm here for really talks
6 about the small towns because I think we need parity for
7 the small towns, and I was here before you a couple of
8 months ago asking for some equity for a specific project
9 in Abilene, and we didn't get any correction to that in
10 the QAP. We proposed a change that basically for
11 community revitalization areas for cities under 200,000
12 that their requirement of having \$6 million of potential
13 revitalization in that area, a budget or potential
14 development, that we propose that for cities under 200,000
15 that be cut in half, and that wasn't adopted in that QAP.

16 But we had a lot of good conversation here, and we just
17 ask again that we try to find some kind of parity for
18 those smaller cities in meeting that financial requirement
19 for the CRP.

20 It also happens in the points that are given
21 for local political subdivision contributions, financial
22 contributions. Those cap out for cities at \$100,000 and
23 so you've got cities like Abilene and Amarillo and
24 Brownsville and Beaumont all with in that \$100- to \$200-
25 range on the LPS contributions, and they have to, for a

1 100-unit project come up with a million and a half, the
2 same as Dallas, the same as Austin, the same as Fort
3 Worth, the same as Houston, and that's just not fair. I
4 mean, if you look at Abilene, for instance, it's got
5 slightly over 100,000 people and its HOME allocation per
6 year is \$250,000. So we've got to somehow get back to
7 we've got rural over here, we've got big cities over here,
8 but somehow we've got to come back and get some point
9 equity for those smaller cities so they can compete, bring
10 their funds to the table, and be players in this program
11 as well.

12 Thank you.

13 MR. OXER: Great. Thanks, Diana.

14 Anybody else on this item?

15 (No response.)

16 MR. OXER: Okay. Jean, are you prepared to
17 make any comments on these or at least add to the
18 discussion?

19 MS. LATSHA: Sure. Jean Latsha, director of
20 Multifamily Finance.

21 So I'll go back to the beginning of the
22 comment. We did have one on the tiebreaker which I did
23 expect. I think as far as administering the program,
24 staff could certainly administer that tiebreaker scenario in
25 either scenario, whether it's including looking at the

1 target population of that nearest tax credit development
2 or not. I think it's really just up to the Board which
3 way they'd like to go there. There's two different
4 schools of thought: you're either talking about what's
5 important, are you near another development serving the
6 same target population or is it about a general dispersion
7 of the resource without respect to a target population.
8 Staff landed on the former which was to include target
9 population in that, but I can certainly see the other
10 side.

11 With respect to Claire's comments on force
12 majeure, we had a discussion. I'd probably defer to
13 Barbara on that, and I don't know that needs to
14 necessarily be resolved at this Board meeting. It winds
15 up being an application of the rule when those credits are
16 ultimately returned, which I think we all know that that's
17 going to happen at least by December 31 through default.
18 I don't know if you wanted to make any comment on those at
19 this time or not.

20 MS. DEANE: Well, part of the discussion is
21 probably best left to executive session, but let me just
22 say that the way the statute reads, the QAP that you are
23 adopting at this point in time and presenting to the
24 governor is to apply to the next application cycle. You
25 adopt it in the preceding year to apply to the next year,

1 and so that's the way, of course, it's always been
2 interpreted. And if you try to read the rule in terms of
3 credits returned during the current program year, what is
4 the current program year, there are many, many, many legal
5 issues that attach to trying to take a 2015 QAP rule and
6 attach to a credit that's being returned in the 2014
7 cycle.

8 Like I said, some of those I'd prefer not to
9 get into until executive session, but let me just say that
10 the way the statute reads in terms of what is the QAP that
11 you are adopting and the way the QAP currently reads, it
12 would certainly be problematic.

13 MR. OXER: Jean. Hold on, Claire.

14 MS. LATSHA: Do you want me to continue on?

15 MR. OXER: Yes.

16 MS. LATSHA: Mr. Dempsey mentioned a comment on
17 the opportunity index. This is something that came across
18 my desk, Ben called me a few days ago with a very specific
19 example of a school-age program that was exempt from being
20 licensed, and quite frankly, I didn't have enough time to
21 research exactly what all of that means with respect to
22 all of those requirements to be comfortable adding it to
23 an overall rule. I had a brief conversation with someone
24 more experienced in that process, Megan, and I think it
25 might result in opening up a lot more options than we

1 really want to, and we haven't had enough time to really
2 contemplate that particular addition to the rule about
3 being exempt from being licensed.

4 I think that might better served, considering
5 the late date of that coming across my desk, that maybe
6 this is something that we wind up looking at in an appeal
7 and maybe it goes their way because it's a very specific
8 circumstance, but I'm a little uncomfortable adjusting the
9 rule to allow for any programs that are exempt from
10 licensing just because I'm not sure exactly what that
11 encompasses, I don't know what that world is.

12 MR. OXER: I think it's evident from the
13 Board's tone and tenure that we like to create a
14 generalized rule that applies to everybody and if there's
15 an edge in it that somebody fell through the cracks, we'll
16 leave that to us to determine if that makes sense.

17 MS. LATSHA: Yes.

18 DR. MUÑOZ: Jean, can I say something about
19 that?

20 MS. LATSHA: Absolutely.

21 DR. MUÑOZ: I'd still like for you all to look
22 into it. I mean, that one caught my attention as well.
23 There's a purpose for licensure and because if you're
24 complying with some administrative code and maybe the
25 facilities have certain characteristics, that doesn't

1 necessarily require or obligate the facility to have
2 professional personnel that are properly trained, that are
3 they themselves properly certified, that have gone through
4 different kinds of pedagogical cognitive training and
5 what-have-you. I mean, there's a reason, there's a
6 purpose for licensure. So it may be credible and I
7 appreciate what was sort of represented, but if you see
8 that we're going to be presented with that scenario, I'd
9 like some due diligence done.

10 MS. LATSHA: Yes, sir. And like I said, that's
11 the only reason for a lack of a change in the
12 recommendation because we haven't had a chance to do that
13 due diligence.

14 Mr. Dempsey also mentioned rural areas, the
15 threshold for points there being increased to 1.5 miles
16 from one mile. We actually had comment on the other side
17 of the fence there that was actually supportive of the
18 one-mile distance, so I'm, again, just hesitant to change
19 the recommendation, but certainly something that we could
20 implement if the Board so chooses.

21 MR. OXER: At first glance, it does seem to
22 make some sense that -- I grew up in an area that my
23 nearest neighbor was four miles away, not to mention the
24 grocery store being fifteen miles, so it's a point to
25 consider.

1 Please continue.

2 MS. LATSHA: Yes, sir.

3 With respect to underserved area, that was a
4 section of the rule that was not amended, so I think it
5 would be difficult for us to recommend some changes there.

6 That was the comment about changing that basically from
7 an area that had never received a tax credit award to had
8 a tax credit development that was fifteen years or older.

9 Again, that was just a section of the QAP that was not
10 amended, so difficult to change at this point.

11 Then we heard from Mr. Baker with the Rural
12 Rental Housing about the requirement for a letter from HUD
13 with respect to fair housing.

14 MR. OXER: Timeout.

15 DR. MUÑOZ: Do I have to be in the room?

16 MR. OXER: You have to be seen.

17 DR. MUÑOZ: I'm not sure I want to be seen that
18 much.

19 MR. OXER: It's not the process that we want to
20 see, it's the fact that you're here

21 DR. MUÑOZ: Jean, as quickly as you can.

22 MS. LATSHA: As quickly as I can, yes, sir.

23 MR. OXER: The attention span shortens, you
24 understand that, don't you.

25 (General laughter.)

1 MS. LATSHA: I do. So with respect to that
2 letter, that is only for sites that we're already deeming
3 ineligible, so we're not across the board saying people
4 have to run to HUD and get a letter talking about fair
5 housing, and so I'd argue that it's still a fair
6 requirement for a site that otherwise would be deemed
7 ineligible.

8 We were looking at the Tays situation earlier.
9 Basically, those are the instances in which we would
10 require such a letter.

11 DR. MUÑOZ: Jean, that's what I was thinking,
12 so why couldn't the same opportunity be extended, get a
13 letter.

14 MS. LATSHA: Right.

15 DR. MUÑOZ: It could be.

16 MS. LATSHA: So in a similar situation to Tays
17 where in this year we conditioned that award upon getting
18 the letter, we're simply putting into rule now to say go
19 ahead and get it, because we're going to ultimately
20 condition the award anyway.

21 DR. MUÑOZ: Right.

22 MS. LATSHA: I think we're on the same page
23 here.

24 All right. And also from Rural Rental Housing
25 there were some comments about the opportunity index and

1 education excellence being applied to USDA deals. I think
2 we discussed this at the last couple of Board meetings,
3 and we're working with that group to maybe change things
4 for 2016 but really haven't yet come up with a better way
5 to really distinguish one site from the other outside of
6 using the same criteria that we use for other
7 developments.

8 I did want to comment on Eta's comments from
9 the City of Houston. We did have some long discussions
10 with them about the compatibility between their permanent
11 supportive housing program and the 811 program. I think
12 we got pretty clear on that. I don't want to go on the
13 record as saying that we've deemed community
14 revitalization plans eligible for points at this, and I
15 was a little bit worried that that's what that comment
16 leading to. We did have some discussions about the plans
17 that they have in place and the possibility of those plans
18 qualifying for points, but obviously without applications
19 in hand I certainly don't want to make that kind of
20 statement.

21 Then we heard a lot from Fort Worth. I visited
22 that site, as well, the last time I was there for
23 business, and I echo your thoughts, sir, but I think we
24 all understand that this QAP has got certain incentives in
25 place for good reason. It's possible that the Fort Worth

1 deal will fall through the cracks there, but it's possible
2 it won't. I think that they are going to come in for
3 another application in 2015 and maybe be competitive, so
4 we'll see how it turns out.

