

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

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

March 22, 2018  
8:02 a.m.

BOARD MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director

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LEGAL	
a) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning related properties Redbud Trail Apartments (HTF 92041B / CMTS 2515), Waters at Sunrise (HTF 14417 / HOME 1002231 / CMTS 5046), and Stonebriar Village of Plainview (HTC 99102 / CMTS 2174)	
SINGLE FAMILY OPERATIONS & SERVICES	
b) Presentation, discussion and possible action on a proposed amendment to a Colonia Self-Help Center ("Colonia SHC") Program Contract with Cameron County in accordance with 10 TAC Chapter 25, the Colonia Self-Help Center Program	
MULTIFAMILY FINANCE	
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ASSET MANAGEMENT	
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94052 Sea Greens Apartment Homes, Port  
Lavaca

ITEM 2: REPORT ITEMS

The Board accepts the following reports:

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- b) Report on the Department's Balance Sheet/  
Statement of Net Position for the period  
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P R O C E E D I N G S

1  
2 MR. GOODWIN: Call to order of the Board  
3 meeting of the Texas Department of Housing and Community  
4 Affairs, March 22, 2018. We'll begin with roll call.

5 Ms. Bingham?

6 MS. BINGHAM ESCAREÑO: Here.

7 MR. GOODWIN: Mr. Braden?

8 MR. BRADEN: Here.

9 MR. GOODWIN: Goodwin here. 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. I'm going to  
16 ask Tim to lead us in the Pledge of Allegiance.

17 MR. IRVINE: I pledge allegiance to the flag of  
18 the United States of America and to the Republic for which  
19 it stands, one nation under God, indivisible, with liberty  
20 and justice for all. Honor the Texas flag. I pledge  
21 allegiance to thee, Texas, one state under God, one and  
22 indivisible.

23 MR. GOODWIN: We are going to begin the morning  
24 with a resolution recognizing April as Fair Housing Month,  
25 and I'm going to ask Michael to read a resolution, but

1 before I do that, I would like to remind some of you that  
2 this is the 50th-year anniversary of the Fair Housing Act.

3 For those of you that weren't around in that time, or not  
4 involved in this business in that time, this was an act  
5 Congress installed in 1968.

6 After the April 4 assassination of Martin  
7 Luther King, our 36th President of the United States, and  
8 a proud Texan, wrote Congress a letter urging them to pass  
9 this legislation. By April 10, it was signed and enacted  
10 into law.

11 I began my real estate career in housing 1970,  
12 shortly after this happened, and I can proudly state that  
13 our firm has never had a fair housing complaint filed  
14 against us.

15 Michael, with that, if you won't mind, would  
16 you read the resolution?

17 MR. LYTTLE: Yes, sir.

18 "Whereas, April 2018 is Fair Housing Month and  
19 marks 50 years since the passage of the federal Fair  
20 Housing Act signed by U.S. President Lyndon Baines Johnson  
21 on April 11, 1968;

22 "Whereas, the Fair Housing Act provides that no  
23 person shall be subjected to discrimination because of  
24 race, color, national origin, religion, sex, disability or  
25 familial status in the sale, rental, financing or

1 advertising of housing, and charges the Secretary of the  
2 U.S. Department of Housing and Urban Development with  
3 administering HUD programs in a manner that meets the  
4 requirements of the law, and affirmatively furthers the  
5 purposes of the Fair Housing Act;

6 "Whereas, the Texas Department of Housing and  
7 Community Affairs administers HUD and other housing  
8 programs that promote the development and supply of safe,  
9 decent, affordable housing for qualifying Texans;

10 "Whereas, it is the policy of the Texas  
11 Department of Housing and Community Affairs to support  
12 equal housing opportunity in the administration of all of  
13 its programs and services, including encouraging equitable  
14 lending practices for its home buyer programs, and  
15 ensuring compliance with fair housing rules and guidelines  
16 for its multifamily developments;

17 "Whereas, the Texas Department of Housing and  
18 Community Affairs, through its programs, workshops,  
19 trainings and materials, seeks continually to educate  
20 property managers, consultants, program administrators,  
21 architects, contractors, developers, engineers, lenders,  
22 real estate professionals and others about the importance  
23 of their commitment and adherence to the requirements of  
24 the Fair Housing Act;

25 "Whereas, the Texas Department of Housing and

1 Community Affairs encourages the development of  
2 educational fair housing programs in local communities  
3 throughout the state, and is seeking to build new  
4 opportunities for fair housing education and training; and  
5 whereas, the Texas Department of Housing and Community  
6 Affairs and the State of Texas support equal housing  
7 opportunity and housing choice in accordance with the Fair  
8 Housing Act, not only during Fair Housing Month in April,  
9 but throughout the entire year.

10 "Now, therefore, it is hereby resolved that the  
11 Governing Board of the Texas Department of Housing and  
12 Community Affairs does hereby celebrate April 2018 as Fair  
13 Housing Month in Texas and encourages all Texas  
14 individuals and organizations, public and private, to join  
15 and work together in this observance for free and equal  
16 housing treatment and opportunity for all."

17 Signed this 22nd day of March 2018.

18 MR. GOODWIN: Do I have a motion to accept this  
19 resolution?

20 MS. RESÉNDIZ: So moved.

21 MR. GOODWIN: So moved. Second?

22 MR. BRADEN: Second.

23 MR. GOODWIN: It's been moved and seconded.

24 Any discussion? All those in favor, say aye.

25 (A chorus of ayes.)



1 MR. GOODWIN: Opposed?

2 (No response.)

3 MR. GOODWIN: It passes. Next we have the  
4 consent agenda, both report items and consent agenda. Do  
5 I hear a motion to approve the consent agenda and report  
6 items?

7 MS. BINGHAM ESCAREÑO: So moved.

8 MR. GOODWIN: Move to approve. A second?

9 MS. THOMASON: Second.

10 MR. GOODWIN: Any discussion, questions, any  
11 items that somebody wants pulled? If not, all those in  
12 favor, say aye.

13 (A chorus of ayes.)

14 MR. GOODWIN: Opposed?

15 (No response.)

16 MR. GOODWIN: The consent agenda is passed. We  
17 jump into action items.

18 And first, item number 3, Report on  
19 Department's Fair Housing Activities. Suzanne?

20 MS. HEMPHILL: Good morning, Chairman Goodwin,  
21 members of the Board. My name is Suzanne Hemphill, Fair  
22 Housing Project Manager at TDHCA. As you noted just now  
23 in your resolution, today's Board meeting kicks off April  
24 as Fair Housing Month.

25 Fair housing work touches nearly every division

1 at the Department. Item 3(a) is a detailed annual fair  
2 housing Board report. The report outlines action steps  
3 that the Department is currently planning and  
4 implementing, and those that have already been  
5 incorporated into the Department's rules and processes of  
6 the programs that the Department administers.

7 This includes both HUD-funded and non-HUD-  
8 funded activities. So today, I'd like to share with you a  
9 few examples of the kind of fair housing work that the  
10 Department does. As part of April's Fair Housing Month  
11 celebration, TDHCA is conducting two fair housing webinars  
12 in coordination with the Texas Workforce Commission Civil  
13 Rights Division.

14 The trainings will provide an overview of fair  
15 housing in Texas and information on reasonable  
16 accommodations and accessibility. The trainings are  
17 geared towards city, county and local government  
18 administrators along with housing providers, housing  
19 consumers and other fair housing partners.

20 Details and registration information are  
21 available by visiting the calendar on TDHCA's website, and  
22 I'm happy to share with you that, as of this morning, we  
23 have 450 people registered for the first webinar on  
24 April 10. So that's great.

25 In December, the Department's Tenants' Rights

1 and Resources Guide was revised to more clearly inform  
2 tenants of their rights at the Department-monitored  
3 properties and to provide them with important guidance and  
4 resources.

5 The Guide is required by Department rules.  
6 It's given to every tenant that leases out a property that  
7 participates in Department programs. The Guide was  
8 reorganized and rewritten to make it more readable and  
9 understandable to folks.

10 It shares with tenants what property owners  
11 must do and what they may not do, and includes  
12 consolidated compliant information, which offers  
13 instructions regarding who to contact for fair housing  
14 issues, property and general complaints.

15 It's been translated into Spanish and it's also  
16 available in other languages upon request. So another  
17 initiative is that this fall the Compliance Division began  
18 offering properties in the Department's portfolio a new  
19 approach to have their written rules and policies --  
20 excuse me -- their written policies and procedure  
21 requirements reviewed.

22 So these policies and procedures are required  
23 by Department rules and includes things such as tenant  
24 selection policy, reasonable accommodation policy, wait-  
25 list policy, denied applicant policy, non-renewal and

1 termination policy, and unit transfer.

2 Under the new initiative, owners can elect to  
3 have all of their properties in their portfolio reviewed  
4 at once, rather than having each property reviewed  
5 individually when they're due for an on-site monitoring  
6 review.

7 The Department believes the new procedure  
8 better serves the owners and management companies. It  
9 streamlines the process in which the policies and  
10 procedures are reviewed, and allows staff to have a more  
11 interactive process.

12 This helps ensure equitable applicability of  
13 requirements and compliance with Department rules. On  
14 another front, in January, the Department procured a  
15 website scanning service called Siteimprove. The service  
16 provides TDHCA with a tool to improve web accessibility  
17 for persons with disabilities and it also catches other  
18 problems such as broken hyperlinks or grammatical errors  
19 on the Department's website.

20 It monitors the website and uploaded documents  
21 against web content accessibility standards, and helps  
22 ensure that the Department's website functionality is  
23 available to users with disabilities -- so the folks that  
24 might use a screen reader or who can't use a mouse.

25 Information Systems and Public Affairs staff

1 are planning an orientation for internal staff for each  
2 division in the Department to work on site improvements in  
3 2018. The last example I have for you is the Department's  
4 Language Assistance webpage.

5 The webpage was originally created in 2016 and  
6 details how persons who are not able to speak, read, write  
7 or understand the English language may request translation  
8 assistance with documents, events or other information  
9 from the Department.

10 So the webpage includes translations for the  
11 25 language most spoken by Texans that are income-eligible  
12 households with limited English proficiency. So it ranges  
13 from Spanish and Vietnamese to Portuguese and Swahili.  
14 Twenty-five languages.

15 It's a lot of coverage in Texas. And for our  
16 assistance households -- may cause the agency's language  
17 service provider and utilize an interpreter to then speak  
18 with staff. A link to the languages is available on  
19 critical websites like Help for Texans, or Public Comment  
20 Center, the Public Complaints Process page for housing,  
21 and then some of the individual pages like Income and Rent  
22 Limits, Section 8, Texas Homeownership, Disaster Relief  
23 Resources, and Section 811.

24 So those are just a couple of examples of the  
25 fair housing work we're doing at the Department every day.

1 This concludes my report. I wanted to thank you for your  
2 time, and I'm also happy to answer any questions that you  
3 might have.

4 MR. GOODWIN: Any questions? Do I hear a  
5 motion to accept this report?

6 MS. BINGHAM ESCAREÑO: So moved.

7 MR. GOODWIN: Second?

8 MR. BRADEN: Second.

9 MR. GOODWIN: Moved and seconded. Any  
10 discussion?

11 (No response.)

12 MR. GOODWIN: All those in favor, say aye.

13 (A chorus of ayes.)

14 MR. GOODWIN: Opposed?

15 (No response.)

16 MR. GOODWIN: Okay, thank you.

17 MS. HEMPHILL: Thank you.

18 MR. GOODWIN: Item (b), Resident Survey and  
19 2019 QAP Project.

20 MS. HOLLOWAY: Good morning, Chairman --

21 MR. GOODWIN: Good morning.

22 MS. HOLLOWAY: -- Goodwin, members of the  
23 Board. I'm Marni Holloway. I'm the Director of the  
24 Multifamily Finance Division. Today, we're presenting the  
25 survey so that members of the Board and especially members

1 of our QAP Committee have an opportunity to review the  
2 survey results prior to our committee meeting in April.

3 The Department -- or actually I should say,  
4 Patrick and Julie, with the assistance of HRC, worked with  
5 The University of Texas at Austin Ray Marshall Center over  
6 this past summer to conduct a survey of residents who live  
7 in TDHCA-financed properties.

8 The survey sought residents' perspectives on  
9 the unit development and neighborhood features that best  
10 meet their needs. The very short time frame for response  
11 likely limited the number of responses that we received.  
12 In addition, 63 percent of the responses came from elderly  
13 residents.

14 So their answers will naturally reflect lower  
15 incomes and a different set of priorities than would  
16 families. Only 85 of the 653 responses specified that  
17 they had children in their household. If we're able to  
18 conduct another survey, it will be designed to engage a  
19 larger sample, including greater representation of  
20 households with working adults and school-age children,  
21 which should yield more empirical information.

22 So regardless of these limitations, the  
23 residents uniformly highly value locations near amenities  
24 and locations not affected by high rates of crime and  
25 blight. Results of the questions regarding preferences,

1 which are pretty consistent across all the residents --  
2 the four highest were, being near a grocery store or  
3 pharmacy, being near health care providers like a doctor  
4 or a clinic, attractiveness of the neighborhood, that is  
5 no trash or abandoned buildings, and safety of the  
6 neighborhood.

7 Families with children rated school quality  
8 among the top five most important characteristics. So  
9 these first two features are considered in our opportunity  
10 index scoring already. The last three, attractiveness,  
11 safety and school quality, are addressed in the  
12 undesirable neighborhood characteristics rule.

13 The most important development characteristics  
14 were utility bills, noise level, attractiveness of the  
15 apartments, physical condition of the apartment, and  
16 lighting on the development side. So some of these seemed  
17 to speak to safety of the residents.

18 When asked if they would prefer to move or  
19 stay, residents in developments in higher-poverty and  
20 lower-income census tracts preferred to move even if their  
21 rent was less in their current apartment. Similarly,  
22 residents of developments in areas with a higher  
23 concentration of tax-credit developments also preferred to  
24 move.

25 Following the survey report in your Board



1 materials is the most current 2019 QAP Project Plan.  
2 Staff started with some broad questions in the plan this  
3 year, which included some proposed changes received during  
4 the public comment period on the 2018 QAP that we weren't  
5 able to address at the time -- so the things that came up  
6 in public comment that we just didn't have an opportunity  
7 to develop before we got to the final rule.

8 We've proposed some topics for this year, and  
9 there's also a planning process schedule in there. You'll  
10 note that a number of the meetings on the schedule have  
11 been canceled. This is in response to stakeholder input  
12 that monthly meetings were too frequent.

13 They don't want to see us that much. We are  
14 hopeful that during our meeting next month with the QAP  
15 Committee we can further discuss the impact of the survey  
16 results on drafting our 2019 rules, along with any topics  
17 the Committee would like us to address during the planning  
18 process.

19 I would be happy to take any questions.

20 MR. GOODWIN: Any questions? If not, do I hear  
21 a motion to accept this report?

22 MS. RESÉNDIZ: So moved.

23 MR. GOODWIN: Moved and seconded -- second?

24 MR. VASQUEZ: Second.

25 MR. GOODWIN: Okay. It's been moved and

1 seconded. Comments?

2 MS. ANDERSON: Hello. My name is Sarah  
3 Anderson and I'm here to speak on an item that I speak on  
4 every year, but I always speak at the wrong time. And  
5 this is -- has to do with the timing of the  
6 pre-application. Every year, we go through this process.

7 We get our rules in December and we have our  
8 pre-applications due the first week of January, which  
9 leads to a really compressed time between the time that we  
10 make our decision to move forward and when applications  
11 are due, and I think that the community would generally  
12 say that the quality of the applications and how much we  
13 know about sites is compromised by the compressed schedule  
14 that we deal with.

15 So every year, when we get to the end, I'm,  
16 like, can we please have -- can we accelerate the front-  
17 end of the rulemaking and the pre-application due date so  
18 that there is more time between the time that we submit  
19 our pre-applications and we submit our full applications.

