

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

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

June 29, 2017  
9:00 a.m.

MEMBERS:

J.B GOODWIN, Chair  
LESLIE BINGHAM ESCAREÑO, Vice Chair  
PAUL BRADEN, Member  
SUSAN THOMASON, Member  
ASUSENA RESÉNDIZ Member  
LEO VASQUEZ, Member

TIMOTHY K. IRVINE, Executive Director

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER	10
ROLL CALL	
CERTIFICATION OF QUORUM	
CONSENT AGENDA	
ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:	11
EXECUTIVE	
a) Presentation, discussion, and possible action on Board meeting minutes summaries for March 23, 2017, and April 27, 2017	
LEGAL	
b) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Garden Gate Alvin (HTC 92176 / CMTS 1089)	
c) Presentation, discussion, and possible action regarding the adoption of Agreed Final Orders concerning related properties, Eban Village I (HTC 95047 / CMTS 1354) and Ridge at Trinity f/k/a Grove Village (HTC 04608 / BOND 04608B / CMTS 4198)	
d) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning The Palms on Lamar (HTC 09159 / Exchange 15090009993/ CMTS 4684)	
SINGLE FAMILY OPERATIONS AND SERVICES	
e) Presentation, discussion, and possible action authorizing extensions to Amy Young Barrier Removal ("AYBR") Program Reservation Agreements	
f) Presentation, discussion, and possible action authorizing extensions to Neighborhood Stabilization Program 1 ("NSP1") Contracts and Program Income ("NSP1-PI") Reservation Agreements and Neighborhood Stabilization Program 3 ("NSP3") Contracts and Program Income ("NSP3-PI") Reservation Agreements	

## HOUSING RESOURCE CENTER

- g) Presentation, discussion, and possible action on the final 2017 State of Texas Consolidated Plan: One-Year Action Plan

## HOME AND HOMELESS PROGRAMS

- h) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Open Cycle Notice of Funding Availability ("NOFA")

2017-1007 City of McKinney TBRA  
\$200,000.00 3 City of McKinney

2017-1008 Buckner Children and Family Services, Inc. TBRA  
\$102,000.00 12 Midland County

2017-1009 Buckner Children and Family Services, Inc. TBRA  
\$160,000.00 5 Angelina and Nacogdoches Counties

TOTAL \$462,000.00

- I) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Single Family Development ("SFD") Open Cycle Notice of Funding Availability ("NOFA") Development ("SFD") Open Cycle Notice of Funding Availability ("NOFA")

2017-1500 Community Development Corporation of Brownsville  
\$500,000.00 \$0 11 Cameron County

2017-1501 Community Development Corporation of Brownsville  
\$500,000.00 \$50,000 11 City of San Benito

2017-1502 Adults and Youth United Development Association  
\$394,650 \$50,000 13 City of San Elizario

TOTAL \$1,394,650 \$100,000

## MULTIFAMILY FINANCE

j) Presentation, discussion, and possible action on Determination Notices for Housing Tax Credits with another Issuer

17408 Brooks Manor Apartments West Columbia  
 k) Presentation, discussion, and possible action on Inducement Resolution No. 17-021 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2017 Waiting List

17602 Springs Apartments Balch Springs  
 17603 Crosby Plaza Apartments Crosby  
 17604 Casa Brendan Stephenville  
 17605 Nuestro Hogar Arlington  
 17606 Casa, Inc. Fort Worth  
 17607 Albany Village Albany  
 17608 Bastrop Oak Grove Bastrop  
 17609 Bay City Village Baytown  
 17610 Burk Village Burkburnett  
 17611 Castroville Village Castroville  
 17612 Electra Village Electra  
 17613 Elgin Meadowpark Elgin  
 17614 Evant Tom Sawyer Evant  
 17615 Hondo Brian Place Hondo  
 17616 Hondo Gardens Hondo  
 17617 Lampasas Gardens Lampasas  
 17618 Lantana Gardens Beeville  
 17619 Pflugerville Meadows Pflugerville  
 17620 Round Rock Oak Grove Round Rock  
 17621 Saltgrass Landing Rockport

## ASSET MANAGEMENT

l) Presentation, discussion and possible action regarding Material Amendments to Housing Tax Credit Applications

14103 The Women's Home Houston  
 15135 Renaissance Square Fort Worth  
 15228 Northwest Apartments Georgetown  
 16184 Reserve at Hagan Whitehouse

m) Presentation, discussion and possible action regarding Material Amendment to the Housing Tax Credit Application and Ownership Transfer prior to IRS Form 8609 issuance or construction completion  
 16256 Chapman Crossing Houston

n) Presentation, discussion and possible

action regarding an increase to the  
Housing Tax Credit Amount

13600 Waters at Willow Run Austin

- o) Presentation, discussion and possible  
action to consider a Waiver of 10 TAC  
§10.406(f)  
03140 Park Meadows Villas Lubbock  
04057 Stone Hollow Village Lubbock  
060058 Park Meadows Apartments, Phase II  
Lubbock

#### COMMUNITY AFFAIRS

- p) Presentation, discussion, and possible  
action on the Federal Fiscal Year ("FFY")  
2018-2019 Community Services Block Grant  
("CSBG") Application and State Plan and  
awards for submission to the U.S.  
Department of Health and Human Services  
("USHHS")
- q) Presentation, discussion, and possible  
action on approval of the Federal Fiscal  
Year ("FFY") 2018 Low Income Home Energy  
Assistance Program ("LIHEAP")  
Application and State Plan for submission  
to the U.S. Department of Health and  
Human Services ("USHHS") and approval of  
the associated 2018 LIHEAP awards
- r) Presentation, discussion, and possible  
action on the selection of an Eligible  
Entity to administer the Community Services  
Block Grant ("CSBG") to provide services  
in Dallas County (**PULLED**)
- s) Presentation, discussion, and possible  
action on an award for Federal Fiscal Year  
("FFY") 2017 Community Services Block Grant  
("CSBG") Discretionary Funds for  
education and employment services to Native  
American and Migrant Seasonal Farm  
Worker populations

#### RULES

- t) Presentation, discussion, and possible  
action on an Order adopting the repeal of  
10 TAC Chapter 25, Colonia Self-Help  
Center Program Rule, and an Order adopting  
new 10 TAC Chapter 25, Colonia Self-Help  
Center Program Rule, and directing that

these be published in the Texas Register

- u) Presentation, discussion, and possible action on Orders adopting a new section §5.2014, VAWA Requirements to 10 TAC Chapter 5, Community Affairs Programs, and a new section §7.2007, VAWA Requirements to 10 TAC Chapter 7, Homelessness Programs, and directing their publication in the Texas Register
- v) Presentation, discussion, and possible action on Orders adopting amendments to 10 TAC Chapter 7, Homeless Programs, §7.1002, Distribution of Funds and Formula, and directing its publication in the Texas Register
- w) Presentation, discussion, and possible action on an Order adopting amendments to 10 TAC Chapter 1, Subchapter A, General Policies and Procedures §1.13 concerning Adjudicative Hearing Procedures, and directing its publication in the Texas Register
- x) Presentation, discussion, and possible action on an Order adopting amendments to 10 TAC Chapter 6 Community Affairs Programs, including the 1) amendments in Subchapter A, General Provisions, of §6.2 Definitions, §6.4 Income Determination, and §6.5 Documentation and Frequency of Determining Customer Eligibility; and 2) amendments in Subchapter C, Comprehensive Energy Assistance Program ("CEAP"), of §6.308 Allowable Subrecipient Administrative, Program Services Costs, and Assurance 16, and §6.310 Household Crisis Component; and directing that they be published for adoption in the Texas Register

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) Report on Appointment of Board Committees 11
- b) TDHCA Outreach Activities, June 2017 B July 2017
- c) Report on an award in response to the Request for Proposal ("RFP") for

- organizational assessments and technical assistance related to Community Affairs programs
- d) Report on 2018 Qualified Allocation Plan ("QAP") Project

## ACTION ITEMS

ITEM 3:	REPORTS	
	Quarterly Report on Texas Homeownership Division Activity	12
ITEM 4:	INTERNAL AUDIT	22
	a) Internal Audit review of the Low Income Housing Tax Credit Program	
	b) Report on the meeting of the Audit and Finance Committee	
ITEM 5:	FINANCIAL ADMINISTRATION	
	a) Presentation, discussion, and possible action on the FY 2018 Operating Budget	23
	b) Presentation, discussion, and possible action on the FY 2018 Housing Finance Division Budget	26
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	Presentation, discussion, and possible action on the proposed 2018-2019 State Housing Trust Fund ("HTF") Biennial Plan	
ITEM 7:	ACCOMMODATION REQUEST	31
	Presentation, Discussion, and Possible Action on Appeal of Denial of Requested Accommodation by the Executive Director under 10 TAC §1.1(c)(4)(E), relating to Application #17069, Arlinda Gardens Supportive Housing	
ITEM 8:	MULTIFAMILY FINANCE	
	a) Presentation, discussion and possible action on the draft 2017 State of Texas National Housing Trust Fund Allocation Plan and directing that it be published in the Texas Register	40
	b) Presentation, discussion, and possible action on an Amendment to the 2017-1 Multifamily Direct Loan Notice of Funding Availability	43

- c) Presentation, discussion and possible action on staff determinations regarding Application disclosures under 10 TAC §10.101(a)(3) related to Applicant Disclosure of Undesirable Neighborhood Characteristics 47
- 17188 EaDo Lofts Houston 49
- 17336 Westwind of LaMesa LaMesa 51
- d) Presentation, Discussion, and Possible Action regarding exemption under 10 TAC §10.101(a)(2) for 2017 Housing Tax Credit ("HTC") Application #17259, Mistletoe Station (**PULLED**) 85
- e) Report of Third Party Requests for Administrative Deficiency under 10 TAC §11.10 of the 2017 Qualified Allocation Plan received prior to the deadline: 85
- 17007 Magnolia Station Winnie
- 17028 Vineyard on Lancaster Fort Worth
- 17042 Huntington at Paseo de la Resaca  
Brownsville
- 17064 Chaparral Apartments Midland
- 17080 Palladium Fort Worth Fort Worth
- 17081 Palladium Denton Denton
- 17094 Catalon at Paseo de la Resaca  
Brownsville
- 17097 HollyOak Seniors Houston
- 17133 The Pointe at Rowlett Rowlett
- 17194 Oaks Apartments Quitman
- 17199 Santa Fe Place Temple
- 17203 Park Estates Apartments Quitman
- 17230 The Oasis on McColl McAllen
- 17239 Abbington Ranch Boerne
- 17258 Village at Henderson Corpus Christi
- 17259 Mistletoe Station Fort Worth
- 17267 Industrial Lofts McAllen
- 17281 The Residence at Arbor Grove  
Arlington
- 17283 Avanti Manor Harker Heights
- 17288 Forest Trails Lindale
- 17297 Kountze Pioneer Crossing Kountze
- 17305 Payton Senior Killeen
- 17315 Provision at North Valentine Hurst
- 17322 Provision at Wilcrest Houston
- 17327 Legacy Trails of Lindale Lindale
- 17297 Kountze Pioneer Crossing Kountze



- 17305 Payton Senior Killeen
- 17315 Provision at North Valentine Hurst
- 17322 Provision at Wilcrest Houston
- 17327 Legacy Trails of Lindale Lindale
- 17331 Westwind of Killeen Killeen
- 17356 The Acacia San Antonio
- 17363 Residences of Long Branch Rowlett
- 17368 Cielo McAllen
- 17372 Sunset Trails Bullard
- 17376 The Bristol San Antonio
- 17388 West Pecan Village McAllen
- 17390 Las Palomas McAllen

- f) Presentation, discussion, and possible 108 action on timely filed scoring appeals under 10 TAC §10.901(13) of the Department's Multifamily Program Rules relating to Fee Schedule, Appeals and other Provisions **(WITHDRAWN/POSTPONED)**

- 17056 Mariposa at Meagan Street Waxahachie
- 17138 Highpoint Seniors Dallas
- 17159 Pflugerville Meadows Pflugerville
- 17161 Round Rock Oak Grove Round Rock
- 17305 Payton Senior Killeen
- 17356 The Acacia San Antonio

- g) Presentation, Discussion, and Possible 108 Action to Issue a list of Approved Applications for Housing Tax Credits ("HTC") in accordance with Tex. Gov't Code §2306.6724(e)

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS	114
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OPEN SESSION	--
ADJOURN	122

P R O C E E D I N G S

1  
2 MR. GOODWIN: I call the Board meeting for June  
3 29 of the Texas Department of Housing and Community  
4 Affairs to order, and we will start with roll call.

5 Ms. Bingham?

6 MS. BINGHAM ESCAREÑO: Here.

7 MR. GOODWIN: Mr. Braden?

8 MR. BRADEN: Here

9 MR. GOODWIN: Ms. Reséndiz?

10 MS. RESÉNDIZ: Present.

11 MR. GOODWIN: Ms. Thomason?

12 MS. THOMASON: Here.

13 MR. GOODWIN: Mr. Vasquez?

14 MR. VASQUEZ: Here.

15 MR. GOODWIN: We have a quorum.

16 And we will begin, Tim, if you will lead us in  
17 the pledge. Please rise.

18 (The Pledge of Allegiance and the Texas  
19 Allegiance were recited.)

20 MR. GOODWIN: Thank you, Tim.

21 Michael, do we have any special guests that we  
22 need to recognize?

23 MR. LYTTLE: Not at the moment, sir.

24 MR. GOODWIN: Okay. We will start with our  
25 consent agenda.

1 MR. IRVINE: Mr. Chairman, we would like to  
2 pull item 1(r) and take that up at a future meeting.

3 MR. GOODWIN: Okay. Anything else anybody on  
4 the Board would like to pull? Anybody on staff, any other  
5 consent agenda items that you'd like to pull?

6 (No response.)

7 MR. GOODWIN: If not, do I hear a motion to  
8 approve the consent agenda?

9 MS. RESÉNDIZ: So moved.

10 MR. GOODWIN: Moved by Ms. Reséndiz.

11 A second?

12 MR. VASQUEZ: Second.

13 MR. GOODWIN: Second by Mr. Vasquez.

14 All in favor say aye.

15 (A chorus of ayes.)

16 MR. GOODWIN: All opposed?

17 (No response.)

18 MR. GOODWIN: The motion carries.

19 So we jump into the consent agenda report  
20 items.

21 MR. IRVINE: No action needed.

22 MR. GOODWIN: No action is needed on those.

23 Action item reports, we start with the  
24 quarterly report on the Texas Homeownership Division  
25 activities. Cathy.

1 MS. GUTIERREZ: Good morning, Chairman Goodwin.  
2 New Board members, welcome. And our TDHCA team. I am  
3 Cathy Gutierrez, the director of Texas Homeownership, and  
4 I am here to report to you on item 3, our quarterly report  
5 on homeownership activity.

6 I'll start off today by acknowledging June as  
7 National Homeownership Month. As you may be aware,  
8 National Homeownership Month is always held in the month  
9 of June and began as a presidential initiative to support  
10 and expand homeownership opportunities for Americans. The  
11 timing of today's is perfect in the way of providing a  
12 pictorial of TDHCA's recent efforts and focus on  
13 homeownership, adding to our National Homeownership Month  
14 theme, "TDHCA Paints a New Picture for Texas First-Time  
15 Homebuyers." The theme goes along well with our approach  
16 to bring home buying into focus by identifying a structure  
17 that benefits first-time homebuyers through an expanded  
18 borrower base and low mortgage rates and our industry  
19 partners through faster processing time.

20 A quick overview for our new Board members. The  
21 responsibility of the Texas Homeownership Division is to  
22 create, oversee and administer the Department's non  
23 federal and non general revenue homeownership programs.  
24 These programs are designed to assist low to moderate  
25 income individuals and families with an opportunity at

1 achieving the dream of homeownership.

2 As described in this Board writeup, three  
3 different homeownership options are available to eligible  
4 first-time homebuyers. The consumer can choose a 30-year  
5 fixed market rate mortgage loan that includes down payment  
6 and closing cost assistance through the My First Texas  
7 Home Program. This option is attractive to potential  
8 homebuyers who have the income and credit to support a  
9 mortgage loan but do not have funds needed to meet the  
10 minimum investment requirement of most traditional loan  
11 products. With this option we have various levels of  
12 assistance the borrower can consider to help in  
13 affordability of their mortgage loan.

14 For borrowers who are not in need of assistance  
15 with a down payment but would like to take advantage of  
16 benefits or incentives offered to first-time homebuyers,  
17 the option to participate in the Department's Texas  
18 Mortgage Credit Certificate, MCC, Program is available.  
19 Through the MCC Program borrowers have access to an annual  
20 income tax credit of up to \$2,000. The tax credit,  
21 referred to as a mortgage interest credit, is calculated  
22 at 40 percent of the annual mortgage interest paid and can  
23 be applied for the term of the mortgage loan as long as  
24 the property remains the borrower's primary residence. The  
25 MCC as a stand-alone product is simply used as a companion

1 to conventional or government first mortgage loan.

2 To further expand the opportunity at affordable  
3 homeownership, qualified borrowers can take advantage of  
4 our third option, what we call the combo option. This  
5 option provides both the low 30-year fixed rate mortgage  
6 loan and assistance available through our My First Texas  
7 Home Program and the tax credit benefit available through  
8 the Texas MCC Program.

9 The reports presented to you today represent  
10 loan purchase and MCC issuance activity through May 31,  
11 2017. Added to this report is a new graph showing a  
12 monthly comparison of loan and MCC reservations from  
13 fiscal year 2013 to fiscal year 2017. And if I may ask,  
14 if you could please refer to the first graph, the third  
15 page under item 3, and that way you can look at the actual  
16 chart to see what we're talking about.