5 MR. OXER: Quick timeout. Anybody think you
6 guys are going to make another application?

7 MR. TEACHEY: (Speaking from audience.)
8 Definitely

9 MR. OXER: There you go.

10 MR. TEACHEY: (Speaking from audience.) But we
11 may not fall through the cracks.

12 MR. OXER: That's the plan.

13 MS. LATSHA: And it's been a pleasure chatting
14 with all of those folks too. We've been in contact quite
15 a bit.

16 And then finally, Ms. McIver. So it is true
17 that we ultimately, after the discussions here about
18 Abilene and community revitalization plans, ultimately did
19 not make a recommendation to change that scoring item. I
20 think we found that those thresholds even for small cities
21 were relatively appropriate. If you have to talk about
22 doing things like building a police station, you are going
23 to be talking about multimillion dollar investments even
24 in smaller cities, and since those numbers can include
25 some private investment, it doesn't mean that the city had

1 to plop down \$6 million in cash, there's other ways to
2 evidence that sort of investment. We still felt that
3 those thresholds were appropriate.

4 MR. OXER: So as an example, Cook Children's
5 building a clinic nearby on Renaissance Square represents
6 a local investment that would qualify under that category.

7 MS. LATSHA: Yes, sir.

8 And as far as the LPS, the local political
9 subdivision contribution of funding too, those are figures
10 that we crunched a lot of numbers there to try to get to
11 something that was reasonable, and it is on that sliding
12 scale depending on the population of the city. And we
13 also had a number of applications that were successful,
14 that got awards that didn't necessarily max out those
15 points. I think with the addition of you can get an extra
16 point for having a firm commitment, an extra couple of
17 points for having that funding in the form of permanent
18 financing, things like that provide enough differentiation
19 to where if you can't get the dollar amount that you want,
20 there's other ways to get some more points that other
21 folks might not be able to get.

22 And that's also a scoring item that we didn't
23 open up in the amendment but I think regardless staff's
24 recommendation would be to keep it as it is.

25 MR. OXER: So your recommendation at this point

1 is no changes, irrespective of the comments that have been
2 made or even including the comments that have been made,
3 maintain the status of the draft.

4 MS. LATSHA: The draft as presented in your
5 Board book, I think that would still be staff's
6 recommendation. I want to make sure there wasn't
7 anything -- no.

8 MR. OXER: And I would point out to everybody,
9 Robbye particularly, that the draft, although comments may
10 not have been in there in September, that's not the only
11 draft that's been presented. There's been several
12 iterations of that.

13 MS. LATSHA: We made a slight change to that
14 tiebreaker section in September so it was open for
15 comment. We received the comment which is why we made the
16 change; it was based on comment that we received during
17 the public comment period.

18 MR. OXER: You can't speak from there, Robbye.
19 You've either got to come up to the mike or hold it.

20 MS. MEYER: Robbye Meyer. That comment was not
21 available for the public to know about until we saw it on
22 Monday. So I just want to make sure that the Board is
23 understanding that.

24 MR. OXER: Do you have an answer for that,
25 Jean?

1 MS. LATSHA: That's true that we didn't post
2 the actual public comment that was made, so I think what
3 she's getting at is she didn't realize that somebody was
4 making that comment, and not only that somebody was making
5 it but that we would actually take it in consideration and
6 change the draft. But I think that's what this process
7 right here is here to address.

8 DR. MUÑOZ: Did you have to post it?

9 MS. LATSHA: No. But had it been requested in
10 an open records request or something.

11 DR. MUÑOZ: Did you have to?

12 MS. LATSHA: No.

13 MR. OXER: Any other questions? Claire.

14 MS. PALMER: I know that you're in a hurry.
15 Claire Palmer. Sorry, it's always hard to remember to say
16 your name up here.

17 MR. OXER: Sixty seconds.

18 MS. PALMER: On the force majeure and when does
19 the QAP go into effect, I understand Barbara's issue that
20 there is some complication to the fact that the QAP goes
21 into effect in 2015 -- the 2015 QAP goes into effect in
22 2014, but the fact is the 2015 QAP talks about things that
23 happened in 2014 anyway. For example, in the bond section
24 it talks about if you file your application after November
25 16 or 17, the 2015 QAP applies, so taking the logic that

1 there is no 2015 QAP, that statement wouldn't apply, which
2 makes almost no sense.

3 But the fact of the matter is that the Texas
4 Administrative Code by rule says that a rule, once
5 adopted, and in this case signed by the governor, once
6 it's delivered to the secretary of state, it goes into
7 effect twenty days thereafter. It's not as though you can
8 say, oh, no, ours doesn't. I mean, the fact is that's the
9 rule and that's the law and that's the statute. So I just
10 hope that you'll consider that when you meet in executive
11 session.

12 MR. OXER: Okay. Thanks, Claire.

13 Any other questions?

14 (No response.)

15 MR. OXER: Back in the box, Jean.

16 Are there any other questions from the Board on
17 any item? Ms. Bingham.

18 MS. BINGHAM ESCAREÑO: Just on possibly
19 changing the one mile to 1.5 mile, I know that was just
20 one of the comments, but given the public comment and
21 given your own personal rural experience, is that worth
22 considering, or is there anything on this list that we
23 would make recommendation to consider in next year's
24 amendments?

25 DR. MUÑOZ: If we decide to change the

1 distance, which to me seems a reasonable request, I guess
2 would just say that that point about sort of licensure to
3 be researched to possibly address in the future. I'm not
4 prepared to do anything about it right now.

5 MS. LATSHA: Yes, sir.

6 MR. OXER: For purposes of defining the
7 schedule on this, run through the sequence of what's about
8 to happen with the QAP. So we go through it, this is a
9 draft, we post it, there's comments. Will there be
10 additional comment time? When does it go to the governor?

11 MS. LATSHA: Tomorrow to the governor.

12 MR. OXER: Okay. Well, they'll be happy
13 they're not getting it over Thanksgiving for a change.

14 MS. DEANE: November 15 it goes to the
15 governor.

16 MR. IRVINE: And as regards Claire's comment on
17 the date on which the rule takes effect, I absolutely
18 agree with your parsing of the Administrative Procedures
19 Act, but the thing we can't control is how long it will
20 take for all of these sections of the process to occur,
21 and we don't know on what date we will file this document
22 with the secretary of state. It will probably happen,
23 though, so that the rule will take effect before year-end.

24 MS. DEANE: If I may?

25 MR. OXER: Certainly.

1 MS. DEANE: Jean, there have been a couple of
2 comments made that a certain change, and specifically
3 talking about the tenant population, is such a significant
4 change, and you know how that works if something is so
5 significant or so different or could not have been
6 anticipated that you have to go out for public comment
7 again. Can you tell the Board whether or not any of the
8 changes that have been made in the judgment of staff is so
9 significant that it might require republication? I hate
10 to put you on the spot like that, but I think the comments
11 have been made.

12 MS. LATSHA: I usually ask you that question.

13 (General laughter.)

14 MS. LATSHA: We were thoughtful in the
15 recommendations that we made based on that comment and
16 were thoughtful of that as we made those recommendations
17 too. So I don't think that they would be. I admit that
18 the tiebreaker one that Robbye brought up, because it was
19 brought up in some discussions yesterday, it does change
20 the way somebody is going to look at a site because they
21 either or are not considering another development when
22 they consider a tiebreaker. It sounds crazy but I know
23 that the development community absolutely considers
24 tiebreakers too when they consider a site because they
25 think they might wind up in one.

1 So although it's a pretty minor change with
2 respect to just adding three words, does it have a
3 relatively --

4 MR. OXER: Is it a material impact?

5 MS. DEANE: Well, so the change you made, for
6 example, on the tenant population one, that was in
7 response to comment you received asking that to go in?

8 MS. LATSHA: Which one?

9 MS. DEANE: The tenant population, the
10 distance.

11 MS. LATSHA: The target population. Yes.

12 MS. DEANE: I'm sorry. Target population; I'm
13 using the wrong word.

14 MS. LATSHA: Yes, all of this was in response
15 to comment received, all of it. Yes.

16 MS. DEANE: That was all in response to
17 comment. So clearly, at least part of the community
18 understood that that was a logical outgrowth of opening up
19 that particular section of the rule?

20 MS. LATSHA: Yes. Would I call it a logical
21 outgrowth? Absolutely, which is we were comfortable
22 recommending the change. Do I think it has the potential
23 to have impact on site selection? Sure.

24 MR. OXER: Any other comments from the Board?

25 (No response.)

1 MR. OXER: We've had item 4(a) regarding the
2 QAP, I have a motion by Mr. Gann, second by Dr. Muñoz, to
3 approve staff recommendation, there's been public comment.

4 Jean, your response is the recommendation is to
5 maintain the current draft as is. Is that correct?

6 MS. LATSHA: Yes, sir.

7 MR. OXER: Okay. All in favor?

8 MR. GANN: Hold on a second.

9 MR. IRVINE: Do you not want to have any
10 discussion with counsel in executive session before
11 voting?

12 MR. OXER: Do we need to?

13 MS. DEANE: Well, in particular that one issue
14 has come up with regard to some legal issues surrounding
15 force majeure. If you want to have some additional legal
16 advice on that, I'm certainly available to do that. It's
17 up to the Board.

18 MR. OXER: All right. We'll have some legal
19 advice so we'll hold on the vote on this particular item.

20 And so that everybody can get their schedules since it
21 looks like the exec session is going to go a little longer
22 than we thought, we're still in session on this item and
23 we will take it up after lunch, everybody sit still and
24 listen for a second.

