

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

December 17, 2015
9:10 a.m.

BOARD MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair
LESLIE BINGHAM ESCAREÑO, Member
T. TOLBERT CHISUM, Member
TOM H. GANN, Member
J.B. GOODWIN, Member

TIMOTHY K. IRVINE, Executive Director

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c) Presentation, Discussion, and Possible Action regarding a Report to Board regarding the initiation of an administrative penalty contested case hearing concerning Oak Park Apartments (HTC 91056 / CMTS 965) and adoption of an Agreed Final Order	
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- g) Presentation, Discussion, and Possible Action on Awards for Program Year 2015 Community Services Block Grant Discretionary Funds Notice of Funding Availability I: Services to Native American; and Migrant and Seasonal Farmworker Populations

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- k) Presentation, Discussion, and Possible Action on an amendment to a HOME Homeowner Rehabilitation Assistance Household Commitment Contract issued under Reservation Agreement 2012-0800 for the reconstruction of a single family home by WREM Literacy Group, Inc. under the Disaster set-aside 1002069 13

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- l) Presentation, Discussion and Possible Action regarding Material Amendments to Housing Tax Credit Application and Land Use Restriction Agreement
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- m) Presentation, Discussion, and Possible Action to Approve Ownership Transfer

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- n) Presentation, Discussion, and Possible
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- p) Presentation, Discussion, and Possible
Action on proposed amendments to 10 TAC
Chapter 1, Subchapter A, General Policies
and Procedures §1.23 concerning State of
Texas Low Income Housing Plan and Annual
Report, and directing their publication
for public comment in the *Texas Register*
- q) Presentation, Discussion, and Possible
Action on the draft 2016 State of Texas
Low Income Housing Plan and Annual Report
to be published in the *Texas Register* for
public comment
- r) Presentation, Discussion, and Possible
Action on an order adopting amendments
to 10 TAC Chapter 5 Community Affairs
Programs, Subchapter A, General
Provisions §5.7 concerning Fidelity Bond
Requirements, and directing that it be
published in the *Texas Register*
- s) Presentation, Discussion, and Possible
Action on an order adopting the repeal
of 10 TAC Chapter 12, concerning the
Multifamily Housing Revenue Bond Rules,
and an order adopting the new 10 TAC
Chapter 12 concerning the Multifamily
Housing Revenue Bond Rules, and directing
its publication in the *Texas Register*

- t) Presentation, Discussion, and Possible Actions proposed: first, amendments to 10 TAC Chapter 10 Uniform Multifamily Rules, Subchapter F, Compliance Monitoring, §10.620 (concerning Monitoring for Non-Profit Participation or HUB Participation); second, the proposed repeal of §10.610 (concerning Tenant Selection Criteria) and §10.614 (concerning Utility Allowances); and, third, the proposed new §10.610 (concerning Written Policies and Procedures) and §10.614 (concerning Utility Allowances) and directing that these be published for public comment in the *Texas Register*

BOND FINANCE

- u) Presentation, Discussion, and Possible Action on Resolution 16-008 authorizing the form and substance of amendments to the Single Family Mortgage Revenue Bond Trust Indenture; authorizing the execution of the 62nd Supplemental Single Family Mortgage Revenue Bond Trust Indenture and other documents and instruments relating to the foregoing; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject
- v) Presentation, Discussion, and Possible Action on Resolution 16-009 authorizing the filing of one or more applications for reservation with the Texas Bond Review Board (the "BRB") with respect to qualified mortgage bonds

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, November 2015
- b) Report Regarding Reduced Contract Amounts resulting from the Voluntary Financial Commitment of Funds from Homeless Housing and Services Program ("HHSP") Subrecipients for Youth Count Texas!
- c) Report on the Site and Neighborhood review process for HOME funded multifamily developments

- d) Report on the Draft Computation of Housing Finance Division Total and Unencumbered Fund Balances and Transfers to the Housing Trust Fund

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homes that are located in areas subsequently designated as federal declared disaster areas, and Board authorization for staff to consider approving future extension requests for activities in federally declared disaster areas

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P R O C E E D I N G S

1
2 MR. OXER: Good morning, everyone. I'd like to
3 welcome everyone to the December 17 meeting of the Texas
4 Department of Housing and Community Affairs Governing
5 Board.

6 We begin with roll call. Ms. Bingham?

7 MS. BINGHAM ESCAREÑO: Here.

8 MR. OXER: Mr. Chisum?

9 MR. CHISUM: Here.

10 MR. OXER: Mr. Gann?

11 MR. GANN: Here.

12 MR. OXER: Mr. Goodwin?

13 MR. GOODWIN: Here.

14 MR. OXER: Dr. Muñoz?

15 DR. MUÑOZ: Present.

16 MR. OXER: And I am here. We've got a full
17 house today so we're in business.

18 Tim, lead us in the pledge.

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

21 MR. OXER: Okay. Michael, I believe you're
22 going to read the resolution.

23 MR. LYTTLE: Yes, sir.

24 This is a Board resolution reading as follows:

25 "Whereas, December 21, 2015, is National

1 Homeless Persons' Memorial Day, which annually falls on
2 the longest night of the year;

3 "Whereas, the purposes of the Texas Department
4 of Housing and Community Affairs include providing safe,
5 decent and affordable housing to individuals and families
6 of low, very low, and extremely low income and families of
7 moderate income; and serving as the lead agency for
8 addressing at the state level the problem of homelessness;

9 "Whereas, the Department thereby has a goal to
10 improve the living conditions of persons who are at-risk
11 of homelessness and persons experiencing homelessness;

12 "Whereas, it is the policy of the Department to
13 support equal, accessible housing opportunity through the
14 assistance provided by its poverty-alleviation and
15 homelessness prevention programs and services;

16 "Whereas, the Department applauds all those who
17 work in partnership with persons in poverty and persons
18 experiencing homelessness to provide housing and move
19 toward self-sufficiency;

20 "Whereas, the Department encourages Texans and
21 Texas communities to forge local partnerships that can
22 prevent and minimize homelessness and to provide housing
23 that allows persons at risk of homelessness or
24 experiencing homelessness to move towards self-
25 sufficiency; and

1 "Whereas, the Department encourages Texans
2 during the longest night of the year to honor and remember
3 individuals and families who face hardships, or have lost
4 their lives due to extreme conditions of living in places
5 not meant for human habitation, combined with the various
6 health conditions that may be attributed to loss of
7 housing;

8 "Now, therefore, it is hereby resolved, that in
9 the pursuit of the goals of providing safe, decent,
10 affordable housing and improving the living conditions of
11 persons who are at risk of homelessness and persons
12 experiencing homelessness, the Governing Board of the
13 Texas Department of Housing and Community Affairs does
14 hereby commemorate and recognize December 21, 2015 as
15 Homeless Persons' Memorial Day in Texas and encourages all
16 Texas individuals and organizations, public and private,
17 to join in this observance of National Homelessness
18 Persons' Memorial Day.

19 "Signed this Seventeenth Day of December 2015."

20 MR. OXER: And I should recognize that all
21 members of the Governing Board have signed that committing
22 to the resolution.

23 Is that sufficient, or do we need to have a
24 formal motion?

25 MR. IRVINE: It will get signed. We need to

1 adopt the resolution.

2 MR. OXER: All right. With respect to that
3 then, regarding the resolution read into the record just
4 now, are there any questions from the Board?

5 (No response.)

6 MR. OXER: Motion to consider?

7 MR. GANN: I so move.

8 MR. OXER: Motion by Mr. Gann to approve the
9 resolution read into the record. Those in favor?

10 (A chorus of ayes.)

11 MR. OXER: Those opposed?

12 (No response.)

13 MR. OXER: There are, of course, none.

14 Thank you, Michael.

15 All right. Let's get to work here. I would
16 point out that in the formal agenda that we have, it
17 suggests or shows the resolution recognizing December 15
18 when it was actually read in as December 21, so the formal
19 resolution will be the official record.

20 With respect to the consent agenda, I
21 understand we're going to pull item 1(I) and 1(k). You
22 folks down here want to speak n 1(k). Is that correct?
23 1(I)? Okay. Just making sure. I believe it's (k). Did
24 we get that right? And the reason I'm asking is we're
25 going to take that up on the formal action agenda, so you

1 don't have to worry about speaking to it on the consent
2 agenda. Is that clear to everybody?

3 We're pulling item 1(I) and 1(k) from the
4 consent agenda. Are there any questions from the Board?
5 In that case, we'll have a motion to consider.

6 MS. BINGHAM ESCAREÑO: Mr. Chair, I move to
7 approve the consent agenda, with the exception of items
8 1(I) and 1(k).

9 MR. OXER: Motion by Ms. Bingham to approve the
10 consent agenda as modified.

11 MR. CHISUM: Second.

12 MR. OXER: Second by Mr. Chisum. Are there any
13 questions? No public comment. Motion by Ms. Bingham,
14 second by Mr. Chisum to approve the consent agenda as
15 modified, pulling 1(I) and 1(k). Those in favor?

16 (A chorus of ayes.)

17 MR. OXER: And opposed?

18 (No response.)

19 MR. OXER: There are none.

20 Okay. Let's get to work. On item 1(I), Marni,
21 we're going to take that first?

22 MS. HOLLOWAY: Good morning, Chairman Oxer,
23 members of the Board. We are requesting that 1(I) not be
24 considered at the meeting today. We will be bringing it
25 back to you next month.

1 MR. OXER: Okay. So this is just for delay of
2 consideration.

3 MS. HOLLOWAY: Yes.

4 MR. OXER: Thank you for that.

5 With respect to 1(k), Jennifer, are we going to
6 do this one next?

7 MS. MOLINARI: Good morning, Chairman, Board
8 members. My name is Jennifer Molinari, HOME Program
9 director.

10 Item 1(k) is a staff recommendation related to
11 an amendment request by WREM Literacy Group related to a
12 home that is currently under construction and was not
13 completed by the end date of December 3, 2015. Because
14 the cumulative total of the extension requests related to
15 this household exceeds fifteen months and because of
16 language that was added in the last extension request that
17 also went before the Board for approval, Board authority
18 to grant the extension is necessary.

19 WREM has notified the Department that continued
20 heavy rains in the area have further delayed the
21 construction completion, and they have provided us
22 photographic evidence to this point. Staff is presenting
23 this request to the Board because we believe it is in the
24 best interest of the household and of the Department to
25 finish the house in compliance with the contract terms,

1 and additionally, this will ensure that the displaced
2 household will finally be able to return to their home.

3 If it's approved, staff would recommend that
4 the current contract be extended from December 3, 2015 to
5 March 3, 2016. And we also have public comment, I
6 believe, here with us today. So with that, I would be
7 happy to answer any questions that you have.

8 MR. OXER: So staff recommendation is to extend
9 this contract which I gather there's going to be some
10 comment to that effect as well.

11 MS. MOLINARI: Yes, sir.

12 MR. OXER: Okay. Any questions from the Board?
13 Dr. Muñoz.

14 DR. MUÑOZ: March 16 gets it finished?

15 MS. MOLINARI: Yes, it sure does.

16 MR. OXER: Walk in, finished, dried in, start
17 moving in, hanging the pictures and set the furniture.
18 Right?

19 MS. MOLINARI: We believe that it is, and we've
20 also got our administrator here and the construction
21 contractor who could speak to the specifics of that.

22 DR. MUÑOZ: It's already been extended once?

23 MS. MOLINARI: Yes, sir. It's actually already
24 been extended twice, once by staff and then once at the
25 September 3 Board meeting.