17 As you can see, the graph paints a compelling  
18 picture in illustrating the success of our recent efforts  
19 to continue to provide the best possible product and  
20 structure to Texas first-time homebuyers. Over the past  
21 four years the programs were doing well, keeping a pretty  
22 steady amount of activity, serving on average 2,800  
23 homebuyers on annual basis. In fiscal year 2017, you can  
24 begin to see a significant increase in activity with  
25 combined monthly loan reservations escalating to just

1 under \$160 million. It's quite a bit of an increase.  
2 Through May 2017, the program has already provided the  
3 benefit of a low rate first mortgage, down payment and  
4 closing cost assistance, and/or a mortgage credit  
5 certificate to just under 3,700 homebuyers.

6 Some notable changes that have contributed to  
7 the growth in activity. In 2016, TDHCA re-procured for  
8 the services of a master servicer which resulted in a new  
9 partnership with a state housing finance agency, Idaho  
10 Housing and Finance Association. In addition to the  
11 similar goals and mission of Idaho HFA aligning well with  
12 TDHCA, the new partnership has also assisted in expanding  
13 homeownership opportunity by added savings to the borrower  
14 through a lower cost structure and flexible underwriting  
15 guidelines allowing for a change in the credit score  
16 requirement, providing the homeownership opportunity to  
17 those borrowers with lower credit scores without any added  
18 cost or penalty to the interest rate.

19 The transition was smooth and the change has  
20 been well received by our lender partners. Improved turn  
21 times, electronic file submission are just some of the  
22 efficiencies lenders have experienced with this change.

23 On the financial side, through the hard work  
24 and creative efforts of our Bond Finance Division,  
25 arrangements with the Federal Home Loan Bank and our

1 newest public-private partnership with Wood Forest  
2 National Bank have provided added value to our program  
3 structure. The hope is to continue to build on these  
4 partnerships and focus on any opportunity at cost savings  
5 that can be passed along to the borrower.

6 Enhanced efforts on our marketing side have  
7 also generated awareness of the homeownership options  
8 available through TDHCA. In March 2016, TDHCA launched  
9 the Texas Homebuyer U as an online tool to provide  
10 potential homebuyers an understanding of the home buying  
11 process and to inform and prepare them for successful  
12 homeownership. And we're really excited to say that we've  
13 had over 7,100 homebuyers participate in that class and  
14 receive a certificate of completion, so that's quite a bit  
15 in just over a year. In addition to the launch of Texas  
16 Homebuyer U, staff has continued outreach efforts and  
17 provided training opportunities for housing counselors  
18 through the Texas Statewide Homebuyer Education Program.

19 And another new and exciting initiative was  
20 launched for our Texas Realtor partners. In March 2017,  
21 we introduced the Texas First-Time Homebuyer Specialist  
22 designation. This designation is obtained through  
23 completion of our TREC approved one-hour continuing  
24 education course. The class is free and provides Texas  
25 Realtors with information on affordable loan products that



1 can be offered to qualified clients. This shining new  
2 designation has been well received by both our Realtor  
3 partners and our lender partners who can participate by  
4 hosting a class for their Realtor partners, with over 150  
5 Texas Realtors already completing the course, receiving  
6 the designation, and many, many more classes scheduled for  
7 this summer.

8 In evaluating other outreach efforts, focus was  
9 put on our online presence which resulted in redesigning  
10 and repositioning our Google ads to refine search results  
11 for the consumer. We continue to strengthen efforts and  
12 re-engaging past and previous lenders and providing  
13 continued support and communication to our current  
14 participating lender partners. And most importantly,  
15 continuing with our efforts and having a public presence  
16 by participating in homebuyer fairs and speaking  
17 engagements across the state.

18 Staff has been really busy participating this  
19 summer in events, just to name a few, in Houston, Weslaco,  
20 San Antonio, Lufkin, Beaumont, Corpus, Cedar Hill,  
21 Arlington -- that's just to name a few. We've got folks  
22 out right now attending different events, so we've been  
23 all over the state trying to promote the program and  
24 generate awareness of the really affordable options that  
25 we have available through TDHCA.

1           Our division works closely with the Bond  
2 Finance team on the structuring of these programs. Both  
3 divisions monitor program activity daily to ensure these  
4 products are affordable and attractive options to the  
5 consumer and meet the economic feasibility of the  
6 Department. Through these efforts, the interest rates  
7 associated with these options have consistently been the  
8 lowest rates available in comparison to other similar  
9 options.

10           And I would like to make a note of a correction  
11 to the second page of the Board writeup that you have  
12 available. All of our loan options and offerings are  
13 available to the consumer at zero origination. That means  
14 they don't pay any origination fee for this loan product.

15           The transition to our new servicer,  
16 programmatic changes and the overall efforts from the  
17 Department and our partners have all contributed to the  
18 increased volume that you're seeing today and provided  
19 affordable and sustainable homeownership options to so  
20 many Texas first-time homebuyers.

21           In closing, and I know this is long but I just  
22 can't stand up here without thanking a few key individuals  
23 who have played a significant role in the success that  
24 we're talking about today. Tim and Tom have been so  
25 supportive in our efforts to review different program

1 structures, to consider different program structures, and  
2 we really appreciate allowing us the opportunity to do  
3 that.

4 Our incredible staff, our team under Michael  
5 Lyttle, our DPPA team have been just amazing to work with.

6 We often times come up with some crazy last-minute ideas  
7 and they've been so willing and supportive to create new  
8 campaigns and accommodate the last-minute changes that we  
9 have or new ideas that we want to use to promote the  
10 programs, so we really appreciate their never-ending  
11 support and their willingness to always be there to help  
12 us out.

13 Amy, Jill, Christina -- I think Amy and Jill  
14 are here but I don't think Kristina is here, but all three  
15 of them have been just amazing to work with.

16 And of course, our Homeownership team and our  
17 Bond Finance team, and I'm not exaggerating, every single  
18 day put their heart and souls into our mission of serving  
19 the underserved. None of what we are reporting to you  
20 today could have been achieved without their passion and  
21 commitment to the programs.

22 It's that kind of all around team effort that  
23 has contributed to the numbers we're sharing with you  
24 today and is definitely a true celebration of the National  
25 Homeownership Month initiative.

1           We will continue to provide these reports to  
2 you on a quarterly basis, and if there is anything you'd  
3 like to see added to the reports in addition to the  
4 reports, please let me know. And with that, I am happy to  
5 answer any questions.

6           MR. GOODWIN: Thank you, Cathy. Thanks to the  
7 entire staff for all this extraordinary success.

8           MS. GUTIERREZ: It's extraordinary.

9           MR. GOODWIN: Thank you.

10          MS. GUTIERREZ: You're welcome.

11          MR. GOODWIN: Any questions for Cathy?

12          MS. BINGHAM ESCAREÑO: I have a question. And  
13 I wish the rest of the folks in the community, if they  
14 didn't see the Board packet, could see that graph of the  
15 year over year increase. I mean, it looks like a mistake.

16                    (General laughter.)

17          MS. GUTIERREZ: Well, we do make mistakes, it  
18 hasn't been perfect.

19          MS. BINGHAM ESCAREÑO: So do you think that  
20 this is -- I mean, obviously you just described like a  
21 super special formula of everybody working together. Can  
22 that be replicated anywhere? I mean, I would imagine that  
23 the rest of the affordable housing agencies across the  
24 country if they saw what you guys have been able to  
25 accomplish, they would be honored to replicate it. Do you

1 take your show on the road, or are there like national  
2 conferences?

3 MS. GUTIERREZ: There are national conferences,  
4 and we do share best practices at those national  
5 conferences. Sure. I mean, the structures that we've  
6 been reporting on, that we're reporting to you on today  
7 have definitely been structures that have been talked  
8 about and discussed at different national conferences. I  
9 think it's a combination of so many things: the  
10 partnerships, the teamwork, and of course, the creativity  
11 that we continue to see from our Bond Finance Division.  
12 They continue to look at different ways to enhance our  
13 programs and provide more affordability to the consumer,  
14 and it's with that passion that they have to do that we're  
15 able to provide these kinds of numbers.

16 But yes, we're always willing to share best  
17 practices.

18 MS. BINGHAM ESCAREÑO: Congratulations.

19 MS. GUTIERREZ: Thank you, thank you.

20 MR. GOODWIN: Any other questions, comments? A  
21 motion to accept this report?

22 MS. BINGHAM ESCAREÑO: So moved.

23 MR. GOODWIN: Second?

24 MR. BRADEN: Second.

25 MR. GOODWIN: Motion has been made and

1 seconded. All in favor say aye.

2 (A chorus of ayes.)

3 MS. GUTIERREZ: Thank you.

4 MR. GOODWIN: Thank you, Cathy.

5 Internal Audit, Mark Scott.

6 MR. SCOTT: Good morning, Chairman Goodwin and  
7 Board members.

8 The first item is the audit of the Low Income  
9 Housing Tax Credit Program, and this was a base or  
10 framework audit and it covered the activities in the TDHCA  
11 Multifamily Division and the Asset Management Division.  
12 Future audits may delve deeper into the various areas that  
13 were touched upon in this audit. This was the first  
14 comprehensive internal audit of the program.

15 We also went over the recent internal audit  
16 activities and the consulting activities and also the  
17 status of the projects that are on the 2017 Internal Audit  
18 Plan. And as usual, I went over the recent external audit  
19 activities, the audits that are ongoing or getting ready  
20 to be issued by the external auditors.

21 And we had a very good Audit and Finance  
22 Committee, the new committee, and Ms. Thomason did an  
23 extraordinary job the first time running the Audit and  
24 Finance Committee. And I'll curtail my comments at that  
25 point and see if there's any questions.

1 MR. GOODWIN: Any comments, Ms. Thomason, about  
2 the Audit Committee?

3 MS. THOMASON: No.

4 MR. GOODWIN: Okay. Any questions of Board  
5 members?

6 (No response.)

7 MR. GOODWIN: Do I hear a motion to accept the  
8 report?

9 MS. THOMASON: Motion.

10 MR. GOODWIN: Second?

11 MR. VASQUEZ: Second.

12 MR. GOODWIN: Motion made and seconded. All in  
13 favor say aye.

14 (A chorus of ayes.)

15 MR. SCOTT: Thank you very much.

16 MR. GOODWIN: Thank you, Mark.

17 Financial Administration, Ernie. Ernie, while  
18 you're coming up, I would like to recognize State  
19 Representative Justin Rodriguez, who I believe just walked  
20 in. Thank you for attending.

21 Okay, Ernie.

22 MR. PALACIOS: Good morning, Mr. Chairman,  
23 members of the Board, Mr. Irvine. For the record, I'm  
24 Ernie Palacios, director of Financial Administration for  
25 the Department.

1 Over the last four months we've been meeting  
2 with division directors and managers to develop an  
3 internal operating budget for fiscal year 2018, and behind  
4 item 5(a) is the internal operating budget which includes  
5 a comparison report with the 2017 operating budget. I  
6 would like to provide you information related to the  
7 amount of the budget, the expense categories of where the  
8 money will be used, and lastly, the financing associated  
9 with recommending this budget for the upcoming fiscal  
10 year.

11 The proposed budget is \$27.8 million which  
12 represents a \$1.5 million or 5.8 percent increase from the  
13 current budget. The increase is primarily attributed to a  
14 \$1.2 million increase in our capital budget as approved by  
15 the legislature for the 2018-2019 biennium. The budget  
16 also includes eight newly funded FTEs, totaling \$471.5  
17 thousand in the areas of affirmatively furthering fair  
18 housing, cybersecurity, Section 811, and continued  
19 compliance efforts.

20 Also included in the budget is a one percent  
21 line item that we put in for potential salary increases  
22 for employees such as merits, re-classes, and items that  
23 the Department may want to consider throughout the fiscal  
24 year. Capital budget aside, the budget reflects net  
25 savings of \$198,000 in other budget categories.



1           The Department's cap FTEs is 313, the budget  
2 has 312 FTEs, 248 are TDHCA personnel and 64 are  
3 Manufactured Housing Division staff, one less than  
4 appropriated.

5           The method of finance was effected as follows:  
6       general revenue decreased 5.7 percent, primarily related  
7 to the 4 percent reduction mandated by the legislature;  
8 federal funds increased \$763,000 or 12.6 percent, and  
9 included in that amount is \$600,000 capital budget project  
10 for Community Affairs; and finally, appropriated receipts  
11 had an increase of \$828,000 or a 14 percent increase, and  
12 this is primarily due to the capital budget items and a  
13 redirection of resources to fund the new FTEs.

14           Also, I would like to note for the record, in  
15 accordance with the Internal Auditing Standards and the  
16 Board's Internal Audit Charter, the budget includes the  
17 Internal Audit Division's annual operating budget.

18           This concludes my remarks on this item, and I'm  
19 available for any questions that you may have.

20           MR. GOODWIN: I've already asked for questions.  
21 Ms. Thomason, any comments on the Finance?

22           MS. THOMASON: No.

23           MR. GOODWIN: Any Board members have any  
24 questions, comments?

25           MS. BINGHAM ESCAREÑO: Clarification. The

1 \$600,000 capital project is the software?

2 MR. PALACIOS: It's the software, correct.

3 MR. GOODWIN: Any other questions? If not, do  
4 I hear a motion to approve the report?

5 MS. RESÉNDIZ: So moved.

6 MR. GOODWIN: Moved. Second?

7 MR. VASQUEZ: Second.

8 MR. GOODWIN: Made and seconded. All in favor  
9 say aye.

10 (A chorus of ayes.)

11 MR. GOODWIN: Thank you, Ernie.

12 MR. PALACIOS: Now I would like to turn your  
13 attention to item 5(b), the Housing Finance Division  
14 budget. This particular item is a subset of the larger  
15 budget. It is in relation to the Housing Finance budget  
16 that we are required to submit under Texas Government Code  
17 and in compliance with the General Appropriations Act.  
18 This subset of the budget is specific to the fees that we  
19 generate, typically referred to as the Housing Finance  
20 budget of the Department. At this time we are prepared to  
21 certify this budget as well, and I'm available for any  
22 questions you may have on this item.

23 MR. GOODWIN: Any questions, comments? Motion  
24 to approve?

25 MS. RESÉNDIZ: So moved.

1 MR. GOODWIN: Second?

2 MR. VASQUEZ: Second.

3 MR. GOODWIN: All in favor say aye.

4 (A chorus of ayes.)

5 MR. GOODWIN: Thank you, Ernie.

6 MR. PALACIOS: At this time I would also like  
7 to acknowledge Krissy Vavra and Paul Ford. Krissy is the  
8 manager of Financial Services over budget, payroll and  
9 travel, and Paul is our senior budget analyst and joined  
10 the Department less than a year ago. They both have done  
11 an incredible job in the development of this budget and in  
12 keeping the progress of this budget in line.

13 MR. GOODWIN: Thank you.

14 MR. IRVINE: Actually, he joined the division  
15 about a year ago. He's been with the Department for  
16 several years and is probably one of the most  
17 knowledgeable people around on the arcane HUD systems for  
18 tracking the grant funds. Very valuable.

19 MR. GOODWIN: Next we'll move to item number 6,  
20 Single Family Operations and Services. Homero.

21 MR. CABELLO: Good morning. My name is Homero  
22 Cabello. I'm the director for Single Family Operations  
23 and Services. I am here to present the Housing Trust Fund  
24 plan for 2018-2019.

25 The Housing Trust Fund was created in 1991 by

1 the 72nd Texas Legislature to provide loans, grants or  
2 other forms of assistance to income-eligible households to  
3 finance, acquire, rehabilitate, develop decent, safe,  
4 sanitary housing. During the regular session of the 85th  
5 Legislature, which just ended, the Department was  
6 appropriated general revenue for the Housing Trust Fund in  
7 the amount of \$10,443,000 for the 2018-2019 biennium,  
8 approximately \$5.2 million per year.

9 Rider 8 of the General Appropriations Act for  
10 the Department requires that \$2.2 million in anticipated  
11 interest earnings and loan repayments received by the  
12 Department be included in the dollar amount appropriated  
13 each year for the Housing Trust Fund. In other words, we  
14 will receive \$3 million of new general revenue and then  
15 the difference is made up through repayments that we  
16 receive through the Department.

17 Rider 9-C of the General Appropriations Act  
18 also requires the Department to provide an annual report  
19 to the Legislative Budget Board, House Appropriations  
20 Committee and the Senate Finance Committee no later than  
21 October 1, detailing the Department's plan to expend funds  
22 for the Housing Trust Fund, and so today we are presenting  
23 a biennial plan to promote more strategic long-term  
24 planning and expeditious use of these funds for 2018-2019.

25 So the Housing Trust Fund plan includes program

1 descriptions for the two Housing Trust Fund funded  
2 programs, the Texas Bootstrap Loan Program and the Amy  
3 Young Barrier Removal Program, which include program  
4 budgets, maximum assistance, eligibility requirements,  
5 administrative funding and regional allocation of funding  
6 for these programs.

7           The Texas Bootstrap Program is a Housing Trust  
8 Fund program funded for self-help construction to very low  
9 income households at 60 percent MFI or below, to build new  
10 housing or repair existing housing by providing at least  
11 65 percent of the necessary labor to build these houses.  
12 The program provides up to \$45,000 in mortgage loans at  
13 zero percent interest for 30 years. The program is  
14 statutorily required to be funded at \$3 million per year.

15       We mainly fund a lot of Habitat for Humanity affiliates  
16 throughout the state and then some nonprofit organizations  
17 along the Texas-Mexico border.

18           The Amy Young Barrier Removal Program is the  
19 other Housing Trust Fund program for home modifications up  
20 to \$20,000 in grants that increase accessibility for  
21 homeowners, tenants and members of households who are  
22 persons with disabilities in addition to correcting  
23 hazardous and unsafe housing conditions as approved by the  
24 Department. No more than 25 percent of the assistance is  
25 to address those issues. Tenants can only be assisted

1 with accessibility modifications. The landlord must  
2 correct any hazardous or unsafe conditions identified in  
3 the housing unit. The program is funded approximately at  
4 \$1.7 million per year, so we'll assist about 75 households  
5 per year.