25 The Governing Board of the Texas Department of

1 Housing and Community Affairs will go into close session
2 at this time, pursuant to the Texas Open Meetings Act, to
3 discuss pending litigation with its attorney under Section
4 551.071 of the Act, receive legal advice from its attorney
5 under Section 551.071 of the Act, to discuss certain
6 personnel matters under Section 551.074 of the Act, to
7 discuss certain real estate matters under Section 551.072
8 of the Act, and to discuss issues related to fraud, waste
9 or abuse under Section 2306.039(c) of the Texas Government
10 Code.

11 The closed session will be held in the anteroom
12 immediately behind us. The date is November 13, the
13 current time is 12:14. We've got a long schedule left,
14 let's be back in our chairs and ready to go at one o'clock
15 straight up, and we'll hear the folks from El Paso very
16 soon after that.

17 (Whereupon, at 12:14 p.m., the meeting was
18 recessed, to reconvene this same day, Thursday, November
19 13, 2014, following conclusion of the executive session.)

20 MR. OXER: The Board is now reconvened in open
21 session at 1:10.

22 We received advice from our counsel and made no
23 decisions, we considered a few things.

24 Now back to the item at hand. Hi, Jean.

25 MS. LATSHA: Hello.

1 MR. OXER: Nice to see you back.

2 MS. LATSHA: You too.

3 MR. OXER: All right. With respect to the QAP,
4 had a motion by Mr. Gann, second by Dr. Muñoz, for the
5 2015 program year QAP, public comments were heard on
6 several components of it. Is there any more public
7 comment on the item?

8 (No response.)

9 MR. GANN: I think I made the motion.

10 MR. OXER: I said that. For the record, motion
11 by Mr. Gann, second by Dr. Muñoz.

12 MR. GANN: I might like to make an amendment to
13 that, to that 1.5-mile rule that we discussed earlier.

14 MR. OXER: Make this in terms of a
15 recommendation. What we'll do is add some recommendations
16 here, Jean, which will amend. Making it amended as
17 discussed when we present the comments here.

18 MR. GANN: I agree with that.

19 MR. OXER: And your point is?

20 MR. GANN: The point is that I wanted to
21 increase it to the 1.5 miles in the rural areas.

22 MR. OXER: Okay.

23 MS. LATSHA: Jean Latsha, director of
24 Multifamily Finance.

25 That comment was in relation to 11.9(c)(4)

1 related to the opportunity index for rural developments.
2 That's what we're talking about.

3 MR. OXER: Okay. Ms. Bingham, did you have one
4 to say?

5 MS. BINGHAM ESCAREÑO: I did too. Shall it
6 come in the form of offering a friendly amendment or just
7 a recommendation?

8 MR. OXER: Just a statement on the
9 recommendation and then we'll add all these amended as
10 recommended.

11 MS. BINGHAM ESCAREÑO: We'd like to recommend
12 looking again at the tiebreaker and potential striking
13 same, in the same tenant population.

14 MR. OXER: I think it's a point of
15 clarification that it be a tax credit deal rather than the
16 same tenant population tax credit deal.

17 MS. LATSHA: That's right. So if we'd like to
18 amend staff's recommendation to take out the language --

19 MR. OXER: We're going to amend staff's
20 recommendation and incorporate all the things that we're
21 saying now.

22 MS. LATSHA: Okay.

23 MS. DEANE: And correct me if I'm wrong, but
24 the language that was added was, quote, "same target
25 population." Is that right?

1 MS. LATSHA: That's right.

2 MS. DEANE: So is that what you want to take
3 out? I think I might have said tenant, but I think it's
4 target. Right?

5 MS. LATSHA: That's correct.

6 MS. DEANE: I think I got it wrong. Can you
7 her what page that's on?

8 MS. LATSHA: It's 11.7, I think. Yes, 12 of 38
9 and page 13 was where the change was made, so we can just
10 take out "serving same target population."

11 MS. BINGHAM ESCAREÑO: Okay.

12 MR. OXER: Clear on that, Jean?

13 MS. LATSHA: Yes. I wanted to double check the
14 rural opportunity index to make sure that we didn't need
15 any additional clarification there. So in that rural
16 opportunity index there's several different amenities that
17 a development could be in proximity to. They all list one
18 linear mile and I would assume that we're wanting to
19 change all of those to 1.5. Right?

20 MR. OXER: Good?

21 MS. LATSHA: Yes, sir.

22 MR. OXER: All right. Motion by Mr. Gann,
23 second by Dr. Muñoz, to approve staff recommendation as
24 amended by discussion. Is there any other comment?

25 (No response.)

1 MR. OXER: All in favor?

2 (A chorus of ayes.)

3 MR. OXER: And opposed?

4 (No response.)

5 MR. OXER: There are none; it's unanimous.

6 MS. LATSHA: So moving on to 4(b)?

7 MR. OXER: I believe so. Hold on just a
8 second. We had said we'd offer the folks from El Paso an
9 opportunity to speak right after lunch. Where are they
10 and who are they? And that is, I take it, on item 6 on
11 the original agenda? Is that clear? Is this item 6 or is
12 this public comment?

13 MR. IRVINE: This is public comment.

14 MR. OXER: All right. We move to the public
15 comment, understanding we're taking this out of order.
16 This is for public comment specifically on this item.
17 Others who have other public comment they'd like to add to
18 agenda items for future meetings, we'll take that up later
19 but I want to make sure this particular item had an
20 opportunity to be presented. So with that, we'll take
21 comment, recognizing, as I hope you will, that it's being
22 in public comment, a section we can't act on today, we can
23 only receive your comment.

24 MS. KIRK: Good afternoon, Chairman and Board.
25 My name is Kathleen Kirk and I'm here today representing

1 Rancho del Sol neighborhood, together with neighborhood
2 residents, Sandra Mendoza and Sylvia Esparza. Thank you
3 for taking the time to speak to us today on the Verde
4 Palms development in El Paso.

5 The Verde Palms applied for and was granted
6 federal tax credits through the TDHCA under the 2013
7 rules. Under the previous notification rules, the City of
8 El Paso and any registered neighborhood associations were
9 notified, however, the city's input was not required.
10 Several municipalities worked to change the notification
11 rules to include city input and wanted to thank you for
12 your cooperation in changing those rules.

13 This past Tuesday, City Council Representative
14 Claudia Ordoz, who represents our neighborhood, introduced
15 a resolution before the El Paso City Council to revise the
16 city's state legislative agenda for 2015 to include
17 legislation that further amends notification requirements
18 for the housing tax credit program and applicants.

19 In light of the Verde Palms development, we'd
20 like to discuss several issues that may provide additional
21 insight into the application procedures as well as offer
22 several recommendations that address the practical
23 realities of low income individuals and, in fact, further
24 the TDHCA's mission.

25 Regarding the Verde Palms development, we bring

1 your attention to several issues in the application.
2 Under the section supporting documentation for site
3 information --

4 MR. OXER: And pardon me for interrupting.
5 Could you give me the application number?

6 MS. KIRK: No, I do not have it. I have it
7 with me but not up here.

8 The applicant submitted a letter of support
9 from the El Paso Apartment Association. The
10 applicant/principal is also the treasurer of the El Paso
11 Apartment Association and the chair for the Affordable
12 Housing Committee of the EPAA which is the El Paso
13 Apartment Association. This begs the question are self-
14 supporting letters appropriate to evidence community
15 support and need.

16 Again, the applicant submitted a letter from
17 the YMCA of El Paso. The applicants are directors of a
18 charitable foundation and also Presidential Roundtable
19 donors of the YMCA. In addition, one the YMCAs is named
20 after the applicant. Again, this begs the question are
21 self-supporting letters appropriate to evidence community
22 support and need.

23 The applicant also submitted a letter of
24 support from the TBP non-profit. In 2004 the same company
25 sought support from the former Texas State Senator Eliot

1 Shapleigh on behalf of Tropicana's application for low
2 income tax credits. The senator, however, refused. But
3 the issue here is not that TBP submitted the letter of
4 support for Tropicana but why would a non-interested third
5 party seek the support of a state elected official on
6 behalf of the developer, and how often has that happened.

7 The applicant also submitted a letter from
8 Texas State Senator Jose Rodriguez, however, under the
9 Texas Administrative Code, applicants who submit these
10 letters can receive up to eight points or have them
11 deducted from a scoring item, but in order to qualify
12 under this paragraph letters must be on the state
13 representatives letterhead, be signed by the state
14 representative and identify the specific development and
15 clearly state support or opposition for it. The letter
16 did not specifically mention Verde Palms, yet it was
17 included and awarded points.

18 MR. OXER: You'll need to sum it up; we're
19 going to be busy today.

20 MS. KIRK: They submitted an application for
21 152 units but the complete drawings to the city actually
22 include an additional 77 buildings that are going to lead
23 to additional permitting and traffic issues that were not
24 covered or mentioned in the application.

25 And so we had a couple of recommendations. You

1 guys were doing all the different changes to the rules,
2 and I thought it was kind of appropriate for us to be
3 here. When you're considering the mandatory site
4 characteristics, they should weight towards what effects
5 lower income people, like proximity to grocery stores.
6 Right now the development has grocery stores but the
7 closest one is three miles away. There's also a bus route
8 but it's one and it ends at 6:15. So getting around and
9 trying to get a job is going to be difficult for low
10 income people, especially if they're participating in
11 shift work.

12 And also, our last recommendation, educational
13 excellence is a rating but it also should include
14 capacity, because one of the schools that they listed is
15 at 118 percent capacity. And we also would like to
16 recommend under undesirable site features under Section
17 10.101(a)(3), an additional rule (I) developments near or
18 adjacent to industrial sites with noise decibel levels
19 that exceed state and federal health limits should be
20 included as part of an undesirable area.