20 So this year I'm remembering to be here early,  
21 and I feel like we have Patrick on board who now has been  
22 here for a couple of years, who I think has a handle on --  
23 as we've been going through, and has an ability to perhaps  
24 accelerate this a month, maybe.

25 And I'd like to formally request that the

1 pre-application be due December 1, and that would give us  
2 three months to get our applications done. The reason why  
3 this is important is, we have so many third-party reports  
4 that are due that are integral to our applications,  
5 that -- everything about our site comes in two weeks, one  
6 week before they're due, and that just doesn't make much  
7 sense for us, as developers, and it certainly doesn't make  
8 much sense for you guys as you're reviewing our  
9 applications.

10 The quality just isn't there. So again, this  
11 is, I think, my fourth or fifth year to ask this, but I'm  
12 just asking to accelerate one month. I know that we have  
13 deadlines by which the Governor has to sign, but that  
14 isn't a deadline by which he needs to sign it, but it is  
15 by which it needs to be signed.

16 And I think that we're eight months out. If we  
17 could, you know, do something just to accelerate one  
18 month, six weeks, I think it would make a really big  
19 difference on the quality of the application that we're  
20 able to put forward to you.

21 MR. GOODWIN: Any questions? Thank you for  
22 comment and suggestion. I assume this was something that  
23 QAP Committee will address and at least consider.

24 MS. ANDERSON: I'd love to. And that's why I'm  
25 here early, because every year they say I'm asking too

1 late, and I feel like that this is -- we are at a point  
2 where we can still make that decision.

3 MR. GOODWIN: Okay.

4 MS. ANDERSON: Thank you.

5 MR. GOODWIN: Any other comments or questions  
6 on this report? If not, I'll take a vote. Those in  
7 favor, say aye.

8 (A chorus of ayes.)

9 MR. GOODWIN: Opposed?

10 (No response.)

11 MR. GOODWIN: The report is accepted.

12 Internal Audit. Mark?

13 MR. SCOTT: Good morning, Chairman Goodwin,  
14 Board members. I'm Mark Scott, Director of Internal  
15 Audit. The Audit and Finance Committee met this morning.  
16 I went over the internal audit of the Bond Finance  
17 Program.

18 We found that controls in that program were in  
19 place and functioning as intended. I also went over  
20 recent external audit activity and the State Auditor's  
21 Office presented their reports on the TDHCA financial  
22 statements.

23 Their staff is here to present to the full  
24 Board, and then there will be a request to accept their  
25 reports. So before that, I'll answer any questions there

1 may be now.

2 MR. GOODWIN: Any questions? Sharon, any  
3 comments?

4 MS. THOMASON: No.

5 MR. GOODWIN: Okay.

6 MS. PUERTO: Good morning. Sarah Puerto with  
7 the State Auditor's Office. I was the project manager for  
8 the financial statements audit for fiscal year 2017 at the  
9 Department of Housing and Community Affairs. The State  
10 Auditor's Office issued several reports as part of this  
11 audit.

12 On December 20, 2017, we expressed unmodified  
13 opinions on the Department's fiscal year 2017, basic  
14 financial statements, Revenue Bond Program Enterprise Fund  
15 financial statements and the computation of unencumbered  
16 fund balances of the Housing Finance Division.

17 We also issued a report on compliance with the  
18 Public Investment -- Public Funds Investment Act, and we  
19 also issued a report on internal control over financial  
20 reporting and on compliance and other matters as required  
21 by auditing standards.

22 We did not identify any material weaknesses in  
23 internal control over financial reporting or any other  
24 noncompliance with laws or regulations that materially  
25 affected the financial statements. We also previously

1 issued two reports earlier in the audit.

2 On September 11, 2017, we issued a report that  
3 concluded that the financial data schedule prepared by the  
4 Department was fairly stated in all material respects in  
5 relation to the fiscal year 2016 basic financial  
6 statements taken as a whole.

7 On September 26, 2017, we issued a report that  
8 concluded that the Department electronically submitted a  
9 financial data schedule to the U.S. Department of Housing  
10 and Urban Development Real Estate Assessment Center agreed  
11 with the related hard-copy documents.

12 On December 20, 2017 we also emailed to the  
13 Board a document titled, "Required Communication with  
14 Those Charged with Governance" -- I'm sorry -- that  
15 includes several items that we are required to communicate  
16 to the Board. I'd like to end my presentation by thanking  
17 the Department of Housing and Community Affairs staff for  
18 being extremely cooperative in this audit and making it  
19 run as smooth as possible. Thank you.

20 MR. GOODWIN: Thank you. Any questions? Any  
21 comments from the Audit Committee that you'd like to add  
22 to that, Sharon?

23 MS. THOMASON: I don't know anything different.

24 MR. GOODWIN: Okay.

25 MS. PUERTO: Thank you.

1 MR. GOODWIN: Do I hear a motion to accept the  
2 State Auditor's audit?

3 MR. BRADEN: I move.

4 MR. GOODWIN: Moved. A second?

5 MR. VASQUEZ: Second.

6 MR. GOODWIN: Moved and seconded. No other  
7 discussion? All in favor, say aye.

8 (A chorus of ayes.)

9 MR. GOODWIN: Okay. Thank you, Mark.

10 MR. SCOTT: Thank you. That was it.

11 MR. GOODWIN: Thank you. Moving into  
12 multifamily finance, item 5(a), Marni?

13 MS. HOLLOWAY: Good morning again. Item 5(a)  
14 is presentation, discussion and possible action regarding  
15 the Issuance of a Governmental Lender Note for The  
16 Preserve at Hunters Crossing -- this is Resolution Number  
17 18-015 -- and a Determination Notice of Housing Tax  
18 Credits.

19 The Board had opted the inducement resolution  
20 for The Preserve at Hunters Crossing on November 9, and at  
21 that same time granted a waiver of the AD unit limit for  
22 rural developments. A 4 percent application sponsored by  
23 On Track Ministries and the McDonald Companies was  
24 submitted on November 14.

25 A certificate of reservation was issued in the

1 amount of \$13 million on March 9 with a bond delivery  
2 deadline of August 6. The proposed development involves  
3 the new construction of 140 units serving general  
4 population in Bastrop.

5 The entire development will be restricted to  
6 60 percent of AMI. A public hearing, a TEFRA hearing, was  
7 held on January 30 in Bastrop. There were 42 people in  
8 attendance. Three indicated their support, 30 were  
9 opposed, and nine were considered neutral.

10 Eight attendees completed witness affirmation  
11 forms and seven of them spoke on the record regarding the  
12 proposed development. A copy of the transcript from that  
13 meeting is included in your Board materials. The Board  
14 has received letters of support from the Mayor Pro Tempore  
15 of the City of Bastrop and a member of the community.

16 The Department received 51 letters of  
17 opposition from members of the community. For this  
18 transaction, the Department would issue an unrated, tax-  
19 exempt, fixed rate governmental note, which is similar to  
20 fixed rate bonds and other structures in the amount of  
21 \$13 million that will be purchased by Citibank under their  
22 tax-exempt back-to-back loan program.

23 Citibank will acquire the loan and the  
24 Department's related governmental note at closing, which  
25 will be used to fund an interim construction loan that



1 will be converted to a permanent mortgage loan, once the  
2 conditions at conversion have been met and the development  
3 has been placed into service.

4 Payments on the construction loan are expected  
5 to be interest-only for 36 months at a fixed rate equal to  
6 LIBOR plus 2.05. Prior to closing, the permanent interest  
7 rate will be locked, resulting in a fixed rate, which is  
8 anticipated to be similar to the construction phase.

9 The note will have a 30-year term with a  
10 35-year amortization, with a final maturity date of May 1,  
11 2051. Citibank will continue as a permanent lender as  
12 well as the servicer of the loan and the bondholder. In  
13 accordance with the previous participation rule, the  
14 Applicant's compliance history is designated as a category  
15 three and was found acceptable by EARAC.

16 Staff recommends approval of the issuance of an  
17 unrated tax-exempt governmental note of \$13 million and  
18 the issuance of a determination notice in the amount of  
19 \$845,800 for The Preserve at Hunter Crossing.

20 MR. GOODWIN: Any questions?

21 MR. BRADEN: I have a -- some of this is minor  
22 technical stuff, but our back-up materials referenced  
23 Chapter 1371 as part of the authority for this note.  
24 We're actually not relying on 1371; we're only relying on  
25 2306 for this note. Correct?

1 MS. HOLLOWAY: Chapter -- I'm sorry. I am  
2 probably not the best person to answer the technical  
3 questions.

4 MS. BOWES: Good morning. I'm Elizabeth Bowes  
5 with Bracewell, and we represent the Department as your  
6 bond counsel, and you are right. Because this is unrated  
7 debt, we're really not relying on 1371. We typically do  
8 for rated bonds, as you know, but not for this.

9 MR. BRADEN: And the LIBOR plus 2.05 -- when's  
10 that going to be set?

11 MS. BOWES: They'll set it about six business  
12 days before we actually close.

13 MR. BRADEN: Okay. That's all.

14 MR. GOODWIN: Okay. Any other questions? If  
15 not, do I hear a motion to approve staff's recommendation?

16 MS. THOMASON: So moved.

17 MR. GOODWIN: Seconded? Move. I need a  
18 second.

19 MR. BRADEN: Second.

20 MR. GOODWIN: Moved and seconded. Any  
21 discussion? All those in favor, say aye.

22 (A chorus of ayes.)

23 MR. GOODWIN: Opposed?

24 (No response.)

25 MR. GOODWIN: Moving on to 5(b).

1 MS. HOLLOWAY: I'd request that we move 5(b) to  
2 the end of the agenda for today. I have some questions  
3 that we're still working with staff that I would like to  
4 confirm --

5 MR. GOODWIN: Okay.

6 MS. HOLLOWAY: -- before we take that item up.

7 MR. GOODWIN: 5(c).

8 MS. HOLLOWAY: Item 5(c) is presentation,  
9 discussion and possible action regarding site eligibility  
10 under 10 TAC §10.101(a) (3) related to undesirable  
11 neighborhood characteristics and 10 TAC §10.101(a) (2)  
12 related to Undesirable Site Features for Anna Dupree  
13 Terrace in Houston.

14 Pursuant to the undesirable characteristics  
15 rule, the proposed development is located in a census  
16 tract where the individual poverty rate is greater than  
17 40 percent for individuals, the Part I violent crime is  
18 greater than 18 per 1,000 persons annually, according to  
19 NeighborhoodScout.com, and it is located in the attendance  
20 zone of elementary, middle and high schools that did not  
21 achieve a net standard rating for 2017.

22 In addition, the proposed development is  
23 located within 100 feet of an overhead high-voltage  
24 transmission line, which is a violation of the undesirable  
25 site features rule. The Applicant is proposing the

1 acquisition and rehabilitation of 151 units originally  
2 constructed in 1981.

3 All of the units are proposed to be restricted  
4 to 60 percent of AMI, and the project-based Section 8  
5 contract under the development currently operates is  
6 intended to be preserved. So regarding poverty, the  
7 development is located in a census tract with a poverty  
8 rate of 78.9 percent.

9 This rate has been increasing for the last five  
10 years. In 2014, it was at 48.8; '15, it was at 48.3;  
11 2016, it was at 60.4; 2017, it was at 67 percent; for  
12 2018, we're at 78.9 percent. The Applicant indicates that  
13 the census tract is relatively small and includes four  
14 other affordable housing properties, and because of this  
15 the property rate is not representative of the census  
16 tract as a whole.

17 They provided information to suggest there has  
18 been new development in the area, which is limited to  
19 school expansion, convenience stores, a car wash and some  
20 infrastructure. Two developments with similar  
21 characteristics in the general neighborhood, not in the  
22 census tract, were recently approved by the Board.

23 Pointe at Crestmont was a new construction  
24 development that was determined to be eligible on  
25 November 10, 2016. Villa Americana is a rehabilitation

1 deal that was found eligible on November 9, 2017. They  
2 both are approximately 2.7 miles driving from the proposed  
3 new development and would be included in the same primary  
4 market area.

5 When included Crestmont and Villa Americana,  
6 approximately 44-1/2 percent of the units in the primary  
7 market will be affordable units. Since the Pointe at  
8 Crestmont was found eligible in 2016, the poverty rate for  
9 the census tract increased from 14.8 percent to  
10 24 percent.

11 Construction is not completed on that project,  
12 so it has not increased -- it has not impacted this  
13 increased poverty rate. The Applicant has suggested that  
14 the poverty rates in the adjacent census tracts, which  
15 would include Crestmont, be averaged to demonstrate a  
16 lower poverty rate for the area.

17 This is not recognized as a permitted  
18 methodology under the rule, which is clear that there must  
19 be a trend of continued improvement and evidence that  
20 those rates are decreasing. For crime, the threshold for  
21 the rate of Part I violent crime in our current rule is 18  
22 per 1,000 persons annually, according to  
23 NeighborhoodScout.

24 This census tract has a Part I violent crime  
25 rate of 34.11 per 1,000. Based on police beat data

1 provided by the Applicant, the rate of violent crime has  
2 been increasing over the past three years in this area.  
3 In 2015, it was 19 per 1,000 persons. In 2016, it was 26  
4 per 1,000 persons. In 2017, it was 30 per 1,000 persons.

5 That 824 instances of violent crime within this  
6 police beat. The Applicant asserts that although violent  
7 crime in the area has increased the subject development  
8 has experienced only two cases of assault and no other  
9 instances of Part I crime from October 2016 to 2017.

10 The Applicant states that actual incidences of  
11 crime occurring at the development are virtually non-  
12 existent. To a large degree, this low incident rate is  
13 something that's under the control of property management  
14 and is clearly not indicative of what's going on outside  
15 of the development.

16 While the Applicant has proposed security  
17 measures for the project, staff believes that these are  
18 amenities commonly offered to multifamily properties and  
19 do not address violent crime outside of the fence.  
20 Regarding schools, Anna Dupree Terrace is proposed to be  
21 an elderly-preference property, and while the property has  
22 historically operated as an elderly development, there  
23 have been some school-age children living on the property  
24 in the past, and there may be in the future.

25 The development's proposed financing requires

1 that qualified households with children be allowed to  
2 reside on the property. The proposed development is  
3 located within the attendance zone of a combined  
4 elementary and middle school, and a high school, which did  
5 not achieve the met standard rating in 2017.

6 In fact, Woodson School, which is the combined  
7 elementary-middle school, has been -- has had an  
8 improvement-required rating for the last five consecutive  
9 years, and Worthing High School has been at improvement-  
10 required for the last six consecutive years.

11 A letter provided by Dr. Grenita Lathan, who's  
12 the Chief Academic Officer for Houston ISD, describes the  
13 strategies in place to improve the academic performance of  
14 the schools and expressed her intention that these schools  
15 will return to met standard on or before the beginning of  
16 the 2018 school year.

17 Under the rule, any school in the attendance  
18 zone that has not achieved met standard for three  
19 consecutive years and that has failed in the most recent  
20 year, unless there is a clear trend indicating imminent  
21 compliance, shall be unable to mitigate due to the  
22 potential for school closure.

23 So within TEA rules, when you've been at an IR  
24 for this long, TEA can order the closure of that school.  
25 Regarding the undesirable site features, the Applicant

1 disclosed that the proposed development is located within  
2 100 feet of an overhead high-voltage transmission line.

3 A high-voltage power structure is located  
4 approximately 88 feet off the southeastern boundary of the  
5 property. An exemption was requested because the  
6 development includes ongoing and existing federal  
7 assistance from HUD.

8 The Applicant plans to sign a new HAP contract  
9 for the current Section 8 project-based vouchers if they  
10 are awarded the tax credits, and therefore, the staff  
11 recommends that the exemption relative to this feature be  
12 granted, pursuant to the Uniform Multifamily Rules.