1 MR. OXER: And policy allows once to be
2 extended by staff and then it's special consideration by
3 the Board if we extend any more than that. Is that
4 correct?

5 MS. MOLINARI: Yes, sir.

6 DR. MUÑOZ: What happens if it's not finished
7 by March?

8 MS. MOLINARI: The administrator -- and I would
9 let her speak to that a little more -- has committed to
10 getting this house finished, regardless of any
11 circumstances or actions that the Board takes.

12 MR. OXER: Remind us again the location on
13 this.

14 MS. MOLINARI: I believe that this household is
15 in Ennis.

16 MR. OXER: Any other questions from the Board?

17 (No response.)

18 MR. OXER: Motion to consider on item 1(k)

19 DR. MUÑOZ: So moved.

20 MR. OXER: Motion by Dr. Muñoz to approve staff
21 recommendation on item 1(k). Do I hear a second?

22 MS. BINGHAM ESCAREÑO: I'll second.

23 MR. OXER: Second by Ms. Bingham.

24 We have a request for public comment. We'll
25 take you from this row, just walk back down the line here,

1 so anything you'd like to say on this, but I have to
2 suggest that we'll have questions about if you think you
3 can get this completed. The real question is: It looks
4 like you're going to get the extension, is there anything
5 you really want to say? Come up and put that on the
6 record.

7 (General laughter.)

8 MR. ALKEBULAN: Good morning. My name is
9 Cranston Alkebulan, and I'm with Avila [PHONETIC] State
10 Construction, we're the builder for the home there. And
11 again, we just want to stay thank you for the extension,
12 and it will be completed.

13 MR. OXER: Those storms that came through your
14 location, we just got a couple of nights ago, too, in
15 Houston, so there's been plenty of rain around there.

16 MR. ALKEBULAN: Absolutely. We've been blessed
17 with rain, we needed it.

18 MR. OXER: The good news is we've got plenty of
19 rain, the bad news is it all came in one spot at one time.

20 MR. ALKEBULAN: Yes, sir.

21 MR. OXER: Anything else for Mr. Cranston?

22 DR. MUÑOZ: What if it's not completed by
23 March?

24 MR. ALKEBULAN: If every single day we had to
25 take one brick or one piece of sheetrock, which are the

1 things that are lacking over there, by March, sir, it will
2 be done.

3 MR. OXER: Because March 16 we're going to have
4 somebody call you and figure out what's going on.

5 MR. ALKEBULAN: March 3, actually, just for
6 clarity, sir.

7 MR. OXER: Whatever the date was.

8 DR. MUÑOZ: That's on the record now.

9 MR. ALKEBULAN: Absolutely.

10 MR. CHISUM: I'm sorry. I've got two dates.

11 DR. MUÑOZ: March 3, 2016.

12 MR. OXER: That's why the sixteen got confused.

13 MR. CHISUM: Thank you.

14 MR. OXER: Any questions?

15 (No response.)

16 MR. OXER: Thank you. Just a quick reminder,
17 housekeeping, just the regulars here, come up to speak,
18 sign in, name and contact, so Nancy can identify you on
19 the record.

20 We welcome your comments, ladies, if you'd like
21 to make any other contribution, but it looks like this is
22 going in the direction you want it.

23 SPEAKER FROM AUDIENCE: I really wanted to take
24 a picture, and I was denied my civic right.

25 MR. OXER: Don't let it be said that you were

1 denied your civic rights here. We'll go down and make
2 that picture.

3 (General laughter.)

4 SPEAKER FROM AUDIENCE: Thank you very much.

5 MR. OXER: You're welcome.

6 All right. There's been a motion by Dr. Muñoz
7 with respect to item 1(k) -- formerly on the consent
8 agenda, now on the action agenda -- motion by Dr. Muñoz,
9 second by Ms. Bingham, to approve staff recommendation to
10 extend the contract date to March 3, 2016. Those in
11 favor?

12 (A chorus of ayes.)

13 MR. OXER: And opposed?

14 (No response.)

15 MR. OXER: There are none.

16 Merry Christmas, and keep working over the
17 holidays. I'm telling you, you don't want to wait.

18 MR. CHISUM: Don't miss that date.

19 MR. OXER: They're generous but demanding up
20 here, Cranston.

21 (General laughter.)

22 MR. OXER: Okay. I guess we're ready to go to
23 the action items. Is that correct?

24 Brooke, you've got some reports for us?

25 MS. BOSTON: I do.

1 MR. OXER: Good morning. Merry Christmas.

2 MS. BOSTON: Good morning. Brooke Boston. I
3 am one of our deputies.

4 The first item is actually on the Section 811
5 Program, and our Section 811 Program manager, Spencer
6 Duran, would have been here to present to you, but he had
7 a medical emergency. I'm actually thrilled to say he's
8 fine but still not back. Recently over the last few
9 months you've taken significant actions relating to 811,
10 you put it in the QAP for the 2016 QAP, before that you
11 had put it in the 2015 QAP for the first time.

12 As you may recall, the 811 Program provides
13 project-based rental assistance to extremely low income
14 persons with disabilities as they receive long-term
15 services, and we put the points into the QAP to
16 incentivize the ability to have properties in Texas who
17 would actually participate and provide those units for us.

18 Without that carrot, we weren't sure that we would get
19 that participation.

20 So I actually wanted to kind of update you a
21 little bit to see if that had been successful, and it was
22 resoundingly successful, we got exactly what we wanted:
23 it had the desired effect of prompting the participation.

24 We generated an initial pool of eighteen properties which
25 will be 192 units. Every one of the applications that

1 received a tax credit that was in an eligible MSA did
2 participate in the 811 Program except one, essentially
3 meaning that basically you had to have participated to get
4 your award, so it had the intended effect.

5 Of the eighteen properties, seven are for
6 existing properties which is what we were kind of hoping
7 for because that means we can actually get a tenant in the
8 units in early 2016 because the properties are already up
9 and built. And then the remaining properties, eleven of
10 those are for new construction and so those units will be
11 brought on, of course, when those properties are done in
12 about two years, and then we'll have those 811 units.

13 In tandem with that -- which is great, and then
14 you guys kept it in the 2016 QAP and made some
15 adjustments, which is wonderful, so we're excited to see
16 that go into the next year -- we also wanted to try and
17 expand the pool of other properties that are existing
18 properties to see if we could get units participating so
19 we could get people in sooner than that two-year
20 construction build-out period, and so we also just
21 recently released a request for applications, so that's
22 kind of just going to be effectively like an open NOFA or
23 open period, so any property that can come in and meet our
24 qualifications, we can get them set up with tenants
25 quickly.

1 So there's a lot going on with 811, as you can
2 imagine. Now that the properties are finally coming
3 online, we've got just a lot of contractual stuff going
4 on, but we anticipate having our first tenants in probably
5 in the first couple of months of 2016, so we'll report
6 back on that when we have our first tenants.

7 MR. OXER: I think things are headed in the
8 right direction at speed.

9 MS. BOSTON: Yes. The program staff is doing
10 an excellent job.

11 MR. OXER: Under your direction, I'm confident
12 that that's true.

13 Any questions from the Board?

14 (No response.)

15 MR. OXER: Thanks, Brooke.

16 MS. BOSTON: Sure. And actually the next item
17 I think is me.

18 So the next item, as you know, I periodically
19 get up and talk to you guys about some of the excellent
20 things happening in the Department. I didn't want to miss
21 that chance in December. I'm so grateful for everybody at
22 the Department. And I just wanted to remind you, I know
23 you get a ton of exposure to all the great things going on
24 in some of our bigger areas that have ongoing Board agenda
25 items, so I wanted to draw attention a little bit to some

1 of the things you see less of.

2 So this time I just kind of wanted to focus a
3 little bit on numbers. You may recall over the last year
4 there have been several organizational changes which
5 included, among other things, that our loan servicing and
6 single family asset management functions moved under
7 Homero Cabello, who had historically only been over our
8 Office of Colonia Initiatives and Trust Fund, so we moved
9 those two activities to him. Also, when Marni abandoned
10 us for multifamily, we moved NSP, Neighborhood
11 Stabilization Program, under Homero as well. So all of
12 those areas combined now under Homero are jointly called
13 the Single Family Operations Division.

14 And since the creation and merger of that area
15 being able to kind of streamline the staff and kind of
16 play off of their strengths, one of their first
17 initiatives was they took a really big push on delinquent
18 loans, and we're thrilled to report that the single family
19 delinquency loans went from 18 percent to 11 percent in
20 five months, just through pure cold calling, working with
21 every single person. So every single delinquent borrower
22 right now is in some type of repayment plan with us, and
23 the goal that Homero and his team have set for themselves
24 is to reduce delinquencies by 5 percent by the end of next
25 year, which we think is doable. So that's amazing and

1 exciting.

2 DR. MUÑOZ: From eighteen to five?

3 MS. BOSTON: Eighteen down to eleven in the
4 last five months, and then we think by next year.

5 DR. MUÑOZ: From eighteen to five?

6 MS. BOSTON: Yes.

7 MR. OXER: Do we have any comments from our
8 resident real estate and banking division over here on the
9 left?

10 MR. GOODWIN: Good job.

11 MS. BOSTON: And I'm sorry that Homero is
12 actually not here today.

13 MR. OXER: You guys listening at home out
14 there, tell Homero good job. Okay?

15 MS. BOSTON: And probably the greatest benefit
16 of that is not only bringing those households into
17 compliance, but when all of those delinquencies start
18 coming in, we're now bringing more money back into those
19 two programs which is Trust Fund and HOME.

20 MR. OXER: To be rolled over and used again.

21 MS. BOSTON: Right. So we're recycling and
22 getting more program income to spend than we had been able
23 to anticipate, which is awesome.

24 Similarly, on the NSP front, again, because of
25 just getting the leverage of the staff, we've been able to

1 close thirty loans since that merger, or thirty loans that
2 will be closed by the end of the year. So I would say all
3 of those are attributed in no small part to kind of
4 leveraging the size of the team and cross-training and the
5 willingness and excitement for the staff. They have all
6 been really enthused about getting to learn each other's
7 stuff, which is what we had kind of hoped.

8 The other numbers I wanted to brag to you about
9 are our My First Texas Home Program, which is our first
10 time homebuyer program. You hear a lot from Monica on the
11 bond side of kind of getting the money for the program,
12 and I just wanted to share this is like a huge conduit of
13 activity that we share very literally with you in terms of
14 true production of what we do. So in September and
15 October of this year we've seen some unprecedented
16 activity. In September we originated 135 loans totaling
17 \$18.7 million, and then followed that in October with 156
18 loans totaling \$21.7 million. Those were the highest
19 numbers we've had for that activity since July of '14.

20 Separately, for our MCC program, which is our
21 Mortgage Credit Certificate Program, we similarly issued
22 an unprecedented number of certificates in those two
23 months. On September we issued 189 certificates, and this
24 is ones that aren't layered with a loan, totaling \$30.7
25 million, and in October we did 143 at \$23.3 million. And

1 then we also have ones that we call combos which are where
2 they both get a loan as well as the MCC certificate, and
3 in those months we also did 62 of those in September for
4 \$8.7 million, and 56 of those in October for \$7.2 million.

5 And all of those are high above what our normal
6 kind of average rate would be for those months, so amazing
7 kudos to Cathy Gutierrez and her team, and then, of
8 course, Monica and her team because it's kind of all in
9 tandem that they make all that happen.

10 With all that said, it would be easy for me to
11 go on and on about all the other great back office stuff
12 that happens, but I just want to say wonderful kudos to
13 our staff and all the hard work that they do.