6 Finally, the Board previously authorized the  
7 Department to utilize no more than \$250,000 per biennium  
8 of Housing Trust Fund loan repayments that exceed the  
9 requirements under Rider 8, the \$2.2 million, to be able  
10 to address unforeseen obstacles that may arise on existing  
11 Department contracts or activities during the course of  
12 Single Family program administration. These funds will be  
13 utilized for practical solutions, development workouts  
14 that cannot be addressed with federal funds, and the  
15 Department seeks to retain this authority for 2018-2019.

16 That ends my presentation, and if you have any  
17 questions, I'll be happy to answer them.

18 MR. GOODWIN: Any questions, comments? If not,  
19 do I hear a motion to approve the report?

20 MS. BINGHAM ESCAREÑO: Move to approve.

21 MR. GOODWIN: Second?

22 MR. BRADEN: Second.

23 MR. GOODWIN: Moved and seconded. All in favor  
24 say aye.

25 (A chorus of ayes.)

1 MR. CABELLO: Thank you.

2 MR. GOODWIN: Moving to item 7 which is an  
3 accommodation request. Discussion and possible action on  
4 an appeal of denial of a requested accommodation by the  
5 executive director under 10 TAC 1.1(c)(r)(E) relating to  
6 application 17069, Arlinda Gardens Supportive Housing.  
7 Brooke.

8 MS. BOSTON: Yes. Thank you, Chairman Goodwin  
9 and Board. I'm Brooke Boston, one of the deputies of the  
10 Department. I'll be presenting this next item to you  
11 which is at tab 7. This item relates to a request for a  
12 reasonable accommodation that was made by Housing Tax  
13 Credit applicant.

14 In March 2017, the applicant for Arlinda  
15 Gardens Supportive Housing timely submitted a competitive  
16 Housing Tax Credit application. The application was  
17 reviewed and the Multifamily Division identified such  
18 significant problems with the application that the  
19 applicant was sent a notice of termination on March 16 of  
20 2017. The termination notice provided an extensive list  
21 of problems with the application and cited the portions of  
22 the rule that were not satisfied.

23 On March 17, 2017, the applicant submitted a  
24 document to the Department entitled "Request for a  
25 Reasonable Accommodation" in which he asked for

1 accommodation to the rules and procedures and assistance  
2 with the forms, assistance with any appeals, modification  
3 of program requirements or extended deadlines. Several  
4 days later, on March 23, the applicant subsequently  
5 submitted written statements that appeared to seek an  
6 appeal of the termination.

7 Department staff reached out to the applicant  
8 on three different occasions between March 17 and 24 in an  
9 attempt to determine the particular accommodations he was  
10 seeking and to also clarify whether he was seeking the  
11 appeal of the termination on the application.

12 While staff was concluding that the applicant  
13 was actually seeking an appeal of the notice of  
14 termination, the applicant then on March 30 transmitted a  
15 document that staff then determined would most  
16 appropriately be handled under 10 TAC Section 1.1 which is  
17 regarding the Department's policy on reasonable  
18 accommodations. In essence, the applicant sought as an  
19 accommodation that the Department treat all of the  
20 deficiencies and omissions in the application as curable  
21 and extend any deadlines and offer such guidance to him as  
22 would be necessary to complete his application without  
23 point deductions or termination.

24 At the Board meeting of April 27, the Board  
25 heard the appeal of this application and denied the appeal



1 subject to the opportunity for the applicant to have his  
2 request for accommodation reviewed by the Board at a  
3 subsequent meeting, which is what you're hearing right  
4 now.

5 The applicant's accommodation request was  
6 responded to by the executive director on April 21, 2017.

7 The response denied the request for accommodations, most  
8 significantly because of the bulk of the requested items  
9 that the applicant was seeking to change would violate the  
10 statutory prohibition against changes to the application  
11 following the filing deadline, and that the accommodation  
12 requests were beyond the scope of what may be granted as a  
13 reasonable accommodation. Furthermore, the accommodations  
14 sought by the applicant would provide him a distinctly  
15 competitive advantage over all the other applicants as  
16 they would effectively remove the statutory and rule  
17 deadlines and thresholds that are fundamental to aspects  
18 of the Tax Credit Program.

19 The accommodation requests were made through a  
20 series of multiple communications to the Department.  
21 Requests for accommodation need to be for something  
22 specific that's within the scope of what can be granted  
23 without fundamentally altering the nature of a program.  
24 Because the requirements to submit a complete and  
25 compliant application on or before the annual deadline and

1 a program that is statutorily designed to be as  
2 competitive as the Tax Credit Program, because that's so  
3 fundamental to this program, accommodations that alter  
4 those requirements are beyond the scope of what can be  
5 granted.

6 It remains the responsibility of an applicant  
7 to submit a complete and timely application. This  
8 applicant, as all applicants, had the opportunity to ask  
9 questions of the Department before the filing deadline,  
10 attend free Department trainings before the deadline, and  
11 retain the services of a qualified consultant or counsel  
12 to assist with an application if needed. The applicant  
13 did not avail himself of any of those resources.

14 For these reasons, staff is recommending to the  
15 Board that the accommodation request be denied for Arlinda  
16 Gardens.

17 With that, I'll mention one last thing. As you  
18 might gather, this issue has been worked on by several of  
19 us at the agency. While I'm happy to field questions,  
20 please know that I may have Multifamily or Legal staff  
21 actually answer questions you may have.

22 MR. GOODWIN: Any questions from Board members?

23 I just want to make sure that we're clear that this is a  
24 request for additional accommodations, not a request on  
25 the application. It's not an appeal on the application,

1 this is a request for an accommodation. I want to make  
2 sure all Board members are clear on that.

3 MS. BOSTON: Yes. Good clarification. The  
4 appeal has already been heard, so this is entirely a  
5 request for an accommodation. The accommodation would be  
6 to give assistance relating to the application.

7 MR. GOODWIN: Any questions?

8 MS. BINGHAM ESCAREÑO: I have a question for  
9 Beau. So Brooke mentioned statutory prohibition. Is that  
10 relative to the question on whether or not they are  
11 actually appealing the termination, or is that applicable  
12 to the request for accommodation?

13 MR. ECCLES: It's applicable to the request for  
14 accommodation. Essentially, the accommodations being  
15 sought by the applicant would be to rework the application  
16 as was submitted to allow for plans to be changed,  
17 certifications to be submitted, any number of a long list  
18 of things that occurred you'll see in the Board book in  
19 the original notice of termination, but the request was to  
20 reformulate and rework the application after the  
21 application deadline which is something that is prohibited  
22 by Government Code Section 2306.67(o)(8), I believe.

23 MS. BINGHAM ESCAREÑO: Thank you.

24 MR. BRADEN: So was there a lawsuit filed  
25 associated with this?

1 MR. ECCLES: There is a lawsuit that was filed.  
2 It is being handled by the Attorney General's Office, and  
3 it is not really part of the consideration of the  
4 accommodations by this Board, which is only to say that  
5 the materials for the Board include the lawsuit only  
6 because the applicant seemed to include as part of his  
7 both appeal and request for accommodation incorporated  
8 some of the materials that he submitted to the federal  
9 court in the Western District of Louisiana as part of  
10 those materials. But the fact that a lawsuit is on file  
11 isn't really part of this Board's determination or  
12 rationale.

13 MR. GOODWIN: Just as a question of  
14 clarification, Beau, our accommodation rules do comply  
15 with the American Disabilities Act.

16 MR. ECCLES: That is certainly why they're in  
17 there is to provide a specific means through the rules to  
18 comply with reasonable accommodations that are made under  
19 the ADA or the Rehab Act.

20 MR. GOODWIN: Okay. Any other questions?

21 (No response.)

22 MR. GOODWIN: I think we have some people that  
23 want to speak to this, obviously, and before we can do  
24 that, we need to have a motion to hear comments. Do I  
25 hear a motion to entertain comments?

1 MS. RESÉNDIZ: So moved.

2 MR. GOODWIN: So moved. Second?

3 MR. BRADEN: Second.

4 MR. GOODWIN: All in favor say aye.

5 (A chorus of ayes.)

6 MR. GOODWIN: I assume you want to speak  
7 regarding this, sir, both of you?

8 MR. SIMS: He's going to give me my time if  
9 you'll put limits on me.

10 MR. GOODWIN: Okay. I want to remind you that  
11 you need to tell us who you are and you need to sign in,  
12 if you would, please.

13 MR. SIMS: Mr. Rick Sims.

14 Now, I agree in part and I disagree in part to  
15 Brooke. Here's the issue. My application is based upon a  
16 recent judge ruling regarding meaningful participation.

17 And my biggest problem is I understand we had  
18 143 applications, we had five applications that went a  
19 totally different route than 138. In 2013 HUD changed the  
20 rule regarding CHDOs. These rules became effective in  
21 2015 and now we're dealing with 2017, they became  
22 effective in 2015.

23 In these rules now with these CHDO  
24 certifications, it changed everything that you have to  
25 deal with under these old laws, these rules, because prior

1 to the change that you dealt with for 19 years, you just  
2 looked at the organization and the service in the  
3 community. Then under these new rules it changed that the  
4 CHDO had to have an individual to certify, that I happened  
5 to be an individual that nonprofit called, called me from  
6 the list, and I tell everybody the story, well, you know,  
7 I had a long history of drug and alcohol abuse and I'm  
8 recovered and I've been to several commitments and I know  
9 my rights. So even Judge Austin, he said this, I wanted  
10 to know the position of law with supportive housing, not  
11 covered, but he said, Sims -- I gave him three scenarios,  
12 one similar to this and two recommendations -- he said in  
13 Sims own words, he was recommended for two applications so  
14 as long as he's not denied meaningful participation, his  
15 rights is not violated. Terminating me is not meaningful  
16 participation, we're not even there, we're not close.

17 That's the issue. So I asked him, well, just  
18 make it a reasonable accommodation because it's just  
19 administrative deficiency, because you have to satisfy  
20 meaningful participation because for the CHDO application,  
21 I have four applications, the pre-app, a regular app, a  
22 HOME app, and a CHDO certification application. You're  
23 going to tell me I put 500,000 characters together, you  
24 find a few errors, and I've ADD, and saying, oh, that's a  
25 material deficiency. No, no, no, no, that's not right,

1 especially when I have to participate or we'll just have  
2 to get a ruling from a judge. Now, that's sort of the  
3 case, it's not really is it the facts, the facts is can  
4 you plea the facts to oppose a dismissal by the Attorney  
5 General, that's the challenge.

6 But the facts of it is you cannot under Section  
7 504 say HUD made some rules in 2015, we're going on some  
8 2005 changes, but we haven't integrated these new rules  
9 from HUD that tells us to look at a person and we might  
10 have a person that has protected characteristics under  
11 Section 504. And that's the issue, and that's why I said  
12 we'll just make it a reasonable accommodation so you can  
13 have meaningful participation. End of story.

14 MR. GOODWIN: Anybody else want to speak? Any  
15 questions for Mr. Sims?

16 (No response.)

17 MR. GOODWIN: No questions. I will entertain a  
18 motion.

19 MR. VASQUEZ: I'm, going to make a motion to  
20 accept the staff's recommendations.

21 MR. GOODWIN: I hear a motion to accept staff's  
22 recommendation. Do I hear a second?

23 MR. BRADEN: Second.

24 MR. GOODWIN: I hear a motion and a second.  
25 Any discussion?

1 (No response.)

2 MR. GOODWIN: All in favor say aye.

3 (A chorus of ayes.)

4 MR. GOODWIN: All opposed?

5 (No response.)

6 MR. GOODWIN: Staff's recommendation will be  
7 upheld.

8 We'll move to item number 8, Multifamily  
9 Finance. Andrew.

10 MR. SINNOTT: Good morning, chairman Goodwin,  
11 members of the Board. My name is Andrew Sinnott,  
12 Multifamily Loan Program administrator. I've got two  
13 items here today, 8(a) and 8(b).

14 8(a) is presentation, discussion and possible  
15 action on the Draft 2017 State of Texas National Housing  
16 Trust Fund Allocation Plan, and directing that it be  
17 published in the Texas Register. Earlier this month, HUD  
18 released the 2017 formula allocation amounts for the  
19 National Housing Trust Fund and published guidance on how  
20 to submit the allocation plan.

21 Texas will receive \$8,858,738 for 2017 which is  
22 approximately an 83 percent increase from what we received  
23 in 2016. HUD requires the NHTF allocation plan be  
24 submitted with the 2017 one-year action plan no later than  
25 August 16, 2017, and has provided a waiver of the standard



1 30-day public comment period because they were late in  
2 announcing the allocations, therefore, the public comment  
3 period will be open from June 30, 2017 through July 14,  
4 2017. Public comment will only be considered if it is  
5 relevant to the sections of the plan that are being  
6 revised as a result of the Department receiving this  
7 allocation of National Housing Trust Fund, so this is the  
8 same approach that we took last year.

9 The allocation plan reflects the intended uses  
10 of funds, the State's strategies in addressing the  
11 priority needs, and specific goals and objectives  
12 identified in the current consolidated plan. No  
13 substantive changes are being made to the 2016 plan that  
14 was deemed accepted by HUD earlier this month on June 15.

15 The only changes from the 2016 plan to the 2017 plan are  
16 the updated allocation amount, the revised regional  
17 allocation formula as a result of the new allocation, and  
18 some minor reformatting and reconfiguration as a result of  
19 a new allocation plan template for 2017.

20 The only activity undertaken with NHTF for  
21 program year 2017 will continue to be new construction of  
22 rental units serving households at or below the required  
23 30 percent AMI. We anticipate 47 units being created with  
24 these funds.

25 As mentioned earlier, HUD has established the

1 deadline for submission of the one-year action plan, which  
2 includes this 2017 allocation plan, on August 16, 2017, so  
3 due to the delay in the publication of the State of  
4 Texas's 2017 allocation plan for NHTF, because of HUD's  
5 late announcement of the allocation, staff is requesting  
6 that if we do not receive comment that leads to  
7 substantive changes to the allocation plan, that staff be  
8 given permission to move forward with submitting the final  
9 2017 NHTF allocation plan to HUD by August 16, 2017, in  
10 conjunction with the final 2017 one-year action plan which  
11 was approved as a consent agenda item 1(g) earlier this  
12 morning.

13 One change that staff will have to make after  
14 this meeting is incorporating HUD's new maximum per unit  
15 subsidy limits which were published earlier this week. A  
16 lot of stuff has been coming out the past couple of weeks  
17 regarding this NHTF and we're just having some trouble  
18 getting it all wrapped up into one plan, so we'll make  
19 those changes after this meeting.

20 The final version of this plan, including all  
21 public comment received and staff's reasoned responses, is  
22 intended to be presented to the Board as a report item at  
23 the September Board meeting, so we'll take this as a draft  
24 right now, take public comment through the middle of next  
25 month, submit it to HUD in August, assuming that there's

1 no substantive changes, and then come back to you in  
2 September with a report on this plan.

3 So with that, staff recommends approval of the  
4 draft plan as presented for publication and public  
5 comment, as well as approval of submission of the final  
6 plan to HUD if no substantive changes are made as a result  
7 of public comment. And I'm available if you have any  
8 questions.

9 MR. GOODWIN: Questions? If not, do I hear a  
10 motion?

11 MR. ECCLES: Move that we approve it.

12 MR. GOODWIN: Move to approve. Second?

13 MR. VASQUEZ: Second.

14 MR. GOODWIN: Moved and seconded. All in  
15 favor?

16 (A chorus of ayes.)

17 MR. GOODWIN: Okay.

18 MR. SINNOTT: 8(b) is presentation, discussion  
19 and possible action on amendment to the 2017-1 Multifamily  
20 Direct Loan Notice of Funding Availability.

21 This is the third amendment to the Direct Loan  
22 NOFA, so just to give a brief history of the NOFA and  
23 what's happened over the past several months. The 2017-1  
24 NOFA that was approved in December 2016 originally  
25 included \$12.5 million in TCAP repayment funds and about

1 \$20 million in HOME funds, for a total of approximately  
2 \$32-1/2 million. The first amendment to the NOFA was  
3 approved at the April Board meeting which added \$2.3  
4 million in TCAP repayment funds. The second amendment to  
5 the NOFA was approved on May 25 at that Board meeting, and  
6 that added \$7 million in NSP-1 program income.

7 Both amendments only affected the general  
8 set-aside, so just a quick breakdown of the set-asides  
9 within the NOFA: there's the general set-aside, CHDO  
10 set-aside, and supportive housing soft repayment  
11 set-aside. This third amendment will affect the  
12 supportive housing soft repayment set-aside and increase  
13 the overall amount available to approximately \$46.1  
14 million, so almost \$14 million that was added since the  
15 NOFA was approved by the Board in December of 2016.

16 The 2016 allocation plan for NHTF which  
17 describes the distribution of \$4,310,529 in non-  
18 administrative National Housing Trust Fund was deemed  
19 approved by HUD on June 15, 2017. This \$4.3 million is  
20 what is being proposed to be added to the 2017-1 NOFA.  
21 NHTF funds must be used to serve households at or below 30  
22 percent AMI, and the supportive housing soft repayment  
23 set-aside was developed to accommodate this specific fund  
24 source.

25 As a result of commitment and expenditure

1 deadlines that go along with these funds, staff is  
2 recommending increasing the maximum request under the set-  
3 aside to \$1.5 million in order to adhere to those  
4 commitment and expenditure deadlines. \$4.3 million in  
5 NHTF will initially be subject to the regional allocation  
6 formula which identifies maximum amounts available on a  
7 regional basis through August 14, 2017. After that date,  
8 any remaining funds will collapse and be made available  
9 following the scoring process as described in 10 TAC  
10 Chapter 13 of the Direct Loan Rule. Because of the late  
11 addition of these funds, staff believes extending the  
12 application deadline to October 31 of 2017 will allow  
13 sufficient time for potential applicants to submit  
14 applications.