21 In light of this information, we request that
22 you place the issue of the Verde Palms development on the
23 December 2014 agenda for further consideration.

24 MR. OXER: And just to be clear, this is an
25 application number 13133 that's been filed, approved and

1 evaluated.

2 MS. KIRK: And they're in the development
3 process right now and they're just starting to grade the
4 spot, but the neighbors were not notified, and it's a lot
5 bigger than they said it was going to be.

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

7 MS. KIRK: Thank you.

8 MR. OXER: Is there anybody else that wishes to
9 speak on this item?

10 (No response.)

11 MR. OXER: Thanks for your thoughts.

12 Now, Jean. It wasn't quite as big a busload as
13 I expected.

14 MS. LATSHA: 4(b) is staff's final draft of the
15 Uniform Multifamily Rules, particular subchapters A, B, C
16 and G. It's the same general process as the QAP, although
17 the QAP references these documents as part of the QAP but
18 these rules govern all multifamily development, not just
19 housing tax credit development.

20 MR. OXER: And to point that out --

21 MS. LATSHA: It's just a slightly different
22 resolution in your Board book that doesn't include going
23 to the governor by tomorrow.

24 MR. OXER: So this does not have to go to the
25 governor. Even though it's part of the QAP by reference,

1 it doesn't have to go to the governor tomorrow.

2 MS. DEANE: If I can?

3 MR. OXER: Sure, please.

4 MS. DEANE: Obviously, portions of these
5 multifamily rules are referenced in the QAP. They're not
6 technically considered part of the QAP but they are
7 referenced in the QAP, and so what we do is we present the
8 QAP to the governor and we do present these rules to him
9 so that he can have them and read the QAP in context. But
10 the multifamily rules apply to additional things and
11 they're more of an umbrella rule, and so they're not
12 technically part of the QAP itself, but we make sure he
13 has it so he'll know exactly what all the cross-references
14 mean and he can view the QAP in context.

15 MR. OXER: These constitute program context.

16 MS. LATSHA: Yes, sir.

17 MR. OXER: Good. Go ahead.

18 MS. LATSHA: So we have four subchapters. I
19 can take them one at a time or I can go through all four
20 and hear comment on all four.

21 So Subchapter A relates mainly to definitions.

22 Some changes that staff did make as a result of the
23 public comment was some cleanup to the definitions of
24 general partner and managing general partner. There was
25 also a comment with respect to the definitions of

1 principal and control. Staff didn't adopt the exact
2 changes that were suggested by the commenter but those
3 were made in a much larger context and we did make some
4 revisions in Subchapter C with respect to the principal
5 certification that addressed some of the concerns of that
6 commenter. I've spoken with her and I think we're all on
7 the same page that all of these definition certifications
8 are fitting together a little more neatly now.

9 We also changed the definition of Colonia.
10 That was really more of a clarification. This does relate
11 to a scoring item that awards points if you are in a
12 Colonia. The Colonia definition has this term in it,
13 geographic area, and everyone was a little but confused as
14 to what we meant by geographic area. So in the September
15 draft we clarified that by saying a geographic area
16 shouldn't be more than about two square miles. We further
17 clarified that how we're going to look at that geographic
18 area is to consider things like access to utilities and
19 compare the entire geographic area to the actual Colonia
20 as identified by the Texas Water Development Board. This
21 was based on some comment too.

22 I think that that's going to give the
23 development community a lot more clarification as to
24 whether or not they would qualify for those points, which
25 was the idea.

1 MR. OXER: And I'd point out it's not a change
2 in the points, it a clarification in the mechanism to
3 qualify.

4 MS. LATSHA: That's right.

5 We also made an adjustment to the supportive
6 housing definition. We'd actually adjusted it in the
7 September draft and really kind of came back to something
8 that's closer to what we were using in 2014, stating that
9 supportive housing is expected to be debt-free or have no
10 permanent forecloseable or non-cash flow debt. The only
11 change actually ultimately wound up being the addition of
12 the word "permanent."

13 And then I do need to slightly modify staff's
14 recommendation. There was one definition that we failed
15 to update, and that is the applicable percentage
16 definition, so in the case where the U.S. Congress were to
17 fix the 9 percent rate, we just need to change a 2014 to a
18 2015.

19 Moving on to Subchapter B, in response to
20 comment we removed a requirement to be able to obtain
21 flood insurance if you were in a flood plain. We also
22 adjusted a requirement for supportive housing developments
23 to be within a half mile of public transportation or to
24 provide free transportation to the bus stop. This is
25 actually consistent with some of the 811 requirements. We

1 worked with them to have some consistency across the board
2 there.

3 MR. OXER: So this is a manner of harmonizing
4 all those programs.

5 MS. LATSHA: Yes.

6 In the undesirable site features section, in
7 response to comment we removed some references to gas
8 stations. We didn't want proximity to gas stations to be
9 something that would make a site ineligible. And then
10 also removed some particular pipelines as deeming a site
11 ineligible. We basically left in any pipelines carrying
12 highly volatile liquids as not so good.

13 MR. OXER: What was the proximity on that one,
14 do you recall?

15 MS. LATSHA: The development site contains the
16 easement for the pipeline.

17 MR. GANN: Did you say just liquids?

18 MS. LATSHA: You know what, I have to go back
19 to the rule; I've looked at it so many times. It now
20 reads: Development sites that contain one or more
21 pipelines situated underground or above ground which carry
22 highly volatile liquids.

23 MR. DORSEY: Cameron Dorsey, interim chief of
24 staff.

25 Highly volatile liquids includes liquids that

1 are in gaseous form for the purpose of transmission or
2 distribution or whatever.

3 DR. MUÑOZ: I'm sorry. What was that title
4 again?

5 MR. DORSEY: Interim chief of staff.

6 (General laughter.)

7 MS. LATSHA: Any more questions about that one
8 for Cameron?

9 MR. OXER: You knew you couldn't leave him out
10 there, he was going to make his way to the mike one way or
11 another.

12 MS. LATSHA: I know. He was really hoping for
13 some questions earlier that he told me he insisted on
14 answering.

15 So moving on, probably the most significant
16 change to Subchapter B is one of the requirements under
17 undesirable neighborhood characteristics. If you recall,
18 we changed this rule up quite a bit in September and have
19 some threshold requirements that will require disclosure
20 if your site has some environmental issues, has extremely
21 high poverty or has some crime issues. Folks weren't too
22 happy with how we were evaluating crime. We were
23 suggesting using a NeighborhoodScout Crime Index, and
24 instead we've gone to basically a violent crimes per
25 thousand, and we've also changed it to where this would

1 only pertain to urban areas. So the rule now reads: This
2 would require disclosure. This is not something that
3 would deem a site ineligible outright, this would just
4 simply alert staff that we need to take a closer look at
5 this site and then make a recommendation to the Board with
6 respect to eligibility.

7 So it now reads: This would cause for
8 disclosure, if the development site is located in an urban
9 area and the rate of Part I violent crimes is greater than
10 18 per 1,000 persons annually for the immediately
11 surrounding area. Immediately surrounding area, for the
12 purposes of this provision, is defined as the census tract
13 within which the development site is located, the police
14 beat within which the development site is located for a
15 city's police department, or within a one-half mile radius
16 of the development site. The data used must include
17 incidents recorded during the entire 2013 or 2014 calendar
18 year, but may include up to 36 consecutive months of data.
19 Sources such as the written statement from a local police
20 department or data from neighborhoodscout.com may be used
21 to document compliance with this provision.

22 So the idea was to give the development
23 community some options in presenting any crime issues they
24 might have at their site. It doesn't take away all of the
25 subjectivity from the item but I think it takes most of

1 it. I don't know if we're going to hear much comment on
2 that either. I think that the development community was
3 pretty happy with that change -- at least I hope so.

4 Then we also added proximity to facilities that
5 were providing some specific services, such as treatment
6 of alcohol dependency, as an option under tenant services.

7 This is just another option. They have a list of options
8 they can choose from with respect to tenant services, and
9 we just added that as one of them. We also added several
10 options under green features. Those are all in Subchapter
11 B.

12 Subchapter C, this relates to basically
13 application requirements and applicant eligibility as
14 well. Again, one change of note was a clarification to
15 the applicant eligibility section. This was the addition
16 of language that would make disseminating misinformation
17 about a competing applicant a violation of the rule.
18 Also, just some clarifying language with respect to public
19 notifications, and when re-notification would be required,
20 again, that principal certification and some
21 clarifications regarding the ownership chart.

22 Finally, also in the waiver provision, staff in
23 September added a new section of this rule that allowed us
24 to recommend granting a waiver in cases where you had
25 rehabilitation that had some limitations with respect to

1 design that might not conform to our rules. We just added
2 that that would apply to adaptive reuse as well.

3 And that pretty much sums it up, so unless you
4 have any questions for me, I think we might have some
5 comment.

6 MR. OXER: Any questions from the Board?

7 (No response.)

8 MR. OXER: Okay. We'll need a motion to
9 consider first.

10 MS. BINGHAM ESCAREÑO: I'll make the motion.
11 Move staff's recommendation.

12 MR. OXER: Motion by Ms. Bingham on item 4(b).

13 MR. GANN: And I'll second.

14 MR. OXER: Second by Mr. Gann.

15 MR. OXER: Okay. Mr. Teachey, do you have a
16 comment?

17 MR. TEACHEY: Board members, Mr. Chair. Rod
18 Teachey, Columbia Residential.

19 I'm going to take another bite at the apple
20 here. So we had submitted a comment specifically
21 regarding the tenant services section, and in light of the
22 demonstration of the strong social services and community
23 support behind this development and all of the reputable
24 funded organizations that were here earlier today that
25 pledged their support, we were hoping that the QAP could

1 take into consideration projects that have this kind of
2 unprecedented level of support.