14 MR. OXER: Sounds like the machine is working
15 and it's well oiled and it's sort of making progress.

16 One of the things that everybody will probably
17 recognize in this, the big programs that are contentious
18 and turbulent, like the Tax Credit Program, get a lot of
19 attention because they're in a constant state of flux when
20 we're evaluating, processing, creating, QAP-ing, all that
21 kind of stuff, quirk killing. But one of the things about
22 the back office programs, once they get in place and
23 rolling, then they can accelerate and get well beyond what
24 we were worried about at the time and we just don't hear
25 about it.

1 Do a quick summary here, Brooke. That was for
2 all those things over a fixed period. What was that
3 period and what was the total on it?

4 MS. BOSTON: It was just over the two months,
5 so for all those loans that I was talking about, it was
6 just over two months. And you know, it's funny, I thought
7 I should add these together, and I didn't. So that's
8 almost \$300- in September-October for the loans and then
9 closer to \$400- for the MCCs.

10 MR. OXER: So that's \$700- total?

11 MS. BOSTON: Plus the combos, so another \$150-
12 so \$850-. Very bad rounding, probably.

13 MR. OXER: Bobby Wilkinson, you're out there?
14 There he is. I meant to say hi to you, appreciate you
15 coming by. Pass the word, would you? The gang is working
16 here, doing a great job of it, and we appreciate the
17 effort that they make. So thanks, Brooke, very much, and
18 congrats to the staff.

19 MR. IRVINE: Can I?

20 MR. OXER: Tim, please.

21 MR. IRVINE: I just want to layer on a couple
22 of comments about that. You mentioned turbulence. This
23 is not just a smooth push-it, push-it, push-it product,
24 this is a product that is constantly, intricately refined,
25 and our staff works really hard in connection with our

1 bond finance folks and our FAs and everybody to put
2 together the product that day by day is the best product
3 for Texans.

4 I also want to say that we are a business
5 development entity. We're in the economic development
6 article of the General Appropriations Act for a reason.
7 We are a big part of the engine for new home construction
8 in Texas, and that's largely fueled by this program, and
9 very proud of it.

10 MR. OXER: When I had the opportunity to
11 testify before the legislature with respect to the Sunset
12 provision for TDHCA, one of the ways that I characterized
13 the agency and its efforts was that TDHCA is a state-owned
14 workforce, housing development, finance bank with grant
15 windows for energy assistance, weatherization, and
16 community development and stabilization. So the very fact
17 that we seem to be operating as a bank with that much
18 success is more than a little bit satisfying to me that
19 we're actually doing what we said we would do and doing it
20 well.

21 So I congratulate all of the staff, and I think
22 on behalf of the rest of the Board I'd say we all up here
23 appreciate all that you do out there.

24 Anything else from the Board? Any other
25 questions?

1 (No response.)

2 MR. OXER: Good.

3 On item 3(c), Elizabeth, did you have some
4 report item?

5 MS. YEVICH: Good morning, and happy holidays.

6 And I will go on and on to continue on with Brooke's good
7 news here. I am Elizabeth Yevich, the director of the
8 Housing Resource Center, and I'm here for report item 3(c)
9 which is regarding the progress of the *Youth Count Texas!*

10 During the last legislative session, two
11 somewhat similar bills were passed and both directed TDHCA
12 to conduct a study, both involved looking into the
13 homeless population, and both landed in my division,
14 Housing Resource Center, known as HRC, to coordinate. And
15 what I'm here to report on today is House Bill 679,
16 authored by Representative Sylvester Turner, and this bill
17 requires TDHCA, in conjunction with the Texas Interagency
18 Council for the Homeless, known as the TICH, to conduct a
19 study on homeless youth.

20 A report on the study is due to the Texas
21 Legislature no later than December 1, 2016, and the
22 Housing Resource Center is working with someone most all
23 of you know and are familiar with, Naomi Trejo, with
24 TDHCA, who has moved from the Housing Resource Center to a
25 newly created position called the Coordinator for

1 Homelessness Programs and Policy.

2 Now, this bill requires a physical count of
3 youth experiencing homelessness in Texas. Currently, HUD
4 requires what is known as a point in time, or a PIT count,
5 and that is an annual count of persons experiencing
6 homelessness, and the HUD guidance says these must be
7 conducted within the last ten days of January and that
8 they must be in alignment with what is known as the
9 Continuum of Care, or the COCs, governance charter. So to
10 satisfy the count of youth experiencing homelessness
11 required by this legislation, we have initiated what is
12 called *Youth Count Texas!*, and that is for a statewide
13 count, so this is a very intensive count and it's a needs
14 assessment of Texas homeless and unstably housed youth.
15 The youth count is anticipated to be held in conjunction
16 with the point in time, or the PIT count.

17 This extensive study is being conducted in
18 three phases. The first phase was the survey tool
19 development. We completed that last summer, we held it in
20 July and August, and we contracted with the Texas Network
21 of Youth Services -- they are known as TNOYS -- and they
22 gathered input and developed the surveys that are going to
23 be used.

24 Phase II is what we are currently in and that
25 is the survey implementer, our implementation phase,

1 and this phase began several months ago in September and
2 it's scheduled through March 2016, and we have again
3 contracted with TNOYS to create training for the survey
4 implementation, to provide technical assistance for the
5 COCs, and provide data collection methodology in the
6 system and to deliver reports on the implementation.

7 Now, Phase III will be the final phase, the
8 data analysis. It's expected to start later on this
9 spring and that data from Phase II, along with the data
10 collected from other Texas state agencies, will be
11 analyzed to examine the number and needs of the homeless
12 youth and the degree to which the current programs are
13 meeting these needs, identify sources of funding that
14 might be available to provide services to homeless youth,
15 and to develop a strategic plan establishing steps to be
16 taken and timelines for reducing youth homelessness in the
17 state.

18 So to further elaborate, with me here this
19 morning is April Ferrino. She's a policy analyst with
20 TNOYS. April.

21 MS. FERRINO: Good morning. My name is April
22 Ferrino. I am a policy analyst with Texas Network of
23 Youth Services, also known as TNOYS, as you heard.

24 TNOYS is a nonprofit organization that
25 represents youth service providers, and we provide

1 training and technical assistance to these providers and
2 the community at large. We also advocate for young people
3 to have access to resources and support and opportunities
4 that they can lead fulfilling and healthy lives.

5 So as Elizabeth mentioned, we are the
6 coordinators for youth count activities, and once we were
7 awarded the contract, we formed collaborations with
8 several organizations, and these include the Continuum of
9 Care organizations, Texas Homeless Network, the University
10 of Texas, and the Texas Homeless Education Office.

11 So to conduct the youth count, as Elizabeth
12 mentioned, one survey was developed, two versions of it.
13 We just finished in November developing an electronic
14 toolkit which is accessible via our website to all
15 potential organizations who would want to participate in
16 *Youth Count Texas!* And in that electronic toolkit it
17 includes count planning, community outreach and
18 partnership information, how to do the surveys and how to
19 go about counting youth, as well as how to train
20 volunteers and to debrief the volunteers after the count
21 is conducted.

22 Thus far, we're also liaising with the
23 Continuum of Care organizations through weekly webinars,
24 and during these webinars the attendees are learning about
25 the resources that we provided in the toolkit in a more

1 in-depth basis.

2 And lastly, as Elizabeth mentioned, the
3 organization and data collection will be handled by a
4 researcher at the University of Texas, Dr. Cynthia
5 Osborne, and that data collection will begin to occur in
6 February and March, and it will be submitted to TDHCA for
7 the analysis of the data to be conducted in the third
8 phase.

9 I'll be happy to answer any questions you may
10 have.

11 MR. OXER: Good. Any questions from the Board?
12 I have a question. And this is an extension of a federal
13 program?

14 MS. FERRINO: No. *Youth Count Texas!* was the
15 result of House Bill 679 that was passed in the 84th
16 Session.

17 MR. OXER: Okay. So it's a Texas program.
18 What I was aiming at was to see how this compares to other
19 states, if you know anything about that, just as a point
20 of curiosity.

21 MS. FERRINO: I can't say with complete
22 certainty, but I know it is rare that other states have
23 conducted a full count of homeless youth, and I know Texas
24 will be looked at for us undertaking this effort and I
25 think the process evaluation that is part of the

1 deliverable of this contract will provide a lot of light
2 on how the process went, what lessons were learned, both
3 locally and at the state level, so that if this effort is
4 replicated in future years, it can built upon, as well as
5 other states and other even large counties, such as Cook
6 County/Los Angeles, could learn from these efforts.

7 MR. GOODWIN: I have a question.

8 MR. OXER: J.B.

9 MR. GOODWIN: What type of information other
10 than just a gross count, how are you breaking the
11 categories down? Are you breaking down children between
12 zero and five, children between five and fifteen?

13 MS. FERRINO: Sure. So on the survey we ask
14 for their age or date of birth, whichever they're able to
15 provide, so as I understand your question, I think that
16 information will be conducted in the analysis part of the
17 project which is the third phase which hasn't actually
18 occurred yet. But just generally speaking, in youth
19 homeless populations, providers generally think of youth
20 17 and under, and then those 18 to 24 in terms of really
21 two distinct populations in terms of their needs and their
22 homelessness situation.

23 MR. GOODWIN: Are you also gathering
24 information on cause of homelessness?

25 MS. FERRINO: Yes. That is listed on the

1 survey for the youth to indicate why they're homeless.

2 MR. GOODWIN: And if you don't mind me asking,
3 what's the cost of this program to count?

4 MS. FERRINO: I'd defer to TDHCA for the exact
5 budget figure.

6 MR. GOODWIN: I recognize we're doing it under
7 the House bill, but I'd just like to know what is the
8 State of Texas spending.

9 MS. YEVICH: Elizabeth Yevich, Housing Resource
10 Center.

11 I believe in the legislation that we had
12 indicated for this study it was \$200,000.

13 MS. BINGHAM ESCAREÑO: I have a question. Is
14 there a definition for unstably housed?

15 MS. FERRINO: I would say there are several
16 definitions of unstably housed.

17 MS. BINGHAM ESCAREÑO: Would any of them
18 include migrant families, children of migrant families,
19 any other like regularly transient?

20 MS. TREJO: Good morning. My name is Naomi
21 Trejo. I'm a coordinator for homelessness programs and
22 policy.

23 And regarding your question about migrant
24 families, migrant families are included in House Bill 679
25 if they meet certain criteria also listed in House Bill

1 679, and we are working with the Texas Education Agency to
2 determine which ones will be counted in Phase III.

3 MR. OXER: And while we appreciate that you're
4 looking at the housing status for the youth that are out
5 there, which is something principally that we address, how
6 is this information shared? In addition to the education
7 aspect of it, how is this information made available and
8 shared with the other agencies in the state?

9 MS. TREJO: We're working very closely with the
10 other agencies and specifically Texas Education Agency,
11 Texas Homeless Education Office and Department of Family
12 Protective Services. I'm in communication with them at
13 least monthly to determine what data they already have
14 that we can use in Phase III. And then we have also part
15 of the Texas Interagency Council for the Homeless, many of
16 those state agencies are also members of that council and
17 a special work group was created for that council for
18 youth homelessness. They were involved in Phase I which
19 was the development of the survey, they're being involved
20 in Phase II, and they will also be involved in Phase III.

21 MR. OXER: So we have a survey that TDHCA will
22 handle, we'll take into account certain data needs that
23 they will perhaps need and we'll add that to the survey to
24 benefit them as well. Right?