15 It's important to keep in mind that staff has  
16 not received the grant agreement for these funds, we've  
17 just had the plan for the 2016 funds accepted just a  
18 couple of weeks ago, therefore, applicants are advised  
19 that the NHTF funds are subject to the Department  
20 executing the grant agreement with HUD prior to any Board  
21 recommendations for awards.

22 Staff recommends amending the 2017-1 NOFA to  
23 add this \$4.3 million in NHTF of the supportive housing  
24 soft repayment set-aside, and extending the application  
25 deadline to October 31, 2017. And with that, I'm

1 available for any questions you may have.

2 MR. GOODWIN: Any questions or comments?

3 (No response.)

4 MR. GOODWIN: If not, I'll entertain a motion  
5 to approve staff's recommendation.

6 MS. BINGHAM ESCAREÑO: Move to approve.

7 MR. GOODWIN: Moved. Second?

8 MS. THOMASON: Second.

9 MR. GOODWIN: Moved and seconded. All in favor  
10 say aye.

11 (A chorus of ayes.)

12 MR. SINNOTT: Thank you.

13 MR. GOODWIN: Thank you, Andrew.

14 MS. BINGHAM ESCAREÑO: Do they have new  
15 housekeeping and they find extra change in the couch in  
16 the federal government? They just found \$4 million more  
17 dollars. That's great.

18 (General laughter.)

19 MS. HOLLOWAY: The National Housing Trust Fund  
20 has been quite an adventure for us in getting that  
21 allocation plan to this deemed approved. Basically, we  
22 don't have a stamp, yes, we approve, but they didn't  
23 disapprove within their time frame, so it's a deemed  
24 approved. And Andrew has done a tremendous job of staying  
25 on top of all of it, and with Megan's help and Cate in

1 HRC, Cate in HRC does all of the con plan and OYAP stuff,  
2 it's been quite the effort.

3 MS. BINGHAM ESCAREÑO: Great work.

4 MS. HOLLOWAY: For '17 we have \$8 million more.

5 MR. GOODWIN: Wonderful.

6 MS. HOLLOWAY: Yes. Actually it is. Being  
7 able to serve households at that very extremely low income  
8 level is a really important part of the work that we do.

9 Item 8(c) is presentation, discussion and  
10 possible action on staff determinations regarding  
11 application disclosures under 10 TAC 10.101(a)(3) related  
12 to applicant disclosures of undesirable neighborhood  
13 characteristics. We will be discussing two applications  
14 today, 17188 which is EaDo Lofts in Houston and 17336  
15 which is Westwind of Lamesa in Lamesa.

16 Our undesirable characteristics rule requires  
17 that if a development site is in an area with undesirable  
18 characteristics related to poverty, blight, crime or  
19 schools that have not met standard, the applicant must  
20 disclose the characteristics and provide information  
21 regarding mitigation.

22 The rule provides a basis for the Board to  
23 determine that a site is eligible so the Board must find  
24 that the use of the Department funds at the site is  
25 consistent with achieving goals in the rule, including

1 preservation of existing occupied affordable housing units  
2 to ensure they are safe and suitable, or the new  
3 construction of high quality affordable housing units that  
4 are subject to federal rent or income restrictions, and a  
5 factual determination that the undesirable characteristic  
6 that has been disclosed is not of such a nature or  
7 severity that it should render the development site  
8 ineligible based on the assessment and mitigation  
9 provided, or the applicant has requested a waiver of the  
10 presence of undesirable neighborhood characteristics on  
11 the basis that the development is necessary to enable the  
12 state, a participating jurisdiction or an entitlement  
13 community to comply with its obligation to affirmatively  
14 further fair housing, a HUD approved conciliation  
15 agreement or a final and non-appealable court order and  
16 such documentation is submitted with the disclosure.

17 So the basis for finding a site eligible, just  
18 to shorten it up real quickly, is preservation or new  
19 construction of quality housing and a determination that  
20 the undesirable characteristics that have been disclosed  
21 are not of a nature that they're going to negatively  
22 impact the development, or that they are improving, so  
23 there's a reasonable expectation that by the time the  
24 development is placed in service they would no longer be  
25 an issue, or the applicant has requested a waiver under



1 the basis of the items I described a minute ago.

2 So the Board has final decision-making  
3 authority in making an affirmative determination or  
4 finding the site ineligible. Pursuant to the rule, should  
5 the Board make the determination that a development site  
6 is ineligible, the termination of the application  
7 resulting from the Board action is not subject to appeal.

8 So our first application, number 17188 EaDo  
9 Lofts, review of the development site indicates it's a  
10 mixed use area southeast of the City of Houston, it's  
11 surrounded by Harrisburg Blvd. to the north I-45 on the  
12 south, I-69 to the far west, and Scott Street on the east.

13 The area is developed with single family homes with some  
14 light industrial and retail uses. The median household  
15 income for the census tract is \$99,688, placing the tract  
16 in the first quartile, and the poverty rate for the tract  
17 is 9.1 percent. The development site is in Houston's East  
18 Downtown Management District.

19 So the disclosure, the applicant disclosed that  
20 the development site is within 1,000 feet of a census  
21 tract with a Part I violent crime rate greater than 18 per  
22 1,000 persons annually. Neighborhood Scout reports that  
23 the crime rate in the census tract containing the  
24 development site is 10.16 per 1,000 residents annually,  
25 but the site is located within 1,000 feet of the adjacent

1 census tract which has a reported rate of 29.52 per 1,000  
2 annually. This adjacent tract is located to the south of  
3 the development and on the opposite side of I-45.

4 As mitigating factors, the applicant points to  
5 the physical barrier created by I-45 and the ongoing  
6 revitalization initiatives taking place in EaDo.  
7 According to EaDo's five-year service and improvement  
8 plan, those initiatives include public safety planning and  
9 advocacy, business development and district  
10 beautification. With the southernmost border of the area  
11 being I-45 and the difference in the rate of crime between  
12 the two areas, there's an indication that I-45 represents  
13 enough of a barrier to provide appropriate mitigation.

14 Staff is recommending that the Board find the  
15 development site eligible.

16 MR. GOODWIN: Any questions for Marni?

17 MR. VASQUEZ: I just want to make kind of a  
18 clarification here. On the statement that it's southeast  
19 of the City of Houston, I mean, this is centrally located,  
20 it's just southeast of downtown Houston.

21 MS. HOLLOWAY: Downtown, right.

22 MR. VASQUEZ: This is very centrally located in  
23 an area that's expanding and improving rapidly.

24 MS. HOLLOWAY: Rapidly. I would add that was  
25 it last year we approved a development by New Hope

1 Housing. The New Hope Harrisburg development is also in  
2 this same neighborhood, and I went and drove the site and  
3 did a site inspection. There are some very exciting  
4 things going on in this neighborhood.

5 MR. GOODWIN: Any other questions? I will  
6 either entertain a motion for consideration of comments or  
7 a motion to approve staff's recommendation.

8 MR. VASQUEZ: I'll be glad to make a motion to  
9 approve staff's recommendation to make the site eligible.

10 MR. GOODWIN: Second?

11 MS. BINGHAM ESCAREÑO: Second.

12 MR. GOODWIN: Made and seconded. Any comments  
13 or questions?

14 (No response.)

15 MR. GOODWIN: No other comments or questions.

16 All those in favor say aye.

17 (A chorus of ayes.)

18 MR. GOODWIN: Opposed?

19 (No response.)

20 MR. GOODWIN: It passes.

21 Thank you, Marni.

22 MS. HOLLOWAY: Our next application is number  
23 17336, this is Westwind of Lamesa. So the development  
24 site is located within the attendance zones of an  
25 elementary -- the rule requirement is if the development

1 site is located within the attendance zones of an  
2 elementary school, middle school or high school that does  
3 not have a Met Standard rating by the Texas Education  
4 Agency based on the 2016 accountability ratings, that must  
5 be disclosed and mitigation must be provided. For this  
6 development, both the elementary school and the high  
7 school that serve the site have a Met Standard rating and  
8 have had those ratings for a number of years. The Lamesa  
9 Middle School has had an Improvement Required rating for  
10 the past four years.

11 Our rule includes the following: any school in  
12 the attendance zone that has not achieved Met Standard for  
13 three consecutive years and has failed by at least one  
14 point for the most recent year, unless there is a clear  
15 trend indicating imminent compliance, shall be unable to  
16 mitigate due to the potential for school closure as an  
17 administrative remedy pursuant to Chapter 39 of the Texas  
18 Education Code.

19 In the most recent year, Lamesa Middle School  
20 failed to reach that Index 1 target by eight points.  
21 Because the school has not achieved Met Standard for three  
22 consecutive years and has failed by at least one point in  
23 the most recent year, the applicant is unable to provide  
24 mitigation for this issue under this rule. In fact, the  
25 ratings for the middle school have decreased each year

1 since 2013.

2 Staff is recommending that the Board find the  
3 development site ineligible in conformance with this rule.

4 MR. GOODWIN: Before we take any comments or  
5 questions, Michael, you have a letter you want to read  
6 into the record?

7 MR. LYTTLE: Yes, Mr. Chair. It's a letter  
8 sent to Tim and the Board from State Representative Tom  
9 Craddick, reads as follows:

10 "Please accept this letter as recognition of my  
11 continued support for Westwind of Lamesa, a proposed mixed  
12 income rental housing community to be located near 211  
13 Northeast 7th Street in Lamesa, Dawson County, Texas  
14 79331, and the above-described application seeking an  
15 award of housing tax credits to finance the construction  
16 of the project.

17 "Westwind of Lamesa will be located in my  
18 district. It is my understanding that Westwind of Lamesa  
19 is the only development being proposed in Rural Region 12  
20 and that your staff is recommending that the TDHCA Board  
21 find it ineligible to proceed because of the performance  
22 of the Lamesa Middle School. I have communicated with the  
23 school officials and local stakeholders, and based on such  
24 conversations, believe that they are working  
25 collaboratively with TEA and others to improve the school

1 with all of the seriousness and focus that this matter  
2 deserves. I also believe that quality housing is a  
3 component to improving education outcomes among low income  
4 children. Westwind of Lamesa will provide such housing to  
5 Lamesa.

6 "I very much hope that you will take my support  
7 into consideration and allow the Westwind project to move  
8 forward.

9 "Sincerely, Tom Craddick, Texas State  
10 Representative, House District 82."

11 MR. GOODWIN: Thank you, Michael.

12 At this point we'll take a motion to entertain  
13 comments.

14 MS. RESÉNDIZ: So moved.

15 MR. GOODWIN: Moved. Seconded?

16 MS. THOMASON: Second.

17 MR. GOODWIN: Moved and seconded. All in favor  
18 say aye.

19 (A chorus of ayes.)

20 MR. SHACKELFORD: Good morning, Mr. Chairman,  
21 members of the Board, Mr. Irvine and Mr. Eccles. My name  
22 is John Shackelford. I represent the developer. As you  
23 can see, we have several witnesses, and one witness will  
24 probably exceed the three-minute time limit so I'd ask  
25 that some of the witnesses will probably yield some of

1 their time and ask for an accommodation there.

2 A couple of things, Marni set out what sort of  
3 the standard is on showing that this site is eligible  
4 despite the characteristics that we have on this  
5 particular site. It really revolves around just the  
6 middle school. One thing I want to correct her on, and  
7 it's in your Board book, it states where the applicant is  
8 unable to provide mitigation for this issue because of the  
9 school failing to meet that Met Standard for three years  
10 and then in the most recent year failing to meet it by one  
11 point or more. What the rule actually says that she was  
12 citing from is unless there is a clear trend indicating  
13 imminent compliance. This is in 10 TAC 10.101(3)(b), and  
14 so there's that little caveat which I think is extremely  
15 important: unless there is a clear trend indicating  
16 imminent compliance.

17 Well, from the testimony that you're going to  
18 hear in a little bit, I think we satisfy that burden.  
19 Also, you've got in the supplemental Board book a letter  
20 from the TEA which one of the speakers will also address,  
21 but I want to just point out to you on my part that  
22 towards the end of that letter it states clearly that it  
23 is anticipated that the middle school will be at Met  
24 Standard for the 2017 state accountability system official  
25 rating that gets released in August. So I think from that

1 letter alone, I think we sort of satisfy the burden that  
2 unless there is a clear trend indicating imminent  
3 compliance, that it looks like we're going to meet that in  
4 just a couple of months.

5 But I would like to now have the other  
6 witnesses come up and speak to you, unless you have any  
7 other questions for me.

8 MR. GOODWIN: Any questions for John?

9 (No response.)

10 MR. GOODWIN: Don't forget to sign in, if you  
11 would, please.

12 MR. SHACKELFORD: Thank you, Mr. Chairman.

13 MS. BINGHAM ESCAREÑO: May I ask Marni while  
14 John is signing just real quickly?

15 Remind me, in our Board book we just switched  
16 to the letter so I'm switching back, but is the  
17 requirement three consecutive years at Met Standard?

18 MS. HOLLOWAY: It's three years and then fail  
19 by at least one point. So the middle school has failed  
20 for three years with declining scores and then failed  
21 actually by eight points in this last year.

22 MS. BINGHAM ESCAREÑO: Okay. Thank you.

23 MR. SHACKELFORD: Any other questions?

24 (No response.)

25 MR. KNIGHT: Good morning, Chairman Goodwin and



1 the Board. I'm a little nervous. I have a board every  
2 month I meet with but this is a little intimidating.  
3 Shouldn't be, should it?

4 MR. GOODWIN: We don't want you to be  
5 intimidated, but we do want you to sign in.

6 MR. KNIGHT: But I do appreciate you allowing  
7 us to come and visit with you and talk a little bit about  
8 Lamesa and our middle school and where we really are right  
9 now.

10 My name is Jim Knight, I'm superintendent of  
11 schools, Lamesa ISD. I'm a graduate of Texas Tech, been  
12 recruited by Lamesa from a neighboring school district.  
13 Lamesa has had a history for 44 years of hiring from  
14 within, not a bad thing, obviously, but sometimes when you  
15 get into trouble, like they have been, sometimes it's not  
16 always good to continue to look inside, it's good to look  
17 at what other best practices are out there.

18 So the reason I'm standing before you is in  
19 January of 2016 I was recruited from a neighboring school  
20 district, Anton ISD, a smaller school district, to come  
21 and see about fixing some of the things that they had  
22 going on. The board had realized that it was time to look  
23 outside and to try to find new strategies, new teaching  
24 strategies, new curriculum and those type of things, and  
25 so we've addressed a lot of those.

1           Again, I'm a graduate of Texas Tech, also a  
2 graduate of the Harvard Leadership Institute, served as a  
3 principal for ten years in Canadian ISD and then have been  
4 a superintendent at Anton ISD for six years prior to the  
5 last year and a half at Lamesa. I've seen good schools,  
6 I've had to turn around a small school at Anton,  
7 financially and academically, and feel like that when the  
8 board came out, I churned on it a long time but came to  
9 Lamesa ISD, and we have done some incredible things in the  
10 last year and a half. We've turned around a whole new  
11 curriculum, and that was part of the base of the problem  
12 in the whole district but specifically in the middle  
13 school.

14           We serve about 2,000 students in our district,  
15 84 percent are economically disadvantaged, as well as  
16 their families. Our middle school serves about 440 to -50  
17 students in the middle school, 6th through 8th grade.  
18 Obviously I was recruited to come there to get that middle  
19 school out of Improvement, that was my job. So the first  
20 six months, as you know, most of the time we go into  
21 schools, we don't make a lot of radical changes because we  
22 don't know what's really going on in the school district,  
23 so we're trying to figure out if there's an issue there,  
24 what it is and how we can fix it. So that's basically  
25 what I did the first six months which was last school

1 year.

2 This previous school year, as we went into this  
3 school year, we realized and identified the problems. TEA  
4 came in in November of this past year, along with Conner  
5 Grady, he was our main lead from TEA and he's the one that  
6 they're mentioning about in the letter, the director of  
7 compliance is mentioning. They came in, we worked  
8 together, we worked hand in hand on forming a plan, a  
9 turnaround plan for Lamesa ISD. That plan included  
10 intervention plans, it included trying to bring in more  
11 intervention team members, we also hired an assistant  
12 principal of instruction to work with teachers, so all of  
13 that was part of our plan. Our top priority, again, was  
14 to bring in new leadership.

15 What we realized after the first six months is  
16 our leadership in the principal position was lacking.  
17 Again, they had looked inside for years just to move up.  
18 That's not a bad thing, but sometimes when you have  
19 schools that are in desperate need, you have to have  
20 someone that's an outstanding, out-of-the-box thinker. We  
21 brought in a tremendous leader this past year and he has,  
22 with his distributive leadership concepts of bringing  
23 everybody involved, has helped turn our school around.

24 We have invested in students as far as  
25 instruction and response to intervention. That response

1 to intervention has been intense, it has been intense,  
2 that has been targeted and has been deliberate, and  
3 because of that what you're seeing from the TEA letter is  
4 that our school district, come final release in August,  
5 will no longer be in Improvement, we will no longer be one  
6 of those schools.

7 And I will correct one other thing. It was  
8 mentioned that we were eight points off last year. That  
9 is not correct. You have to meet an Index 1 or 2 and then  
10 you have to meet it in 3 and 4. We were one point away in  
11 Index 3; we did not make it in Index 1 last year, that's  
12 the eight points, but you have to make it in one or the  
13 other, not both. So last year we were one point away, we  
14 did make progress. This year we've made so much more  
15 progress, Index 3 they made that for the first time in  
16 five or six years. Now, that is closing the achievement  
17 gap between rich and poor, that's a huge achievement gap,  
18 and that's huge with TEA, that's one of the things they're  
19 looking for from school districts. So we actually have  
20 improved tremendously and our district is doing a great,  
21 great job.