13 For developments that involve three or more  
14 undesirable neighborhood characteristics to be found  
15 eligible, in addition to demonstrating satisfactory  
16 mitigation for each characteristic disclosed, the rule  
17 requires that the development site must be located within  
18 an area in which there is a concerted plan of  
19 revitalization already in place or that private sector  
20 economic forces, such as those referred to as  
21 gentrification, are already underway and indicate a strong  
22 likelihood of a reasonably rapid transformation of the  
23 area to a more economically vibrant area.

24 This development is located in the Houston  
25 superneighborhood Sunnyside, which was identified as a



1 community revitalization in the disaster recovery plan --  
2 Round 2 plan. It's also located in the Tax Increment  
3 Reinvestment Zone 26.

4 Some of the projects, the Applicant noted --  
5 the car -- I don't know exactly which ones -- the car  
6 wash, convenience store, infrastructure improvements --  
7 were the result of investment under these plans. Despite  
8 being located within these areas, staff is unable to  
9 ascertain whether such investments have had a positive  
10 effect on the neighborhood given the crime -- poverty and  
11 crime rates that I described earlier.

12 If determined eligible and later receives an  
13 application, this development will be the third affordable  
14 development funded by the Department in the past year in  
15 an area that continues to struggle with undesirable  
16 neighborhood characteristics.

17 We question whether continuing to provide  
18 Department funding absent evidence of improvement will  
19 result in lower poverty or crime rates or support the  
20 improvement of the schools. Without the passage of time  
21 to adequately evaluate the effects of local efforts and  
22 having recently approved these two other developments,  
23 staff does not believe the information presented supports  
24 the conclusion of site eligibility for Anna Dupree  
25 Terrace.

1           The Department has received letters of support  
2 from State Senator Borris Miles, State Representative  
3 Shawn Thierry, and Houston City Councilman Dwight Boykins.

4           Those letters and the information provided by the  
5 Applicant, of course, are all included in your Board book.

6           The Board has the authority under the  
7 undesirable site features rule to grant an exemption  
8 relating to the high-voltage transmission lines because  
9 the development receives ongoing or existing federal  
10 assistance from HUD and staff recommends that that  
11 exemption be granted.

12           Staff review of the proposed development site  
13 and surrounding neighborhood along with information  
14 provided showing an increase in Part I violent crimes,  
15 coupled with evidence that poverty rates are increasing  
16 and the schools have not achieved met standard for more  
17 than four consecutive years, leads to a recommendation  
18 that the proposed site be found ineligible due to multiple  
19 undesirable neighborhood characteristics.

20           I would be happy to go over the grounds and  
21 rule under which the site can be found eligible. If the  
22 Board would like, we've discussed those grounds in the  
23 past, but I don't know if anyone needed our reminder.

24           MR. GOODWIN: Comments? Are we going to have  
25 comments on this?

1 MS. HOLLOWAY: Uh-huh.

2 MR. GOODWIN: Okay. In light of that, I would  
3 say staff's recommendation is to deny this appeal, and I  
4 would entertain a motion to accept comments on this  
5 application.

6 MS. BINGHAM ESCAREÑO: So moved.

7 MR. GOODWIN: So moved. Second?

8 MR. VASQUEZ: Second.

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

11 (A chorus of ayes.)

12 MR. GOODWIN: Opposed?

13 (No response.)

14 MR. GOODWIN: Okay. We'll hear comments.

15 MS. BAST: Good morning. Cynthia Bast of Locke  
16 Lord, representing the Applicant in this matter. Thank  
17 you for your time. The motivation behind this request is  
18 to improve the environment for some of our most vulnerable  
19 citizens, the elderly and the disabled, who are already  
20 relying upon Anna Dupree Terrace as their home.

21 The Sunnyside neighborhood in Houston is unique  
22 and historical. The Applicant has assembled hundreds of  
23 pages of information to provide to you in accordance with  
24 the rules. Only a portion of that is excerpted in your  
25 Board book.

1           But they have shown that for schools there are  
2 new staff and programs in place that have a history of  
3 success in addressing underperforming schools. For crime,  
4 they have shown on-site factors to address the safety of  
5 the residents.

6           For poverty, as Ms. Holloway noted, they've  
7 shown why this census tract is an anomaly and is in fact  
8 surrounded by census tracts with much lower poverty rates.

9           For revitalization, they've shown the City's commitment  
10 to providing disaster recovery.

11           In this area, as you know, the City of Houston  
12 had a very robust public process for determining its  
13 community revitalization areas and also TIRZ funding to  
14 improve the area. But the truth is, a community is much  
15 more than data on a page and so we've assembled here today  
16 a variety of speakers who really have the intimate  
17 knowledge of the neighborhood and the property, who want  
18 to tell you their story, and upon hearing them, we ask  
19 that you find that the renovation of this property  
20 promotes the preservation of existing occupied affordable  
21 housing units to ensure they are safe and suitable, which  
22 is a quote from your rules that allows the Board to  
23 declare this site to be eligible.

24           And so I will turn over to the remainder of our  
25 speakers. Thank you.

1 MR. GOODWIN: Please, if you will, sign in and  
2 state your name.

3 MR. ELSBREE: Good morning. My name is Bill  
4 Elsbree. I'm a vice president with Creative Property  
5 Management, which serves as the managing agent for Anna  
6 Dupree Terrace, and also a member of the team that's  
7 working to renovate the property.

8 Anna Dupree Terrace has a history that dates  
9 back over 100 years. Its namesake, Anna Dupree, was the  
10 daughter of Lee and Eliza Johnson and the granddaughter of  
11 former slaves. Ms. Dupree and her husband moved to  
12 Houston in 1916 and over time became successful  
13 entrepreneurs in the African-American community.

14 Many of their ventures involve starting  
15 businesses serve their community, which was not allowed to  
16 frequent white-owned services and entertainment businesses  
17 due to segregation. In the late 1940s, Anna Dupree saw a  
18 need for a home for elderly African-Americans, because  
19 they were barred from living in the half-dozen senior  
20 homes that were operating in Houston in that era.

21 Ms. Dupree led a successful fund-raising drive  
22 to finance construction of her vision and the Eliza  
23 Johnson Home for Aged Negroes opened in 1952 on a site  
24 adjacent to today's Anna Dupree Terrace. Her -- the home  
25 quickly became an integral part of the Sunnyside

1 neighborhood.

2 In the 1960s, Ms. Dupree's health failed and  
3 she moved into the home that she had developed, living  
4 there until she passed away in 1977. Ms. Dupree arranged  
5 for the home to be donated to the City, which then  
6 transferred it to a community-based not-for-profit that  
7 was led by a local pastor, Reverence C. Anderson Davis.

8 In the late 1970s, the organization decided to  
9 replace the original home with the current three-story,  
10 150-unit building that was financed through HUD  
11 Section 202 program. The new facility opened in 1981, and  
12 was named for Anna Dupree.

13 After almost 30 years, Reverend Davis retired  
14 from the Board in 2006, and a decision was made to bring  
15 our organization in to manage the property. Over the past  
16 12 years, we have worked with the Board to keep the  
17 property in good condition and emphasize resident safety  
18 by installing cameras and lighting, maintaining the card  
19 access gates and doors, and leasing an apartment to a  
20 Houston police officer who patrols the property overnight.

21 As per our written submission, incidences of  
22 crime at the property are rare. Anna Dupree is now  
23 35 years old and in need of a substantial renovation. We  
24 have retained Mark Mucasey as the project architect, who  
25 has extensive experience in the development and renovation

1 of affordable housing.

2 All of the apartments will have new kitchens  
3 and baths and be reconfigured to allow for a more open  
4 floor plan. The common areas will be redesigned and  
5 expanded to provide an improved environment for  
6 socializing among the residents and their families and  
7 friends.

8 The building envelope grounds and parking areas  
9 will be extensively renovated and a variety of code-  
10 related health and safety upgrades will be made. Once the  
11 rehabilitation is complete, Anna Dupree Terrace will be  
12 able to serve Houston's senior and disabled community for  
13 many decades to come.

14 Next you will hear from Ms. Hines. Thank you.

15 MR. GOODWIN: Any questions? Hold on just a  
16 second. Okay. Thank you.

17 MS. HINES: Good morning. I am Sandra Massie  
18 Hines, youth and elderly homeless advocate, Houston civil  
19 rights advocate, and Washington Times Foundation  
20 Ambassador for World Peace. I strongly support the  
21 proposal for the presentation and the rehabilitation of  
22 Anna Dupree Terrace facility.

23 As an advocate, I believe that the property is  
24 worth the investment because of the anticipation for  
25 improving the neighborhood and providing a good and safe

1 environment. I believe that the need is great also for  
2 such sustainable and affordable housing at that site to  
3 encourage empowerment and instill morals.

4 Houston has been devastated by the previous  
5 Hurricane Harvey in which many seniors were affected, and  
6 now without a place to stay and homeless. Between Houston  
7 having 3-1/2 million people and three million in Harris  
8 County, some 3,200 family -- individuals, including  
9 seniors and veterans, are still homeless.

10 So the entity such as Anna Dupree staying in  
11 place, being renovated, offers a stability to the  
12 community. At this present time, I am collecting efforts  
13 with the Mayor's office; Housing, Health and Human  
14 Services; the police department, schools, and others to  
15 help promote jobs, supplement food to seniors, college and  
16 financial aid in the community through some of the  
17 schools, safe neighborhood, housing, roof repair,  
18 weathering strip, and more.

19 There is new construction going up in the area.  
20 4700 Wenda -- there is a facility going up just across  
21 from Anna Dupree. The KIPP High School, charter school  
22 for low-income students, opened in 2010. Sunnyside Health  
23 Center and Multi-Center is also being replaced with a new  
24 facility just announced at 4410 Reed Road, along with a  
25 park.



1 Residential water improvements at Scott Street  
2 and Dawson Lane. The South Acres Ranch has provided  
3 130 units of low-income, single-family housing development  
4 that was completed in 2012. Worthing High School is  
5 undergoing 30.2 million expansion that will be completed  
6 in 2018.

7 Hope Farms received a grant for a 7.5-acre  
8 community farm selling produce at or below cost, including  
9 low-income residents -- offering jobs, training programs  
10 to veterans, on that farm. We have had some crime issues,  
11 but again we are collaborating our efforts with the police  
12 department, the Mayor's office and others to combat  
13 whatever issues we've had.

14 I have within the last week and a half  
15 completed two programs -- Here Comes the Judge -- where we  
16 discuss what's going on in our community. We are not  
17 sitting and letting things overwhelm us. The second one  
18 was Sunnyside Original March against Crime, which involved  
19 the Mayor's office, the members of Congress, the police  
20 department, the constable's office, and many others from  
21 the church community that were involved in this.

22 Sunnyside superneighborhood containing Anna  
23 Dupree Terrace was identified as a community  
24 revitalization area in the disaster recovery, Round 2,  
25 that was completed in May 2013. The City of Houston

1 disaster relief monies have been targeted in those nine  
2 neighborhoods combined here in the superneighborhood, with  
3 city incentives and additional funding streaming to create  
4 areas of opportunity -- excuse me -- opportunity which  
5 comprehensive revitalization and recovery can occur.

6 We have been actively supporting the community  
7 with box foods for the seniors in that area, clinical  
8 needs, mobile food outreach, pretty much any services that  
9 seniors are lacking. We're supplementing -- we have a box  
10 food program that serves over 600 right in that same area,  
11 maybe a block -- two blocks from Anna Dupree -- services  
12 600 to 800 seniors over 60 years old.

13 The police has been collaborating with us to  
14 provide attention in the area where the seniors are  
15 normally on their wheelchairs, on their walkers, trying to  
16 get to and from the stores and the bank. That is in that  
17 area as well.

18 Again, I strongly support the effort to  
19 revitalize Anna Dupree, and I just wanted to leave this  
20 with you. Things were meant to be used and people were  
21 meant to be loved, but people are being used and things  
22 are being loved, and I hope that you consider people when  
23 you reflect back on this.

24 Thank you so much. God bless you.

25 MR. GOODWIN: Any questions? Thank you. Next?

1 MR. RICHARDSON: Good morning, Mr. Chairman and  
2 Board. How y'all doing this morning?

3 MR. GOODWIN: Good, well.?

4 MR. RICHARDSON: It's a privilege for me to be  
5 here this morning. I am Raynold Richardson. I'm a part  
6 of the development team. I'm the vice president of  
7 J Allen Management Company out of Beaumont, Texas. I'm  
8 the former director of the Multifamily Housing Division  
9 for HUD in the Houston office, former director of the  
10 Asset Management Division for the regional office of HUD,  
11 which governed Texas, Louisiana, Arkansas and New Mexico.

12 And I'm excited to be here because I've given  
13 my life to this type of development. I retired a couple  
14 of years ago, 41 years, eight months and three days.  
15 That's -- I gave my life to federal service. I served the  
16 military.

17 I consider myself a public servant, and I'm  
18 here before you this morning as a member of this team. I  
19 have collaborated with the crime issue, with regard to  
20 that. I've spoken with DAR. I was part of the team with  
21 Villa Americana. I didn't speak when they came down here,  
22 but I'm in communication with DAR, the chief of staff at  
23 the DA's office, for the whole area, not just for Villa  
24 Americana and just Anna Dupree.

25 That's an ongoing situation. Being a member of

1 the Department of Housing and Urban Development recently,  
2 I understand this type of product. I've been very  
3 familiar with Anna Dupree since 1986. I have walked it.  
4 I have been there with Congressional staff. I've been  
5 there with Senator Miles, Shawn Thierry, all these folks.

6 I've a letter here from the residents that  
7 supports this. If I can read it into the record right  
8 quick, because I've only got three minutes. Right? It  
9 says, "I am writing to you on behalf of Anna Dupree  
10 Terrace resident council and the residents of Anna Dupree  
11 to express our support for the application for low-income  
12 housing tax credits that is under consideration by your  
13 Department.

14 "The development team met with the residents on  
15 January 25, 2018 and presented the plans for the  
16 renovation of the property. The renovations have been  
17 thoughtfully designed and will address the many issues  
18 that have risen in recent years due to the age of the  
19 building.

20 "Many of the residents of Anna Dupree have  
21 lived in the Sunnyside neighborhood for all of their lives  
22 and having an affordable complex for seniors nearby is of  
23 great benefit. Anna Dupree Terrace is a predecessor of  
24 the Eliza Johnson Center for the Aging, have been serving  
25 our community for those close to 70 years. We endorse

1 their contribution of funds so that it may continue to be  
2 a community resource for many years to come."

3 So in saying that, I'm saying also, I'm a  
4 pastor of the Full Gospel Church of Love in Christ. I  
5 live in this community. I walk in this community. I go  
6 to TP Seafood House. I go to Just Oxtails, best soul food  
7 place soul food place in the community, off Cullen.

8 So I'm an integral part of this community. So  
9 I'm here not as a participant to make money but as a  
10 person who wants to give back to the community. God has  
11 tremendously blessed me as a pastor and as an individual  
12 and he has privileged me to service our great nation, and  
13 I mean to petition to you on behalf of this development  
14 that we'll get it done, because of the commitment of  
15 myself, people like Ms. Hines, people like Pastor Simon,  
16 who love people.

17 We'll put forth the effort to make sure that  
18 the resources that you put toward this development will  
19 reach and do what it's designed to do, and we'll be just  
20 like the nation of Israel, surrounded by many enemies on  
21 every sides, but they have an ally, the United States of  
22 America.

23 They have a support base with is founded on  
24 love, and this is the support that we would give this  
25 property and this asset to make sure it continues to flow

1 and be what it would have to be for the community. Thank  
2 you and I encourage you to hear our cry today.