25 MS. TREJO: That's correct.

1 MR. OXER: Good. Thanks, Naomi.

2 Anything else?

3 MS. BINGHAM ESCAREÑO: No. Thank you.

4 MR. OXER: J.B. anything else?

5 MR. GOODWIN: No.

6 MR. OXER: Okay. Elizabeth, anything else?

7 Great job. You know, kids are our future, a stable home,
8 whatever it is, however it's defined as stable, is the
9 foundation for building stability in that community.

10 MR. LYTTLE: Mr. Chairman, I just want to
11 clarify something, if I may, for Mr. Goodwin.

12 MR. OXER: Yes.

13 MR. LYTTLE: The cost of the study is covered
14 by every biennium the legislature appropriates \$240,000 to
15 TDHCA for educational research and studies on affordable
16 housing, so the cost of that legislation was encompassed
17 by those funds. That's what we're using to pay for it.

18 MR. OXER: So we basically get money every
19 legislative session to do some sort of educational or
20 academic investigation.

21 MR. LYTTLE: That's correct.

22 MR. OXER: And that's what we used it for this
23 time.

24 MR. LYTTLE: Yes, sir.

25 MR. OXER: Is that good, J.B.? Okay.

1 That seems to complete the report items.

2 MS. SYLVESTER: Just a quick correction. Megan
3 Sylvester. Clarification. There's a small amount of the
4 money that's being paid for, as reflected in the Board
5 writeup, through the HHSP program.

6 MR. OXER: Okay. We are sticklers for detail
7 around here. That's okay.

8 MR. DeYOUNG: If you want detail, Megan is your
9 detail person.

10 MR. OXER: I got it, I got it.

11 MR. DeYOUNG: Michael DeYoung, Community
12 Affairs Division director.

13 Item 4 on your agenda addresses the award of a
14 new are of services for the CSBG and CEAP services for a
15 seven-county area northeast of the Dallas-Fort Worth area.

16 A while back in the summer, the agency formerly
17 known as NETO, Northeast Texas Opportunities, voluntarily
18 relinquished both programs back to TDHCA. We came to you
19 for authorization to release an RFA to get applicants for
20 the new service provider in the area. We released the RFA
21 and we got four applications back. Those applications
22 were scored. The applicants included two councils of
23 governments and two nonprofits.

24 The way the CSBG Act is drafted, it is fairly
25 detailed as to how we go about awarding these areas of

1 coverage, and the two councils of governments, Texoma
2 Council of Governments and ArkTex Council of Governments,
3 were the two highest scoring respondents to the RFA but
4 they are both political subdivisions of the state, and as
5 such, the CSBG Act requires that we give priority to a
6 private nonprofit if there's one in the area who is
7 already a recipient of the CSBG funds. And we did have
8 one applicant that was adjacent to the area, they serve
9 the Texarkana area and Linden and a couple of other
10 communities, that is Community Services of Northeast
11 Texas, they're a private nonprofit, and they went through
12 all the previous participation review, they got a
13 favorable recommendation out of the EARAC committee, and
14 we are presenting them for a final permanent award of the
15 CEAP and CSBG programs.

16 CSBG, again, you'll recall, is the case
17 management and kind of an umbrella grant for these
18 organizations, and then the CEAP program is the utility
19 assistance.

20 Our interest is getting these contracts in
21 place as quickly as possible so that the new provider can
22 reach out, expand his current office to include these new
23 seven counties, which is about doubling of his service
24 area. There will be a lot of work training and bringing
25 his new staff on board and getting them up to speed on all

1 the rules and regulations, but we hope to be providing
2 services in the area as quickly as possible, looks like
3 probably a February 1 start date for new services,
4 provided all the training works out and he can get all the
5 people in place.

6 I had a conversation with him today -- or
7 yesterday -- I apologize -- and he's excited about getting
8 started as quickly as possible. So we'll merge the
9 contracts and on January 1, he'll have the funds and his
10 contract ready to go.

11 MR. OXER: Any questions from the Board? So
12 we're essentially, even though NETO abandoned this -- not
13 abandoned -- relinquished this contract, there's still
14 going to be no gap in services? Or was there a small gap
15 that we're sort of patching over right now?

16 MR. DeYOUNG: I would say there was a gap in
17 services. We were able to make payments through Texoma
18 Council of Governments, we had a temporary contract with
19 them. Probably there were some individuals who probably
20 struggled to find another provider during that time. They
21 could reach out to Texoma and get services, but if they
22 didn't get the link, there may have been a drop in
23 services for one or two individuals. If anybody was
24 enrolled in the program, we took care of them throughout
25 the end of the year through Texoma Council of Governments.

1 And we'd like to say on the record that we
2 appreciate Texoma Council of Governments stepping in to
3 fill a void. At the drop of a hat, they were in the area
4 within a matter of days, making the payments and trying to
5 find any clients that needed assistance. There may have
6 been some individuals who didn't get assistance during
7 that time, but if they were already enrolled, they were
8 taken care of well by Texoma Council of Governments

9 MR. OXER: But we were meticulous in paying
10 attention to the detail of being able to pursue this,
11 perpetuate this program as best as possible transition to
12 a new provider so that we didn't lose anybody in the net.

13 MR. DeYOUNG: Correct. And then what will be
14 happen is there's a process where we will formally get all
15 the records for anybody who was served either by Northeast
16 Texas Opportunities, NETO, the former provider, Texoma,
17 the temporary provider, and we'll try and get everybody
18 who was enrolled in the program in the past or currently
19 in this year in their records so they can reach out to
20 them and say we are now the new provider in the area, and
21 CSNT will roll forward as the permanent provider.

22 MR. OXER: And that includes, in addition to
23 all the social networking and digital outreach, active
24 knocking on doors for those people who wouldn't
25 necessarily have that.

1 MR. DeYOUNG: Yes. In fact, we'll coordinate
2 with Michael's staff to put out some public notices to let
3 the public know throughout the papers that there is a new
4 provider and what contact numbers they should be calling,
5 get the website out there for them. Our records will all
6 reflect this on January 1. And one of the things that
7 goes on in our office, we receive a lot of calls just on
8 our 1-800 line, we'll be referring them over to CSNT.
9 They'll also have another array of services that CSNT
10 provide, they do meals, elderly meals, rural meals. So
11 this is a good solution for the population of these seven
12 counties. They'll get all the services they were getting
13 from NETO, and quite possibly some more.

14 MR. OXER: Good. Any questions?

15 MR. GOODWIN: Move approval.

16 MR. OXER: Okay. Motion by Mr. Goodwin to
17 approve staff recommendation on item 4. Is there a
18 second?

19 MR. CHISUM: Second.

20 MR. OXER: And a second by Mr. Chisum. No
21 request for public comment. Motion by Mr. Goodwin to
22 approve staff recommendation on item 4, second by Mr.
23 Chisum. Those in favor?

24 (A chorus of ayes.)

25 MR. OXER: And opposed?

1 (No response.)

2 MR. OXER: There are none. Thanks, Michael.

3 MR. DeYOUNG: Thank you.

4 MR. OXER: Raquel. Raquel, you've changed. I
5 like your tie.

6 (General laughter.)

7 MR. GOURIS: Thank you. Tom Gouris, deputy
8 executive director.

9 Unfortunately, Raquel had a flood in her house
10 and she's dealing with that, so she hopefully will be with
11 us later in the day or later in the week for sure. But
12 I'm here to speak to the next couple of items.

13 The first one is 5(a) and it's a LURA
14 amendment, it's essentially a cleanup amendment for a
15 twenty-year-old tax credit development known as Willow
16 Pond Apartments. It received a tax credit allocation in
17 1994 for 394 units in 41 buildings. A couple of things
18 have happened. They had given us notice shortly after
19 that that they didn't have that many units anymore because
20 one of the buildings, I think it was Building 26, was not
21 repairable and it was demolished and they'd been operating
22 under that presumption that we were okay with that because
23 back in 1995 we're not sure how that transpired, but we
24 never corrected the LURA, at any rate. So now they have
25 386 units in 40 buildings. The original LURA actually was

1 for a couple of extra buildings -- well, actually a couple
2 fewer buildings because they were combined is what
3 happened, and so we're separating them showing the number
4 of buildings that they actually have. So right now they
5 have 40 buildings and 386 units, so that's the cleanup
6 piece.

7 But another portion of that was one of the
8 units they were using, actually a couple of units they
9 were using for community service sort of activities. One
10 was a kids club and the ownership transferred a couple of
11 years back to the current group, WPA Investments, and the
12 property had been operating with this kids club or with
13 some community space in some of these units and they
14 continued to do that. When we went out and talked to them
15 about it with the new ownership, they said, Well, it's
16 always been like that. And it turns out that as far as we
17 can tell that they had been using the unit for a kids
18 club, so that kids club is being operated by nonprofit and
19 it provides after-school care and a place for the kids to
20 be after school.

21 They also asked at this time for four units to
22 be converted to serve households at an upper income, at up
23 to 80 percent area median income. They said that this
24 just something so that folks who were now over income or
25 who were just slightly over could still stay at their

1 property or live at their property. We didn't find on
2 that point that there was any evidence that they're having
3 difficulty leasing units or that they needed those four
4 extra units to be financially viable. So that piece of
5 the request we're not making a recommendation to move
6 forward with.

7 They had a public hearing on October 6 that was
8 well attended and folks seemed to be wanting to see the
9 kids club, in particular, unit be used for that purpose.
10 So we're recommending that the cleanup to this LURA be to
11 approve that one of the units be allowed to be used for
12 that community room or kids club room, but that we deny
13 the request to convert four of the units to market rate.
14 And I believe the owner is here to speak to that issue.

15 Any questions?

16 MR. OXER: Any questions from the Board?

17 (No response.)

18 MR. OXER: So we're essentially correcting or
19 making legal something that's been going on for a long
20 time with respect to the kids club area.

21 MR. GOURIS: That's correct.

22 MR. OXER: So it's been like that so this is
23 just putting it down and documenting the fact that it's
24 okay like it is.

25 MR. GOURIS: It's not a requirement, it wasn't

1 a requirement of the LURA to use it that way, it wasn't
2 something they requested or had as an amenity back in
3 1994, but it was something that's been used for a long
4 time.

5 MR. OXER: Essentially grandfathered in.

6 MR. GOURIS: And it does appear to provide a
7 benefit for the community.

8 MR. OXER: And with respect to the market
9 units, or elevated rent on the four units, it was just
10 something they requested to satisfy. What happens to the
11 folks that are there that have graduated out of the income
12 status?

13 MR. GOURIS: Well, typically there is a
14 provision that you can graduate out of the status and
15 continue to live there until you get to a status that's
16 significantly higher.

17 What they're asking for is not to increase the
18 rents for these four units but only to increase the level
19 of affordability being targeted there, in essence, allow
20 folks who wouldn't otherwise qualify initially to live in
21 the property to live in the property but still at the
22 rents that everybody else is receiving. So it's not an
23 economic need to do it and it would reduce the number of
24 units that are affordable at the 60 percent level. So we
25 don't really have a provision for saying you can have tax

1 credit units that are above that level if you ask, and so
2 we're not recommending that change.

3 MR. OXER: So staff recommendation is to
4 approve the community use room and disapprove the
5 escalation of the four units that they requested.