22 So preliminary scores will come out, they're  
23 already out, TEA has already recognized that. They will  
24 not put a final report out for anyone, as you know because  
25 schools get to contest anything that they may not think

1 accurate by now. So that's where we're at right now on  
2 the scores.

3 I will tell you some of the major things that  
4 have happened in our district just in the last year and a  
5 half, I think it's important to know. Placed the  
6 principal, we've put a strategic plan in place and have  
7 doubled the percentage of students performing at Level 3.

8 Now, what that really means, because you guys may not be  
9 educators, that means we've taken kids that were passing  
10 to the highest level, we've doubled that number. Some  
11 people just focus on the passing standard. To us it's  
12 more than just the passing standard, we want to take kids  
13 to the next level. We've doubled that in the last year  
14 and it will show in our reports as they come out this  
15 year.

16 We increased our walk-throughs with staff  
17 members. We had 500 walk-throughs at that campus, that's  
18 about 15 per teacher. The reason that happened is the  
19 only way you check for things going on in the classroom is  
20 for you to check and inspect and to make sure kids are  
21 engaged. Engagement brings learning, and we saw that  
22 because that was heightened by more walk-through. That  
23 came through leadership, and we've seen that instruction  
24 change because of that and because of assistance from  
25 leadership in the campuses.

1           We've also dismissed our poor teachers based on  
2 those walk-throughs, so this coming year we have even  
3 further enhanced our campus by taking even those what we  
4 call sifting out some of those ones that weren't willing  
5 to get where we needed to get with our kids and we're  
6 bringing in more experienced teachers. Now, how are we  
7 doing that? We're recruiting them. We initiated a  
8 program where we are paying stipends for content areas and  
9 we're also paying signing bonuses -- never done anything  
10 like that. You have to do that now in low-performing  
11 schools; they're not going to come unless you incentivize  
12 it. So we've incentivized it for this next year, we  
13 incentivized it somewhat last year but enhanced it even  
14 more so this year. We're even adding a performance  
15 measure on there, that the campuses perform at a certain  
16 performance level and we have certain growth, we're giving  
17 additional rewards to staff members.

18           So we have measures in place that we feel like  
19 not only are we going to continue to stay at the  
20 accountability measure above just the recommended level,  
21 we feel like with the measures we've put in place, we're  
22 going to take our schools to a whole different level.

23           We've had to provide commuter vans to Lubbock  
24 and back. We're about 60 miles from Lubbock. As you  
25 know, we're far enough away where people have a hard time

1 coming unless there's housing -- and that's why we're  
2 here -- so we provide three commuter vans that go back and  
3 forth to Lubbock. They'll talk about this hear in a  
4 minute, about 30 percent of our staff is commuting.  
5 That's not the best situation but we don't have enough  
6 housing to put them in, which takes us back to this is  
7 critical for us recruiting teachers to come and be in our  
8 town.

9 So that's where we're at. And in summary -- I  
10 don't want to take up all your time and I appreciate your  
11 time and I know you guys hear a lot of people -- but our  
12 district, it's paramount that we have this type of  
13 housing. We have 85 percent free and reduced lunch which  
14 are socioeconomically disadvantaged students. This  
15 housing project encumbers not only that but it also has 30  
16 percent market-driven which would help a lot of our  
17 teachers, especially these first-year teachers that are  
18 coming back and forth. So we would really appreciate you  
19 taking that in consideration.

20 This last year, just to kind of sum things up,  
21 we've had 14 news stories done by KCBD, and we have not  
22 had one negative story done. It tells you we have got  
23 some really good stuff going on in Lamesa. And I think  
24 that it's very much of a disservice to say that this is  
25 undesirable site. That just kind of hurts deep down

1 inside, knowing what our kids are and knowing what they  
2 deserve. And so I just plead with you to look at what  
3 we're doing, where we're coming from, and I believe that  
4 with the leadership and the changes we've made, we're  
5 going to continue to move forward. And I hate to see us  
6 be punished when our scores are going to come out  
7 officially across the state in a month showing that this  
8 school is no longer in Improvement, which is a great  
9 chore.

10 Thank you for your time and thank you for  
11 allowing us to be here.

12 MR. GOODWIN: Any questions for Superintendent  
13 Knight? Beau, do you have a question?

14 MR. ECCLES: Just one, and I appreciate all the  
15 work that you're doing and I presume all of these actions  
16 that you've taken and initiatives are reflected in the  
17 turnaround plan that was submitted to TEA.

18 MR. KNIGHT: Yes, sir.

19 MR. ECCLES: Just to touch on the language in  
20 one of our rules, what are you presenting to the Board  
21 that would show a clear trend indicating imminent  
22 compliance with the Met Standard rating?

23 MR. KNIGHT: If you'll look at the letter that  
24 we enclosed to you.

25 MR. ECCLES: The TEA letter?



1 MR. KNIGHT: Yes, sir. The TEA director of  
2 compliance has indicated that we've taken those steps that  
3 are going to get us out of Improvement. I think it's on  
4 the second page, maybe the end of the first page.

5 MR. ECCLES: Second page, and just to read it  
6 into the record, it states: "While the district predicts  
7 that the middle school campus will be at a Met Standard  
8 rating in the 2017 state accountability system, the  
9 official rating of the Texas Education Agency will not be  
10 released until August."

11 MR. KNIGHT: That's right, because they can't  
12 by law. They have to send out a preliminary rating and  
13 then the districts have the opportunity to contest that,  
14 and our experience is that those ratings only go up, not  
15 down. TEA tends to manipulate those numbers, if anything,  
16 in favor of districts because they obviously don't want  
17 schools in Improvement. So we believe that based on what  
18 we've done and all of our data and the data that TEA has,  
19 that we will be out in August officially.

20 MR. ECCLES: To be clear, and it's just the  
21 impression that was given was that there was a TEA  
22 conclusion that the middle school would be hitting Met  
23 Standard rating come August. This is actually the  
24 district's belief, based on everything that you've said  
25 and all the changes that you've made.

1           MR. KNIGHT: Not based on the changes, based on  
2 the data that you put into your program, Euphoria! and all  
3 the rest of them, everything that the state uses,  
4 everything that TEA uses, we run the same computer  
5 programs, and when you put those in, they spit out your  
6 index numbers. So that's where that's coming from.

7           MR. ECCLES: Okay.

8           MS. BINGHAM ESCAREÑO: I have a couple more  
9 questions based on Beau's questions, Mr. Knight. So the  
10 official rating comes out in August. You mentioned a  
11 preliminary and then there may be a little bit of  
12 movement, usually up, not down, but when did the  
13 preliminary come out?

14          MR. KNIGHT: Well, the preliminaries won't be  
15 released until early August, and then they'll do a final  
16 towards the end of August. They give you a two-week  
17 window to look and make any appeals, and then if there's  
18 an appeal, obviously they'll look at your appeal.

19          MS. BINGHAM ESCAREÑO: Okay. Thank you.

20          MR. GOODWIN: Other questions?

21          MS. RESÉNDIZ: I have a question, Mr. Chairman.  
22            So Mr. Knight, first and foremost, thank you  
23 for your service to public schools.

24          MR. KNIGHT: Yes, ma'am.

25          MS. RESÉNDIZ: So just looking at the letter, I

1 see that there's strategic decisions regarding the campus  
2 personnel that are being made. Would you give me an  
3 example of how that's going to help close the achievement  
4 gap just based off of the curriculum, the new curriculum  
5 that you have put together?

6 MR. KNIGHT: Yes, ma'am. What we've done is  
7 we've done targeted intervention with students, again, in  
8 different categories, not necessarily just students who  
9 aren't passing the tests but also students who are what we  
10 call bubble kids and also kids who have shown advancement  
11 but not up to the highest level, so we've broken those  
12 into three different groups as we intervene with students  
13 to get all of them up to a higher level. We've done that  
14 through personnel; we've done through teacher groups,  
15 breaking them down; and our schedule, a revised schedule;  
16 we've done that through assistant principals of  
17 instruction we've hired to work specifically with teachers  
18 in that area, and also, we've added a reading and math  
19 interventionist at the campus to target those areas as  
20 well.

21 MS. RESÉNDIZ: Thank you.

22 MR. GOODWIN: Thank you.

23 MR. KNIGHT: Yes, sir.

24 MAYOR STEVENS: Good morning. My name is Josh  
25 Stevens, and I am the mayor of the City of Lamesa. I just

1 wanted to step up and thank you for your time and  
2 listening to me today, Mr. Chairman, Board members.

3 Lamesa is in a little bit of a storm right now.  
4 We have a lot of things going on. We are just north of  
5 the Permian Basin and the oilfield activity down in the  
6 Permian Basin and the skyrocketing rental prices have  
7 forced a lot of residents and oilfield employees up to  
8 Lamesa for housing. That has made a direct impact on our  
9 teachers. As Mr. Knight alluded, these teachers are  
10 driving two hours a day to come into Lamesa to educate our  
11 children. Westwind Lamesa would take a huge problem off  
12 of their shoulders by just allowing them to spend more  
13 time in their classroom, more time in our community, and  
14 possibly becoming lifelong members of our fine city.

15 I am not on the mayor of Lamesa but I serve a  
16 larger role, I am the husband of a proud 14-year educator  
17 in the city who also is working at the middle school, and  
18 I can personally attest that the changes Mr. Knight has  
19 made and the staff has made has been great. The morale  
20 amongst the teachers and the students is at an all-time  
21 high. The community has rallied behind Mr. Knight. He's  
22 been a windfall to our community, he's very active in the  
23 community outside of the school system, but the teachers  
24 have really become one under the new leadership,  
25 especially at the middle school. I'm also the proud

1 father of a recent graduate of the top ten of our recent  
2 graduating class and a new Red Raider. The changes he is  
3 making and the need for this project in Lamesa is without  
4 a doubt paramount to our future, not only in our schools  
5 but our workforce.

6 I appreciate the decision that you have to make  
7 today and with everything before you, and we graciously  
8 and humbly await your decision.

9 MR. GOODWIN: Thank you, Mr. Stevens.

10 Any questions?

11 (No response.)

12 MR. LEONARD: Good morning, ladies and  
13 gentlemen of the Board. My name is Scott Leonard. I am a  
14 hometown member of Lamesa, Texas and very proud to be here  
15 and I thank you for your time today. I am a 1981 graduate  
16 of Lamesa High School, 1984 graduate of Texas Tech  
17 University, summa cum laude from the school of accounting,  
18 and I'm glad to be back in Lamesa, Texas practicing as a  
19 CPA for 30 years now. I brought my family back because I  
20 believe in the community, and while I'm a bean counter, my  
21 wife, my brother and my mother have all served the public  
22 as classroom teachers in Lamesa, Texas, and I'm extremely  
23 proud of their service.

24 With your permission, and because I believe it  
25 is so important, I would like to read for the record the

1 letter from the Texas Education Agency. This is addressed  
2 to Superintendent Jim Knight, dated June 26, 2017.

3 "Lamesa Middle School in Lamesa Independent  
4 School District was rated a fifth year Improvement  
5 Required campus in 2016 state accountability ratings. The  
6 Texas Education Agency conducted an onsite visit to Lamesa  
7 Middle School in November 2016 to ensure implementation of  
8 their targeted improvement plan. The visit was  
9 significant for all parties involved as it allowed the  
10 agency to identify some of the additional struggles facing  
11 the district. Since that visit, the district and campus  
12 staff have engaged in regular phone calls with their  
13 assigned TEA consultant throughout the year.

14 "The district has made strategic decisions  
15 regarding campus personnel, including the hiring of two  
16 assistant principals during the school year who have  
17 demonstrated evidence of being strong academic leaders.  
18 Additionally, they've made the difficult decision to  
19 replace the principal of the campus at the middle school  
20 with one of the assistant principals due to their belief  
21 in the importance of strong academic leadership.

22 "Further, the district has shown commitment to  
23 the continuous improvement by submitting all required  
24 documentation, as well as participating in all required  
25 intervention activities. The district hired a

1 professional service provider from the TEA approved  
2 network to provide additional support to teachers and  
3 campus staff and to engage in monthly activities on the  
4 campus, including but not limited to providing training  
5 and additional insight and leadership for the campus.

6 "The district also made the curriculum  
7 management system to further the support and learning  
8 across the district. To further their commitment to  
9 improving student achievement, teachers and staff have  
10 received additional training and support on this tool.  
11 The district has also reported throughout the year that  
12 they have had a great response from those teachers who are  
13 actively embracing the system.

14 "District and campus staff have shown a  
15 willingness to share data and other pertinent information  
16 on campus progress that we have requested and have been  
17 extremely open to recommendations to the positive  
18 dialogues with the agency throughout the year. While the  
19 district predicts that the middle school campus will be at  
20 Met Standard rating in the 2017 state accountability  
21 system, the official rating by the Texas Education Agency  
22 will not be released until August.

23 "TEA appreciates the partnership that has been  
24 developed with Lamesa ISD and supports their commitment to  
25 improving student outcomes in their district."

1                   This is signed by C. Lizette Ridgeway,  
2 Director, Division of School Improvement, Texas Education  
3 Agency.

4                   I thank you for your time, and I would say this  
5 housing project is extremely important to continuing the  
6 success of our school and providing housing for our  
7 workforce in Lamesa, Texas, and I urge you to allow it to  
8 proceed. Thank you very much.

9                   MR. GOODWIN: Thank you.

10                  Any questions for Mr. Leonard?

11                  (No response.)

12                  MR. GOODWIN: Thank you, sir.

13                  Mr. Hance.

14                  MR. HANCE: My name is Kent Hance, and I'm  
15 proud to be here on behalf of the Lamesa Economic  
16 Development Corporation. And I had the opportunity to  
17 represent Lamesa either in Austin or Washington for some  
18 14 years and have got a lot of friends there.

19                  Going back to 1981, Jack Kemp came to me with  
20 an idea he had called Low Income Housing Tax Credits, and  
21 he sold it to Tip O'Neill and Ronald Reagan in a time  
22 where people worked together. I know that's hard for you  
23 to believe, but they worked together and they passed that  
24 program. There were very few votes against it, and you  
25 look at the good that it's done and the good that you've



1 done. The working people that have adequate and good  
2 housing, it's been a boon to this nation.

3 In setting that program up, they also had to  
4 have rules and regulations, they have to have it  
5 administered by the state, but one of the things that it  
6 did was to set up boards, and the reason you have boards  
7 so you can have discretion on some of the rules from time  
8 to time, and if we didn't have discretion, there wouldn't  
9 be a need for a board.

10 The superintendent was very modest in what he's  
11 saying that he did. He came in, he changed the principal,  
12 he changed numbers of teachers, he's been out recruiting,  
13 paying bonuses, and it's not a rich school district. It's  
14 right next to Andrews School District and Andrews has all  
15 the University of Texas oil wells, so there's a difference  
16 there, big difference. But he's been out recruiting, and  
17 32.7 of the teachers, so round it to 33 percent of the  
18 teachers live in Lubbock and commute, and they have three  
19 vans that pick them up at Kohl's Department Store parking  
20 lot every morning, and we have one van that they have to  
21 pick them up at six o'clock because the elementary  
22 students start at 7:30.

23 So I just want to give you a little bit of  
24 background that's very important. I've been in education  
25 since 1968. TEA, their goal is to make sure that every

1 school is passing or is doing well. They've been thrilled  
2 with the new leadership that we have, and replaced that  
3 principal, replaced a number of teachers, brought in a new  
4 assistant superintendent for curriculum, made a huge  
5 change. And the one thing that he didn't mention, he goes  
6 and visits classrooms from time to time. Usually that's  
7 just the principal but also we have a superintendent that  
8 is doing it.

9 He mentioned also KCBD, that's one of the  
10 television stations in Lubbock. They do stories on  
11 education and they don't pull any punches and they've had  
12 positive stories about what they're doing in Lamesa,  
13 Texas.

14 The last thing I would say is that we were  
15 going to have with us today Don Bethel, who is a former  
16 Board member and former chairman of this Board, and his  
17 mother was put in hospice. She's 99 and hadn't been in  
18 bad health until just lately, so he sent a letter instead  
19 of being here. And he's on the school board, he helped  
20 hire Jim Knight and bring him in.

21 You have a lot of discretion. The young people  
22 need a good place to live, but also the market rates,  
23 that's going to help us with recruiting teachers and we  
24 have teachers that have said if they can get good housing,  
25 they want to live in Lamesa rather than commute an hour

1 and a half both ways every day which is difficult. So you  
2 have discretion, and I hope that you'll see fit to approve  
3 this request from Lamesa, and I stand ready to answer any  
4 questions you might have.

5 MR. GOODWIN: Mr. Hance, we go way back, and  
6 it's with great pride publicly that I have the opportunity  
7 to thank you for all your service. Thank you very much.

8 MR. HANCE: Thank you.

9 MR. GOODWIN: Any questions for Mr. Hance?

10 (No response.)

11 MR. GOODWIN: Thank you.

12 MR. HANCE: Thank you very much.

13 MR. GOODWIN: The last big gun?

14 (General laughter.)

15 MR. SHACKELFORD: I'm a small gun, especially  
16 compared to Mr. Hance.

17 That's it with our witnesses. I just want to  
18 make one final comment and that is that as Mr. Craddick  
19 pointed out in his letter that was read into the record by  
20 Mr. Lyttle, this is the only application on file for  
21 Region 12 Rural, so it's the only application. I just  
22 want to make that point. Thank you.

23 MR. GOODWIN: Any questions?

24 MS. RESÉNDIZ: May I ask a general question?

25 MR. GOODWIN: Sure.

1 MS. RESÉNDIZ: The kids that are currently --  
2 let's put this in the broad scope of families, I believe  
3 you mentioned 80, Mr. Knight, that are socioeconomically  
4 disadvantaged, where do those families currently live?  
5 Are they in apartment housing or are they in a separate  
6 location?