3 MR. GOODWIN: Any questions? I've got a  
4 question for you.

5 MR. RICHARDSON: Yes.

6 MR. GOODWIN: How many of these units are  
7 occupied today?

8 MR. RICHARDSON: It's pretty much -- Bill, was  
9 it --

10 MR. ELSBREE: It's full.

11 MR. RICHARDSON: Full. It's full.

12 MR. GOODWIN: It's full.

13 MR. RICHARDSON: It's full.

14 MR. ELSBREE: Yes, but we have a waiting list.

15 MR. GOODWIN: You have a waiting list?

16 MR. RICHARDSON: Yes, sir, and it's --

17 MR. GOODWIN: And when you're going -- let me  
18 finish the question --

19 MR. RICHARDSON: Okay.

20 MR. GOODWIN: -- with another question. When  
21 you're going to remodel, where are these people that are  
22 going to be displaced with remodeling going to live?

23 MR. RICHARDSON: We made a commitment to the  
24 City Councilman Boykins and to the Senator Miles and to  
25 Shawn Thierry that we're going to allow attrition to take

1 place and we're going to rehab 12 to 24 units at a time.  
2 As -- if we get the credits approved, we're going to let  
3 them -- the people move out.

4 They will move out and we won't refill and then  
5 we'll start developing or rehabbing the asset. Okay? And  
6 that's the plan as of today. So we won't displace anyone  
7 because the politicians wouldn't allow us to do that and  
8 we committed to that. So --

9 MR. GOODWIN: How many people in the last year  
10 have moved out?

11 MR. RICHARDSON: How many, Bill?

12 MR. ELSBREE: So I didn't understand where you  
13 were going at first.

14 MR. GOODWIN: Yeah, my question was --

15 MR. ELSBREE: Yeah.

16 MR. GOODWIN: -- real simple. How many in --

17 MR. ELSBREE: We started --

18 MR. GOODWIN: -- in 2017 --

19 MR. ELSBREE: -- we started -- at the beginning  
20 of December, we stopped replacing vacant units, so we  
21 currently have six that -- people who have moved out,  
22 who -- even though we have a waiting list, we didn't fill  
23 those in. The -- what we will do is, continue to not  
24 replace units.

25 By the time we're scheduled to start in the

1 summer, we'll have 12 vacancies, which actually is a  
2 floor. So we'll do one floor at a time. Once 12 more  
3 people have moved out, when we have 24, we'll do two  
4 floors at a time, until we're done.

5 In total, there are four wings with three  
6 floors --

7 MR. GOODWIN: I hear your --

8 MR. ELSBREE: -- so 12 floors.

9 MR. GOODWIN: I hear you. But my question is,  
10 from January 1, 2017 to December 1, when you stopped  
11 refilling units, you had at least six people move out, if  
12 you were full on January 1, 2017. How many people moved  
13 out in that 12- or 11-month period?

14 MR. ELSBREE: I would say, 25.

15 MR. GOODWIN: Twenty-five?

16 MR. ELSBREE: So yeah.

17 MR. GOODWIN: And is it consistent with --

18 MR. ELSBREE: Yes.

19 MR. GOODWIN: -- have you been involved in the  
20 project --

21 MR. ELSBREE: Yeah.

22 MR. GOODWIN: -- for years?

23 MR. ELSBREE: Yes.

24 MR. GOODWIN: Twenty-five move a year?

25 MR. ELSBREE: Yes. People pretty much move



1 because they can no longer live independently. So they  
2 either pass away or they -- typical -- yes. So we have a  
3 pretty steady turnover rate.

4 MR. GOODWIN: Okay, okay. Any other questions?

5 MR. RICHARDSON: Mr. Chairman, and I'd just  
6 like to say --

7 MR. GOODWIN: Any other speakers? I'm sorry.

8 MR. RICHARDSON: -- Mr. Chairman, I'd just like  
9 to say it's -- and even that the two children that live  
10 on-site was because those grandparents took them in. They  
11 did not move in with those kids, and that's normally what  
12 happen on these type of assets.

13 MR. GOODWIN: Right.

14 MR. RICHARDSON: Okay.

15 DR. SIMON: Mr. Chairman, our esteemed Board  
16 members, I am Dr. Murphy D. Simon, Jr., pastor of the  
17 Bethel Institutional Missionary Baptist Church. I heard a  
18 number of undesirables, 78.9 percent. The Anna Dupree  
19 senior living facility is adjacent to two tracts that have  
20 20 percent and decreasing poverty rate.

21 Yet that 78.9 percent says that it's an  
22 anomaly, and it's basically because of Anna Dupree itself,  
23 and the vacant land across the street. Yet it's not  
24 vacant because we have cows and horses grazing there. So  
25 it would then focus the 78.9 percent poverty rate upon

1 Anna Dupree itself, which suggests to me that those that  
2 are residents there are disabled and/or elderly, which  
3 would mean then they are receiving Social Security and  
4 housing assistance, which would answer why there is a  
5 78.9 percent poverty rate.

6 But for the word undesirable then would suggest  
7 that these who are elderly and disabled -- are  
8 undesirables. Elderly -- Dr. Gardner C. Taylor said that  
9 there is an elderly person fighting to get out in all of  
10 us, and if we keep on saying, good morning, someday they  
11 shall win.

12 Well, this is the case that we have. We at our  
13 church have one elderly lady that is a resident of the  
14 Anna Dupree. Her name is Sister Mary. She is small in  
15 stature. She comes about this tall to me. Her gray hairs  
16 of wisdom has overtaken her blond locks of youth.

17 She appears as if she's suffering from the  
18 onset of Alzheimer's, but she loves to come to church.  
19 One weekend -- it was a Sunday morning, I had laid to rest  
20 my aunt that Saturday out of town and made it back, and I  
21 found myself in a place where I didn't have enough to  
22 serve.

23 And when I saw Sister Mary, she came up and she  
24 hugged me, and she said, You know, Pastor, I love you.  
25 I'm so glad to see you. I'm here. And that love was the

1 fodder that I needed in order to serve from my soul. But  
2 yet we call these undesirables.

3 Question is, is the elderly undesirable? Do  
4 they have -- or we say that they're no longer viable or  
5 that they have no longer to give? And I beg to differ.  
6 They have a lot to give. My aunt asked me, before she  
7 left this world, what will you do for humanity's sake?

8 And humanity happens to be the elderly.  
9 Humanity happens to be the disabled. Humanity happens to  
10 be that 7, 8, or 9 percent that we consider undesirable.  
11 Well, it's not only me who has to answer the question,  
12 what shall we do for humanity's sake?

13 It is all of us, because all of us have  
14 grandmothers. All of us may have had someone who's been  
15 disabled. What shall we do for humanity's sake, and I ask  
16 you to help us to serve these who have served us so  
17 greatly in times before. Thank you.

18 MR. GOODWIN: Any questions? Thank you, sir.  
19 Any other comments? Marni, anything you want to wrap up?

20 MR. VASQUEZ: Mr. Chairman, I do have a general  
21 question that anyone can answer. Did this property flood  
22 during Harvey?

23 MALE VOICE: No, sir.

24 MR. VASQUEZ: Okay. Great.

25 MS. HOLLOWAY: I just would like to remind the

1 Board that this is -- this action today is solely an  
2 eligibility determination. This is not an award.  
3 We're -- that's -- all we're talking about is eligibility  
4 of this property.

5 MS. BINGHAM ESCAREÑO: Marni, I have some  
6 questions.

7 MS. HOLLOWAY: Uh-huh.

8 MS. BINGHAM ESCAREÑO: So just to remind us --  
9 the rule. So is there a three-or-more rule kind of rule  
10 on undesirable neighborhood characteristics? Isn't it  
11 kind of, like, a little -- that are four, and that the  
12 staff is recommending the high-voltage receive an  
13 exemption or a --

14 MS. HOLLOWAY: Correct. So that's the  
15 undesirable site rule --

16 MS. BINGHAM ESCAREÑO: Uh-huh.

17 MS. HOLLOWAY: -- and because the property has  
18 continuing federal assistance, that it is eligible for  
19 that exemption, we are recommending that the Board grant  
20 that exemption.

21 The part of the rule that discusses multiple  
22 undesirable characteristics that I mentioned earlier, for  
23 developments that involve three or more undesirable  
24 neighborhood characteristics to be found eligible, in  
25 addition to demonstrating satisfactory mitigation for

1 these characteristics disclosed, the rule requires that  
2 the development site must be located within an area in  
3 which there is a concerted plan of revitalization already  
4 in place or that private sector economic forces such as  
5 those referred to as gentrification are already underway,  
6 and indicate a strong likelihood of a reasonably rapid  
7 transformation of the area to a more economically vibrant  
8 area.

9 The rule says the site amenities found eligible  
10 by the Board, despite the existence of undesirable  
11 neighborhood characteristics -- if the Board finds that  
12 use of Department funds for the development with achieving  
13 the following goals:

14 Preservation of existing, occupied, affordable  
15 housing units is one. Factual determination that the  
16 undesirable characteristics that has been disclosed are  
17 not of such a nature or severity that should render the  
18 development site ineligible based on assessment and  
19 mitigation, and/or the applicant has requested a waiver of  
20 the presence of undesirable characteristics on the basis  
21 that the development is necessary to enable the state, a  
22 participating jurisdiction or an entitlement community to  
23 comply with its obligation to affirmatively further fair  
24 housing, a HUD-approved conciliation agreement or a final  
25 and non-appealable court order.

1           This last item was not part of the information  
2 that was provided to us. So number three is kind of out  
3 of the -- you know --

4           MS. BINGHAM ESCAREÑO: And they were --

5           MS. HOLLOWAY: The --

6           MS. BINGHAM ESCAREÑO: -- I'm sorry.

7           MS. HOLLOWAY: -- the rule also states,  
8 preservation of affordable housing alone does not present  
9 a compelling reason to support a conclusion of  
10 eligibility.

11           MS. BINGHAM ESCAREÑO: Then one and two are  
12 "ands," not "ors," like -- in other words, because the  
13 first one was --

14           MS. HOLLOWAY: They're --

15           MS. BINGHAM ESCAREÑO: -- for the preservation  
16 of existing units --

17           MS. HOLLOWAY: -- they're all three -- use of  
18 Department's funds for the development is consistent with  
19 achieving the following goals. So they're -- and they're  
20 actually "ors."

21           MS. BINGHAM ESCAREÑO: Okay.

22           MS. HOLLOWAY: But then the rule goes on to say  
23 that preservation alone --

24           MS. BINGHAM ESCAREÑO: Okay.

25           MS. HOLLOWAY: -- I'm sorry.

1 MS. BINGHAM ESCAREÑO: I have a question for  
2 Cynthia.

3 MR. GOODWIN: Okay.

4 MS. BINGHAM ESCAREÑO: And just for  
5 clarification, would you -- because usually when we read  
6 your correspondence, you're pretty clear about what, you  
7 know -- what you're looking for, and I'm missing a little  
8 bit of that. Are you giving us examples and opportunities  
9 to possibly question all of the remaining three, assuming  
10 that the staff's recommendation for high voltage -- that  
11 one --

12 MS. BAST: Uh-huh.

13 MS. BINGHAM ESCAREÑO: -- let's assume that the  
14 Board goes with staff's recommendation. There's three  
15 left there that are of concern. Right? Poverty, school  
16 and crime?

17 MS. BAST: Correct.

18 MS. BINGHAM ESCAREÑO: Are -- in your memo,  
19 were you providing us -- and with the longer document that  
20 we have the summary, are you providing us with examples so  
21 that the Board can look at all three and then make a  
22 determination about whether any one of those may not  
23 represent the magnitude that the rule is speaking to, or  
24 do you have a specific request?

25 I'm sorry if that's vague.

1 MS. BAST: I -- no, I think I understand your  
2 question. I believe what we are presenting is that we  
3 understand that we need to present mitigation, that  
4 what -- that the rule says, when there are these  
5 undesirable features, that the applicant shall provide  
6 mitigation.

7 And we believe that in the hundreds of pages  
8 that aren't in your Board book and then the meaningful  
9 summary pages that are, that we have provided those  
10 indications of mitigation that then allow you to get to  
11 this finding that I believe item 1 is the most  
12 applicable -- that the preservation of existing, occupied,  
13 affordable housing units to ensure that they are safe and  
14 suitable.

15 So that's where we're trying to go, is for you  
16 to have this information, not just the hard data, but this  
17 testimony, so that you understand what is going on in this  
18 neighborhood, and you believe that the Sunnyside  
19 neighborhood and particularly, Anna Dupree Terrace, are  
20 worthy of this investment and eligible under this rule.

21 MR. GOODWIN: Any questions?

22 MR. BRADEN: I have a follow-up question. And  
23 Marni, maybe it's more for you and what you were talking  
24 about. So there were four undesirable qualities  
25 presented. Staff said, okay. One of them we agree with



1 and we can drop off the list.

2 MS. HOLLOWAY: Right. So the undesirable site  
3 is -- the power lines is actually a different rule.

4 MR. BRADEN: Okay.

5 MS. HOLLOWAY: Yeah.

6 MR. BRADEN: But -- so we're down to three.

7 MS. HOLLOWAY: Right.

8 MR. BRADEN: But first of all, the fact that we  
9 dropped off the -- or we -- so we go along with dropping  
10 off the transmission line, that doesn't really affect  
11 anything. Right? I mean, it still would be an  
12 undesirable location if --

13 MS. HOLLOWAY: Under the --

14 MR. BRADEN: -- we went along with staff's --

15 MS. HOLLOWAY: -- under the neighborhood  
16 characteristics rule. Yes.

17 MR. BRADEN: So then if you're down to three --  
18 and let's say, you know, they've made a case that, of the  
19 157 residents, there are only two school-age children, so  
20 maybe we find that schools is that not that -- you know,  
21 it's maybe mitigated because what's presented with respect  
22 to this feature.

23 So let's say that schools or one of the other  
24 three are dropped off. That still doesn't change the  
25 analysis. Right? I mean, the analysis is --

1 MS. HOLLOWAY: Right.

2 MR. BRADEN: -- that you have three  
3 undesirable, and so you're left with two. So you'd still  
4 have to deal with that.

5 MS. HOLLOWAY: So the rule allows schools that  
6 have not met standard to not be part of our analysis for  
7 elderly limitation properties, ones that require all  
8 residents to be age 62 or older, or whatever that is, for  
9 elderly preference properties because there is the  
10 potential for children to be living in this property, you  
11 know, as the gentleman mentioned -- grandchildren -- then  
12 you know, we can't just exclude the schools on this one.

13 But yes, we still have this increasing crime  
14 rate and we have this increasing poverty rate in the area.

15 MS. BINGHAM ESCAREÑO: So can I add on? So  
16 maybe what Paul's asking, though, is applicants -- so  
17 we're just -- all we're talking about is whether or not  
18 this applicant is --

19 MS. HOLLOWAY: This property.

20 MS. BINGHAM ESCAREÑO: -- this development --

21 MS. HOLLOWAY: Yes.

22 MS. BINGHAM ESCAREÑO: -- application is  
23 eligible --

24 MS. HOLLOWAY: Uh-huh.

25 MS. BINGHAM ESCAREÑO: -- and that there are

1 conceivably applications that have two undesirable  
2 neighborhood characteristics, and they're eligible because  
3 they have two. They don't have three. Is that correct?

4 MS. HOLLOWAY: No. It's --

5 MS. BINGHAM ESCAREÑO: Okay.

6 MS. HOLLOWAY: -- you know, any time that there  
7 is an undesirable neighborhood characteristic, you know,  
8 that hits that trigger. For us as staff, that development  
9 is ineligible until we bring it to y'all.

10 MS. BINGHAM ESCAREÑO: Oh, okay. So remind me  
11 what the three is again. What's the three or more mean,  
12 if it's not that if you have less than three, you don't  
13 end up having to request consideration?