6 MR. GOURIS: Correct.

7 MR. OXER: And those are combined in the
8 resolution?

9 MR. GOURIS: That's correct.

10 MR. OXER: Question, Dr. Muñoz?

11 DR. MUÑOZ: The kids club, that wasn't
12 authorized, that just sort of evolved?

13 MR. GOURIS: That's correct.

14 MR. OXER: We're essentially back authorizing
15 it for twenty years?

16 MR. GOURIS: After some period of time. Over
17 the years they've had this compliance issue come up. It's
18 allowable under the Code to use a unit for a common area
19 but it wasn't authorized, and this is making it
20 authorized.

21 MR. OXER: We're formalizing what's been the
22 actual de facto case for some time.

23 MR. GOURIS: Correct.

24 MR. GANN: I would point out that that is loss
25 of income to the owner because that's free to the young

1 people in that area. So a good plus.

2 MR. CHISUM: Question, Mr. Chairman. Is there
3 any liability associated with grandfathering the kids club
4 back to this organization?

5 MR. GOURIS: Well, I think that we're cleaning
6 up going forward, I don't know that we're suggesting any
7 grandfathering.

8 MR. IRVINE: Wouldn't really refer to it as
9 grandfathering, it's simply approving a material amendment
10 so that going forward the LURA will reflect that that is a
11 permissible use and not taking any action with respect to
12 the prior misuse.

13 MR. GOURIS: That's correct.

14 MR. CHISUM: Thank you for the clarification.

15 MR. OXER: Any other questions?

16 (No response.)

17 MR. OXER: Hang on. You can't leave yet.

18 MR. GOURIS: Okay.

19 MR. OXER: So this is to approve the community
20 use and not approve the escalation in rents. That's what
21 the resolution is for.

22 MR. GOURIS: Not to approve the change in the
23 income level for four units.

24 MR. OXER: Okay. Just making sure we're clear
25 on that. We'll have to have a motion to consider before

1 we'll take public comment.

2 MR. GANN: I make a motion to consider as
3 presented.

4 DR. MUÑOZ: Second.

5 MR. OXER: Okay. We'll take Mr. Gann's motion
6 to approve staff recommendation as presented, and
7 Dr. Munoz as a second. We have public comment.

8 MR. MABUS: Good morning, Chairman and members
9 of the Board. Thank you for the opportunity to come
10 speak, and thank you for the presentation of what we're
11 attempting to do at Willow Pond.

12 MR. OXER: The first thing I have to ask you to
13 do is identify yourself.

14 MR. MABUS: Yes. Sorry. My name is William
15 Richard Mabus, I go by Rick, and I am a part of the
16 ownership interest at Willow Pond and part of the general
17 partnership interest, and office there every day and
18 office directly below the apartment that we're referring
19 to as the kids club, so I can vouch for the fact that
20 they're there.

21 MR. OXER: You know it has been used.

22 (General laughter.)

23 MR. MABUS: It has been used. It sounds like a
24 troop of elephants slamming around on my rooftop, so I
25 have to get all my important phone calls done by three in

1 the afternoon.

2 I wanted to clarify a couple of things on that,
3 and I appreciate the explanation. It's actually not just
4 a kids club but that's where we found our most important
5 need is. The intent is to eventually be able to provide
6 job training assistance for the adult residents that are
7 there and those type of services. Behind Every Door, that
8 is running this program, they have actually partnered with
9 the local elementary schools and it's not intended to be
10 after-school daycare, it's intended to be after-school
11 tutoring programs.

12 They have direct relationships with the
13 teachers at Hodgkiss Elementary School. The kids will
14 walk in the door in the afternoon and say, I'm ready to do
15 my stuff, I'm ready to have some fun. And they say, Well,
16 you need to get your homework out first. Well, I don't
17 have any homework. Well, no, I know you have homework,
18 your teacher emailed me your homework assignments; get
19 your math book out, open it to page whatever, and let's
20 get this math done. And they've also partnered with
21 Hodgkiss to send representatives within the Dallas
22 business community there in our immediate area into the
23 elementary school during the business days to read for
24 thirty minutes at a time with different students,
25 preferably students that first came from our apartment

1 complex, but then students within the elementary school.
2 So it's a really neat, really important service that
3 they're providing.

4 One last thing I'll mention, too, that they've
5 done is they've partnered with Paul Quinn College, they
6 have a Lexia Reading program. Paul Quinn College is a
7 very unique university in Dallas that's done some really
8 fantastic things, and education majors come up from Paul
9 Quinn, which is in south Dallas. They come to our
10 apartment complex and they have a huge bank of iPads that
11 they pull out with the kids and they're also providing
12 reading assistance with these kids. So it's a really neat
13 partnership that they've been able to forge that's kind of
14 drawing a bridge between north and south Dallas and our
15 low income residents.

16 That's a really wonderful thing and we
17 appreciate the recommendation to moved forward with that
18 because it's really critical to what we're trying to do
19 there. And it is worth noting that we are offering to
20 give away income. When we assumed the responsibilities of
21 this property about six years ago this spring -- maybe
22 seven years ago now -- we knew it was a low income
23 property but we absolutely refused to be slum lords and we
24 knew we had an opportunity to serve our tenant base there.
25 We can do better but that's what we are intent on doing,

1 and we are convinced that at some point maybe we'll make a
2 living doing that, but in the meantime we can serve these
3 residents, so that's what we intend to do and we
4 appreciate the consideration for this.

5 The reference to the 60 percent -- the
6 reference to that third item which was the request to
7 remove the income restriction from those units, the
8 reasoning for that and the reason behind that is that a
9 starting schoolteacher in DISD now makes \$50,000, if we
10 had a single schoolteacher applying to live at our
11 apartment complex and wants to live in north Dallas, they
12 are now over qualified to be able to live there. And I
13 hope my research is correct, that was off the DISD's
14 website. A starting police officer makes above our
15 minimum threshold, and I believe it was \$42,000 -- I'll
16 have to double check that, but I know they make above what
17 our 60 percent limit is.

18 So what we've requested is for that limit to be
19 moved to at least 80 percent so that maybe we can get our
20 community civil servants living in the north Dallas area
21 in our low income neighborhood so that they can be
22 representatives to our youth of our apartment complex that
23 you can be a police officer in Dallas, you can be a
24 schoolteacher, you can be these things. And so that's the
25 intent of that request. It had nothing to do with trying

1 to move in the next oil baron -- not to be insulting to
2 oil barons.

3 MR. OXER: There are fewer of them now than
4 there used to be, by the way.

5 MR. MABUS: Maybe so.

6 MR. OXER: With oil at \$34 a barrel, there's
7 not that many left.

8 MR. MABUS: So that was the intent of that
9 request, and I just wanted to have the opportunity to be
10 able to speak to that and explain further why we would ask
11 for that.

12 MR. OXER: Thanks, Rick. Any questions?

13 MR. GOODWIN: I have a question. So if we
14 moved it to 80 percent, would the schoolteacher and the
15 policeman be qualified?

16 MR. MABUS: With some of the brand new
17 requirements, I'm not sure that they would. It would
18 hopefully give us an opportunity to catch some of the --
19 because they just had pay raises for DISD, I believe, but
20 I do think we could possibly get a teacher that's been
21 with the district five or six years that would be willing
22 to consider moving there. With the Dallas Police
23 Department, I do not know that answer, I would have to
24 research that. And I apologize for not having that
25 information for you.

1 MR. OXER: And that's for four units out of
2 386, basically 1 percent of the population to be a
3 resident and exemplar of civil service, perhaps.

4 MR. MABUS: Yes.

5 MR. GANN: I've got a question.

6 MR. OXER: Mr. Gann.

7 MR. GANN: The way I see this, though, this is
8 no more income for you, this is just letting you have an
9 opportunity to put some people in there that could
10 actually help protect this whole program you're starting
11 and doing, which I admire you for.

12 MR. MABUS: Yes, sir, that's exactly right.

13 MR. GANN: So there's no income to them, no
14 more increased income. They're just trying to get a
15 couple of people in there that might could really help
16 this. There's nothing better than having a policeman come
17 by his house in his car every once in a while and just
18 check on his family, it helps a whole lot in a lot of
19 different things. And I hope that works.

20 I want to check on that and make sure. Is
21 there anything that we have to do, Tim? I mean, I know
22 we've got to vote on it to change it, but where is the
23 negative?

24 MR. IRVINE: Well, I think that the negative is
25 that the program is federally statutorily designed to

1 serve 60 percent and under area median income households,
2 and we at the staff level have had some initial
3 discussions about the need to serve 80 percent households,
4 but frankly, I would like to go through that on a more
5 public discourse basis and look at what's the optimal way
6 to address 80 percent households, if that's an appropriate
7 thing for this Department to be doing with its resources
8 and to develop a policy decision that applies uniformly.
9 I'm always nervous when you start to do one-off exceptions
10 to a program that's already structured a specific way.

11 MR. OXER: Any other comments?

12 (No response.)

13 MR. OXER: And just for the record, Rick, it's
14 laudable that you're trying to do that to attract some of
15 these folks in there, and I think everybody in here
16 recognizes the benefit of trying to create an atmosphere
17 and environment where kids grow up recognizing civil
18 responsibility, for example. You're doing the right thing
19 but we don't have a mechanism to do it right now and do it
20 the right way. What I'd like to really do is see if we
21 could engage this in a conversation to figure out
22 something, like Tim said, to figure out a mechanism within
23 the tools that we have to build that environment that
24 you're talking about that doesn't look like we're
25 preempting something just exercising discretion. But this

1 is something that I think we all agree, certainly
2 everybody up here agrees, it's something we ought to be
3 looking at.

4 MR. MABUS: Well, and I'd like to offer our
5 input or our feedback or our involvement if there is an
6 opportunity for that discussion. It's been amazing to
7 see. We didn't necessarily buy Willow Pond as a community
8 outreach effort, we bought it as an investment when the
9 economy was falling apart, and rather quickly we realized
10 that all of a sudden we didn't know we maybe had a calling
11 in front of us to do the right thing within Dallas. And
12 so it's been a really unique experience. We all office
13 there every day. The first three years we were there, I
14 had a hit put out on me by a drug dealer because I was
15 running him off our property. I didn't get into real
16 estate to get dead either.

17 So this has become a really unique opportunity
18 for us to really see this at the ground level, and it's
19 been really eye-opening for us, and if we can share any of
20 our experience and wisdom that we've gained through this
21 with the members of the Board, we'd be happy to, or with
22 TDHCA.

23 MR. OXER: It's probably evident the direction
24 that this vote is going to be just because of the
25 mechanism and mechanics that we've got to deal with, but I

1 would very much like to hear, even if it's an invited
2 report to you to tell us what you've found where we can
3 figure this out because that's exactly the direction that
4 I think everybody has indicated they would like to see
5 this go but we've got to figure out how to do that within
6 the constraint of the rules that we use to constrain
7 ourselves, as well as the community that we're working
8 within.

9 MR. GOODWIN: I didn't hear Tim say we have
10 rules that prevent us from doing this.

11 MR. OXER: Well, we don't.

12 MR. GOODWIN: I heard Tim say we have rules
13 that I would prefer not to do this, and that's maybe Tim's
14 preference. My preference is to do this. Other members
15 of the Board may disagree with me, but I applaud the
16 actions that you've taken and four units is peanuts. And
17 maybe we can do this and look up a year from now and say
18 did we accomplish this, or six months from now, use this
19 as a test case or a test study.

20 MR. OXER: And maybe that's the right thing.
21 You know, we spend a lot of time, particularly on like the
22 QAP and other things, exercising discretion, as we've
23 noted, rarely and lightly, but in one of those more
24 important moments when we have opportunity, it may be that
25 we want to use this as the tip of the compass and not a

1 map so we can figure out which direction we want to go.