7 MR. KNIGHT: Yes, ma'am. There are about 84 to  
8 85 percent economically disadvantaged in our district, and  
9 they live a variety of places. We have a lot of families  
10 that have multiple families living together, as you know.

11 We haven't done a lot of surveys on that but they do live  
12 all across the town. There's not one particular area that  
13 they live in. We have several pockets of low performing  
14 housing and stuff. Again, just a big housing shortage.

15 Matter of fact, I hate to say this but I lived  
16 in a trailer park in my sister-in-law's 15-foot RV, called  
17 Ugly Betty, for six months where I had to sleep crossways  
18 on the bed, and so there was not any place for me to even  
19 find a place for six months, and that's the truth. I had  
20 some battle wounds on my head because I'm six-three that I  
21 ran into cabinets. But to tell you that's where we're at  
22 on the housing, I lived in a trailer park for six months  
23 when I first got there.

24 MR. GOODWIN: Any other questions?

25 MR. VASQUEZ: Mr. Knight, before you sit down,

1 again, I just want to compliment you and thank you, and  
2 clearly your community support. It's inspiring to hear  
3 these efforts being made in education at all levels.

4 MR. KNIGHT: Well, thank you. We're working  
5 hard, the kids deserve it, and that's what we're here for.

6 MR. GOODWIN: Question, Sharon?

7 MS. THOMASON: I'd like to make a comment. So  
8 I'm from Lubbock, coming from a rural area, and I grew up  
9 in a small town not unlike Lamesa, and you face some  
10 special challenges as businesses close or people are  
11 moving, so regardless of what the Board's decision is  
12 today, I just also want to thank you for your service, and  
13 I have high hopes for what you can do in Lamesa.

14 MR. KNIGHT: Thank you so much. I appreciate  
15 it.

16 MR. GOODWIN: And I also want to compliment  
17 you. I am the spouse of an educator of 48 years, so I  
18 know what you've done and she would be standing here  
19 patting you on the back, as we all do.

20 MR. KNIGHT: Thank you, Chairman. I appreciate  
21 it.

22 MS. RESÉNDIZ: Mr. Knight, just so you know, we  
23 really do appreciate you. Tagging on to what my colleague  
24 here said, it's really important that we do not let Lamesa  
25 become the Petersburg of what once was. I'm from

1 Petersburg, Texas and we were a hustling, bustling small  
2 town community, we were on the verge of becoming a 2-A  
3 school, and the next thing you know time passes and we  
4 become a six-man school, and a lot of it did have to do  
5 with the education system where we realized that there  
6 were educators not involved the way you are and a lot of  
7 our kids ended up going to Idalou, to New Deal, to  
8 Abernathy. So again, just keep up the good work. You're  
9 doing great.

10 MR. KNIGHT: Thank you so much.

11 MR. GOODWIN: Thank you.

12 MS. BINGHAM ESCAREÑO: Mr. Chair, I have a  
13 question. Maybe he was going to answer it anyway. Are we  
14 doing Vulcan mind melt?

15 (General laughter.)

16 MS. BINGHAM ESCAREÑO: So staff's  
17 recommendation, understandably, it is what it is. Right?  
18 I mean, on paper it looks pretty clear that there's three  
19 consecutive years of failure to attain Met Standard. If  
20 the Board were inclined to reconsider and find this site  
21 eligible, are there specific criteria that we need to be  
22 able to articulate or have in the record regarding that?

23 MR. ECCLES: Well, the rule, and the rule being  
24 10 TAC 10.101(a)(3)(B) Romanette (iv) -- that's the little  
25 I-v -- does go specifically into, as Marni had put it

1 before, that if the development site is located within the  
2 attendance zone of an elementary school -- I'll just  
3 ellipse this between these things -- an elementary school  
4 that did not meet standard for three consecutive years and  
5 has failed by at least one point in the most recent year,  
6 unless there is a clear trend indicating imminent  
7 compliance, shall be unable to mitigate.

8           And this is the part that actually I was going  
9 to ask Mr. Knight to address, the reason why the rule  
10 states that there is not an ability to mitigate is due to  
11 the potential for school closure as an administrative  
12 remedy pursuant to Chapter 39 of the Texas Education Code.

13           And that is if you go over to the Education Code, you'll  
14 see that there are a number of remedies for what's  
15 supposed to happen and the progressive got to fix these  
16 schools that aren't meeting standards, one of the remedies  
17 is closing the school and then when it reopens it has to  
18 serve a different population and I believe the majority of  
19 the students have to go elsewhere.

20           Obviously, this is a one-size-fits-all rule and  
21 when you're talking about an independent school district  
22 like Lamesa, it's not like you're talking about the  
23 Houston ISD, there's not another elementary school,  
24 there's not another middle school that you can re-mix the  
25 cocktail of students here and there and just send them off

1 to a school that's performing better.

2 So what I'll ask Mr. Knight to come up and  
3 address is whether TEA has shared with you -- since this  
4 is mostly a rather complimentary letter that's glowing  
5 about the efforts so they have reviewed the efforts and  
6 they seem to think very highly of what's going on, have  
7 they shared with you if the school does not meet standards  
8 what their plan is for what they would do under Chapter 39  
9 of the Texas Education Code if you don't happen to be on  
10 the high side of Met Standard?

11 MR. KNIGHT: We haven't had any of those  
12 discussions. This new turnaround plan with the new  
13 commissioner and with TEA is much more -- what's the word  
14 for it? -- they're much more collaborative in their  
15 efforts to work with schools. In the past they've been  
16 more of an enforcement arm and more of a corrective arm.  
17 That's just how they've been. So with the new  
18 commissioner, it's just been more conducive to working  
19 with us.

20 Now, that being said, they've kind of  
21 recalibrated school improvement. The schools that have  
22 been Improvement for multiple years, if they're showing  
23 improvement, which we have been -- I know it was mentioned  
24 that we hadn't, that we were eight below -- again, I want  
25 to refute that, that's not accurate. I'm trying to demean



1 anyone but you can pick any one index and say they were  
2 lower in that index, but the accountability system is  
3 about the whole index system, it's about four indexes and  
4 about showing improvement in most of those, because every  
5 school district is not going to show improvement in every  
6 index, that's just how it works.

7 No, they haven't had those discussions. Matter  
8 of fact, the discussions they've had with us is because  
9 they're more collaborative and they're involved, the only  
10 thing that would happen in addition to that is if we do  
11 not show improvement, they'll get more involved as far as  
12 hands-on recommendations. We made this principal change  
13 without the recommendation of TEA. We felt that  
14 leadership was our main issue in that middle school; we  
15 felt like a change of that with the curriculum and other  
16 things we made, that that alone could turn it around,  
17 along with better teachers.

18 And so that's the discussion we've had with  
19 TEA, with Conner and with the ones that have been at our  
20 site visits. We have not had any discussion. We're the  
21 only school, as you know, in our area, we have some  
22 surrounding six-man schools, but what would happen in a  
23 school like ours, it wouldn't close, they would just come  
24 in and restructure our board. We don't want that either.  
25 They first start replacing your board. But none of those

1 conversations have ever taken place because we don't  
2 believe we're at that severity as some other schools are.

3 We've had one campus, not multiple campuses, and we've  
4 never had district be in improvement ever, our district.

5 MR. IRVINE: Might I try to sort of recast what  
6 I'm hearing? When I look at the rule and the requirement  
7 for trend, typically we plot trends based on this year,  
8 met standard or didn't meet standard this year, this year,  
9 this year. I believe what I've heard you talk about is  
10 after that last dot on that trend line you have instituted  
11 an internal series of efforts that have produced specific  
12 results which you believe mathematically will generate a  
13 Met Standard rating issued in August. Is that accurate?

14 MR. KNIGHT: I would go back, I would go back a  
15 dot, because your dots should reflect last year that we  
16 missed accountability by one point. You say eight, I'm  
17 telling you it was one, one point. That could mean one or  
18 two students. I don't know if you know how the  
19 accountability system works, but unfortunately, your  
20 performance rests on sometimes a couple of students. Not  
21 making it puts you below that one point because you didn't  
22 make it in that one index. But we were one point short  
23 last year, so we should have seen a trend, depending on  
24 what index. If you're running tracks on Index 1, you're  
25 right, the trend may have looked worse; if you're running

1 tracks on Index 2, 3 and 4, which are the other three  
2 indexes, you're going to see improvement, even last year.

3 And this year we took it to the next level where we're  
4 not going to be in Improvement. That's what we're saying.

5 MR. IRVINE: But my point to Leslie's question  
6 is the different type of trend analysis that doesn't have  
7 those established points is something you have described  
8 and testified to, so I would say the question from a fact  
9 perspective at the Board level is did they establish to  
10 your comfort and satisfaction a trend that indicates a  
11 high level of confidence of achieving Met Standard.  
12 That's what the rule basically proposes.

13 MR. ECCLES: I'll throw a couple of things in.  
14 I agree with Tim. The rule generally does speak to, for  
15 instance, higher up in 10.101(a)(3)(B), in order to be  
16 considered an eligible site, despite the presence of an  
17 undesirable neighborhood characteristic, an applicant must  
18 demonstrate actions being taken that would lead a reader  
19 to conclude that there is a high probability and  
20 reasonable expectation the undesirable characteristic will  
21 be sufficiently mitigated or significant improved within a  
22 reasonable time, typically prior to placement in service,  
23 and that the undesirable characteristic demonstrates a  
24 positive trend and continued improvement.

25 Now, that does seem to be what you have

1 described, and if you're looking for standards, that is in  
2 the rule. The point that there are various indices within  
3 the potential for a Met Standard rating, I believe our  
4 rule only functions with Index 1, and when we say it's  
5 eight points below, that's what we're talking about is  
6 Index 1, so when we're talking about trends, we're talking  
7 about Index 1.

8 Marni, is there a clarification on that point?

9 MS. HOLLOWAY: Well, we look at all of them  
10 because the Met Standard or Improvement Required  
11 encompasses all four of the measurements that the  
12 superintendent described. When I said had dropped by  
13 eight points, that was Index 1 from the previous year, and  
14 if I didn't read my notes exactly, that's what I intended  
15 to say.

16 MR. VASQUEZ: Mr. Chairman, would you be  
17 willing to entertain a motion on this?

18 MR. GOODWIN: I would.

19 MR. VASQUEZ: I would motion that given the  
20 evidence that's been presented that we make this Westwind  
21 of Lamesa project eligible under our program.

22 MR. GOODWIN: Do I hear a second?

23 MR. BRADEN: Second.

24 MR. GOODWIN: I hear a motion and a second.

25 Any discussion, questions, comments?

1 (No response.)

2 MR. GOODWIN: If not, all in favor say aye.

3 (A chorus of ayes.)

4 MR. GOODWIN: Opposed?

5 (No response.)

6 MR. GOODWIN: It is passed.

7 I'm going to recommend we take a ten-minute  
8 restroom break for the chairman and other members.

9 (Whereupon, at 10:40 a.m., a brief recess was  
10 taken.)

11 MR. GOODWIN: We call the meeting back to  
12 order, and I guess, Marni, before you start, 8(d) has been  
13 pulled from the agenda.

14 MS. HOLLOWAY: Has been pulled from this  
15 agenda.

16 MR. GOODWIN: So we're on to item number 8(e).

17 MS. HOLLOWAY: 8(e) is the report of third  
18 party requests for administrative deficiency under 10 TAC  
19 11.1(o) of the 2017 Qualified Allocation Plan, received  
20 prior to the deadline.

21 So there's a big long list of applications in  
22 your Board materials. There are some of them that we're  
23 pulling because we're not finished processing and those  
24 will come to the early July meeting. Those applications  
25 are 17007 Magnolia Station, 17288 Forest Trails, 17305

1 Payton Senior, 17322 Provision at Wilcrest, 17356 The  
2 Acacia, 17368 Cielo, 17372 Sunset Trails, 17376 The  
3 Bristol, 17388 West Pecan Village, and 17390 Las Palomas.

4 All of those will be on the agenda for the next meeting.

5 For the remaining applications, what I'd like  
6 to do is reorder them basically on topic so that we're  
7 dealing with the same sort of matters at the same time.  
8 So changing up the order a little bit, we'll start with  
9 17028 Vineyard on Lancaster, 17080 Palladium Fort Worth,  
10 17081 Palladium Denton, 17133 The Pointe at Rowlett, 17259  
11 Mistletoe Station, 17315 Provision at North Valentine, and  
12 17363 Residences of Long Branch. That group of  
13 applications all have basically the same third party  
14 requests submitted on them.

15 After that we have a group of applications that  
16 had third party requests related to opportunity index  
17 measures, that's 17042 Huntington at Paseo de la Resaca,  
18 17094 Catalon at Paseo de la Resaca, 17230 The Oasis on  
19 McColl, 17267 Industrial Lofts, 17283 Avanti Manor, 17327  
20 Legacy Trails of Lindale, and 17331 Westwind of Killeen.

21 Next we have a couple of applications that have  
22 RFADs related to underserved area, that would be 17097 and  
23 17199, Santa Fe Place.

24 Then the last group is sort of all other items,  
25 that would be 17064 Chaparral Apartments, 17194 Oaks

1 Apartments, 17203 Park Estate Apartments, 17239 Abbington  
2 Ranch, 17258 Village at Henderson, and 17297 Kountze  
3 Pioneer Crossing.

4           The third party request for administrative  
5 deficiency -- or RFAD, as they are affectionately  
6 called -- section of the rule provides for an unrelated  
7 person or entity to bring new material information about  
8 an application to staff's attention by submitting an RFAD  
9 request. Staff considers whether an application should  
10 whether an application should be the subject of an  
11 administrative deficiency based on the information  
12 submitted. RFAD requesters must provide sufficient  
13 credible evidence to substantiate the deficiency request,  
14 and the deadline for submission of RFADs was June 1 of  
15 2017. This report item includes all determinations made  
16 as of June 22, 2017. As I said, the remaining RFADs, will  
17 be reported to the Board at the next meeting.

18           The Department's Governing Board has final  
19 decision-making authority on any of the issues reflected  
20 here, and thus, these determinations are subject to  
21 change, however, a requester may not formally appeal any  
22 staff determination if precluded by 10 TAC 10.902(b)  
23 related to the appeals process. Where staff is  
24 recommending that a request result in loss of points or  
25 other action, the applicants are notified and have an

1 opportunity to appeal the staff determination. Staff has  
2 also provided notice of the result of the request to the  
3 requester.

4 So today is a report item. This is not an  
5 action item unless in the course of the report or public  
6 comment the Board would like us to bring that specific  
7 topic back as an action item at the next Board meeting.  
8 And 17281 is going to the next Board meeting.

9 So 17028 Vineyard on Lancaster, 17080 Palladium  
10 Fort Worth, 17081 Palladium Denton, 17133 The Pointe at  
11 Rowlett, 17259 Mistletoe Station, 17315 Provision at North  
12 Valentine, and 17363 were all subject of the same request  
13 for administrative deficiency. That request contends that  
14 the Department has applied the three-point underserved  
15 area item improperly on those seven applications. The  
16 requester believes that the incorporated area which  
17 contains the census tract must not have received an award  
18 within the past 15 years in order for the application to  
19 receive three points under this scoring item. Staff has  
20 consistently applied, and the Board upheld at the May 25  
21 meeting that the census tract may not contain a  
22 development that has been awarded within the past 15 years  
23 and the entire census tract must be within the boundaries  
24 of an incorporated area.

25 The request presents no new information



1 regarding these applications, therefore, staff has  
2 determined no further action is necessary.

3 MR. GOODWIN: Okay.

4 MS. HOLLOWAY: One of the applications that was  
5 in that group, Mistletoe Station, the same requester also  
6 added a contention that the letter submitted to support  
7 eight points under community support from the state  
8 representative did not express direct support of the  
9 development. A notice of administrative deficiency has  
10 not been issued to the applicant as a result of this  
11 request because staff has determined that the application  
12 sufficiently supports the points requested because the  
13 letter includes a statement that clearly states the  
14 representative's support for the project. So we've taken  
15 no action on that one.

16 The next group which we're talking about,  
17 opportunity index items. 17042 Huntington at Paseo de la  
18 Resaca, asks the Department to review three items selected  
19 for scoring under opportunity index and tiebreakers. The  
20 requester contends that the applicant has not provided  
21 evidence that the park selected under the opportunity  
22 index is located on an accessible route. They also  
23 contend that the public library claimed is not a library  
24 because it is, in fact, a 24-hour birdhouse donation box  
25 for books and does not provide other services customarily

1 found in a public library. They further claim that the  
2 indoor shooting range does not meet the requirement that  
3 the facility be available to the public because the range  
4 is age-restricted.

5 The applicant provided certifications from the  
6 City of Brownsville regarding the accessible route  
7 question and from the Cameron County Parks and Recreation  
8 Department regarding the library.

9 Staff has determined that the accessible route  
10 described in the application and certification is more  
11 than half a mile long and therefore is not eligible for  
12 points under this item. The Department has further  
13 determined that while the central cultural facility does  
14 include books, it is not a public library, and because the  
15 QAP does not include a limitation for age-restricted  
16 facilities, the shooting range will be allowed.

17 A scoring notice will be issued regarding these  
18 items and the applicant will have an opportunity to appeal  
19 that scoring notice should they choose to do so.

20 On the next one, Catalon at Paseo de la Resaca,  
21 that is the exact same request with the exact same  
22 outcomes.

23 Number 17230 The Oasis on McColl, the request  
24 asks that the Department review points claimed for four  
25 opportunity index items. It claims that the playground is

1 more than a half a mile from the proposed site and that it  
2 is not on an accessible route. They claim there is not an  
3 accessible route to public transportation and that the  
4 development site is not within one mile of a public  
5 library because the applicant is actually using an online  
6 library to claim those points. The applicant conceded the  
7 questions raised by the RFAD.