14 MS. HOLLOWAY: The rule states that if  
15 developments that involve three or more undesirable  
16 neighborhood characteristics -- in addition to  
17 demonstrating satisfactory mitigation of each  
18 characteristic, it needs to be in this community  
19 revitalization area.

20 MS. BINGHAM ESCAREÑO: So any other application  
21 that had even one undesirable neighborhood characteristic  
22 has to provide mitigation --

23 MS. HOLLOWAY: Yes.

24 MS. BINGHAM ESCAREÑO: -- in order to be  
25 eligible? Okay. Got you. So then your question goes

1 back to -- even if you could -- so you'd really have to  
2 provide mitigation for all three, and then the  
3 neighborhood revitalization requirement would have to --

4 MS. HOLLOWAY: Would also be triggered.

5 MS. BINGHAM ESCAREÑO: -- be applicable also?

6 MS. HOLLOWAY: Uh-huh.

7 MS. BINGHAM ESCAREÑO: Okay.

8 MR. BRADEN: But it is in a neighborhood of  
9 revitalization. I mean --

10 MS. HOLLOWAY: Yes. It is in actually two. As  
11 I mentioned, and I believe before it was mentioned here,  
12 that disaster recovery Round 2 planning area and also Tax  
13 Increment Reinvestment Zone 26.

14 MR. GOODWIN: Leo, you had a question?

15 MR. VASQUEZ: I have a question. And I guess  
16 this is more back to Cynthia for answering the rest of the  
17 team can nod your heads if she's -- if you agree with her.

18 FEMALE VOICE: That's so responsive.

19 MR. VASQUEZ: So just for the benefit of the  
20 non-Houstonian Board members here -- and again,  
21 Sunnyside -- the Sunnyside neighborhood has clearly been  
22 identified as an area that the City of Houston and Mayor  
23 Turner are very interested in improving.

24 So we're not just talking about these  
25 undesirable site characteristics and just leaving them as

1 is. The City, the community, is committed to addressing  
2 all of those issues. Correct?

3 MS. BAST: That is correct. And just by way of  
4 background information, in the last round of hurricane  
5 funding involved with Hurricane Ike, the City received  
6 substantial funding and wanted to put some of that funding  
7 into some of these revitalization areas, and you may  
8 remember that there was a long process of public comment,  
9 where tenant advocates were concerned that money was going  
10 to be concentrated in areas of high poverty.

11 They wanted to see more money going into  
12 opportunity areas, and ultimately, through a very robust  
13 process, the City and the advocates and HUD all agreed on  
14 certain specified areas within the city of Houston that  
15 were meaningful revitalization areas, where the City  
16 wanted to see improvement and where the advocates said,  
17 yes, we see enough potential for improvement there, that  
18 we agree that this would be an acceptable place for this  
19 funding to go.

20 So I think that's perhaps what you're referring  
21 to, Ms. Vasquez -- is that the City -- it was what, an  
22 18-month process perhaps to finally get to that agreement  
23 with regard to how the City's DR funds would go out. And  
24 so I think that's part of what we're trying to say is that  
25 the City does have a commitment to this area.

1           You know, when we get down to the poverty rates  
2 and the crime, I think what you heard today is that with  
3 regard to the poverty rates, one of the issues is that is  
4 a very small census tract and we have five -- let me make  
5 sure I get this right -- five affordable housing  
6 developments in this census tract, three of which have  
7 elderly residents.

8           So when you have those single-family households  
9 on a fixed income Social Security, that is going to pull  
10 down your income in your census tract, and it's -- and is  
11 surrounded by higher-performing census tracts.

12           MR. VASQUEZ: And again, let's just keep these  
13 in --

14           MS. BAST: Uh-huh.

15           MR. VASQUEZ: -- yes-no answers.

16           MS. BAST: Sir.

17           MR. VASQUEZ: So we have the Mayor and his team  
18 are behind supporting growth in this area and  
19 revitalization in this area?

20           MS. BAST: Yes.

21           MR. VASQUEZ: Yes. The County Commissioner is  
22 definitely behind this area in Precinct 1. Right?

23           MS. BAST: Yes.

24           MR. VASQUEZ: Yes. We have letters from  
25 another council member, Boykins, Representative Thierry,

1 Senator Miles -- they're all behind improving this area.

2 We're not --

3 MS. BAST: Yes.

4 MR. VASQUEZ: -- just going to leave the  
5 conditions as they are, and even revitalizing this  
6 particular project contributes to improving this area?

7 MS. BAST: Yes.

8 MR. VASQUEZ: And I know Chief Acevedo and HPD  
9 has been doing great things to reach out and especially  
10 focus on areas like Sunnyside?

11 MS. BAST: Yes, and we have been actively  
12 involved with a police officer in our calls and working on  
13 specific issues for this property with HPD.

14 MR. VASQUEZ: And finally, we have the TIRZ,  
15 and we have -- even for the school, it doesn't really  
16 apply to a senior facility, but HISD is making significant  
17 investment in the local high school with the --

18 MS. BAST: Yes.

19 MR. VASQUEZ: So it sounds to me like all of  
20 these issues that are a concern, and I'm sure the staff is  
21 required to do the checklist and present their findings as  
22 they are right now, but when given the context of the  
23 entire project and region, the census tract and the  
24 greater community of Sunnyside, it makes complete sense,  
25 at least in my opinion, to approve this exemption, or

1       however we word this.

2               MS. BAST:   Yes.

3               MR. BRADEN:   Plus --

4               MR. GOODWIN:   Any other questions?

5               MR. BRADEN:   -- plus, for clarity, this is just  
6       approving the site, as eligible --

7               MR. GOODWIN:   Correct.   Yeah --

8               MR. BRADEN:   -- and so you all can tell  
9       everybody else --

10              MR. GOODWIN:  -- y'all still have a lot of work  
11       to do.

12              MR. BRADEN:  -- but you're able to compete by  
13       doing this?

14              MS. BAST:   Correct.   And in fact, this will be  
15       for a bond transaction and not a competitive 9 percent  
16       transaction.

17              MR. BRADEN:   Thank you.

18              MR. GOODWIN:   Any other questions?

19              MS. BAST:   Thank you.

20              MS. HOLLOWAY:  Excuse me, if I may?  I misspoke  
21       earlier, Ms. Bingham, when your question -- I hadn't  
22       transferred the "and" over to my notes.  So the rule  
23       actually says, "Preservation of existing affordable  
24       housing units," and there's more there, but -- "and  
25       factual determination that the undesirable characteristics



1 that has been disclosed are not of such a nature or  
2 severity that should render the development site  
3 ineligible." That's the part that staff is not able to  
4 get to.

5 MR. GOODWIN: Okay.

6 MR. VASQUEZ: Well, are we able to make a --  
7 would the Chair entertain a motion?

8 MR. GOODWIN: The Chair would entertain a  
9 motion.

10 MR. VASQUEZ: So you're going to have to help  
11 me with how I'm actually wording this. Again, basically,  
12 my intent is to favor the Applicants. Okay? So am I  
13 denying staff's recommendation, or are we -- I mean,  
14 what's -- help me out here, so --

15 MR. IRVINE: I believe you would first of all  
16 lay out your predicate, that you make a finding that the  
17 matters disclosed are not of such a nature as would lead  
18 to a conclusion of ineligibility; therefore, you find the  
19 site not to be ineligible. If that is your intent.

20 MR. VASQUEZ: He's a lawyer here also, by the  
21 way. Thank you. All right.

22 MS. HOLLOWAY: Well, and I believe the motion  
23 also needs to address the exemption on the power lines.

24 MR. GOODWIN: Power lines?

25 MR. BRADEN: Right.

1 MR. VASQUEZ: Uh-huh. Okay. I'll make an  
2 attempt at this. I move to waive the power line  
3 undesirable characteristic --

4 MR. IRVINE: No.

5 MR. VASQUEZ: No? Okay. To --

6 MR. IRVINE: To grant an exemption --

7 MR. VASQUEZ: -- to grant exemption to the  
8 power line distance factor, and given the circumstances in  
9 which the Applicant has presented, that we will -- the  
10 area is mitigating the undesirable factors, I move to make  
11 this -- not deem it an ineligible property.

12 MR. GOODWIN: Is that --

13 MR. BRADEN: Second.

14 MR. GOODWIN: -- acceptable? And seconded.

15 Any discussion?

16 (No response.)

17 MR. GOODWIN: All those in favor, say aye.

18 (A chorus of ayes.)

19 MR. GOODWIN: Opposed?

20 (No response.)

21 MR. GOODWIN: Okay. Moving on to 5(d).

22 MS. HOLLOWAY: Item 5(d) is presentation,  
23 discussion, and possible action on a timely filed appeal  
24 of Application termination under the Department's  
25 Multifamily Program Rules. These appeals relate to 9

1 percent applications for Hallsville Estates, Number 18106,  
2 and the Trails at San Angelo, which is 18109. These were  
3 submitted by the same Applicant and terminated for the  
4 same reason, so they can be taken together, rather than as  
5 separate actions.

6 I need to immediately correct a misstatement in  
7 this Board action request as it was published. While a  
8 consultant is listed in the application in the contact  
9 information, submission of the application itself was not  
10 in Ms. Martin's scope of services, as stated in the Board  
11 action request, and we apologize for that error.

12 Notices of termination were provided to the  
13 Applicant for failure to meet the requirements of the  
14 Uniform Multifamily Rules, the Applicant timely filed  
15 their appeal and the Executive Director has denied it. So  
16 the requirement for application submission rules states  
17 that the Applicant must upload a PDF copy and Excel copy  
18 of the complete application to the Department's secure web  
19 transfer server.

20 I don't know if y'all recall, but we had this  
21 same issue last year on a group of applications. The  
22 Applicant failed to upload the Excel copy of the  
23 applications to the Department's secure web transfer  
24 server by the application deadline.

25 The appeal mentions the termination of

1 applications during the 2017 cycle for this same reason  
2 and asserts this was due to a -- due to staff change to  
3 the Multifamily Application Procedures Manual. They  
4 contend that staff failed to replace the direction in the  
5 manual as directed by the Board at that time.

6 In fact, page 49 of the manual includes the  
7 following statement. "The application submitted should be  
8 the PDF file created from converting the Excel file, into  
9 which additional application documentation has been  
10 inserted, as well as the Excel file itself."

11 The appeal claims that the Applicant did not  
12 assemble a tax credit application in 2017 and is facing  
13 this issue for the first time. This requirement to upload  
14 both the Excel file and the PDF goes back to 2016, when at  
15 least one member of the Applicant submitted an  
16 application.

17 In 2015, when two members of the Applicant  
18 submitted applications, they were required to submit the  
19 Excel file and the PDF also, but at that point, it was on  
20 a CD. It should be noted that the Excel files were  
21 uploaded to the Department's server on March 2, 2018, so  
22 that's the day after the deadline, giving the impression  
23 that someone on the application's team was aware that the  
24 files had been omitted the previous day.

25 The appeal argues that termination of these

1 applications would leave their regions underserved and the  
2 Department would fail to meet its statutory mandate for  
3 regional dispersion of the credits. Such a mandate does  
4 not exist in statute.

5 In fact, the statute speaks directly to  
6 instances where regions might be underserved due to lack  
7 of eligible applications through our collapsed process.  
8 So the funds would be collapsed and another application  
9 would be awarded. Maybe not in this region, but the funds  
10 will not go unused.

11 Lastly, the appeal states that the Excel  
12 spreadsheet contains duplicative information and is  
13 therefore not material, and the omission should be treated  
14 as an administrative deficiency. This simply is not an  
15 alternative depiction of the same information.

16 Its functionality is critically important.  
17 That's why the rule expressly requires the submission of  
18 both the PDF and the Excel file. The Excel file enables  
19 the staff to complete their review of the application.  
20 Without it, they would have to recreate this functionality  
21 of process that inherently entails the risk of data entry  
22 error.

23 Because the Excel file is expressly required by  
24 rule and is essential to the full, accurate and efficient  
25 review of the application, it is a material element. Lack

1 of this material element constitutes cause for termination  
2 because it is an incomplete application.

3 Staff recommends that the appeals of  
4 termination for Hallsville Estates, Number 18106, and  
5 Trails at San Angelo, 18109, be denied. I'd be happy to  
6 take any questions.

7 MR. GOODWIN: Any questions? I've got a  
8 question, Marni. How many applications where this exact  
9 same thing happened?

10 MS. HOLLOWAY: These are the only two that we  
11 know of.

12 MR. GOODWIN: Out of how many applications?

13 MS. HOLLOWAY: How many did we get? A hundred  
14 and --

15 MALE VOICE: 138.

16 MS. HOLLOWAY: 138 this year.

17 MR. GOODWIN: Oh, 138 application had the  
18 information -- this information --

19 MS. HOLLOWAY: Uh-huh.

20 MR. GOODWIN: -- properly attached to it and  
21 only --

22 MS. HOLLOWAY: Had at least the two PDF and  
23 Excel. You know --

24 MR. GOODWIN: Okay.

25 MS. HOLLOWAY: We haven't gotten far enough

1 along in our review to know that all the Excel files are  
2 complete, you know, and we don't just have a blank  
3 workbook, because that's happened too. But at least  
4 there's something there.

5 MR. GOODWIN: Any additional questions for  
6 Marni?

7 MR. VASQUEZ: Could you, again, clarify the  
8 difference between what's in the PDF and what's in the  
9 spreadsheet?

10 MS. HOLLOWAY: So the Excel file as -- it  
11 contains live data, that number one, we extract and use  
12 for a number of purposes. It also has functionality  
13 that's used in our review process all the way through.  
14 It's not just a set of numbers.

15 You know, it's numbers that we're able to  
16 extract and use during the REA process, again during  
17 our -- like, creating our logs, you know, pulling  
18 information down for our logs, those kinds of things.

19 MR. GOODWIN: Is my recollection correct in  
20 that it seems like every year we have one or two  
21 applications where this seems to be the case?

22 MS. HOLLOWAY: We had a number of them last  
23 year --

24 MR. GOODWIN: Okay.

25 MS. HOLLOWAY: -- that had some issue. I don't

1 recall that we had any the year before, but it's been a  
2 lot --

3 MR. GOODWIN: Okay.

4 MS. HOLLOWAY: -- since then, so -- --

5 MR. GOODWIN: Okay. Any additional questions?  
6 People that want to comment?

7 (No response.)

8 MR. GOODWIN: Okay. Well, I'll take a motion  
9 to hear comments.

10 MS. THOMASON: So moved.

11 MR. GOODWIN: Second?

12 MS. BINGHAM ESCAREÑO: Second.

13 MR. GOODWIN: Moved and seconded. All those in  
14 favor, say aye.

15 (A chorus of ayes.)

16 MR. GOODWIN: Opposed?

17 (No response.)

18 MR. GOODWIN: Let the record reflect that Ms.  
19 Reséndiz has left the meeting.

20 MS. BAST: Good morning again. Cynthia Bast of  
21 Locke Lord, representing the Applicant. The Applicant  
22 acknowledges that the rules do require an Excel  
23 spreadsheet and a PDF file to be submitted, and the  
24 Applicant acknowledges that the Excel spreadsheet was not  
25 submitted timely.



1           However, the Applicant does believe that there  
2 are equitable reasons why this should be treated as an  
3 administrative deficiency with an opportunity to cure,  
4 rather than as a termination offense, and I'm going to  
5 describe the reasons for that.

6           First, we would argue that the PDF file and the  
7 Excel spreadsheet contain the same information. This sort  
8 of goes to what you were saying, Mr. Vasquez. If you open  
9 up on two screens the PDF document and the Excel document,  
10 on both pages on your screen you're going to see two plus  
11 two equals four.

12           What's different between those two is that  
13 underlying in the Excel spreadsheet there's a formula that  
14 performs that calculation for you, and that's what staff  
15 refers to as the functionality. And again, we agree that  
16 that functionality is essential for staff to be able to  
17 efficiently review the applications, but that is why this  
18 fits squarely within the definition of an administrative  
19 deficiency.