3 Specifically, the purpose-built part of that
4 model is to create a privately funded non-profit staffed
5 organization whose purpose is to essentially coordinate,
6 oversee and integrate the various social services
7 organizations to make sure that the services that they
8 provide are effectively transferred to the residents and
9 the residents get the full benefit of those services.

10 So our suggestion to the staff was that there
11 be some consideration and/or some point allocation given
12 to a project that brought that to the table where you have
13 an organization that's staffed, that's funded and it's
14 focused on that specific development to make sure the
15 residents get the full brunt of all the social services
16 available in that community.

17 MR. OXER: Great. Thank you for your comments.

18 Any questions?

19 (No response.)

20 MR. OXER: I think it's evident, Mr. Teachey,
21 that the model you're bringing in the purpose-built
22 communities tends to be a hybrid that's outrunning our
23 collective capacity at this point to put it in a slot, so
24 we're pedaling as fast as we can to keep up with that one.

25 Any other comments? Robbye.

1 MS. MEYER: Robbye Meyer, one more time.

2 Thank you for your decision on the QAP. My
3 clients and I greatly appreciate that.

4 One point that I'd like to make and just one
5 comment that I had for the rules, and it's in Subchapter
6 B, Jean touched on it earlier. A comment was made earlier
7 about the undesirable site features and the letter that's
8 required from federal agency on developments asking for an
9 exemption, and I realize they are actually asking for an
10 exemption but I think the development that you heard from
11 earlier on Tays is having difficulty receiving that letter
12 as of right now, and they received an award back in July.

13 Their deal was already pretty much baked and ready to go
14 and they've got all of their design plans and everything,
15 and they still haven't gotten their letter.

16 For a development right now that's trying to
17 put their application together that does not have site
18 plans, that does not have their scope of work, it doesn't
19 have an appraisal and everything, and trying to get that
20 letter to turn in an application in February, that doesn't
21 even know whether they're going to be competitive in the
22 pre-app process, doesn't really seem fair to ask for that
23 letter to be received from HUD. I don't know what we
24 could give HUD in order for them to be able to give us
25 that letter.

1 MR. OXER: When you figure that out, please let
2 us know.

3 MS. MEYER: Well, that's the problem. I mean,
4 it's kind of difficult to have that in a rule to ask the
5 development community to get something that you don't know
6 how to get it either. I mean, staff has talked to HUD on
7 the previous development that you just heard, and they're
8 asking for another month and you're still not getting it.
9 So I think it's kind of difficult to ask the development
10 community now when we don't even have an application that
11 we can give to HUD. And these also involve USDA
12 developments and trying to get a letter from HUD on a USDA
13 development, I think, is going to be next to impossible as
14 well.

15 I ask if we can give this another year and
16 let's see if we can figure out who to get it from and make
17 this process a little bit easier. I'll support it if we
18 can figure out who to get it from and get it in a timely
19 manner. Thank you for your time.

20 MR. OXER: Good. Thanks for your comments.

21 Anybody else? Anything else? Jean, any last
22 hits you've thought of?

23 MS. LATSHA: Cameron and I were, as Robbye was
24 speaking, just discussing one direction we could go,
25 without that without taking the requirement out altogether

1 for the exemption, is having it due at a later date.
2 Right now the rule is written says: Such an exemption
3 must be requested at the time of or prior to the filing of
4 an application and must include a letter from the Fair
5 Housing or Civil Rights office of the existing federal
6 oversight entity indicating that the rehabilitation of the
7 existing units is consistent with the Fair Housing Act.
8 We could simply make that sentence so that it's due at
9 commitment or carryover or some much later date. That
10 would be my suggestion in response to that comment.

11 MR. OXER: Do you have a thought on that, Tim?

12 MR. IRVINE: Well, without the letter, it's
13 ineligible. Right?

14 MS. LATSHA: As the rule is drafted right now,
15 that would be right. Yes.

16 MR. IRVINE: I mean, I think that the Board
17 certainly does have limited discretion to grant waivers
18 for good cause. Staff certainly is supportive when people
19 are truly in a good cause situation. I kind of like the
20 bright line of the rule, and if there is a good cause
21 situation that occurs, then we'll deal with it in good
22 faith.

23 MR. OXER: We're back to keeping a strong rule
24 and providing waivers, as opposed to trying to write a
25 rule that's got so many holes through it you could figure

1 out other ways.

2 Okay. All right. With respect to item 4(b),
3 motion by Ms. Bingham, second by Mr. Gann, to approve
4 staff recommendation, and we've heard public comment. Any
5 other comments from the Board?

6 (No response.)

7 MR. OXER: There are none. All in favor?

8 (A chorus of ayes.)

9 MR. OXER: Opposed?

10 (No response.)

11 MR. OXER: There are none; it's unanimous.

12 Thanks, Jean.

13 And I think 5(a) is up.

14 MS. LATSHA: So 5(a) is a request for a waiver
15 of 11.3(e) of the 2014 QAP. This is the elderly
16 restriction in certain subregions and counties. We heard
17 this waiver at the last Board meeting, and so I don't know
18 that I would go into a whole lot further, except that the
19 difference between last month's Board meeting and this
20 one --

21 MR. OXER: Hold on just for a second. Move
22 that microphone because we're intermittently in and out
23 from this set of speakers. Apparently we're not getting
24 anything out of it. Can you guys hear it? I mean, we're
25 right here listening to her so that's close enough.

1 MS. LATSHA: Is that better?

2 MR. OXER: That's a lot better.

3 MS. LATSHA: It wasn't on.

4 MR. OXER: Imagine that .

5 (General laughter.)

6 MS. LATSHA: All right. So the only difference
7 really between last month and this month is that now we
8 have a QAP that we're going to send to the governor that
9 no longer has this restriction in it. I certainly
10 couldn't speak for what the governor is going to do with
11 that QAP either, but I think that what you're probably
12 going to hear from the applicant is that now that we're
13 lifting the -- or at least proposing to lift the elderly
14 restriction for 2015, why not grant the waiver essentially
15 lifting it a couple of months earlier.

16 Staff's recommendation is still not to grant
17 the waiver. I think that there was some expressed urgency
18 with respect to this application, but as we started
19 reviewing the application, it was a little bit difficult
20 for us to really understand the urgency with having the
21 application in 2014 and not just waiting until 2015 when
22 the rules might allow for this application to be eligible
23 on its face.

24 That being said, staff's position stands, we
25 are not recommending the waiver. And unless you have any

1 other questions for me, I'll let them speak to it.

2 MR. OXER: Okay. And this is a 4 percent deal,
3 it's on the competitive list. Right?

4 MS. LATSHA: That's correct.

5 MR. OXER: All right. On that item we have to
6 have a motion to consider before we hear comment.

7 DR. MUÑOZ: So moved.

8 MR. OXER: Okay. Motion by Dr. Muñoz to
9 approve staff recommendation which is to deny the waiver
10 which would essentially move this into the 2015 program
11 year application.

12 MR. GANN: I'll second.

13 MR. OXER: Second by Mr. Gann.

14 Kent. I'd say welcome back.

15 MR. CONINE: Thank you. Glad to be back, and
16 good to see the hard core four still at it again. I guess
17 the next meeting you'll have two new Board members and you
18 guys can take a break maybe.

19 MR. OXER: If you think we're tough, wait till
20 you see the two new marines that are showing up.

21 MR. CONINE: Well, that's good, that's good.

22 We are back, and as Jean said, I think have the
23 urgency of needing to get this project moving, and we now
24 have the certainty, if you will, of having the QAP state
25 what our concern might have been last time. I'll also

1 tell you that when Jean suggests waiting until next year,
2 the real truth to that process is it's not like you can
3 get it done in January because we'd have to resubmit and
4 then there would be the 75-day waiting period, and then
5 there would to be a Board meeting, and then we're talking
6 in realistic terms about as six-month delay, and that's
7 material, especially in today's world with rising interest
8 rates and rising construction costs. This is a big deal,
9 it's a \$20 million deal, it's not something small, so a 5
10 percent cost increase in construction, we're talking a
11 million dollar increase, and that obviously might
12 essentially make the deal not feasible at that time.

13 So again, I would urge you to grant the waiver
14 so that we can go ahead and get started, with all
15 confidence in saying that we have everybody lined saying
16 that we have everybody lined up to get the deal closed in
17 the next week or so, if you so deem to do so, and would
18 appreciate the request.

19 I'm here to answer any questions.

20 MR. OXER: Great. Thanks, Kent.

21 Any questions for Kent from the Board? Doctor.

22 DR. MUÑOZ: You know, I made the motion, Jean,
23 but what concrete sort of difficulty would the waiver
24 present in the middle of November, six weeks out to the
25 beginning of the year?

1 MR. CONINE: To do the processes, Dr. Muñoz,
2 that the Department has set up, we couldn't actually close
3 the transaction until April, and that's what hurts. It
4 essentially kills the deal, and as I view the mission of
5 TDHCA, it's to put affordable housing on the ground, and
6 we certainly have a tremendous opportunity to do this in
7 an area that you wouldn't normally get an opportunity.
8 And I won't drag up the history of the merits of the
9 project, but suffice it to say it's an unusual
10 opportunity.

11 DR. MUÑOZ: Arguably, you're aware of the
12 mission more than maybe anybody else in the room, but how
13 does it kill it? How does it kill the deal by waiting
14 until April? Interest rates may go, may not go as high.