8 A scoring notice will be issued reflecting  
9 those items.

10 For 17283 Avanti Manor, there were two RFADs  
11 issued on this application for the same items. The RFADs  
12 claim that the site is not within a half mile of public  
13 transportation on an accessible route and that the public  
14 transportation does not operate on weekends. They also  
15 claim that the application is not eligible for points  
16 because the site is not within half a mile on an  
17 accessible route from an accessible playground. The  
18 applicant affirmed that the public transportation provider  
19 does not operate on Sundays and that the route to the  
20 playground required use of public transportation.

21 Staff has determined that the response does not  
22 provide sufficient evidence that the development site is  
23 within that half mile on that accessible route from the  
24 park, and that since the transportation service does not  
25 provide service on Sundays, it does not meet the

1 requirements for weekend service.

2 The applicant will be provided a scoring notice  
3 and will have the ability to appeal.

4 17327 Legacy Trails of Lindale, the request  
5 asks the Department to review opportunity index and  
6 tiebreaker factors. The associate's degree item requires  
7 that 27 percent or more of the population in the census  
8 tract have an associate's degree. This request claims  
9 that because the development site falls in two census  
10 tracts, because one census tract is lower, they shouldn't  
11 get the item, that the farmers market used for outdoor  
12 recreation does not qualify because of its periodic nature  
13 and it doesn't have a permanent facility, and that  
14 Hideaway Lake does not qualify for outdoor recreation  
15 because it is in a gated community and available only to  
16 resident members.

17 The applicant submitted documentation of the  
18 census tract boundaries and a letter from the City of  
19 Lindale regarding the eligibility of the farmers market.

20 Staff has determined that the entire  
21 development site, including the access easement does span  
22 into two census tracts. One of those census tracts is  
23 below 27 percent on the associate's degree item so that it  
24 does not meet that threshold for that point. The Lindale  
25 Farmers Market does qualify because it's held on

1 particular parking lots set aside for the market and  
2 streets are closed, forming a boundary for the activity.  
3 Staff has determined that Hideaway Lake does not qualify  
4 as it is not open to the general public.

5 The applicant will be issued a scoring notice  
6 and will have the ability to appeal.

7 17331 Westwind of Killeen, there were three  
8 RFADs received for this application on all the same items.

9 The requester claims the site does not qualify because  
10 the public transportation does not operate on weekends,  
11 the senior center library room is not open to the public,  
12 the Meadows Gallery is an exhibit in a theater and does  
13 not meet the definition of museum, the letter from a  
14 property owner granting the applicant permission to build  
15 an accessible path on his property does not provide  
16 assurance that an accessible path to the public park will  
17 be created, and the H-E-B grocery store was under  
18 construction at the time of application.

19 The applicant submitted letters from the City  
20 of Killeen, the Boys and Girls Club and then also  
21 regarding public transportation and the grocery store, and  
22 from an engineering company regarding the accessible  
23 route.

24 Staff determined that the H-E-B grocery store  
25 qualifies because amenities under significant construction

1 at the time of application may be allowed, and in this  
2 case the store is built and operating. The gallery  
3 display does not meet the QAP requirements for a museum as  
4 the organization's primary purpose is live theatrical  
5 performance and the artwork displayed is ancillary to that  
6 purpose. The library at the Lion's Club is not a public  
7 library. The accessible route to the park has not been  
8 proven as the applicant cannot promise to build a sidewalk  
9 on property not controlled by the applicant. And the  
10 rules require that public transportation be available on  
11 weekends and the service does not meet this requirement as  
12 there is no Sunday service.

13 The applicant will be issued a scoring notice  
14 indicating the loss of points and will have the ability to  
15 appeal.

16 For 17267 Industrial Lofts, there were three  
17 RFADs received for this application. We were asked to  
18 review scoring items on the opportunity index claiming  
19 that there is not an accessible route to the playground or  
20 to public transportation, also, that the applicant did not  
21 use the appropriate population amount for the census so  
22 that the actual property crime rate is 51.75 per 1,000  
23 which exceeds the 26 per 1,000 maximum required for  
24 scoring.

25 The applicant has provided third party

1 certification of an accessible route from the development  
2 to the park and information from the public transportation  
3 provider regarding accessibility of buses. They have  
4 resubmitted the same crime information from the City of  
5 McAllen that was originally included in the application.

6 Staff has determined that the accessible route  
7 indicated is approximately five miles long and would need  
8 to be taken by accessible transportation which does not  
9 meet the requirement for a one-half mile accessible route.

10 The response does not provide sufficient evidence that  
11 the development site is within half a mile on an  
12 accessible route from public transportation, and the  
13 response does not provide sufficient evidence that the  
14 crime rate for the census tract is 26 per 1,000 or less.  
15 The data provided by the City of McAllen reports the  
16 number property crimes reported for the census tract but  
17 appears to consider the population of the entire city  
18 rather than the population of the census tract in the  
19 calculation of the rate.

20 The applicant will be issued a scoring notice  
21 indicating the loss of points under the affected items and  
22 will have the ability to appeal.

23 The next one Holly Oaks Seniors 17097, the  
24 request asks the Department to review points requested by  
25 the applicant related to underserved area -- now we're

1 getting into the underserved areas. The requester claims  
2 that portions of the census tract lie outside of the  
3 incorporated boundaries of the City of Houston so the  
4 application is not eligible for the five points claimed  
5 under this item.

6 The applicant's response presented no  
7 information to support the five points requested. The  
8 applicant requested that if the Department determined they  
9 were not eligible for the five points, they be awarded two  
10 points as supported by the application. Staff has  
11 determined that award of two points was supported by the  
12 materials submitted in the original application and a  
13 scoring notice will be issued.

14 17199 Santa Fe Place, the request asks the  
15 Department to review points claimed under underserved  
16 area. The requester contends that the census tract  
17 extends beyond the incorporated boundaries of the City of  
18 Temple such that the application is not eligible for three  
19 points.

20 The applicant's response is that staff has  
21 misinterpreted this rule at 10 TAC 11.9(c)(6)(C). Staff  
22 has determined that the application is eligible to receive  
23 two points rather than the three points claimed. A  
24 scoring notice will be issued and the applicant will have  
25 the opportunity to appeal that notice.



1                   17064 Chaparral Apartments, the request asks  
2 the Department to review the applicant's requested score  
3 related to declared disaster areas. The requester claims  
4 that the area has to be declared a disaster area under  
5 Texas Government Code 418.014 and that Midland County was  
6 not declared a disaster area under the applicable code in  
7 the two years prior to application.

8                   The applicant asserts that because Midland  
9 County appeared on the Department's list of disaster  
10 counties in 2016, the county continues to be eligible for  
11 ten points this year. Texas Government Code  
12 22306.6710(b)(1)(H) specifically requires that counties be  
13 declared disaster areas by the governor pursuant to  
14 Government Code 418.014 within the two years preceding the  
15 application. Midland County was not declared a disaster  
16 area during that two-year time frame. It appeared on the  
17 Department's list of declared disaster areas in 2016  
18 because that was the last year it was eligible due to an  
19 earlier declaration.

20                   The application will receive a scoring notice  
21 removing the applicable ten points and will have an  
22 opportunity to appeal that notice.

23                   17194 and 17203 are the same requests and the  
24 same issues. Requests ask the Department to review points  
25 claimed under underserved area because the census tract

1 extends beyond the incorporated boundaries for the City of  
2 Quitman such that the application is not eligible for  
3 three points. Also, Wood County was declared a disaster  
4 by a county commissioner and FEMA. The requester points  
5 out that the area has to be declared a disaster area by  
6 the governor in order to claim those ten points, so it's  
7 just like the previous one, it didn't have the governor's  
8 declaration. And the request claims that the applicant is  
9 requesting points under rent levels for tenants that are  
10 only available for supportive housing developments, and  
11 the application states that the development will serve the  
12 general population.

13 The applicant's response did not substantiate  
14 the requested three points for a census tract within the  
15 city limits, they provided documentation regarding the  
16 disaster declaration from FEMA which does not substantiate  
17 that it was declared by the governor, and they claim that  
18 the application was marked general pursuant to  
19 instructions because it was not entirely supportive  
20 housing, our definition would require it to be entirely  
21 supportive housing.

22 Staff has determined that the application does  
23 not qualify for the three points but it does qualify for  
24 two points under underserved area, the application does  
25 not qualify for ten points because the governor has not

1 issued a disaster declaration for Wood County within the  
2 required time frame, and the applicant has not proven that  
3 they qualify for 13 points under rent levels, they do  
4 qualify for eleven points under this scoring item. And a  
5 scoring notice will be issued and the applicant will have  
6 an opportunity to appeal.

7 17239 Abbington Ranch, the request asks the  
8 Department to review the application for execution of the  
9 eligibility certificates by three parties as they were not  
10 notarized on the same date they were executed, claim that  
11 they have not used the correct high school for scoring  
12 under educational quality, and that the general contractor  
13 fee exceeds the allowable amounts.

14 Supporting information for the correct high  
15 school was included in the application, so the applicant  
16 was allowed to provide clarification through an  
17 administrative deficiency. The applicant provided  
18 affidavits and other evidence from the notaries that the  
19 certifications were in fact signed on the dates described  
20 in the notary blocks and stated that the dates under the  
21 signatures had been filled out prior to execution, so  
22 someone had typed it out and then it got signed later.  
23 The fee issue would be handled through the REA process.  
24 So the Department has determined that those first couple  
25 of items the applicant has adequately supported their

1 application.

2 17258 Village at Henderson, the request asks  
3 the Department to review documentation submitted for two  
4 threshold items. One would be the detailed breakdown of  
5 site work costs prepared by a third party engineer or cost  
6 estimator, and the current development site survey  
7 required for the site design and feasibility report. The  
8 requester points out that the application PDF does not  
9 include bookmarked tabs at the end for use by TDHCA staff  
10 in their review.

11 Staff has determined that the application  
12 contains the site work costs information and a survey at  
13 other places in the application, and we also find that the  
14 bookmarked tabs at the end does not rise to a material  
15 level, and in fact, that was something new we had this  
16 year for putting all the deficiencies and all of that  
17 stuff in a reliable place in the application, and if we  
18 called it material, we'd probably terminate half the  
19 applications.

20 MS. RESÉNDIZ: Is there a point just for that?

21 MS. HOLLOWAY: No. It was the first time we  
22 had done that and I would bet half of the applications  
23 don't have those tabs at the end, so we're not going to  
24 call that material.

25 Our last one, our last RFAD, Kountze Pioneer

1 Crossing, application 17297, the request asks the  
2 Department to review documentation provided in relation to  
3 site control. They claim that the applicant did not have  
4 site control of the entire parcel included in the  
5 application.

6 Are you sure? Shay says I missed one. We'll  
7 figure it out. It's a good thing she's keeping track of  
8 me.

9 (General laughter.)

10 MS. HOLLOWAY: Site control, the applicant did  
11 not have site control of the entire parcel included in the  
12 application because the City of Kountze did not own the  
13 entire parcel it contracted to sell the applicant. They  
14 also claim that three of the letters submitted for input  
15 from community organizations are from ineligible entities,  
16 two of the letters did not include evidence of tax-exempt  
17 status, and the evidence of existence and participation in  
18 the community is missing for all letters.

19 The requester claims that the application is  
20 only eligible for two points under educational quality  
21 because all of the schools aggregated for the elementary  
22 grades do not have a distinction. The requester claims  
23 that the applicant used the incorrect utility allowance  
24 and that when the correct utility allowance is applied,  
25 the application fails to meet feasibility requirements

1 because the debt coverage ratio is below 1.15.

2 The applicant explained that conveyance of  
3 portions of the development site to the City of Kountze  
4 had not happened in 2001 as previously thought. The  
5 response included a warranty deed conveying the land dated  
6 May 24, 2017, so it was after the application date. The  
7 applicant maintains that it had proper site control and  
8 insists that the deed is not required. The applicant  
9 provided a letter and screen shots from the website of one  
10 community organization that provides services in Kountze  
11 and they asserted that the requirement for distinction  
12 applies only to a single elementary school.

13 Staff has determined that the City of Kountze  
14 did not have appropriate control of the entire development  
15 site as of March 1, 2017 which was the application  
16 submission deadline. The applicant provided sufficient  
17 evidence for two additional points under input from  
18 community organizations. The rule requirement regarding  
19 combined schools applies only to the Index 1 rating and  
20 not to a distinction, so the application is eligible for  
21 the additional point under educational quality. Staff  
22 determined that issues regarding the utility allowance  
23 will be considered when and if the application is  
24 underwritten.

25 A notice of termination will be issued due to

1 the site control issues. The applicant will have an  
2 opportunity to appeal.

3 Shay says I missed 17283. Okay. 17283 Avanti  
4 Manor in Harker Heights, there were two RFADs for the same  
5 application. This is opportunity index. The requester  
6 claims that the site is not within a half mile of public  
7 transportation on an accessible route and that the public  
8 transportation does not operate on weekends.

9 The requester further claims that the requester  
10 is not eligible for points because the site is not within  
11 half a mile on an accessible route from an accessible  
12 playground.

13 The applicant affirmed that the public  
14 transportation provider does not operate on Sundays and  
15 that the route to the playground required use of public  
16 transportation.

17 Staff has determined that the response does not  
18 provide sufficient evidence that the development site is  
19 within half a mile on an accessible route from the park  
20 because it would require accessible transportation, and  
21 because the public transportation does not provide service  
22 on Sundays, it does not meet the requirement for weekend  
23 service. The applicant will be issued a scoring notice  
24 and will have the ability to appeal.

25 As I said, this is a report item. I'd be happy

1 to answer any questions.

2 MR. GOODWIN: Any questions from Board members?

3 MS. RESÉNDIZ: Marni, quick question. You've  
4 mentioned 17199, Santa Fe Place in Temple that staff  
5 misinterpreted this rule. Was that per the census  
6 information submitted by the applicant that the applicant  
7 is stating that staff?

8 MS. HOLLOWAY: The applicant is stating that  
9 staff has misinterpreted that particular rule. It's really  
10 the same claim as the first seven that I mentioned that  
11 the requester reads that part of the rule as saying the  
12 entire incorporated area must not have had a site within  
13 the past 15 years rather than is the census tract within  
14 the incorporated area, and this is something that we  
15 discussed at the meeting in May about the three-point  
16 versus the two-point scoring item. It's that same item  
17 but they're taking a different approach to it entirely.  
18 As I said, that applicant will have an opportunity to  
19 appeal and they'll have a chance to tell you their side of  
20 it and how they're approaching it.

21 MR. GOODWIN: Other additional questions?

22 MR. VASQUEZ: I have one on 17327.

23 MS. HOLLOWAY: Legacy Trails?

24 MR. VASQUEZ: 327 Legacy Trails of Lindale.

25 Did I hear you say that the farmers market were given



1 credit for an outdoor recreation facility?

2 MS. HOLLOWAY: Yes.

3 MR. VASQUEZ: The one n the parking lot that,  
4 according to this, operates one day a week, 4.5 months out  
5 of the year? That just doesn't seem to kind of meet the  
6 threshold.

7 MS. HOLLOWAY: Well, and this is actually  
8 something that's been requested of staff in the rules and  
9 perhaps our new chair of our committee can help us work  
10 through. Definitions of indoor and outdoor recreational  
11 facilities is a tough one and it's basically is it open to  
12 the general public. Our rule as it sits right now does  
13 not have a requirement about having to be available X  
14 number of hours or X days a week.

15 MR. VASQUEZ: It just seems like a bit of a  
16 stretch to call it a recreational facility in a parking  
17 lot one day a week for a third of the year.

18 MS. HOLLOWAY: So because this is a report  
19 item, if the Board would like, we can take this one back  
20 and further develop it and bring it back as a potential  
21 action item for the Board to determine if this is an  
22 appropriate outdoor recreational facility. We absolutely  
23 can do that.

24 MR. GOODWIN: We need direction, Leo, if you'd  
25 like to direct staff to go back and look at this.

1 MR. VASQUEZ: I'd like to see it reviewed a  
2 little more closely.

3 MR. GOODWIN: That would be appropriate and we  
4 would need a second for that motion.

5 MR. IRVINE: It's not really a motion.

6 MR. GOODWIN: Just a direction of staff. Okay.

7 MR. VASQUEZ: And then I missed which number  
8 this was, did I hear you say someone tried to say count a  
9 library within the certain distance as being an online  
10 library?

11 MS. HOLLOWAY: Yes.

12 MR. VASQUEZ: That's amazing that someone would  
13 do that.

14 MS. BINGHAM ESCAREÑO: And the birdhouse wasn't  
15 amazing, the birdhouse with the drop-off books?

16 (General laughter.)

17 MS. HOLLOWAY: The RFAD process is very labor-  
18 intensive for staff. We got 40 of these on June 1 on the  
19 day that they were due, but I would point out that some of  
20 these things we would never know without this process.

21 MS. BINGHAM ESCAREÑO: They're a mixed  
22 blessing.

23 MS. HOLLOWAY: Yes, it is, absolutely a mixed  
24 blessing.

25 MR. GOODWIN: I'm curious the view of staff on

1 the issue of having public transportation not being  
2 available on Saturday and Sunday that an applicant would  
3 complete this and ask for those points only to have some  
4 competing applicant bring to our attention that public  
5 transportation doesn't work on Sunday, and if our rule is  
6 seven days a week, it would seem to me that the applicant  
7 should have known that before someone would come in and do  
8 that. That happens?

9 MS. HOLLOWAY: It happens. And a number of the  
10 accessible route or at least one of the accessible route  
11 questions we have two different experts with two different  
12 opinions that you'll all get to deal with.