20           In the long definition of an administrative  
21 deficiency, it includes information that is required to  
22 assist staff in evaluating the application. So if the  
23 staff could receive the spreadsheet within the five-  
24 business-day cure period, then their ability to review it  
25 is not really materially impaired, and they would not have

1 to recreate anything.

2 So that's why we believe that this admission --  
3 omission should be treated as an administrative  
4 deficiency. With regard to the changes in the Procedures  
5 Manual, you have in your Board book page 9 from the 2016  
6 manual, where the submission of the Excel spreadsheet was  
7 very conspicuously noted under a section that was  
8 entitled, Application Assembly Instructions.

9 And as noted in the appeal, that language and  
10 section was omitted from the 2017 manual, which created a  
11 rash of appeals, and at the time, Board member Dr. Muñoz  
12 noted to staff that that section should be restored.  
13 Respectfully, the section was not restored.

14 Rather, as you have in your Board book, there  
15 was a sentence added about the submission of the Excel  
16 spreadsheet at the end of section that was entitled,  
17 Inserting Documents into the PDF. Now, if you're working  
18 under time pressure, and you need just that quick look to  
19 double-check and make sure you're doing everything you  
20 need to do to get this submission in, and you want to go  
21 back to your manual and check yourself, are you going to  
22 go to the section entitled, Inserting Documents into the  
23 PDF, or are you going to go to the section entitled,  
24 Application Assembly Instructions?

25 The point here is that it was not conspicuous,

1 and it could have been, and I think that's what Dr. Muñoz  
2 was trying to get at last year in this appeal process when  
3 he asked that this be addressed in the manner.

4           Finally -- and you're going to hear this from  
5 the Applicant -- we do want to point out that a  
6 termination of this application could result in the region  
7 being underserved, and according to the 2017 State of  
8 Texas Low Income Housing Plan and Annual Report,  
9 particularly with regard to Application 18106, the rural  
10 region of -- rural section of Region 4 has the highest  
11 share of number of persons living below 125 percent of the  
12 poverty line of any place in this state, and that is  
13 meaningful, and allowing this application to proceed could  
14 help address that concern.

15           So representatives of the Applicant are here to  
16 speak and answer your questions. Thank you.

17           MR. GOODWIN: Any questions for Cynthia? I see  
18 we have -- a number of people are going to speak. I  
19 assume -- well, hold on just a second. Do we have some --  
20 do we have anybody that's going to speak in favor of staff  
21 recommendation?

22           Why don't we do -- rotate? Why don't we  
23 take -- here's somebody who's spoken against staff's  
24 recommendation, and I would like to hear from someone who  
25 wants to speak in favor of staff's recommendation.

1 MS. ANDRE: Good morning. I'm Sarah Andre. I  
2 am in no way involved with this application, but I was  
3 involved in an application last year that had this exact  
4 same circumstance. And Cynthia, I adore you. I think  
5 you're the smartest person in tax credits and I love your  
6 argument, if it were here last year when indeed that rule  
7 had been inadvertently taken out of the manual.

8 And I don't know if it's in there this year. I  
9 don't honestly remember if it was in there last year. All  
10 I know is that the Applicants in this case are seasoned  
11 tax credit professionals. They know you need to submit  
12 the Excel, and while it is unfortunate that this happened,  
13 human error happens to us all.

14 People get kicked out every year because of  
15 human error and it's just a sad fact of life that must be  
16 accepted with grace and not with a special favor or  
17 dispensation from the Board. The fact that the region may  
18 or may not end up underserved is just a coincidence.

19 If these had been in Houston, Dallas, a region  
20 that was not going to be under-served by the lack of the  
21 application, these Applicants would still be here asking  
22 for this request. So I strongly urge you to uphold the  
23 staff's recommendation. Thank you.

24 MR. GOODWIN: Thank you. Did you sign in?

25 MS. ANDRE: No, sir.

1 MR. GOODWIN: Now, we'll take somebody that  
2 wants to speak against staff's recommendation.

3 MR. APPLEQUIST: Thank you. Chairman Goodwin  
4 and members of the Board, thank you for your time. My  
5 name's Chris Applequist. I'm with Generation Housing  
6 Development. I agree with everything Cynthia said,  
7 obviously, but I think there's some very key issues here  
8 at play that we'd like to address.

9 We have two applications, one in San Angelo,  
10 and we started working in that city in 2013, and submitted  
11 a pre-application there. Hallsville, 2015, same site --  
12 we started working there as well. And Cynthia had pointed  
13 out a very good point.

14 One of our applications is in Rural Region 4,  
15 which in 2017 the Low Income Housing Plan identified as  
16 the number one rural region with the highest poverty, and  
17 they called us a needs indicator. So then it's basically  
18 saying, this area and the rural regions, and all 13  
19 regions, has the highest need for affordable housing, and  
20 this year it is undersubscribed.

21 Right now, there's one application. With our  
22 termination, there's absolutely no way that all of the  
23 credits get disbursed to this area. They are at 43  
24 percent. And if -- that's even if that one can go  
25 through. As staff mentioned, there's still terminations

1 pending.

2           And it's pretty clear that in the housing plan  
3 that there is a priority in putting high-quality housing  
4 in areas of need. I mean, that's the goal and objective  
5 of what we're doing here. So I think that's very  
6 important. You know, on last year, when this brought  
7 up -- this same situation was brought up, all of the  
8 regions were fully subscribed, and staff pointed that out,  
9 because that was important, because that is a priority.

10           And now this year, we make the same case and  
11 it's not. Staff fights us on that point. I just think  
12 terminating these applications for these reasons makes  
13 absolutely no sense, and then if you look at what  
14 transpired last year -- you know, essentially, I have the  
15 notes and I was looking at the comments from Dr. Muñoz.

16           I think it was 12 applications that were  
17 terminated for this reason. They were all referencing a  
18 specific document. It was the Application Assembly  
19 Instructions, that a lot of developers -- we use that. We  
20 go to that specific document, you know, when we're putting  
21 these together, and we're waiting on, you know, letters  
22 from the state rep, which we got the same day.

23           I mean, we basically had the applications, and  
24 we were waiting to get some of these documents that were  
25 out of our control. But Dr. Muñoz said, at the end of the

1 terminations, to staff, is it going to have a sentence?  
2 He was talking about the Application Assembly  
3 Instructions.

4 Is it going to have a sentence to restore that  
5 statements about the Excel sheet. That's word for word  
6 what he said, to which staff -- actually, Dr. Muñoz  
7 continued -- for no other reason than to avoid 10 or 12 --  
8 basically -- terminations.

9 How do we avoid this issue? Let's put this  
10 back in. That's what he gave as a directive to staff.  
11 This needs to go back in. This is important. Let's avoid  
12 this issue again. To which staff referred -- they said,  
13 actually, it was a whole section that we took out.

14 They didn't give a -- really a reason why it  
15 was taken out, but said, but we certainly will put that  
16 back in. We certainly will put that back in. It wasn't  
17 put back in, and mistakes happen. We know that. We  
18 definitely know that.

19 But to get to the point of a termination, it  
20 just doesn't make sense. I mean, we've seen other  
21 applications terminated for, you know, removal of a  
22 partner that's not disclosed, for you know, having a felon  
23 that's involved in the ownership structure and not  
24 disclosing that, building next to, you know, a nuclear  
25 waste dump, or you know, something that would impact the

1 residents and the livability and really the safety.

2 I mean, that's when you should terminate an  
3 application. Something like this doesn't warrant a  
4 termination. It really doesn't, especially when you look  
5 at the fact that the 2017 report called this the number  
6 one -- Rural Region 4 -- called this the number one area  
7 of need, and then 2018, it got even worse.

8 That report that just came out in March -- it  
9 went from 18.3 percent to 18.5. So the poverty's getting  
10 worse. We've got a development that can help mitigate  
11 this issue, help solve this problem and an Excel sheet  
12 shouldn't keep up from being able to do that.

13 You know, realistically, when you look at  
14 what's material and what's administrative, it would be  
15 tedious if staff had to fill out an Excel sheet and we  
16 wouldn't want them to do that. I mean, we would just send  
17 it -- administrative deficiency -- we send it back in and  
18 you're done with it.

19 You know, this just really makes no sense. I  
20 don't think it meets the goals and objectives of what  
21 we're actually trying to do, to put high-quality housing  
22 where it's needed, and I think this -- these should just  
23 be -- really just reviewed.

24 I mean, we're not asking for an award today.  
25 Just please review them and give us a shot.



1 MR. GOODWIN: Any questions?

2 MS. THOMASON: I have a question.

3 MR. GOODWIN: Okay.

4 MS. THOMASON: So as a developer, you have  
5 submitted these applications in previous years as well?

6 MR. APPLEQUIST: So prior to this, I think what  
7 staff was referencing -- I worked with a group called  
8 Miller-Valentine. They're a large group based on Ohio,  
9 and we worked in basically 20 states. And so in terms of  
10 the actual application assembly, we weren't involved with  
11 that.

12 I wasn't involved with that. Generation  
13 Housing wasn't involved with that. We are a HUD partner.  
14 We -- you know, we're a small company. I mean, this is  
15 detrimental to us. We can't hire, you know, consultants  
16 for 75 and \$100,000.

17 We can't do that. You know, we work with  
18 Audrey and it's a strategic sort of -- you know, finding  
19 regions, finding sites. She was not involved in the  
20 application assembly. That is us.

21 MS. THOMASON: So someone --

22 MR. APPLEQUIST: But yeah, this is the first  
23 year that we've put it together, yeah, to answer your  
24 question. Yes.

25 MS. THOMASON: So what prompted submitting the

1 Excel files the day following the deadline?

2 MR. APPLEQUIST: We looked at it the next  
3 morning and sort of put together a group, reached out to  
4 Audrey, and you know, asked her, you know, are we missing  
5 some things? And she said, look, the Excel file should  
6 have been submitted.

7 MS. THOMASON: Okay.

8 MR. GOODWIN: Any other questions? Somebody  
9 else what to speak in favor of the staff's recommendation?

10 MS. ANDERSON: My name is Sarah Anderson, and I  
11 don't want to be up here speaking. I love both of these  
12 guys. I respect them. I'm really sorry that they're in  
13 this position. And I may even agree with their argument  
14 philosophically that -- should an application be  
15 terminated for this?

16 But that's not, I think, to be necessarily the  
17 discussion right now. That is what the rule says, and the  
18 rule is the rule. It's been the rule for as long as I can  
19 remember. We had a lot of people last year who had to  
20 live by the decision of this Board, which was the Excel  
21 sheet has to be put up.

22 I think that we can have the discussion for  
23 next year as to whether or not it's a terminate-able  
24 event, but at this point, that is the rule that we are  
25 working under. For us, I have no applications in these

1 regions, but it's really important to the rest of the  
2 development community that there be consistency in  
3 decision made by the Board.

4 I've been -- I've worked with a board where it  
5 changed depending on the time of day and whether or not  
6 someone needed a cigarette break, and decisions were all  
7 over the place, and the most important thing that we can  
8 ask of you is consistency in the rules and the way things  
9 are done.

10 And while it kills me that these deals messed  
11 up, and I don't want to be here, it -- we have to have  
12 some consistency, and so I ask that you uphold staff's  
13 decision, as difficult as it may be.

14 MR. GOODWIN: Any questions? Is there another  
15 speaker?

16 MR. ELSBREE: I'd like to make a quick  
17 clarification just based on something that was said. It  
18 was left out there whether the requirement of an Excel  
19 spreadsheet was in the application instructions or the  
20 manual.

21 Referenced was page 50 of that manual. On  
22 page 49 -- and this is in the supplemental materials at  
23 page 24 of 66 -- at the top of page, it says, "Do not  
24 submit a scanned copy of the Excel or PDF file" -- and  
25 that's in red and big letters -- and then it says, "The

1 application submitted should be the PDF file created from  
2 converting the Excel file into a traditional application.  
3 Documentation has been inserted, as well as the Excel  
4 file itself."

5 So that instruction is in there, as well as in  
6 10.201(1)(C) -- "The Applicant must timely upload a PDF  
7 copy and Excel copy of the complete application to the  
8 Department's secure web transfer server."

9 MS. BAST: And Mr. Eccles [sic], just in case  
10 there's a concern that I misspoke, what I was  
11 referencing --

12 MR. ELSBREE: There was -- certainly was not.

13 MS. BAST: Okay.

14 MR. ELSBREE: I hope that I didn't give that  
15 impression.

16 MS. BAST: Okay. I just wanted to make sure.  
17 What I was referencing was page 49 of the 2018 manual  
18 where it was in the section entitled, Instructions for  
19 Inserting Documents into the PDF, not in the section  
20 entitled, Assembly -- Application Assembly Instructions.

21 So that is the page I was referring to.

22 MR. ELSBREE: Indeed. It was --

23 MS. BAST: Okay.

24 MR. ELSBREE: -- the gentleman who spoke after  
25 you --

1 MS. BAST: Okay. Thank you.

2 MR. ELSBREE: -- who questioned --

3 MS. BAST: I just wanted to make sure that my  
4 record was clear.

5 MR. GOODWIN: Any other comments?

6 MR. IGLESIAS: Good morning, Board and Chair.  
7 My name is Adrian Iglesias, Generation Housing. I hate to  
8 be up here as well. We made a mistake. We were in the  
9 trenches. This was our first year to do a full  
10 application. As partners, we are a HUD company. We don't  
11 have the means to hire a consultant.

12 We were in the trenches. We compete with these  
13 developers' consultants throughout the three-month  
14 process. We just ask that you give us the consideration  
15 this year. We did rely on the manual. I mean, that's --  
16 we look at the manual for every single tab.

17 It has been there in prior years, and it wasn't  
18 there. It was PDF, third-party reports -- got uploaded.  
19 We uploaded at the last minute because we were getting  
20 information at the last minute --

21 MR. GOODWIN: Okay.

22 MR. IGLESIAS: -- and it would be really  
23 helpful if it was there. So thank you for your time.

24 MR. GOODWIN: I need for you sign in.

25 MR. IGLESIAS: Yes, I will.

1 MR. GOODWIN: Any questions? If not, I'll  
2 entertain a motion.

3 MS. BINGHAM ESCAREÑO: Mr. Chair, I move to  
4 accept staff's recommendation.

5 MR. GOODWIN: I have a motion. Do I have a  
6 second?

7 MS. THOMASON: Second.

8 MR. GOODWIN: There is a motion made to accept  
9 staff's recommendation to terminate these two  
10 applications. Any discussion?

11 MR. VASQUEZ: Mr. Chairman, before we take that  
12 vote, could I ask just for one more clarification. I want  
13 this from Marni or -- the difference -- or the options  
14 available to us for -- is it only to disqualify the  
15 application, or is there some -- we mentioned the  
16 administrative deficiency -- is there -- is it our  
17 discretion, or is there -- is it either all or none?

18 MS. HOLLOWAY: So in the past and referencing  
19 back to Sarah's comment about consistency -- in the past,  
20 things that are just missing from the application or from  
21 the application process have been considered to be  
22 material deficiencies that are not correctable.

23 Even last year when we were working through  
24 what's an administrative deficiency and what's a material  
25 deficiency, where it kind of landed was, if it's just not

1 there, that's material. You don't get the point or you  
2 don't meet the threshold.

3 MR. ELSBREE: As a slight clarification, and  
4 you're absolutely right, Marni. We are talking about  
5 material missing information and that's in the  
6 administrative deficiency process rule at 10.207 -- or I'm  
7 sorry -- 10.201(7).

8 And yes, if it's just missing -- that certainly  
9 covers missing -- the material aspect also depends on --  
10 is it directly provided for in the rules, for instance?  
11 Certainly, it's in the Board's understanding as to what it  
12 means, as to what is material.