2 Dr. Muñoz.

3 DR. MUÑOZ: J.B., well, I thought I did hear
4 the E-D say that there are rules, statutes, federal and
5 state, that may prevent us from. Otherwise, I might be
6 inclined to endorse the position of my esteemed colleague.

7 So Tim, maybe you just restate that.

8 MR. IRVINE: Well, perhaps this is an
9 appropriate subject for discussion with counsel in
10 executive session. I mean, the federal statutes that
11 create the Tax Credit Program target 60 percent and under,
12 and that goes into issues into what constitutes eligible
13 basis and so forth. This is a property that's outside of
14 its tax credit period, so the taxes are not an actual
15 issue in that regard.

16 MR. OXER: Let's make this easy on both of us
17 right now. We're going to table this until we come back
18 from exec session and then we'll decide.

19 MR. MABUS: Are we okay to keep running our
20 kids club?

21 MR. OXER: We're going to have an answer for
22 you today, but I'm just saying this is something that
23 we'll need to have some advice with counsel, which we do
24 in exec session. So if the Board is satisfied with that.

25 MR. GOODWIN: Is there a reason we can't vote

1 on the kids club and table the second part?

2 MR. OXER: Well, right now the resolution is
3 combined components, and actually we vote on the
4 resolution, not the components of it.

5 MR. GOODWIN: Okay.

6 MR. OXER: Thanks, Rick.

7 MR. MABUS: Thank you very much. Appreciate
8 the opportunity.

9 MR. GOURIS: Any other questions on that?

10 MR. OXER: Any other questions on that? Is
11 there an echo in here? We'll hold that one off until
12 later. I assume, Mr. Gann and Dr. Muñoz, you'd be willing
13 to table the motion until we return from exec session?

14 MR. GANN: Yes.

15 DR. MUÑOZ: Yes.

16 MR. OXER: Okay. Next.

17 MR. GOURIS: The next item then is 5(b), and it
18 is the consideration of a return of credit and
19 reallocation under the force majeure provisions 11.6 in
20 the QAP.

21 This project, Emma Finke Villas, was allocated
22 \$391,709 in credit in 2013 for rehabilitation of 76 units
23 in Bellville, Texas. We've had a significant number of
24 transactions this cycle because of all the weather issues
25 and other issues come up and get very close to that placed

1 in service deadline which is December, the end of this
2 month, and suggest to us that they've had weather delays
3 and indicated weather delays, and we've actually approved
4 a number of disaster-related delays due to weather, in
5 combination with other events.

6 MR. OXER: We seem to have a lot of weather
7 problems in Texas, huh?

8 MR. GOURIS: We do, yes.

9 Unfortunately, this property had some
10 additional problems and had some weather problems.
11 Unfortunately, it wasn't in a declared disaster area, and
12 therefore, couldn't take advantage of the disaster
13 declaration extension. What's happened instead is -- in
14 addition, I mean, is that they had delays in getting their
15 loan structure approved with USDA and getting all that
16 transaction done, it was a rehabilitation, so they had to
17 get all that worked out before they could start moving
18 tenants. They had time issues to have to move the
19 tenants, and then one of the buildings that they were
20 going to rehab in the first group of buildings -- because
21 they were doing this sort of in phases -- burned down, and
22 so that caused some further delays.

23 They've been working dutifully to try to get
24 everything accomplished still with the deadline that they
25 had. They expect to done as early as the end of January

1 now with that last phase and have placed in service by
2 then. They've asked for the force majeure treatment where
3 they've returned the credits now and those credits are set
4 aside and will be reallocated, upon your approval, through
5 a carryover out of the 2015 allocation and so they will be
6 able to place some units in service this year and the rest
7 of them early next year.

8 MR. OXER: Is it all the credits or a
9 percentage of the credits?

10 MR. GOURIS: All of the credits would be
11 returned.

12 MR. OXER: All of them returned, they're back
13 in the pool and they're reallocated.

14 MR. GOURIS: And it's set aside and reallocated
15 under force majeure through a carryover this year so
16 they'd have 2015 credits. They could place some of the
17 buildings in service.

18 MR. OXER: So we're doing a swap on the
19 credits.

20 MR. GOURIS: That's correct.

21 So this is kind of a last resort way to help
22 solve a development that's had some trouble getting
23 accomplished, give us this tool that hopefully very seldom
24 happened to be used, but in this case it merits use.

25 MR. OXER: And you're feeling confident that

1 the application is warranted?

2 MR. GOURIS: Yes, sir.

3 MR. GOODWIN: Move approval.

4 MR. OXER: Okay. Motion by Mr. Goodwin to
5 approve staff recommendation on item 5(b).

6 MS. BINGHAM ESCAREÑO: Second.

7 MR. OXER: Second by Ms. Bingham. There's no
8 request for public comment. Motion by Mr. Goodwin to
9 approve staff recommendation on 5(b), second by Ms.
10 Bingham. Those in favor?

11 (A chorus of ayes.)

12 MR. OXER: And opposed?

13 (No response.)

14 MR. OXER: There are none.

15 MR. GOURIS: Thank you.

16 MR. OXER: Item 6. Marni, you're back.

17 MS. HOLLOWAY: Yes, I am. Good morning,
18 Chairman Oxer, members of the Board, Mr. Irvine, Mr.
19 Eccles.

20 Item 6 is presentation, discussion and possible
21 action on an appeal filed for application 15093,
22 Stonebridge at Childress in Childress Texas. This
23 applicant received an award of housing tax credits at the
24 July Board meeting which was conditioned, through their
25 underwriting report, on the receipt of certain

1 documentation on or before the carryover documentation
2 delivery date which was November 2. The applicant failed
3 to provide the required documentation at that date, and as
4 a result, the application was terminated on November 24,
5 2015.

6 On November 25, the applicant requested an
7 extension of the carryover documentation delivery date to
8 December 17 of 2015 -- which, of course, is today -- and
9 implicit, of course, in this request was a waiver of the
10 rule regarding the carryover documentation delivery date
11 and an appeal of the termination is implicit in appealing
12 the denial of their extension in their letter. So the
13 request for extension was denied by the executive director
14 on November 30, and the applicant filed an appeal to the
15 Governing Board, which is what we're considering today, on
16 December 1 of 2015.

17 The underwriting report, the condition that we
18 are discussing included this condition: Statements from
19 the lender and equity provider that they have performed a
20 market study, including a statement of the level of review
21 and based on that study they intend to move forward with
22 processing their applications. That's the underwriting
23 condition that we're discussing.

24 This condition was based on concerns that the
25 capture rates for certain unit types were reported to be

1 as high as 333 percent in the original market study
2 provided. When our underwriting staff went back to double
3 check those calculations, they came up with 614 percent on
4 some of these individual unit types. The underwriting
5 report further recommended that the HOME funds that had
6 been requested in the original application be denied on
7 the basis of this very high risk because of these capture
8 rates.

9 The recommendation for the housing tax credits
10 was conditioned on that market study, and was, in part,
11 based on communications with the original equity provider
12 that they would engage their own study using a different
13 methodology than the market study that was provided with
14 the application. The statement did not represent a review
15 of the existing market study, and therefore, the condition
16 in the underwriting report was specifically phrased
17 "Performed a market study," because that's what we were
18 told was going to happen.

19 The underwriting staff was seeking confirmation
20 from the lender and the investor that they had
21 independently considered these capture rates and that they
22 would not raise these as concerns as we were moving
23 forward to closing the transaction. The underwriting
24 report was published on July 15, the applicant did not
25 appeal the condition at that time.

1 The commitment notice included a restatement of
2 that condition, was timely returned by the applicant on
3 September 17, without appeal of that condition from the
4 underwriting report. The carryover agreement was returned
5 on October 30 of 2015 without any of the carryover
6 supporting documentation or a request for extension. So
7 we got the agreement back before the due date, we didn't
8 get the stuff that comes with it and we didn't get a
9 request for extension.

10 TDHCA staff contacted the applicant on November
11 2, which was the due date, just as a courtesy to remind
12 them --

13 DR. MUÑOZ: Can I ask a question?

14 MS. HOLLOWAY: Yes.

15 DR. MUÑOZ: Could you just go back. What did
16 we get and not the stuff that goes with it? Like how do
17 we get something but not the things that are required of
18 it?

19 MS. HOLLOWAY: So the carryover agreements are
20 issued by our staff and are specific to each transaction.

21 DR. MUÑOZ: And I'm asking this because you
22 said that we did receive that in time.

23 MS. HOLLOWAY: We received part of it, we
24 received the agreement back. There's a set of
25 documentation that needs to come back with that agreement

1 and that's what we didn't receive.

2 MR. OXER: It's like having an incomplete
3 application.

4 MS. HOLLOWAY: Right. So our staff contacted
5 the applicant and said: Hey, I've got your agreement, I
6 don't have this other information. The applicant provided
7 documentation before the end of the day on November 2, so
8 they were able to gather some documents together. They
9 claim that that package meets all of those conditions; we
10 disagree.

11 Part of the carryover package documentation
12 that was required is resolution of conditions of the
13 commitment notice that instructs the applicant to state
14 each condition in the commitment that's due at the time of
15 carryover. The applicant listed another underwriting
16 condition on that form and provided information responsive
17 to it, and we were fine. They did not include the market
18 study condition on their package when it came back, they
19 just left it out completely.

20 Real estate analysis staff contacted the
21 applicant on November 6, so we're now four days past the
22 deadline regarding the omission of the market study
23 regarding those conditions. On that day the applicant
24 provided a letter from the lender that had substantially
25 the same language the lender had previously provided that

1 was not responsive to the condition.

2 On November 9, the applicant provided another
3 letter from the equity provider -- but this is a different
4 equity provider, this isn't the one we started with --
5 which stated they would not be conducting their own market
6 study and that they found the original market study
7 acceptable.

8 On November 24, the application was terminated
9 under Section 10.402(f)(1) due to the applicant's failure
10 to provide the carryover documentation related to the
11 underwriting condition or request an extension prior to
12 the deadline.

13 On November 25, the applicant requested an
14 extension of the carryover deadline to December 17, as I
15 mentioned earlier, so that would be to today. The basis
16 and justification for the extension was related to some
17 very unfortunate events that occurred for the applicant
18 shortly before the commitment was due, and we are very
19 sympathetic to this chain of events. They occurred two
20 and a half months after publication of the underwriting
21 report, so the applicant knew back in July that this was
22 going to be a condition.

23 The request for extension was denied on
24 November 30 because part of rule clearly states that
25 carryover extensions will not be granted past December 1,

1 so the rule will not allow us to extend to December 17.

2 The appeal letter includes statements that the
3 applicant believes they met the underwriting requirement
4 with the letters provided on November 6 and 9, despite
5 neither the lender nor the equity provider providing a
6 market study.

7 MR. OXER: An independent market study.

8 MS. HOLLOWAY: An independent market stud.

9 Additionally, more detailed letters were provided from the
10 lender and from the equity provider with the appeal that
11 describe their reviews and their processes, and it also
12 included a statement from the lender that they would be
13 engaging a new market study that they planned to present
14 at this meeting.

15 I will tell you that we did receive this market
16 study via email yesterday. Staff has not had an
17 opportunity to review it at all.

18 So the applicant has not timely met the
19 conditions of the underwriting report that they knew about
20 back in July. They did not timely request an extension of
21 the carryover deadline. When they were, in fact, allowed
22 additional time, they still failed to meet those
23 requirements, therefore the application was terminated.
24 The extension request was not timely provided, we got it
25 almost three weeks after the deadline, and did not

1 establish adequate basis. These most recent letters and
2 the market study that they're presenting today would be,
3 in fact, six weeks later for that carryover deadline.