13 MR. GOODWIN: Right.

14 MS. HOLLOWAY: We hope that applicants are very  
15 careful about the amenities that they're selecting for  
16 opportunity index or that they're very careful about the  
17 underserved area measurements, that kind of thing.  
18 Clearly, that doesn't always happen, I couldn't tell you  
19 why. But again, having the RFAD process out there so that  
20 there are other eyes looking at some of these items I  
21 think is important to the integrity of the awards that  
22 you'll make next month.

23 MR. GOODWIN: Any other questions? If not, a  
24 motion to accept Marni's report?

25 MR. ECCLES: Point of order. Per 10 TAC 11.10,

1 interested persons may provide testimony on this report  
2 before the Board takes any formal action to accept the  
3 report.

4 MR. GOODWIN: Anybody that would like to speak?  
5 (No response.)

6 MR. GOODWIN: Seeing none, we'll take a motion  
7 to accept the report.

8 MR. ECCLES: Thank you.

9 MR. GOODWIN: Thank you.

10 MS. BINGHAM ESCAREÑO: So moved.

11 MS. RESÉNDIZ: Second.

12 MR. GOODWIN: Moved and seconded. All in favor  
13 say aye.

14 (A chorus of ayes.)

15 MR. GOODWIN: Thank you, Marni.

16 Marni, do you want to address the item (f) and  
17 all of those have been pulled?

18 MS. HOLLOWAY: I was just going to sit down.  
19 On 8(f) which is appeals, at this point all of those  
20 appeals have either been withdrawn or postponed, so we are  
21 not hearing any appeals today.

22 MR. GOODWIN: We'll move on to item 8(g),  
23 Sharon.

24 MS. GAMBLE: Good morning, Mr. Chairman, rest  
25 of the Board, Mr. Irvine, Mr. Eccles, Mr. Lyttle. My name

1 is Sharon Gamble. I am the administrator for the Housing  
2 Tax Credit 9 Percent program, the competitive program, and  
3 I'm here to present item 8(g) which is the list. And the  
4 list that you have there before you is our list of  
5 applications that are eligible to be awarded tax credits.

6 These are the applications that for whatever reason have  
7 not been removed from consideration at this point.

8 The Department's Board is required by  
9 subsection 2306.6724 of Texas Government Code to review  
10 the recommendations of Department staff regarding  
11 applications and issue a list of approved applications  
12 each year, in accordance with the Qualified Allocation  
13 Plan, not later than June 30. Moreover, as required by  
14 Texas Government Code Section 2306.6724(f), the Board  
15 shall issue final commitments for allocations of housing  
16 tax credits each year, in accordance with the Qualified  
17 Allocation Plan, not later than July 31. At the Board  
18 meeting of July 27, 2017, the list presented to the Board  
19 will clearly identify those applications being recommended  
20 for a commitment of tax credits.

21 We received a total of 149 applications prior  
22 to the application deadline of March 1, 2017. To date, 20  
23 applications have been withdrawn or terminated and those  
24 have been removed from this list. The applications are  
25 approved in the sense that they have not yet been

1 identified as having any material deficiency or other  
2 defect that would cause them to be ineligible or if such  
3 matters have been identified and they're still within the  
4 period where such matters may be appealed. Not all  
5 applications on the list will be reviewed as the  
6 Department reviews priority applications that are most  
7 likely to be competitive.

8           The attached list includes the current score  
9 for each active application, as well as relevant  
10 application information. Those applications that have  
11 received a final scoring notice are identified in the  
12 review status column with a C, indicating that a complete  
13 program review had been completed. Those applications  
14 that are currently under review are identified with a UR,  
15 and if an appeal is pending, the list indicates that.  
16 Those with an N have not been prioritized for review. And  
17 I should take that back, the applications that are pending  
18 appeal are not indicated on this list.

19           At this time, applications remain subject to  
20 underwriting, completion of any remaining program review,  
21 and a previous participation review. Further, the credit  
22 amount reflected on this list is the requested credit  
23 amount and it may change to reflect a recommended credit  
24 amount and/or may have conditions placed on the  
25 allocation, and we'll discuss those at the July Board

1 meeting.

2 In addition to applications that may be removed  
3 from the list for issues of financial feasibility,  
4 applications may also be removed from the list of approved  
5 applications as determinations are made on appeals or as  
6 the Board determines under operation of rule or law.

7 Staff recommends the Board approve the list of  
8 applications eligible to be awarded credits in the 2017  
9 application round. This list is really sort of a  
10 culmination of everything that we've done in the program  
11 up to this year. It's kind of like a little furry baby  
12 chick, it starts in March with the full list and then we  
13 kind of pare it down and bring it to fruition, so to  
14 speak, and so that's what you'll see on July 27. And that  
15 ends my presentation. I'll be happy to answer any  
16 questions.

17 MR. GOODWIN: Marni, did she skip anything?

18 (General laughter.)

19 MS. HOLLOWAY: I don't think so, but I really  
20 like describing it as a little furry chick.

21 MS. GAMBLE: It is. You know, you pet it and  
22 you grow it, and they've been telling us not to hug them  
23 because you get bird flu or something. That's what it is.

24 MR. GOODWIN: Thank you, Sharon, thank you and  
25 your staff for all that you do.

1 MS. GAMBLE: Thank you, sir.

2 MR. VASQUEZ: I do have one question.

3 MR. GOODWIN: Yes, sir.

4 MR. VASQUEZ: Just being new and not  
5 understanding how it all works. If we have a region in a  
6 tight rural or urban where the total amount requested  
7 exceeds the amount available to allocate, do we only  
8 allocate, if we decide to award it, do we only allocate  
9 the amount available even if the request was more?

10 MS. GAMBLE: Well, no, we don't. So there's  
11 like a five-stage process of awards. The first step of  
12 that is that we go through and we award all of the  
13 eligible applications that we have enough to award. So in  
14 those regions where the request is less than the  
15 allocation that's there or equal to, then we go ahead and  
16 award all of those. We award the at-risk set-aside, we  
17 then go to the rural collapse where we go through,  
18 collapse all the funds that are left in the rural regions  
19 and award any applications that we can from those funds  
20 that are left.

21 Once we've done what we call the rural collapse  
22 because we collapse those funds, then we do what's called  
23 a statewide collapse and that's where all of the credits  
24 that are left are combined into one pool and we go back to  
25 those regions, we call them underserved because they



1 didn't get an award kind in the first round, and that's  
2 when an application that fits the situation that you just  
3 described may be awarded because now in the statewide  
4 collapse there may be enough credits to go ahead and award  
5 that application. It's fun.

6 MR. VASQUEZ: So if there's only 500,000  
7 available and they've made an \$750,000 rural request,  
8 there's still a chance for 250- to come up.

9 MS. GAMBLE: Exactly. Because they know that  
10 we're going to collapse those funds and that there will  
11 likely be enough -- they anticipate that there will be  
12 enough remaining to fully fund an application. If there's  
13 not, then we don't fund it, we don't do partial funding.

14 MR. VASQUEZ: I imagine the Westwind of Lamesa  
15 is going to be happy to hear that we can collapse some of  
16 those funds.

17 MR. GOODWIN: Any other questions?

18 MS. RESÉNDIZ: Mr. Chairman, if I may.

19 MR. GOODWIN: Yes.

20 MS. RESÉNDIZ: Sharon, thank you. Out of the  
21 149 competitive applications that were submitted, how does  
22 staff view that, is that an average number, below?

23 MS. GAMBLE: I think last year the number was  
24 141 and so it's close. And that's down from we had over  
25 400 pre-applications, and so again, the baby chick, we

1 watch it mature into what it becomes.

2 MR. BRADEN: Just for clarification. So the  
3 schedule will be corrected to remove the terminated  
4 pending appeal from the Westwind of Lamesa, considering  
5 the action we took today?

6 MS. GAMBLE: Correct.

7 MR. GOODWIN: Any additional questions? Any  
8 comments from anyone? A motion to accept Sharon's report?

9 MS. RESÉNDIZ: So moved.

10 MR. GOODWIN: Moved. Second?

11 MR. BRADEN: Second.

12 MR. GOODWIN: And seconded. All in favor say  
13 aye.

14 (A chorus of ayes.)

15 MR. GOODWIN: I think that concludes everything  
16 but public comment, and I know there are a number of  
17 people here that wanted to comment on items. I would  
18 remind you to come up, you have three minutes, sign in and  
19 introduce yourself if you would, please. And if anyone  
20 wants to speak, if you wouldn't mind coming up and sitting  
21 in the first row, we would appreciate it.

22 MR. MARKS: Hello. My name is Scott Marks with  
23 the Coats Rose Law Firm and I'm also a board member on the  
24 TAAHP Board and appearing here before you on behalf of  
25 TAAHP.

1 I'd like to read a letter that TAAHP sent to  
2 Mr. Irvine on the visitability rule which was part of your  
3 report on the 2018 QAP, and I'd also be happy to answer  
4 questions on that if you have them for us.

5 MR. GOODWIN: We cannot allow for any questions  
6 to be asked at this stage unless you're on the agenda as  
7 an action item. So you can read the letter in, we can  
8 listen to it. If you want to do that, we have to get it  
9 on the agenda in the future and post it.

10 MR. MARKS: That's even better, that's fine.

11 "Dear Mr. Irvine:

12 "TAAHP strongly opposes any changes to 10 TAC  
13 10.101(b)(8)(B) that would require housing tax credits to  
14 be used for additional visitability modifications. Texas  
15 already has very rigorous accessibility and visitability  
16 standards and the proposed additional requirements will  
17 strain the financial feasibility of low income housing tax  
18 credit developments.

19 "The Federal Government's accessibility  
20 standards provide for adaptability and accessibility for  
21 people with disabilities. The Fair Housing Act requires  
22 covered apartments to be adaptable, and Section 504 of the  
23 Rehab Act requires 5 percent of units to be accessible to  
24 a person using a wheelchair. The state's already more  
25 restrictive requirement mandates that 20 percent of the

1 Fair Housing exempt units, such as town homes, have an  
2 adaptable bathroom on the ground floor. In this respect,  
3 Texas is already going above and beyond federal  
4 accessibility requirements.

5 "The new draft visitability rule is onerous for  
6 both developments with apartments covered by the Fair  
7 Housing Act and for those with a high percentage of exempt  
8 units. For apartments covered by the Fair Housing Act,  
9 adding the requirement of grab bars may seem possible at a  
10 nominal cost but the cost can be significant for larger  
11 developments such as 200 to 300 units. Additionally,  
12 adding grab bars lends an institutional feel that makes  
13 apartments feel like a hospital or a nursing home. Grab  
14 bars hinder the marketability of apartments which must  
15 compete in a marketplace where grab bars are very  
16 uncommon.

17 "While requiring grab bars on a senior deal  
18 makes some sense, requiring grab bars on every unit of a  
19 family deal is wasteful and unwise. For a development  
20 that contains a high percentage of Fair Housing exempt  
21 units, the proposed rule will drive up costs  
22 unnecessarily. The cost of building or modifying units to  
23 comply with the proposed bathroom requirements will  
24 threaten the financial feasibility of developments by  
25 increasing the cost associated with the square footage of

1 the development. Many construction costs such as roofing  
2 and framing are bid out based on square footage.

3 Therefore, enlarging the size of each unit by a small  
4 amount can dramatically impact the overall cost of  
5 construction.

6 "Alternatively, if a developer chooses not to  
7 increase the overall size of the apartments, the units  
8 will be less marketable because larger bathrooms required  
9 will result in smaller living spaces. Additionally, costs  
10 associated with ensuring ground floor and elevator access  
11 units have accessible paths to common use areas will be  
12 extremely high. Texas has diverse topography and  
13 sometimes often tax credit developments are built on sites  
14 with varying elevations and land features, and under this  
15 rule change modifications meant to be simple, such as  
16 wheelchair ramps, could become infeasible simply because  
17 the land is not flat.

18 "Finally, tightening visitability standards now  
19 in the midst of a very volatile market without providing  
20 additional tax credits will widen the gap in financing  
21 developers are already trying hard to close. Developers  
22 of both new construction and rehab apartments are trying  
23 to put deals together with a lot of unknowns, and adding  
24 additional and unnecessary costs to deals will cause some  
25 to fail. There's no good reason for TDHCA to take actions

1 that could threaten the feasibility of some affordable  
2 housing developments.

3 "To conclude, as currently proposed, the draft  
4 visitability rule will create an economic hardship for  
5 developers in the Tax Credit Program. The financial  
6 ramifications of the rule will put both new construction  
7 and rehab deals in jeopardy of not penciling out and will  
8 result in diverting tax credits from their purpose of  
9 building more units to making burdensome modifications.  
10 While we agree visitability is important, this draft rule  
11 goes too far and does not serve the best interests of  
12 Texans. We strongly oppose any changes that will increase  
13 Texas's already stringent visitability requirements for  
14 tax credit developments and will be happy to discuss our  
15 concerns with you."

16 Thank you.

17 MR. GOODWIN: Thank you, Scott.

18 MR. HOOVER: Good morning. My name is Dennis  
19 Hoover, and I represent the Rural Rental Housing  
20 Association of Texas which is mainly owners and developers  
21 and managers of USDA 515 housing which is a small town  
22 program, most of which were built in the '70s and '80s and  
23 '90s. They're getting old.

24 I think there's 22,000 units in Texas. Average  
25 income across the nation for these is about \$13,000 per

1 household and so they're fairly low income. And all these  
2 are needing rehab and just about the only thing that we  
3 have to rehab them with is the low income housing tax  
4 credit. There's a few things out there for gap financing,  
5 like the 538 program and/or HOME, but 95 percent of it, 99  
6 percent of it, probably, is tax credits. We have a little  
7 set-aside in the at-risk, 5 percent of the state, and that  
8 this year will rehab about 1.6 percent of our portfolio,  
9 357 units.

10 I know there are a lot of other folks in the  
11 room that could get up here and tell the same story I'm  
12 telling, but the visitability rule is mainly a cost thing  
13 for us. We have a limit now of \$104 per square foot for  
14 rehab plus whatever we pay for the property for  
15 acquisition, and that says that we can spend about \$35,000  
16 per unit on bricks and sticks, total construction contract  
17 may be \$42,000 or something like that. That doesn't  
18 already quite address all of our needs. If you've got a  
19 1975 property that hasn't had a major rehab and we would  
20 like to go in there and replace every major thing that  
21 needs replacing which is almost everything, if we were to  
22 do that, we'd probably need \$55,000 a unit to get that  
23 done.

24 And so the visitability rule, although it's an  
25 admirable goal, but we're going to have to leave something

1 out, we won't be able to address all of the need for rehab  
2 if we have to do this. We'll have to leave out the roof.  
3 The roof is 20 years old and needs replacing but it hasn't  
4 failed yet, so we're going to have to make a choice what  
5 we leave out in order to do this visitability rule. The  
6 main expense is moving the walls in the bathroom. These  
7 old USDA units, the biggest we could build a one-bedroom I  
8 think was 625 or 650 square feet, I'm trying to remember,  
9 and 800 was the limit on the two-bedroom, and so none of  
10 the bathrooms -- you'd have to go take a foot or sometimes  
11 a foot and a half out of the bedroom in order to make  
12 these ADA bathrooms, and it's costly by the time you do  
13 that. It's probably \$5,000 a unit to go in and make an  
14 accessible path, making the front door, the porch, it's  
15 got to have a cap poured on it, then you've got to move  
16 the walls in the bathroom and move the plumbing and redo  
17 all that.

18 And so I'm just saying there's not enough money  
19 now already to do what we need to do, and it's an  
20 admirable goal but it should be in second place behind  
21 these other needs.

22 MR. GOODWIN: Anything else? Thank you.

23 MR. HOUSE: Thanks for being here, guys.

24 MR. GOODWIN: Introduces yourself, if you  
25 would.



1 MR. HOUSE: I'm Mark House and I'm from San  
2 Antonio, Texas. Many of you saw us here last month when  
3 we spoke at the end of the session.

4 MR. GOODWIN: Mark, before you start, I just  
5 want to say one thing because you told me before the  
6 meeting started that you had gotten on the agenda and that  
7 we can now ask you questions.

8 MR. HOUSE: You can't now.

9 MR. GOODWIN: We can't, all we can do is listen  
10 to you. I want to make sure you understood that.

11 MR. HOUSE: We're good. Matter of fact, I  
12 wanted to close today with both the hardship that we  
13 endured with this meeting and a compliment to you guys.  
14 I'm sure you don't get to hear compliments very often.

15 It was a hardship for us to come up today, we  
16 came up to deal with two issues that were on two projects  
17 that were on two different sections of the agenda, and  
18 they were pulled here, and so now we've been here all day  
19 and that was a pretty big hardship for us being pulled  
20 that way.

21 But I want to thank you guys. We're citizens,  
22 we don't know all the rules, we're trying to learn your  
23 process and procedure, we're trying to learn how to work  
24 with you, and I want to say thank you for the niceness,  
25 the tips, the suggestions, the help you've given us so

1 that we can learn how to work with you in this process.  
2 That's a compliment to you as just doing a really good job  
3 to help us as citizens. So thank you so much. That's all  
4 I have to say.

5 MR. GOODWIN: Thank you, Mark.

6 Any comments by any Board members?

7 (No response.)

8 MR. GOODWIN: Any additional comments by staff?

9 (No response.)

10 MR. GOODWIN: If not, I'll entertain a motion  
11 to adjourn.

12 MR. BRADEN: So moved.

13 MR. GOODWIN: So moved. And seconded?

14 MS. BINGHAM ESCAREÑO: Second.

15 MR. GOODWIN: And seconded. All in favor?

16 (A chorus of ayes.)

17 MR. GOODWIN: We are adjourned.

18 (Whereupon, at 11:45 a.m., the meeting was  
19 adjourned.)

C E R T I F I C A T E

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3 MEETING OF: TDHCA Board  
4 LOCATION: Austin, Texas  
5 DATE: June 29, 2017

6 I do hereby certify that the foregoing pages,  
7 numbers 1 through 123, 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.  
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