13 Is it in the statute? Is it in our rules,  
14 specifically, as a requirement -- certainly bears on this  
15 materiality.

16 MR. GOODWIN: Other questions?

17 MR. BRADEN: I guess I'll just add one comment.  
18 I think the strongest argument that's presented is the  
19 consistency argument.

20 FEMALE VOICE: I do too.

21 MR. BRADEN: This Board faced a much harder  
22 decision in the past where a line was dropped. It wasn't  
23 put on the wrong page. It was dropped completely, and you  
24 came to the conclusion that you have to disqualify those  
25 applications.

1           And I do think the developer community must --  
2 probably does look for consistency, and if we want to  
3 change this on a going-forward basis, then we look into  
4 changing the rule and do it on a prospective basis, not  
5 administrative.

6           So I think that's the most persuasive argument  
7 from my perspective.

8           MR. GOODWIN: Okay.

9           MR. VASQUEZ: And again, not -- I'm just  
10 concerned. I tend to agree with the -- consistency is  
11 important, and I'm sure everyone here wants consistency.  
12 I just question whether the -- in this particular  
13 instance, because the information in the PDF is  
14 theoretically identical to the information in the  
15 spreadsheet, whether there's some ability to be  
16 understanding about -- well, we submitted the information,  
17 just not all the requested formats.

18           Now, if we discovered that there was a  
19 difference in the Excel spreadsheet after the fact  
20 compared to the original PDF, then I'd really be  
21 absolutely against it -- I'd be in favor of your  
22 recommendation.

23           I'm just kind of on the fence right now.

24           MR. GOODWIN: I would clarify one thing. I  
25 don't think it's theoretical; I believe it's absolute that



1 the PDF information is exactly --

2 MR. VASQUEZ: Go ahead.

3 MR. GOODWIN: The difference is you cannot  
4 manipulate and --

5 MR. VASQUEZ: Oh, sure.

6 MR. GOODWIN: -- the staff cannot do their job  
7 off of a PDF. We all face that every day in documentation  
8 we --

9 MR. VASQUEZ: Yeah.

10 MR. GOODWIN: -- receive in our business  
11 course.

12 MR. VASQUEZ: But as Marni's original statement  
13 set out, we haven't even reviewed all of the other  
14 applications to see if there's a blank file inside there.

15 MS. HOLLOWAY: No, we have not, because --

16 MR. VASQUEZ: Yeah.

17 MS. HOLLOWAY: -- we just --

18 MR. VASQUEZ: You haven't gotten to that point.

19 MS. HOLLOWAY: -- we just got there on March 1,  
20 so the question was, were there any others that were  
21 missing Excel files? No, we have not identified any.  
22 When we transferred over from the server, there were Excel  
23 files there or workbooks there.

24 We don't know if those workbooks, all of them  
25 at this point, actually have anything in them. We

1 actually had a couple last -- or at least one last year  
2 that -- we got the Excel workbook, but it was blank.

3 MR. VASQUEZ: I'm just saying, this mistake  
4 hasn't really slowed down the process, other us than  
5 spending time here --

6 MS. HOLLOWAY: No, no, not at this point, no.

7 MR. VASQUEZ: Yeah, okay. Well, that's a  
8 consideration.

9 MR. GOODWIN: Any other questions or comments?  
10 If not, we have a motion and a second on the floor to  
11 uphold staff's recommendation. All those in favor, say  
12 aye.

13 (A chorus of ayes.)

14 MR. GOODWIN: Opposed?

15 MR. VASQUEZ: No.

16 MR. GOODWIN: Okay. Thank you, Marni.

17 MALE VOICE: Was there an abstention?

18 MR. VASQUEZ: Well, actually, since you asked,  
19 yes, there was one abstention in that. I abstained.

20 MR. GOODWIN: Okay. Let the record that  
21 director Vasquez abstained that vote. 5(e), Marni?

22 MS. HOLLOWAY: 5(e) is presentation, discussion  
23 and possible action on an amendment to the 2018-1  
24 Multifamily Direct Loan Notice of Funding Availability.  
25 So the Board has previously approved this NOFA, which made

1 \$28,862,745 of combined HOME Program Income TCAP repayment  
2 and NSP-1 program income available for application.

3 Since then, the Department has executed the  
4 grant agreement for 2017 National Housing Trust Fund  
5 dollars, which will make available \$7,937,864. We've also  
6 received an additional \$1,169,554 in Home Program Income  
7 since the NOFA was first approved.

8 This amendment would add these funds to the  
9 NOFA, bringing the total available for 2018 to  
10 \$38,005,163. The 2018-1 NOFA established a priority for  
11 applications that proposed rehabilitation or  
12 reconstruction of properties damaged by Hurricane Harvey  
13 and related weather events in counties eligible for  
14 individual assistance from FEMA.

15 The priority expired on February 28. Staff is  
16 recommending a new priority -- the same priority from  
17 April 3 through June 29, so to the end of the NOFA. In  
18 conjunction with that extension, staff is recommending an  
19 increase to the maximum per-application request to  
20 \$3 million for Harvey-impacted applications proposing  
21 rehabilitation, and \$4 million for applications proposing  
22 reconstructions.

23 The National Housing Trust Fund will be  
24 available in the support of housing soft repayment  
25 set-aside and will be subject to a regional allocation

1 until April 27, at which point it will collapse. The HOME  
2 Program income will be available in the general set-aside.

3 Four applications requesting \$9,550,000 of  
4 direct loan funds were received prior to the 9 percent  
5 applications. Eleven of the 9 percent apps including a  
6 request for direct loan funds. Of course, we won't know  
7 until later in the process if they'll actually be using  
8 those dollars.

9 Staff is recommending that the proposed NOFA  
10 amendment adding the National Housing Trust Fund and HOME  
11 Program income, as described earlier, along with the  
12 extension of the Harvey Priority, be approved.

13 MR. GOODWIN: Any questions, comments?

14 MS. BINGHAM ESCAREÑO: Move to approve.

15 MR. GOODWIN: Move to approve. Second?

16 MS. THOMASON: Second.

17 MR. GOODWIN: Moved and seconded. All those in  
18 favor, say -- oh, do we have a comment?

19 MS. SYLVESTER: I just wanted to -- Megan,  
20 Legal Services. I apologize, Marni. I want to correct  
21 something that you said. The Priority is only scheduled  
22 to go through June. That isn't the end of the NOFA  
23 period. The NOFA actually --

24 MS. HOLLOWAY: The Priority.

25 MS. SYLVESTER: The Priority.

1 MR. GOODWIN: Okay.

2 MS. SYLVESTER: Sorry.

3 MR. GOODWIN: With that clarification, still  
4 moved and seconded. All those in favor, say aye.

5 (A chorus of ayes.)

6 MR. GOODWIN: Opposed?

7 (No response.)

8 MR. GOODWIN: And no abstentions. We have a  
9 pass.

10 Moving on to -- are we taking up 5(b), Marni,  
11 or is that being pulled?

12 MS. HOLLOWAY: It is not being pulled. If you  
13 would like to take that one now, we can. I've --

14 MR. GOODWIN: Okay.

15 MS. HOLLOWAY: -- received confirmation from  
16 staff to move forward --

17 MR. GOODWIN: Okay.

18 MS. HOLLOWAY: -- with this particular item.

19 This is 5(b), presentation, discussion and possible  
20 action regarding the issuance of multifamily housing  
21 revenue bonds for Springs Apartments, Series 2018,  
22 Resolution Number 18-016 and a determination of housing  
23 tax credits.

24 The Board has previously adopted Bond  
25 Resolution 18-009 on October 12 for this development. The

1 Applicant encountered delays in obtaining the HUD  
2 commitment, and could not close by the deadline associated  
3 with the previous Certificate of Reservation, and it was  
4 withdrawn.

5 A new reservation -- excuse me -- was issued on  
6 January 17 in the amount of \$20 million with a bond  
7 delivery deadline of June 16, and the HUD commitment was  
8 issued on March 8. Springs Apartments will be new  
9 construction of 221 units in Balch Springs. All of the  
10 units will be rent- and income-restricted to 60 percent of  
11 AMI serving the general population.

12 Based on the maximum loan amount identified in  
13 the HUD commitment and corresponding budget, staff  
14 reevaluated the application for feasibility and  
15 conditioned the award on a lower maximum HUD loan in order  
16 to achieve the Department's standard 1.15 debt coverage  
17 ratio minimum.

18 The underwriting report has also conditioned  
19 working capital and initial operating deficit line items  
20 in the HUD budget being provided through a letter of  
21 credit. The 4 percent credit recommendation remains the  
22 same from before.

23 Under the Uniform Multifamily Rules,  
24 applications that had public opposition but remained  
25 materially unchanged from the original Board approval must

1 be presented before the Board for consideration of the  
2 reissuance of the determination notice.

3 For this application, there was public  
4 opposition at the TEFRA hearing and testimony in  
5 opposition at the October 12 Board meeting. A copy of the  
6 hearing transcript is included in your materials, along  
7 with the public comment received.

8 Staff recommends approval of the issuance of up  
9 to \$20 million in tax-exempt multifamily housing revenue  
10 bonds and the issuance of a determination notice of  
11 \$1,314,707.

12 MR. GOODWIN: Any questions?

13 MR. BRADEN: Yes, just a technical question.  
14 So these are approved also under Chapter 1371, which means  
15 that these bonds will be rated. Correct?

16 MS. HOLLOWAY: I am not the person to answer  
17 that question. Theresa is not here anymore.

18 MR. GOODWIN: Tim, I saw you nodding your head.  
19 Can you answer that question?

20 MR. IRVINE: [indiscernible].

21 MR. BRADEN: No, I --

22 MR. GOODWIN: Oh.

23 MR. BRADEN: I'll let it go at that.

24 MS. HOLLOWAY: Okay.

25 MR. GOODWIN: Any other questions? If not,

1 I'll entertain a motion.

2 MR. BRADEN: Move to approve.

3 MR. GOODWIN: Move to approve. A second?

4 MR. VASQUEZ: Second.

5 MR. GOODWIN: Moved and seconded. Any other  
6 discussion? All those in favor, say aye.

7 (A chorus of ayes.)

8 MR. GOODWIN: Opposed?

9 (No response.)

10 MR. GOODWIN: Okay. The motion is passed. And  
11 move on to our last item, which is 5(f).

12 MS. HOLLOWAY: It is item 5(f). This is  
13 presentation, discussion and possible action on a request  
14 for waiver of rules for Brook Haven Supportive Housing.  
15 This is Application 17510. This item relates to an  
16 application for direct loan funds under the 2017-1 NOFA  
17 for the new construction of 30 single-family units known  
18 as Brook Haven Supportive Housing in the city of Rockdale.

19 The item before you relates only to the request  
20 for waiver. Any further action on the application will be  
21 brought to a later meeting. Direct loan is the only  
22 source of Department funding for the development, and the  
23 direct loan rule requires the owner to provide not less  
24 than 20 percent of the total housing development costs as  
25 equity, and that for new construction projects, the



1 as-complete appraisal must indicate a loan to value of not  
2 greater than 80 percent.

3 The Applicant has requested a waiver of these  
4 requirements and submitted documentation that asserts the  
5 equity requirement is being met through property tax  
6 exemption and the fact that no reimbursement for  
7 acquisition of the land is being requested.

8 An appraisal has been provided that indicates  
9 the land is currently valued at \$57,000, which is less  
10 than 2 percent of the total development cost. The value  
11 of a property tax exemption is considered in the  
12 calculation of expenses in an applicant's pro forma, where  
13 it can have considerable impact, but is not considered  
14 under sources and uses as a fund source for the  
15 development.

16 The appraisal indicates that the as-complete  
17 value with the projected restricted rents is 2.2 million,  
18 which puts our direct loan at 68.2 percent of value. The  
19 value with unrestricted rents is 4.4 million, which of  
20 course puts our direct loan at a much lower percentage of  
21 value.

22 The Board has previously approved similar  
23 requests, but in those cases the applicant evidenced more  
24 owner equity than in this instance. The Applicant asserts  
25 that good cause for granting the waiver request would be

1 to provide affordable housing in an economically  
2 disadvantaged area of the state, potentially helping the  
3 Department to meet its annual CHDO commitment,  
4 affirmatively furthering fair housing and fulfilling  
5 Section 504 of the Rehabilitation Act of 1973.

6 Finally, they state that because the proposed  
7 development is in an economically disadvantaged county  
8 recognized by the Texas Department of Transportation when  
9 accounting for local match for road improvements, similar  
10 treatment should be applied to this transaction when it  
11 comes to owner equity.

12 Because the only source remaining in the 2017-1  
13 NOFA fund source is TCAP repayment funds, the proposed  
14 development, if awarded, would not assist in meeting the  
15 Department's CHDO obligation. The Applicant has provided  
16 some additional materials that were posted to the Board  
17 book supplement.

18 These materials have not been fully evaluated  
19 as regards to this request because they were received  
20 after the date -- and we got them Friday afternoon, so we  
21 haven't had an opportunity to go through them or discuss  
22 them with the Applicant.

23 Staff believes that the Applicant could proceed  
24 with this waiver request to the owner equity requirement  
25 as a result of the as-completed, with restricted rents

1 appraisal, which shows a loan-to-value ratio of less than  
2 80 percent, that is concerned -- that so little owner  
3 equity is being provided at the outset.

4 Because of that concern, staff does not have a  
5 recommendation regarding approval or denial of the waiver  
6 request.

7 MR. GOODWIN: Okay.

8 MS. HOLLOWAY: I'd be happy to answer any  
9 questions.

10 MR. GOODWIN: Any questions?

11 MR. VASQUEZ: So help me understand. What is  
12 the Department's calculation of the LTB?

13 MS. HOLLOWAY: Sixty-eight?

14 MR. GOODWIN: Can I ask a question? But this  
15 project has not been through real estate analysis --

16 MS. HOLLOWAY: No.

17 MR. GOODWIN: -- of any variety?

18 MS. HOLLOWAY: It has not. The waiver request  
19 that you approved most recently in February was actually  
20 in conjunction with an award that sort of have been  
21 through the REA process. But this one has not at this  
22 point.

23 MR. GOODWIN: Okay. Any other questions?

24 MR. VASQUEZ: I'm sorry. I'm missing  
25 something. Okay. We're saying our calculation of the

1 loan-to-value is only 68 percent?

2 MS. HOLLOWAY: Uh-huh.

3 MR. BRADEN: Is that the Board's -- I mean, is  
4 that the agency's calculation, or is that just an analysis  
5 of an appraisal that was submitted?

6 MS. HOLLOWAY: That's just based on the  
7 information that we on the program side have received at  
8 this point, including that appraisal.

9 MR. GOODWIN: But it's not been through  
10 underwriting at this point?

11 MS. HOLLOWAY: No, it has not.

12 MR. GOODWIN: And there are two different rules  
13 here in play. Right? One is that the developer has to  
14 have 20 percent in equity, and then when it's finished, it  
15 cannot have a loan-to-value of any greater than  
16 80 percent --

17 MS. HOLLOWAY: Uh-huh.

18 MR. GOODWIN: -- and the waiver that, as I  
19 understand it, we're being asked for is that the developer  
20 doesn't have any cash to put up as equity in this  
21 particular instance?

22 MS. HOLLOWAY: Right.

23 MR. GOODWIN: They have paid for the land,  
24 which --

25 MS. HOLLOWAY: No, the land is being donated to

1 the --

2 MR. GOODWIN: The land is being donated to  
3 them, so the developer's put no money up and has no money  
4 to put up, and the land is the equivalent of 2 percent of  
5 the completed construction --

6 MS. HOLLOWAY: It's --

7 MR. GOODWIN: -- as it's been presented by the  
8 developer. Again, none of this has gone through  
9 underwriting, so we have no idea whether underwriting is  
10 going to come back and say something. And in the past,  
11 when we've approved this kind of waiver, we've done so  
12 with a full package.