15 MR. CONINE: They've gone up 30 basis points
16 since we were here in October. I can tell you that. I'm
17 getting calls all day from contractors saying our price is
18 going to go up, and I've got them all locked in right now
19 for a November-December initialization. They can't hold
20 those till April, not going to, not in this marketplace.
21 It's hotter than a firecracker in Dallas right now for all
22 kinds of construction, not just multifamily. It would
23 make the deal unfeasible because your sources and uses
24 always balance out, and if I have a million or \$2 million
25 cost increase between now and April, they won't balance

1 out.

2 DR. MUÑOZ: So here's my question for Jean.
3 Obviously, I made the motion just to get us talking. What
4 would the waiver -- what harm would it cause and how does
5 that harm exceed the benefit of affirmatively advancing
6 affordable housing?

7 MS. LATSHA: You know, that's a tough question,
8 and I think Tim had a thought on there too. My first gut
9 reaction is there's a reason you rarely see staff up here
10 recommending granting of waivers, and that's so that we
11 don't set a precedent of granting such waivers, but I
12 think Tim has something to add to that.

13 MR. IRVINE: I don't think staff has any
14 visceral opposition to it. It's simply the current rules
15 states X and staff follows the current rule, as long as
16 it's in effect. You know, I think the fact that it is a
17 4 percent deal is of note. It's, for all intents and
18 purposes, right now an unlimited asset that hopefully will
19 get utilized to put units in Texas.

20 MS. LATSHA: The only other comment I might
21 make, you'll see that the next item is the deal itself.
22 Staff, even though we were trying to get all of the
23 reasoned response with the rules and a pretty hefty agenda
24 done, we spent a good deal amount of time on this
25 application. Unfortunately, we're not able to get the

1 underwriting completed and get it to EARAC and everything
2 that we needed to do to be able to take the actual deal
3 before you today. That being said, since we have done so
4 much work on it already, if the Board were not to grant
5 the waiver and we were to wait until 2015, it wouldn't be
6 a typical situation where we would have to wait until a
7 March Board meeting; I don't think we have a Board meeting
8 schedule yet, but it would likely be more than that. So
9 not quite the delay, but a delay nonetheless, yes.

10 MR. OXER: What you're saying, Jean, is we
11 could essentially take this up in January and approve it
12 in January, were that to be the case.

13 MS. LATSHA: This would be one of the only
14 circumstances where I would say that's a real possibility.

15 MR. OXER: So go back to your schedule again,
16 Kent, let's hear how this works.

17 MR. CONINE: I've got a 2015 QAP I've got to
18 deal with that now may create changes in the application
19 that I'm not prepared to say whether I can make or not can
20 make right at this point in time.

21 MR. OXER: At least the 2015 lifts the
22 restriction.

23 MR. CONINE: Right. But as far as the physical
24 characteristics of the building may have to change, I
25 don't know. All I can just tell you that the timing is

1 such, and we have had so much money being spent to this
2 point, that it's just critical for us to get it started
3 now, based on what I'm seeing in the marketplace today,
4 and I just don't see, again, with the QAP lifting the
5 prohibition against seniors, why it isn't advantageous to
6 the Department. You're not issuing the bonds, we're doing
7 that local, Collin County Housing Finance Corporation is
8 doing the bonds, all you're doing is issuing a
9 determination notice on the credits, effectively, so that
10 we can get started. And that amount of credits is
11 adjusted at the tail-end on all 4 percent deals anyway, at
12 cost certification. So we just need to get this one
13 rolling; I've got the D-9s waiting to go.

14 MR. OXER: Fueled up and warm, huh?

15 MR. CONINE: Yes, sir.

16 MR. OXER: I hear you.

17 DR. MUÑOZ: And Jean, you haven't done all the
18 underwriting but you've looked at this, right, a little
19 bit carefully?

20 MS. LATSHA: Yes, sir.

21 DR. MUÑOZ: Is there anything other than this
22 that gives you any sort of pause?

23 MS. LATSHA: I think Brent and Tom could
24 probably speak to that the most, but they haven't
25 mentioned anything to me.

1 MR. OXER: Brent, you can either come speak or
2 you can go up or down with a thumb on this.

3 MR. STEWART: Brent Stewart, Real Estate
4 Analysis.

5 We've underwritten the transaction, we have not
6 published the underwriting report. There is nothing in
7 that report that would cause a negative recommendation
8 from us.

9 MR. OXER: Stay with us, Kent, but Toni, you're
10 going to be up next.

11 It's a 4 percent deal so there are currently
12 unused assets available thought the 4 percent program that
13 apparently don't go accessed by the communities doing
14 these developments.

15 MR. STEWART: There is sufficient volume cap of
16 private activity bonds that's not being used.

17 MR. OXER: Okay. Anything else right quick,
18 Kent?

19 MR. CONINE: You've got about, my
20 understanding, a billion dollars in unused bond cap
21 sitting out there. You probably only closed two or three
22 of these 4 percent deals this year anyway. Now is the
23 time to go.

24 MR. OXER: Toni.

25 MS. JACKSON: Good afternoon. Toni Jackson,

1 Jones Walker.

2 I just wanted to also give the Board one last
3 thing that I had actually brought up during last month
4 when we were discussing this. The waiver request that we
5 are speaking of, as the wording is in the QAP, it
6 indicates in the 2014 application round the following
7 counties are ineligible. As I got before you last month
8 and indicated that we also did not believe that the bond
9 applications actually fall under that application round,
10 however, I did not have the statute in front of me, and I
11 wanted to simply read that statute so that you have that
12 in front of you.

13 The statute that governs TDHCA indicates that"
14 Notwithstanding any other state law and to the extent
15 consistent with federal law, the Department shall
16 establish uniform application and funding cycles for all
17 competitive single family and multifamily housing programs
18 administered by the Department under this chapter, other
19 than programs involving the issuance of private activity
20 bonds.

21 So it is, again, our belief that when the QAP
22 indicates in this application round these counties cannot
23 have senior housing, we believe that that is not
24 applicable to 4 percent transactions.

25 MR. OXER: Okay. Any questions of Toni?

1 Anything else?

2 MS. JACKSON: Do I have any questions of you,
3 or any questions of me?

4 MR. OXER: Any questions from the Board of
5 Toni. I know what you're asking us.

6 DR. MUÑOZ: Mr. Gann, are you prepared to
7 withdraw your second?

8 MR. GANN: I am.

9 DR. MUÑOZ: And I'll withdraw my motion as
10 well.

11 MR. OXER: There's been a withdrawal of the
12 second by Mr. Gann and of the motion by Dr. Muñoz, which
13 that motion was to approve staff recommendation. Would
14 you care to restate, Dr. Muñoz?

15 Ms. Bingham.

16 MS. BINGHAM ESCAREÑO: Mr. Chair, I'll make a
17 motion to grant the waiver.

18 MR. OXER: Motion by Ms. Bingham to grant the
19 waiver.

20 MR. GANN: Second.

21 MR. OXER: Second by Mr. Gann. Is there any
22 other public comment?

23 (No response.)

24 MR. OXER: Jean, have you got anything else to
25 say to cap it off?

1 MS. LATSHA: No, sir.

2 MR. OXER: Okay. Dr. Muñoz.

3 DR. MUÑOZ: We might want to just add some
4 language. I don't know if this would be the right time,
5 or after the vote.

6 MR. OXER: Add contextual language to this to
7 the effect that it's a 4 percent deal where we have an
8 exceptionally large amount of bond cap capability left
9 over going unaccessed. If we get this one in place,
10 that's an extended use of the resources we have at our
11 disposal. Is that a fair statement, Counsel?

12 MS. BINGHAM ESCAREÑO: I accept that context.

13 MR. OXER: Anything else?

14 (No response.)

15 MR. OXER: Motion by Ms. Bingham, second by Mr.
16 Gann, to deny staff recommendation and to approve the
17 waiver, given the context. All in favor?

18 (A chorus of ayes.)

19 MR. OXER: Opposed?

20 (No response.)

21 MR. OXER: Good job, Kent.

22 MR. CONINE: Thank you.

23 MS. LATSHA: So item 5(b), we don't have a
24 presentation.

25 MR. OXER: For the record, I'm glad to see

1 somebody going after the 4 percent.

2 MS. LATSHA: As we said earlier, we don't have
3 a completed underwriting report, we have not been able to
4 take this to EARAC, so considering we don't have anything
5 to present, I would suggest that we'll present that at
6 December's Board meeting.

7 MR. CONINE: May I speak to that, Mr. Chairman?

8 MR. OXER: Certainly.

9 MR. CONINE: Given the fact that --

10 MR. OXER: And you are?

11 MR. CONINE: Kent Conine. Excuse me.

12 MR. OXER: Not that we don't know, it's
13 something we've got to tell her.

14 MR. CONINE: I know. I apologize.

15 I think the Board would have the discretion to
16 go ahead and approve the tax credit determination notice
17 so we don't have to wait till the December meeting, and
18 give that over to staff and the EARAC committee. Brent
19 testified that essentially the underwriting was done. We
20 had a conference call with him yesterday morning. He said
21 it's virtually done, it just didn't get into the book and
22 the three-day notice.

23 MR. OXER: Okay. Timeout. Brent? This is
24 essentially moving, we just haven't gotten across the
25 marker yet on this one?

1 MR. STEWART: The underwriting report is
2 essentially complete. There is nothing in that report
3 that would suggest that it would be a negative
4 recommendation.

5 The process of these are that they go to EARAC
6 where the deal itself, as well as the underwriting report
7 is presented to EARAC for approval for a recommendation to
8 this Board for approval of the transaction. That has not
9 occurred. I don't know that we've had a transaction that
10 hasn't been through EARAC that has not gone through that
11 process before it comes to you.