4 Therefore, staff is recommending denial of the
5 appeal of both the termination and the request for
6 extension.

7 MR. OXER: Thanks, Marni.

8 Any questions from the Board? Clear? Okay.

9 MS. HOLLOWAY: I think there's some folks here
10 to talk.

11 MR. OXER: I'm confident that we do.

12 Before we'll take public comment, we'll have a
13 motion to consider with respect to item 6.

14 MR. GANN: I so move staff as presented.

15 MR. OXER: Motion by Mr. Gann to approve staff
16 recommendation on item 6 as presented. Is there a second?

17 MR. GOODWIN: Second.

18 MR. OXER: Second by Mr. Goodwin.

19 We have request for public comment. We'll
20 start here.

21 MR. SPICER: Good morning, Chairman, members of
22 the Board. I'm Jeff Spicer with State Street Housing, and
23 as Marni had mentioned, an unfortunate confluence of
24 events that have led us to this point that we want to
25 discuss, and we won't go into those events, those are

1 detailed in your board book.

2 We did submit the carryover package in a timely
3 manner. The package, we acknowledge, was unintentionally
4 deficient. We had submitted right prior to the deadline
5 on November 2, and as we were trying to pull that together
6 quickly, due to the unforeseen events, we had
7 unintentionally missed one item, and unfortunately, it was
8 the item that staff found most important in the book.

9 While we acknowledge it was unintentionally
10 deficient, we also understand that staff failed to
11 appropriately give us notice to satisfy this deficiency.
12 According to Multifamily Rules, Subchapter E, the post-
13 award and asset management requirements, Section
14 10.401(d), the Department may cancel a commitment, a
15 determination notice or carryover allocation prior to the
16 issuance of IRS Forms 8609 with respect to a development
17 and/or apply administrative penalties if the application
18 or development owner or the development, as applicable,
19 fails, after written notice and a reasonable opportunity
20 to cure, to meet any condition of such commitment or
21 determination notice.

22 Staff provided us neither a written notice nor
23 a reasonable opportunity to cure. Had we been provided
24 such an opportunity, we would not be here today.

25 The requirement, and as in the board book what

1 staff was looking for, the underwriting staff was seeking
2 express confirmation from the lender and investor that
3 they have independently determined that based on their
4 understanding of the market, they would not raise capture
5 rate or rent/market rent issues as a basis or concern for
6 not closing. Both our lender and our equity provider at
7 that date had done their full market due diligence, and as
8 stated in their letters, were going to proceed to close
9 this development. They had done full market due
10 diligence. We have our equity provider here today to
11 state that.

12 We did change equity providers along the way.
13 We found, as often happens, a better deal. Someone gave
14 us additional money, they were putting in 80 percent of
15 their funds during construction. They believe in this
16 deal.

17 So as I will summarize real quickly for you,
18 staff failed to provide written notice, as required by the
19 rules; staff failed to provide sufficient opportunity to
20 cure. We have thoroughly addressed the market conditions,
21 and had done so well prior to this date. We had started
22 engaging the equity provider back on August 19, asked them
23 specifically to look at the market and make sure that was
24 not going to be a concern before moving forward. We have
25 already started our closing calls, and prior to receiving

1 the termination in October, we had already started towards
2 closing this development. Both our lender and equity
3 provider are willing and able to state that there is no
4 market concern of theirs and we are willing to close this
5 transaction.

6 Thank you.

7 MR. OXER: Okay. Any questions from the Board?
8 (No response.)

9 MR. OXER: Mr. Spicer, would you like some
10 assistance in getting signed in up there? Peggy, help him
11 out.

12 MR. BOTTS: Good morning, Mr. Chairman, members
13 of the Board. My name is Hunter Botts. I'm with
14 Affordable Housing Partners, a Berkshire Hathaway company.
15 We're a direct equity provider buying credits directly
16 for our own use for Berkshire Hathaway. As such, we do
17 not order independent market studies, we rely on our asset
18 management group to do its own internal market study.

19 To give you a little timeline on this, myself
20 and members of our organization have known this developer
21 for some time, and when we saw that they received the
22 award on this development, we sought them out and said,
23 Hey, we would like to competitively make a proposal to
24 you. So on August 6, we received the RFP package from
25 the developer. On August 12, we sent our proposal,

1 knowing this was going to be a competitive bid situation.
2 On August 19, the developer asked us to review the market
3 study to see if we were going to be able to be comfortable
4 with the market. I did inform them that we don't
5 routinely commission a new market study. We've closed
6 quite a few transactions here in the State of Texas, both
7 4 percent and 9 percent, and we've never ordered an
8 outside market study, we rely on our own internal asset
9 management group to go do that.

10 So subsequently, what we did was we contacted
11 all of the managers of the comps that were listed in the
12 market, we identified some additional properties that we
13 felt should have been identified as comps, we spoke with
14 the executive director of the local housing authority, we
15 visited the site, we visited all the comps. And so we got
16 back with them and said yes, we've satisfied ourselves to
17 the market, acknowledging that there does seem to be some
18 softness in the 60 percent AMI units at max rents, but we
19 got through normal stressing procedures within our
20 analysis anyway, and so we had done that and everything
21 proved up fine.

22 So basically, we sent a revised -- there were
23 some still ongoing negotiations relative to price and pay-
24 in schedule, as Jeff mentioned -- we sent a revised
25 proposal on October 15, received the signed proposal on

1 October 21, and had our first closing call with our legal
2 counsel and their whole team on October 28. So we
3 satisfied ourselves to the market, the way we always do,
4 we don't rely on third party market studies, and we were
5 in the process of moving forward to close this transaction
6 and had several scheduled closing calls until this
7 particular issue has come up.

8 We're still doing our due diligence, obviously.

9 We don't have all of the construction and permits and
10 those kinds of things, but as it relates to the market
11 itself, which seems to be the concern of staff, we have
12 satisfied ourselves as the equity provider that we're
13 comfortable with those market conditions. And as Jeff has
14 stated, we're contributing 80 percent of our total equity
15 in during the construction, so that essentially, the
16 construction loan is no greater than what the permanent
17 loan is sized to be, so there's no construction loan
18 overhang for the developer to have to be concerned about.

19 And we stand here today to tell you that we're satisfied
20 with those market conditions.

21 MR. OXER: Okay. Any questions from the Board?

22 (No response.)

23 MR. OXER: And I would point out that
24 independent doesn't necessarily mean third party.
25 Independent can be within your own staff.

1 And I want to get a clarification of this,
2 Marni and Tom, independent means it's not simply accepting
3 the report that was done by the applicant. Is that
4 correct?

5 MR. GOURIS: Yes.

6 MR. OXER: Okay. So potentially -- and I don't
7 want to get shocked over here with a cattle prod from our
8 general counsel, but an independent review of the market
9 study that was done by the applicant, it doesn't have to
10 be third party to constitute independent. Is that
11 correct?

12 MR. ECCLES: Yes, sir.

13 MR. IRVINE: I would actually offer a slight
14 spin on it. I want to make sure that the equity provider
15 and the lender have done whatever they believe is
16 appropriate to make themselves comfortable with the market
17 and that they would not raise capture rate or market scope
18 concerns as an impediment to moving forward.

19 MR. BOTTS: Yes, sir.

20 MR. OXER: And you're willing to state that for
21 the record?

22 MR. BOTTS: Yes, sir. As I stated, we had
23 started our closing call process with the developer back
24 in October. We were moving towards closing, understanding
25 that closing at that time was projected to be sometime end

1 of January, early February, and we had had several
2 scheduled calls subsequent to the initial call, so we were
3 moving forward with that.

4 MR. OXER: Any questions?

5 (No response.)

6 MR. OXER: Thank you.

7 John, good morning.

8 MR. SHACKELFORD: Good morning.

9 MR. OXER: So far.

10 MR. SHACKELFORD: Yes. Chairman Oxer, members
11 of the Board, Mr. Irvine, Mr. Eccles, thank you for
12 allowing us to come before you today.

13 In addition to what Mr. Spicer mentioned about
14 the notice requirement that we feel like TDHCA in this
15 instance overlooked complying with their own rules in that
16 regard, also in the carryover manual it states on page 4
17 that if deficiencies are found in a carryover submission,
18 the Department will notify the development owner who will
19 be given a specified length of time to correct the
20 deficiencies. So I submit to you that in this particular
21 instance TDHCA looked past their own rule that Mr. Spicer
22 cited to you as far as giving notice in a reasonable
23 length of time. Also, in the carryover manual the
24 Department failed to give notice as required of the
25 deficiency and allow them to have a specified length of

1 time to provide what was necessary.

2 You heard Mr. Botts mention about where they
3 are with the equity, and I apologize for the delay, but a
4 new capture rate analysis was done and provided to the
5 Department yesterday. Lisa Vecchietti could not be here,
6 she's with Lancaster Pollard, but she sent an email and
7 has sent it to Tom, Marni and Brent Stewart, and if I may
8 quote a little bit from it, she says: I apologize for the
9 delay and the last-minute input. We're in the midst of
10 year-end closings. Bob Coe -- who was the market analyst
11 that was engaged -- and I had a call with my underwriter
12 this morning after scheduling issues. Based on the
13 information provided by the engaged market analyst's
14 preliminary capture rate analysis, there is a market for
15 the proposed units, and Lancaster Pollard intends to
16 continue with processing and submittal of application to
17 USDA for a permanent loan through the 538 guaranteed loan
18 program.

19 And then it goes on, I can read the rest of it
20 if you like, but essentially, I think that was the gist of
21 what we were trying to communicate to you, what Mr. Botts
22 communicated is in this particular development both the
23 lender and the equity provider are fully engaged and
24 they're absolutely moving forward on this particular
25 transaction, despite a market study being done and

1 provided on a timely basis.

2 And I don't know if you had an opportunity to
3 review my letter that's in your board packet or not, the
4 reason why I asked for a waiver request was because of the
5 rule that by December 1 all these had to be finalized on
6 carryovers, and so I'm in the unfortunate position of
7 bringing up that dirty word I know that we have at the
8 Board and the Department of asking for a waiver in this
9 instance to go beyond the December 1 date to today's date.

10 MR. OXER: But only to today's date?
11 Essentially what you're saying is you got it in, plus if
12 the equity provider and the lender are satisfied and
13 there's no overhang on the construction loan. I think,
14 tell me if we're wrong, Tim, this whole thing was put in
15 place so that we didn't get tax credits in there until the
16 end of the season, sign this thing, and somebody says we
17 don't want that because you didn't do this. If the lender
18 and the equity provider are confident --

19 MR. SHACKELFORD: In closing the deal.

20 MR. OXER: -- in closing the deal, if they're
21 headed down the track to close this thing.

22 MR. SHACKELFORD: Correct, that we won't be in
23 a situation where we're giving back credits and creating
24 an issue for you all.

25 MR. IRVINE: And I did not hear the unequivocal

1 clarity on the lender's side that I heard on the
2 investor's side. I heard the word "preliminary" and
3 moving forward with processing this. Could you speak to
4 that? Do we have this kind of certainty from the lender
5 as well?