13 MS. HOLLOWAY: Uh-huh.

14 MR. GOODWIN: Just so --

15 MS. HOLLOWAY: That is true.

16 MR. GOODWIN: -- the Board members would be  
17 aware of that. So okay. Any other questions for Marni?  
18 I see that we have somebody that wants to comment. So  
19 before you do, sir, I will entertain a motion to receive  
20 comments.

21 MS. BINGHAM ESCAREÑO: So moved.

22 MR. GOODWIN: We have a motion made. Second?

23 MS. THOMASON: Second.

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

1 (A chorus of ayes.)

2 MR. SIMS: Good morning.

3 MR. GOODWIN: Good morning.

4 MR. SIMS: Rick Sims. I'm glad we're talking  
5 about disaster. I -- certain things has happened with  
6 these disasters, and I'm glad Marni talked about how they  
7 want to reshuffle the money for rehab. One thing that has  
8 happened in Texas and Louisiana is that we learned that  
9 the language of the National Housing Trust Fund, it really  
10 mirrored -- it is a mirror of the language for community  
11 development disaster refunding, where the for-profits,  
12 they can do rehabs and disaster relief, but only new  
13 construction is with nonprofits.

14 And that's important, especially when we are  
15 talking equity, because it's hard for me to say HUD has a  
16 rule where I've gotten \$4.5 million in disaster relief for  
17 nonprofits to do new construction, and it is utilized with  
18 the same language as National Housing Trust Fund -- that  
19 the important thing is, you're going to have a different  
20 development cost and construction cost with a nonprofit  
21 that does a deal with new construction with seven units or  
22 less, compared to a for-profit that does that same  
23 development and they might have eight or more families on  
24 a lot, because HUD wants this, because there's no Davis-  
25 Bacon.

1           So there's no way in the world that you say --  
2     it's fair to say, well, we have to take out the SUTA, we  
3     have to take the property taxes, we got to take out the  
4     sales taxes, because the language of the National Housing  
5     Trust Fund and the language of the disaster relief is the  
6     construction cost.

7           So National Housing Trust Fund money is used to  
8     take out construction loans. Disaster relief is used to  
9     take out construction loans. So therefore, the nonprofit  
10    doesn't have that kind of exposure per se because you're  
11    getting -- they're treating me just like you treat the  
12    bootstrap program.

13           You know, bootstrap program, TDHCA,  
14    nonprofit -- you come in here and you can reserve up to  
15    450,000 and you can do these houses and you bring all this  
16    sweat equity. For you to say that a nonprofit that brings  
17    in property, tax-exempt, in an economic-disadvantaged  
18    area -- that you got to have, to make the deal work --  
19    they have the 100 percent tax exemption -- that also says,  
20    well, we can get the construction loan for half a million  
21    dollars based upon the scope of the work that HUD says.

22           The lender says, okay, fine, and then you give  
23    me -- National Housing Trust Fund says, well, that only  
24    pays off the construction loan. There is no way in the  
25    world that we have that much exposure on a deal at all,

1 and this is who's doing the new constructions in disaster.

2 So how are you to tell me that the 20 percent  
3 equity applies when I have to take out 25 percent, out of  
4 the construction costs, that anybody that does a project,  
5 where the boundaries of that development serves eight or  
6 more families has Davis-Bacon requirements?

7 And when we do a deal, in that same boundary,  
8 there is no Davis-Bacon requirement, and then you're  
9 saying, we're not building equity but I can't do a  
10 bootstrap without sweat equity. So to say that we're not  
11 bringing more equity to the table, that's not true.

12 Because we have to take -- we can't say, put  
13 the cost in for sales tax and keep the money. We can't.  
14 We're not the tax collectors. We're not the for-profit.  
15 We can't take the money for the property tax and keep the  
16 money. We can't.

17 We're only going by everything that we have to  
18 take out. And I have all -- I have \$3 million worth of  
19 commitments right in front of you that they are used as  
20 take-out commitments for the construction loan. So when  
21 you're dealing with rural and you're dealing with HAC, the  
22 Housing Assistance Council, the program only deals with  
23 these in stages.

24 Because one of the things that you're asking  
25 for me to do in support of housing -- saying, well, how do



1 you do 30 units, and then you give me my supportive  
2 housing units, and don't have no foreclose-able debt?  
3 Because we have to do it in that stage.

4 You pay that construction off with that Housing  
5 Trust Fund money, and then you go from there to the next  
6 stage, and you start building now and you start putting in  
7 debt. So I'm going to put 20 percent of the development  
8 with no debt, and then you actually provide 20 percent  
9 equity, and we're just doing it the way the new  
10 construction has been done with the same money in the same  
11 fashion, but we don't have -- we do not have Davis-Bacon  
12 requirements and we cannot put those costs that another  
13 30-unit project has in our development, because we have to  
14 take that out in the beginning -- more than 20 percent.

15 So there's the problem, that you have a form  
16 that only deals with the end, but it doesn't look at the  
17 process. So the process doesn't require that much equity,  
18 because that's not a HUD program dealing with a nonprofit,  
19 dealing with six units or less on a plot.

20 That's why you see -- there's 30 units.  
21 There's no way in the world we can say, we can do six  
22 units and deliver a certificate of occupancy and pay off  
23 the construction loan. Nobody that does a project with 20  
24 or more families, and that's what they're doing, can say  
25 that.

1           They have to go through the whole process. So  
2 that's not even the same program. It's not even making --  
3 I don't why the rule came and said that we have to have  
4 20 percent equity. We can't even put the same costs in  
5 the same type of project the way that the project is  
6 designed.

7           MR. GOODWIN: Any questions? Thank you, sir.  
8 I would recommend the possibility that we get this project  
9 through real estate analysis and then consider the project  
10 at a later date when we have all the information that we  
11 need. Anybody object to that?

12           Do I hear a motion to table it and have it  
13 underwritten through real estate analysis?

14           MS. BINGHAM ESCAREÑO: Move to table, pending  
15 underwriting.

16           MR. GOODWIN: Okay. Second?

17           MR. BRADEN: Second.

18           MR. GOODWIN: Any discussion or questions?

19           (No response.)

20           MR. GOODWIN: Hearing none, all those in favor,  
21 say aye.

22           (A chorus of ayes.)

23           MR. GOODWIN: Opposed?

24           (No response.)

25           MR. GOODWIN: Okay. Thank you, Marni.

1 MS. HOLLOWAY: Thank you.

2 MALE VOICE: Thank you.

3 FEMALE VOICE: Thank you.

4 MR. GOODWIN: That concludes our action items.

5 We're at that part of the agenda where we take public  
6 comment.

7 MALE VOICE: Thank you, Marni.

8 MR. GOODWIN: I remind you that we can't enter  
9 into discussions, but this is a possibility of bringing up  
10 items for future Board agendas.

11 MS. JOY HORAK-BROWN: Thank you.

12 MR. GOODWIN: Yes, ma'am.

13 MS. JOY HORAK-BROWN: Good morning. I'm Joy  
14 Horak-Brown, and I'm the CEO of New Hope Housing in  
15 Houston, Texas. We are the largest and leading provider  
16 of supportive housing in the state of Texas. We have  
17 right now 1,001 units to be exact, and most of those units  
18 have been funded through one funding stream or another by  
19 this Department.

20 I am here today to thank you for that. Those  
21 of you who are familiar with our housing know that it is  
22 internationally, nationally, statewide and locally  
23 recognized for excellence in development and in service.  
24 Most of our residents are at 30 percent AMI and below.

25 Think of living on an income of less than

1 \$10,000 a year, and just how far that would take you, and  
2 just what problems you would encounter in your life that  
3 you might need just a little bit of assistance in  
4 resolving.

5 I'm here to thank you today for a property that  
6 I'm going to show you a photo of in a moment. It opened  
7 three weeks ago. It is now 75 percent occupied, or as of  
8 the end of business today, it will be. Today, there are  
9 63 people who were displaced by Hurricane Harvey who are  
10 moving in.

11 Those individuals have been living in shelters  
12 or in temporary housing, much of that temporary housing  
13 operated by New Hope Housing for \$1 a month, at the  
14 request of the City of Houston, by the way, and they are  
15 now moving to this beautiful, permanent housing.

16 And this is an iPhone picture. Usually I bring  
17 glossy, wonderful colors, but this is what I have today,  
18 because we just opened. We are right on the light rail in  
19 the east end of Houston, very trendy-maker spaces, artist  
20 lofts for \$600,000, town homes, Compass BBVA, soccer  
21 stadium, and this was -- this is something that we really  
22 need to thank the staff for, as well as you, because Tom  
23 and Brent and Marni and Tim -- this wasn't easy to get  
24 along the finish line, because it's a gentrifying  
25 neighborhood.

1           So here we are, right on the light rail,  
2   175 SRO units, 4,000 square feet of retail space, and up  
3   top 7,500 square feet of Class A commercial office space,  
4   where New Hope Housing is moving what we fondly refer to  
5   as our global headquarters.

6           So we will be there and we will be excited to  
7   see you and you will be, I hope, very proud to see this  
8   building when you see it in all of its glory, rather than  
9   my iPhone picture, and to know the individuals that you  
10  have helped us serve, and most particularly, those who  
11  have been displaced by Hurricane Harvey.

12           We have a grand opening on April 5, one day  
13  after my birthday. It's a late birthday present for me --  
14  is the way I'm thinking of it -- from 3:00 to 4:30 in the  
15  afternoon. If you're in Houston, and you're available,  
16  we're at 3315 Harrisburg and we would love to see you  
17  there.

18           Thank you very much for what you've helped us  
19  do. We're most appreciative.

20           MR. GOODWIN: Thank you, and thanks for the  
21  great job that you and your organization did.

22           MS. JOY HORAK-BROWN: Thank you.

23           MR. GOODWIN: I know you're one of my wife's  
24  favorite charities.

25           MS. JOY HORAK-BROWN: Oh --

1 MR. GOODWIN: So --

2 MS. JOY HORAK-BROWN: -- now, that's very nice  
3 to know.

4 MR. GOODWIN: And I think it's an appropriate  
5 place to bring up the fact that the staff has done a  
6 wonderful job, and last year, on the front of our agenda,  
7 I've asked the staff to always place the number of  
8 households and the amount of funding that the agency has  
9 done.

10 And in 2017, we helped 686,000 households in  
11 the state of Texas, which is the equivalent of 9.2 percent  
12 of all of the households in the state of Texas, and we  
13 funded about \$1.9 billion in assistance. So --

14 MS. JOY HORAK-BROWN: Well, and it's never more  
15 important. The Houston before the storm had a shortage of  
16 180,000 units for people at 50 percent AMI and below. At  
17 Hurricane Harvey, we lost 6,000 single-family homes and  
18 more than 82,000 rental units.

19 So the impact that you're having today is felt  
20 more impactfully, more importantly and sustainably than  
21 prior. Thank you very much.

22 MR. GOODWIN: Thank you. Any other questions  
23 or comments? If not, I'll entertain a motion to adjourn.

24 MS. BAST: May I make a comment, sir?

25 MR. GOODWIN: Oh, sorry. You've never been that

1 slow to get to the podium.

2 MS. BAST: I'm sorry. Thank you for putting up  
3 with me one more time. There's something that I wanted to  
4 bring up. This is Cynthia Bast of Locke Lord.

5 MR. GOODWIN: You have to give us your name.

6 MS. BAST: Last month I was asked to speak on a  
7 panel at the National Housing and Rehabilitation  
8 Association's annual meeting, and the panel was year 30,  
9 being the year, of course, when by code, the -- all of the  
10 extended use requirements for affordable on our tax credit  
11 properties go away.

12 This was a first for me. I have probably been  
13 speaking on year 15 for about 15 years, year 15, of  
14 course, being the year when the compliance period ends.  
15 There's some sort of potential change of ownership,  
16 refinancing, restructuring, but those affordability  
17 restrictions are continuing.

18 And it makes sense that we hadn't really  
19 focused on year 30 much yet, because the program was  
20 developed in 1986, and so truly we are just now getting to  
21 year 30 with our properties nationally. I was on a panel  
22 with people from Boston, Philadelphia and Washington, D.C.

23 And since this was a new topic for me, I really  
24 had to dig in, and I had to look out and see what was  
25 happening nationally and then also think about what's

1 happening in my own state, and what I discovered is that  
2 there is a lot going on outside our borders.

3 For instance, in the state of California, they  
4 looked at all of their properties awarded from 1986, '87  
5 and '88, and did an analysis of -- are these properties  
6 still affordable? If so, why? Is it because they have  
7 ongoing restrictions from another program?

8 Is it because they are what we call, market-  
9 rate affordable, based on their location or their quality?

10 Have they been re-syndicated in the tax credit program,  
11 or have their restrictions totally fallen off? So we've  
12 lost some affordability there.

13 There's another state where they're using a  
14 matrix to look at preservation properties and thinking  
15 about things like gentrification, and basically  
16 prioritizing what they want to make sure that they are  
17 preserving in light of limited resources.

18 And when I look at our state, I think that we  
19 could use more in terms of data and policy on this  
20 particular topic. The preservation of these numerous,  
21 wonderful units that we have on the ground is vitally  
22 important.

23 And we have an at-risk set-aside, which has  
24 some benefit. This year it's undersubscribed,  
25 interestingly. But kind of de facto what's happening out



1 there is that our bond program is using -- being used for  
2 a lot of preservation.

3 And that's good, but at some point, again, if  
4 that becomes a limited resource, then we need to be able  
5 to make priorities on our preservation projects. So I  
6 just wanted to bring this up, because it was a revelatory  
7 experience for me to be part of this national discussion  
8 on year 30, and I hope that Texas will be looking at that,  
9 and be looking at its policy and portfolio, and thinking  
10 really hard about what we can do to make sure that these  
11 units stay affordable for long term.

12 And I'm happy to participate in those  
13 discussion. And thank you.

14 MR. GOODWIN: Thank you. Any other comments?

15 MR. LYTTLE: Mr. Chair --

16 MR. GOODWIN: Yes?

17 MR. LYTTLE: -- just a friendly reminder, today  
18 is class picture day. So as soon as we finish here, we --  
19 you all look so good today. We want to capture that and  
20 for eternity. So Amy will be coming up and leading you  
21 over to -- we'll do a very quick photo-taking session.

22 MR. GOODWIN: Okay.

23 MR. LYTTLE: Thank you.

24 MR. GOODWIN: Thank you.

25 MR. IRVINE: And another friendly reminder is

1 that although it will be very public, and I believe it's  
2 right out here on the south steps, we will no longer be in  
3 an open meeting, and therefore, the Texas Open Meetings  
4 Act is a very critical concern.

5 So please don't group and talk among  
6 yourselves.

7 MR. GOODWIN: Okay. Any other instructions for  
8 the third graders?

9 FEMALE VOICE: It's picture day, don't talk to  
10 your neighbors.

11 MR. GOODWIN: I'm going to entertain a motion  
12 to adjourn.

13 MS. BINGHAM ESCAREÑO: So moved.

14 MR. VASQUEZ: Second.

15 MR. GOODWIN: Moved and seconded. All in  
16 favor, say aye.

17 (A chorus of ayes.)

18 MR. GOODWIN: We're adjourned.

19 (Whereupon, at 10:26 a.m., the meeting was  
20 adjourned.)

C E R T I F I C A T E

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MEETING OF: TDHCA Board  
LOCATION: Austin, Texas  
DATE: March 22, 2018

I do hereby certify that the foregoing pages,  
numbers 1 through 115, inclusive, are the true, accurate,  
and complete transcript prepared from the verbal recording  
made by electronic recording by Nancy H. King before the  
Texas Department of Housing and Community Affairs.

DATE: March 26, 2018

/s/ Adrienne Evans-Stark  
(Transcriber)

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