12 MR. OXER: Questions of counsel?

13 MS. DEANE: If the Board is inclined to do
14 this, could we make it --

15 MR. OXER: Provisional authorization?

16 MS. DEANE: -- subject to the completion? I'm
17 sure in the rule there's a process set out that everything
18 goes through and then it goes to EARAC and so forth, so we
19 don't want to be in a position of having to look and see
20 what other rules we need to waive to get there. I would
21 make it subject to the completion of that internal process
22 with the underwriting and going to EARAC, and if EARAC
23 comes out with a positive determination, then the Board
24 would tell staff to go forward.

25 MR. OXER: Are there any operational conflicts

1 with offering that latitude to EARAC? Because that's not
2 to the ED.

3 MR. IRVINE: You really wouldn't be giving any
4 latitude to EARAC. Simply, you would be approving it
5 subject to EARAC conducting its normal review, and unless
6 EARAC has reason to bring it back to the Board, the Board
7 approval stands. If EARAC has a reason in its review to
8 bring it back to the Board, we bring it back in December.

9 MS. LATSHA: I think the only thing I'm a
10 little bit concerned about is we didn't send out zip code
11 notifications which we do when we have a published
12 underwriting report and something to put in a Board book.

13 All of that always happens at the same time. Those
14 notifications are required by statute and were not sent.

15 MR. OXER: So the public notification of this
16 as a consequence of the EARAC follows a sequence, and you
17 haven't done that yet. How do we get around that one,
18 Kent?

19 MR. CONINE: Mail them out tomorrow. That's
20 the only thing I can think of.

21 MS. DEANE: It may end having to come back to
22 December if there's a statutory requirement in the way.

23 MR. CONINE: I'm just trying to create a path.

24 MR. OXER: I understand. I hope you recognize
25 we're not working against you on this.

1 MS. LATSHA: I think the question would be if
2 the Board book posting is required by statute. Since that
3 didn't get done, there wouldn't be really a remedy for
4 that. If it's on the notifications that are required by
5 statute, then right, we mail them tomorrow.

6 MS. JACKSON: And that was what I was going to
7 speak to, that is not a statutory -- I'm sorry.

8 MR. OXER: Toni Jackson.

9 MS. JACKSON: Toni Jackson. Sorry.
10 I was going to simply state that that is not a
11 statutory requirement, it is part of your rules, so it
12 does not require that it be put out at a certain time, so
13 you would be able to put that out tomorrow.

14 MR. OXER: So we don't run the risk of it being
15 in conflict with a statutory requirement if we do it this
16 way?

17 MS. JACKSON: That is correct.

18 MR. OXER: Are you confident in that,
19 Counselor?

20 MS. DEANE: Well, I'll add a little proviso to
21 that, but I have no time to really dig in, I didn't
22 realize this was actually going to go forward today.
23 Subject to completing the internal process and if any
24 statutory impediments are found, we will bring it back to
25 December.

1 MS. JACKSON: And that would be acceptable.

2 MS. DEANE: I think we really have to anyway,
3 but I would like to have that in there.

4 MR. OXER: Okay. Since we didn't have anything
5 on this, there's not been a motion, we'd have to originate
6 a resolution now. Is that correct? Anybody want to take
7 a shot at that, or do you want me to do it? Gee thanks,
8 folks. I know, I asked.

9 DR. MUÑOZ: Who's got the big gavel?

10 (General laughter.)

11 MR. OXER: Step over here and I'll show you.

12 All right. Subject to this particular project
13 meeting the requirements of EARAC and statutory regulatory
14 requirements, the 4 percent application is approved.

15 MR. CONINE: The determination notice.

16 MR. OXER: The determination notice is approved
17 for the tax credits. So that's the next step in it. Does
18 that satisfy the requirements of the rule?

19 MS. DEANE: Right. And if any impediments
20 related to the rule or the statute are found, we'll bring
21 it back in December.

22 MR. OXER: If EARAC or underwriting finds any
23 impediments to this, it's got to come back.

24 MS. DEANE: Does it have to?

25 MR. IRVINE: Does the posting identify the

1 amount of the determination notice?

2 MS. LATSHA: It does. Well, typically when we
3 post, it would identify the amount, but we didn't post
4 anything.

5 MS. DEANE: Right. The agenda item today does
6 not have an amount for the determination notice.

7 MS. LATSHA: I don't know if the agenda item
8 itself has a number in it.

9 MR. CONINE: Orally present \$890,000 in tax
10 credits, would you?

11 MS. LATSHA: I don't think the number is 890-.
12 (General talking and laughter.)

13 MR. OXER: We can modify the resolution for an
14 amount up to.

15 MR. IRVINE: Does REA have the number?

16 MR. OXER: Read that in the record somewhere.

17 MR. STEWART: So the draft underwriting report
18 has a recommendation of \$884,807.

19 MR. OXER: That was pretty close, 890-.

20 MR. CONINE: I knew he was going to trim me
21 somewhere.

22 (General laughter.)

23 MR. OXER: They're a tough crowd to play.

24 With that modification to the resolution,
25 that's the motion. The chair moves to approve the

1 determination notice in the amount that was expressed by
2 Brent, 884,807. Chair's motion. Do I hear a second?

3 MS. BINGHAM ESCAREÑO: Second.

4 MR. OXER: Second by Ms. Bingham. Is there any
5 other public comment? I assume you're not stepping
6 forward to speak, Kent.

7 MR. CONINE: No, sir. I'm just grabbing a
8 piece of paper.

9 MR. OXER: All in favor?

10 (A chorus of ayes.)

11 MR. OXER: Opposed?

12 (No response.)

13 MR. OXER: There are none. Glad to see you
14 going after those 4 percent.

15 MR. CONINE: Thank you.

16 DR. MUÑOZ: Hey, Jean, I'll just say this, and
17 Brent, your work on this proactively provided the
18 possibility for this to move forward, so I appreciate your
19 conscientiousness and professionalism and being able to
20 give us the information we need to try to make a
21 thoughtful decision on it. Thank you.

22 MR. OXER: It's one of those creases we
23 sometimes get into that you've got to exercise the
24 latitude.

25 What else have you got?

1 MS. LATSHA: All right. I think these we can
2 whiz through, hopefully. Item 5(c) this is the adoption
3 of the 2015 Multifamily Programs Procedures Manual. This
4 just goes along with our application materials and
5 outlines for applicants exactly how to fill out an
6 application. It is referenced in the Uniform Multifamily
7 Rules which is why we adopt it here. You'll see that it's
8 a bit of a shell. It's because we update our application
9 materials every year, but nothing in our application
10 materials would be in conflict with the rules that were
11 adopted.

12 MR. OXER: So it's more context.

13 MS. LATSHA: Yes, sir.

14 MR. OXER: Any questions?

15 (No response.)

16 MR. OXER: Motion to consider.

17 DR. MUÑOZ: So moved.

18 MR. OXER: Motion by Dr. Muñoz to approve staff
19 recommendation on item 5(d).

20 MS. LATSHA: I think that was (c).

21 MR. OXER: I'm sorry. 5(c).

22 MS. BINGHAM ESCAREÑO: Second.

23 MR. OXER: Motion by Dr. Muñoz, second by Ms.
24 Bingham, to approve staff recommendation on item 5(c). No
25 public comment. All in favor?

1 (A chorus of ayes.)

2 MR. OXER: Opposed?

3 (No response.)

4 MR. OXER: There are none, so it's approved.

5 (General talking and laughter.)

6 MS. LATSHA: So item 5(d), these are HOME
7 awards from the 2014 HOME NOFA, so although that NOFA was
8 released relatively late in the game, what happened was we
9 accepted applications for HOME funds under this NOFA when
10 folks applied for 9 percent credits in 2014. So we've had
11 these applications in house for a long time, although we
12 didn't have our HOME grant agreement with HUD. We finally
13 go that, we actually have the funds, so now we're awarding
14 them. So they're a little bit behind all of those 9
15 percent awards, but all of the awards listed here are
16 layered with 9 percent credits and are awarded to
17 applications that have already been awarded 9 percent
18 credits. If that made sense at all.

19 MR. OXER: So when they had the 9 percent
20 credits, it was in anticipation of this being approved, it
21 just took a little longer than we thought?

22 MS. LATSHA: That's right. And actually, in
23 the next item I'll talk about how we're going to get back
24 on the same cycle next year so that we don't have this
25 kind of strange issue where we award the credits on the

1 application and award the HOME funds a little bit later.

2 But that's essentially what's happening here.

3 MR. OXER: Any questions for Jean?

4 (No response.)

5 MR. OXER: Motion to consider.

6 MR. GANN: So moved.

7 MR. OXER: Motion by Mr. Gann.

8 MS. BINGHAM ESCAREÑO: I'll second.

9 MR. OXER: Second by Ms. Bingham. No public
10 comment. All in favor?

11 (A chorus of ayes.)

12 MR. OXER: Opposed?

13 (No response.)

14 MR. OXER: Good. Go.

15 MS. LATSHA: I waited that time. So 5(e), this
16 is the programming of TCAP program income, actually, more
17 accurately described as TCAP loan repayments. So I wasn't
18 around when TCAP happened, I was on the other side of the
19 fence, but this Board was --

20 DR. MUÑOZ: Jean, welcome to the good side of
21 the fence.

22 MR. OXER: Come into the light, out of the dark
23 side.

24 (General laughter.)

25 MS. LATSHA: The Department and the Board very

1 wisely back then decided to structure this program as a
2 loan program which generated repayment, so in our coffers
3 right now we have around \$6 million that was generated
4 from that program.

5 MR. OXER: Our coffers brimeth over?

6 MS. LATSHA: I wouldn't call it brimeth over,
7 but at least there's a little cash in the bank. So we
8 would like to program that for the Multifamily Division to
9 administer. And why I'd like to talk about this in
10 conjunction with HOME funds is we are also trying to get
11 back on the same schedule with our HOME program funds so
12 that come January-February we can actually have 2015 NOFAs
13 for this \$6 million, plus whatever balance we have in HOME
14 and actually be able to allocate all of this on the same
15 cycle. So I'm actually pretty happy about that.

16 MR. OXER: What's the general amount in the
17 current? Add the \$6 million to what you've got which
18 would be what?

19 MS. LATSHA: I think maybe nine, more, upwards?
20 I'm looking under the couch cushions, if you will, under
21 both Tom's and Jennifer's couch cushions.

22 (General laughter.)

23 MR. IRVINE: The answer is right behind you.

24 MR. WEINER: Eric Weiner, HOME program
25 administrator for Multifamily.

1 The question is how much money will be in 2014?

2 MS. LATSHA: In '15.

3 MR. OXER: If you add the 6 million to what we
4 have now, what's the total?

5 MR. WEINER: We're anticipating about 6- to 8
6 million in HOME funds.

7 MS. LATSHA: So plus this gives us twelve.

8 MR. OXER: Twelve to fourteen.

9 MS. LATSHA: Right.

10 So this is just programming the funds, we still
11 have some time for discussion on exactly what that NOFA is
12 going to look like in January, but we did want to start
13 that discussion. We've already started that discussion
14 with some stakeholders and our initial recommendation is,
15 and what we'll probably bring to the Board when we bring a
16 NOFA to discuss further will be that it will prioritize
17 rural rental rehabilitation development, and also mixed
18 income developments in high opportunity areas. That's
19 all, of course, up for discussion. Luckily in this
20 instance we are ahead of the game, so should have plenty
21 of time to develop that NOFA very carefully and release it
22 in January or February.

23 MR. OXER: This obviously gives you the
24 capacity to have more money to apply to projects. Are any
25 of those larger as a consequence? Is there a limit to the

1 NOFA funding?

2 MS. LATSHA: That's something that we're going
3 to discuss in the next couple of months, what those limits
4 might be, whether we want to go up to a \$3 million instead
5 of only \$1 million and maybe only in some very particular
6 circumstances.

7 MR. OXER: Okay. So staff recommendation is to
8 approve this item.

9 MS. LATSHA: Yes, sir.

10 MR. OXER: Obviously.

11 DR. MUÑOZ: So moved.

12 MR. OXER: Motion by Dr. Muñoz.

13 MS. BINGHAM ESCAREÑO: Second.

14 MR. OXER: And second by Ms. Bingham. No
15 public comment. All in favor?

16 (A chorus of ayes.)

17 MR. OXER: Opposed?

18 (No response.)

19 MR. OXER: There are none; it's approved.

20 DR. MUÑOZ: I have a question for Jean. Jean,
21 how did you describe the decision of the Board? Did you
22 call it astutely or thoughtfully? What was that?

23 MS. LATSHA: I don't know.

24 MR. OXER: Expeditiously.

25 DR. MUÑOZ: It was very complimentary. I was

1 just wondering if all the decisions of the Board were so
2 categorized when you were on that side of the fence.

3 MR. OXER: Those fences change your
4 perspective, don't they?

5 MS. LATSHA: I'm going to plead the 5th on that
6 one. I can say that there was some betting going on as to
7 what those decisions might be.

8 MS. DEANE: Do you need an attorney, Jean?
9 I'll help you out there.

10 MR. OXER: So what exactly is the line on this
11 from your side, Jean?

12 (General laughter.)

13 MR. OXER: I think we have one more item, don't
14 we?

15 MS. LATSHA: No. We did that one earlier;
16 we're all done.

17 MR. OXER: Okay. Item 6.

18 MR. IRVINE: Item 6 has been pulled and will be
19 presented in December.

20 MR. OXER: All right. We have come to the
21 point in the meeting where we offer an opportunity for
22 anybody who wishes to speak on any topic relevant to
23 TDHCA, particularly for the purpose of creating an agenda
24 for our future meetings. Ike Monty, welcome aboard.

25 MR. MONTY: Good afternoon, Chairman and Board.

1 Quick comment. Ike Monty, Investment Builders, El Paso,
2 Texas.

3 I wanted to bring to your attention there's a
4 development 14914 in Fabens, Texas, it's a development
5 that we've turned in the last two years. There's no
6 opposition. We were able to get full support from the
7 entire delegation because it's not taking credits from any
8 one developer or any other developer. So just to inform
9 you that if you have any credits left over, the credits
10 are 400,000, this particular deal is 400,000, we could
11 scale it back.

12 MR. OXER: In terms of the leftover credits
13 department, I think they're sitting behind you right
14 there.

15 (General laughter.)

16 MR. MONTY: They've heard the spiel.

17 On that note, thank you for all your hard work.

18 MR. OXER: Great. Thanks, Ike.

19 All right. Any other questions? Michael, do
20 you have a comment?

21 MR. LYTTLE: I have actually a letter from a
22 state representative on a non-agenda item that I've been
23 asked to read into the record.

24 MR. OXER: This is the right time.

25 MR. LYTTLE: Okay. It is from State

1 Representative Richard Raymond, and it reads as follows:

2 "Dear Chairman Ozer, This letter is to express
3 my continuing support for the 2014 application for low
4 income housing tax credits for Stone Oaks Apartments in
5 Laredo, Texas. The application for LIHTC is in the at-
6 risk set-aside.

7 "The Laredo Housing Authority's application for
8 LIHTC proposes to relocate 100 apartments from a 200-
9 apartment public housing development that is located in a
10 very low income neighborhood to a Tier 1 income location
11 that is a neighborhood of higher opportunity. The new
12 development will include 100 LIHTC apartments and twelve
13 market rate apartments. The very nearby amenities include
14 one of Laredo's major hospitals, a new clinic for
15 veterans, major grocery and retail stores, main U.S. Post
16 Office, banks and several other amenities.

17 "The LHA's application meets the requirements
18 of TDHCA's QAP. By relocating the 100 units from a very
19 low income neighborhood to a neighborhood of higher
20 opportunity, the LHA is affirmatively furthering fair
21 housing. The relocation lessens the high concentration of
22 low income residents in the 200 public housing unit
23 development.

24 "It is my understanding that Stone Oaks
25 Apartments is next in line for an LIHTC allocation and can

1 receive the LIHTC if TDHCA number 14130, Tays in El Paso,
2 is not able to obtain a letter from the U.S. Department of
3 Housing and Urban Development that the proposed
4 development complies fully with the Fair Housing Act.
5 TDHCA terminated application 14130 because it did not meet
6 the requirements of the governor-approved 2014 QAP and
7 TDHCA's 2014 Uniform Multifamily Rules because of
8 undesirable area features. The site is within 1,000 feet
9 of an active railway, significant presence of blighted
10 structures, significant criminal activity, significant
11 high poverty levels.

12 "At the July 31, 2014 Board meeting, the Board
13 granted an appeal to application 14130 and awarded LIHTCs
14 subject to the applicant obtaining a letter from HUD that
15 the proposed development complies fully with the Fair
16 Housing Act. The HUD letter was due November 3, 2014.
17 The applicant was unable to obtain the required HUD letter
18 and is requesting TDHCA to grant an extension of the
19 deadline." Which you all did earlier, I believe.

20 "TDHCA allowed the applicant 95 days to obtain
21 the required letter from HUD but was unable to obtain the
22 letter. In my opinion that TDHCA allowed 95 days for the
23 applicant to obtain the HUD letter was more than
24 sufficient and TDHCA should not grant that extension. If
25 HUD has not provided the TDHCA with the required letter,

1 it seems obvious that HUD does not consider the proposed
2 development to fully comply with the Fair Housing Act.

3 "I ask that TDHCA adhere to the governor-
4 approved 2014 QAP and 2014 Uniform Multifamily Rules and
5 terminate application 14130. After the application of
6 TDHCA number 14130, TDHCA should allocate LIHTCs to the
7 next at-risk application that I understand is number
8 14090, Stone Oaks Apartments in Laredo."

9 Signed: Sincerely, State Representative
10 Richard Peña Raymond.

11 MR. OXER: Good. Thanks, Michael.

12 Any other comments from the audience? Any
13 other comments from the staff? Any other comments from
14 the Board members?

15 (No response.)

16 MR. OXER: Chair gets the last word. Thanks
17 for the work that you do. We appreciate up here the work
18 that the staff does, we know it's hard. We also
19 appreciate all the efforts that the members of this
20 community do to improve the housing for the folks that are
21 the low income sector for our State of Texas.

22 I'll entertain a motion to adjourn.

23 DR. MUÑOZ: So moved.

24 MR. OXER: Motion by Dr. Muñoz.

25 MS. BINGHAM ESCAREÑO: Second.

1 MR. OXER: And a second by Ms. Bingham to
2 adjourn. All in favor?

3 (A chorus of ayes.)

4 MR. OXER: See you in a month, folks.

5 (Whereupon, at 2:18 p.m., the meeting was
6 concluded.)

C E R T I F I C A T E

1
2
3 MEETING OF: TDHCA Board
4 LOCATION: Austin, Texas
5 DATE: November 13, 2014

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 172, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Nancy H. King before the
10 Texas Department of Housing and Community Affairs.
11
12
13
14
15

16 /s/ Nancy H. King 11/19/2014
17 (Transcriber) (Date)
18

19 On the Record Reporting
20 3636 Executive Ctr Dr., G-22
21 Austin, Texas 78731
22
23