6 MR. SHACKELFORD: Could you tell us what Hunter
7 did?

8 MR. SHACKELFORD: Well, Lisa would have to be
9 the one, Ms. Vecchietti, with Lancaster Pollard, to do
10 that. I know in the email she's confident. I can
11 represent to the Board she's confident the deal is going
12 to close. So I can represent to the Board that is the
13 case. Lancaster Pollard has engaged this Bob Coe to do a
14 full market study analysis, but there wasn't enough time
15 to get it done from when this issue reared its head to
16 such an extent that they sought to engage it. Jeff Spicer
17 then, knowing that we had the Board meeting today, asked
18 the guy that Lisa Vecchietti engaged if he could do
19 something short of that that we could present to the Board
20 by today.

21 DR. MUÑOZ: I have a question. Your
22 characterization of this point rearing its head, and then
23 I understood earlier that there was ample time and
24 notification, beyond that there was additional
25 communications that afforded you the opportunity to

1 provide it, to provide it, but I've heard at least three
2 times the intimation that staff went outside of its rules.

3 That's the part that's giving me some pause. You
4 obviously feel that way, I'm not sure that they feel that
5 way.

6 MR. OXER: And it seems to be hanging, John, on
7 the written notification of the insufficiency or
8 deficiency. Is that correct?

9 MR. SHACKELFORD: Right, that's correct, that's
10 correct. And I don't deny that Mr. Spicer was aware on
11 July 15 that there was going to be a condition that was
12 required, that's a given. But like most developers, they
13 usually don't wait until they get the commitment in August
14 before you start moving towards satisfying carryover.

15 If you read the Board book and the letter that
16 I provided, you'll see what we claim were the extenuating
17 circumstances that the very next day after the commitment
18 came out by TDHCA what their family was dealing with. And
19 there was another incident that was occurring right before
20 the November 2 deadline that, if you would just take my
21 word, there was another significant family issue going on
22 with them that created even more turmoil and stress in the
23 household that they had to get past right on that same
24 day.

25 And then we did not get written notice. Mr.

1 Stewart was kind enough to call Jeff Spicer and say: Hey,
2 where are these things; we haven't got it. Not denying
3 that staff was helpful. Ben Sheppard called on the 2nd
4 saying you didn't get everything in.

5 MR. OXER: There was a lot of things going,
6 they've got turbulence, staff was helping, so we nicked a
7 piece off the rule and we didn't get the letter or
8 something like that.

9 MR. SHACKELFORD: Right. And the thought, from
10 conversations with Mr. Stewart was: Look, the bottom line
11 is real estate analysis was looking for some independent
12 verification from the lender and the equity provider that
13 they're going to be good to go. And so Mr. Spicer thought
14 he was satisfying what Brent was looking for with these
15 letters, saying they've looked at it, they've done their
16 own analysis, they're good to go. We tried to beef up
17 those letters after we got Ms. Holloway's termination
18 letter, beef up those letters as soon as possible.

19 The termination notice came out on November 24,
20 two days later was Thanksgiving, so trying to get anybody
21 engaged in going from that point afterwards until you get
22 back to Monday, November 30, you're running out of days
23 until now it's December 17. So we've tried the best we
24 could with what we had to work with and the calendar and
25 that kind of thing.

1 MR. OXER: Okay. Stay where you are.

2 Hunter, come back up, if you would. And the
3 reason I ask you to do that is so we can get you on the
4 record so Nancy can spot you.

5 You're the equity provider in this?

6 MR. BOTTS: Yes, sir.

7 MR. OXER: Okay. Even if it's a lender who's
8 going to take this out, ultimately you carry this on the
9 back-end. You have the equity in this.

10 MR. BOTTS: Yes, sir.

11 MR. OXER: And you're willing to state
12 unequivocally you're in the deal?

13 MR. BOTTS: Yes, sir. We've satisfied
14 ourselves, our due diligence.

15 MR. OXER: And I would remind Nancy and the
16 record, Hunter Botts. You have to identify yourself every
17 time you come up to speak.

18 MR. BOTTS: Hunter Botts with Affordable
19 Housing Partners, a Brookshire Hathaway company.

20 We have satisfied ourselves to the market due
21 diligence. I can't state here today that all of the due
22 diligence has been complete because we've been going
23 through that process when we started the closing calls.
24 We still have plans and specs, we still have building
25 permits, there are still other things that are ongoing as

1 part of the natural due diligence process, but as far as
2 addressing staff's concern that we as the equity investor
3 have satisfied ourselves and have done our due diligence
4 relative to the market conditions, yes, sir, that is
5 correct.

6 MR. OXER: Any other questions?

7 MR. CHISUM: Yes. Did you give the developer
8 anything in writing confirming that?

9 MR. OXER: Tolbert, turn your mic on.

10 MR. BOTTS: Yes, sir. We provided two letters,
11 actually, that were forwarded to staff indicating that we
12 were comfortable with the market and that that was not
13 going to prevent us from proceeding with our closing
14 process, in addition to any number of conversations that
15 we may have had, but there are two letters that had been
16 provided to that effect.

17 MR. OXER: And the second one was that beefed
18 up that John was referring to. Is that right?

19 MR. BOTTS: Yes, sir. It just gave a little
20 more detail. The first letter stated that we were okay
21 with the market and we had done our due diligence, but
22 staff came back and wanted a little more detail, so we
23 provided more detail in the second letter.

24 MR. SHACKELFORD: Excuse me. Mr. Chisum, both
25 those letters are in your board packet.

1 MR. CHISUM: Thank you.

2 MR. OXER: That's the discussion on the record
3 so we can keep it out.

4 Tim, did you have a comment?

5 MR. IRVINE: Yes. I just wondered if staff had
6 any further comments that they wanted to make in this
7 regard.

8 MR. OXER: Marni, do you want to address this?

9 MR. IRVINE: And as Marni comes up, we've all
10 talked about the market and comfort with the market. I
11 think it might be useful if we at least described what the
12 market is.

13 MS. HOLLOWAY: Describe what the market is?

14 MR. IRVINE: Yes. What's the market for this
15 development?

16 MR. GOURIS: If it's okay, she might have some
17 items to correct on the record, and then maybe I'll
18 address the market issue.

19 MR. SHACKELFORD: Recognizing that I am not
20 part of the REA staff, I'm not going to comment on that
21 part.

22 So a couple of things. Mr. Shackelford
23 mentioned the deficiency process that's described in the
24 carryover manual. Yes, in fact, deficiencies are
25 mentioned as a possibility. Let me read to you what's on

1 the first page of the carryover manual, which is included
2 in your board book. It says: Please note that the
3 development owner is responsible for the timely delivery
4 of complete carryover documentation. Late deliveries will
5 be accepted only if an extension has been approved
6 pursuant to 10.402(f) of the Uniform Multifamily Rules.
7 Commitments for credits will be terminated if the
8 carryover documentation or an approved extension is not
9 received by the November 2 deadline.

10 That statement echoes what is in 10.402(f)(1)
11 that says: Commitments will be terminated if the
12 carryover documentation has not been received by this
13 deadline unless an extension has been approved. This
14 termination is final and not appealable, and immediately
15 upon issuance of the notice of termination, staff is
16 directed to award the credits to other qualified
17 applicants based on the approved waiting list. So we were
18 following that section of the rule. When we did not
19 receive the full documentation, we terminated the
20 application.

21 MR. OXER: I'm sorry. Go ahead.

22 MS. HOLLOWAY: Regarding Mr. Hunter's comments
23 on the process that they were going through, we were not
24 apprised of that information. We were not told, we were
25 not consulted while they were doing all of their work

1 that's been described to us, so our real estate analysis
2 staff has not had an opportunity to evaluate that
3 information, consider it in light of their condition.

4 And yes, there are more complete letters
5 provided in the appeal, but again, here we are on December
6 17, the due date was November 2.

7 MR. IRVINE: And the submittal we just received
8 was received too late to make into the board materials.

9 MS. HOLLOWAY: Yes.

10 MR. IRVINE: A 71-page appraisal.

11 MS. HOLLOWAY: And there are emails at ten
12 o'clock this morning. I can't do anything with those
13 right now.

14 MR. OXER: You're good but you're not that
15 fast. Right?

16 MS. HOLLOWAY: Right, absolutely.

17 MR. GOURIS: Tom Gouris, deputy executive
18 director.

19 So the market for this property, originally a
20 market study suggested that the market for this property
21 was the entire county of Childress. When we went through
22 underwriting, the application was to also include HOME
23 funds with this transaction, and because those are direct
24 award, that's direct funding from us and a liability to
25 the state, our underwriting division, when they looked at

1 the market area, said this isn't going to work, this is
2 not viable, we don't recommend the HOME award. They were,
3 in essence, I think, convinced to move forward and
4 recommend the possibility of a tax credit award subject to
5 confirmation that the lender and equity provider had that
6 confidence and that we could understand how they got
7 there. And that's why we took the extra step in saying:
8 Share with us how you got there, get an independent market
9 analysis to help us with that.

10 That's the information that was available back
11 in July. That's the conversations that were had between
12 our underwriter and the then equity provider and lender
13 back in July -- at least the then equity provider. And so
14 there was an understanding that that equity provider was
15 going to do their own independent underwriting market
16 study, and our condition was sort of built off of that
17 representation from that equity provider. That equity
18 provider is no longer in the transaction, we have a
19 different one who is comfortable with it based on their
20 own analysis.

21 Back to the market now with this new market
22 study, again, we haven't had time to really thoroughly
23 evaluate it. A couple of things we have noted: it was
24 commissioned by Mr. Spicer, initially there was no
25 reference to it being used by anyone other than us and Mr.

1 Spicer, so the lender and the syndicator weren't included
2 in the mix. The email that we just received from Ms.
3 Vecchietti indicated that she's comfortable with that
4 situation, that in order to avoid delays from their
5 accounting and ordering their own market study, she was
6 okay with Jeff hiring this market study.

7 As far as the scope of this new market study,
8 the market area that is defined by this market analyst is
9 extremely problematic. In order to get to sort of an
10 acceptable conclusion from the study, they used eleven
11 counties in the Panhandle area, which is over 7,000 square
12 miles, roughly equivalent to the size of the State of New
13 Jersey. It is an extraordinarily large market area.

14 The reason that's a problem is because someone
15 living in that market who would potentially be --

16 MR. OXER: They're not going to live in Garden
17 City and move down to Newark.

18 MR. GOURIS: For example, if they lived in
19 Pampa which is not even at the full extreme of this market
20 area -- I'm sorry -- if they worked in Pampa and they
21 wanted to move to Childress from Pampa and had to commute
22 that distance, it's 103 miles. If they had to do that
23 five times a week there and back, at 57 cents a mile, that
24 cost to them would be \$29,000 a year. That's not an
25 affordable situation; it's a market area that just doesn't

1 make sense.

2 In Ms. Vecchietti's letter this morning, she
3 indicated that they did a quick review of it and she got
4 comfortable with a five-county area. I don't know which
5 five counties those are, but even that would be a
6 significant area to establish the viability of a
7 transaction.

8 So the request from underwriting wasn't just
9 that we wanted to make sure that the lender and the
10 syndicator were comfortable with this, but we wanted to
11 understand the how they got comfortable with it because we
12 weren't comfortable with it and we wanted to make sure
13 that they wouldn't later on not be comfortable with it for
14 some other reason, recognizing that this is a very
15 difficult market area to get comfortable with.

16 MR. OXER: Thanks, Tom.

17 John. Make it quick, one minute, please.

18 MR. SHACKELFORD: I'll be very quick. The five
19 counties that Ms. Vecchietti asked about was Childress,
20 Collingsworth, Hall, Cottle and Hardeman. Those are the
21 five counties, Mr. Gouris, that you didn't have that
22 information available.

23 And the other thing, with all due respect to
24 Mr. Gouris, I take issue with him saying what now staff
25 was looking for in connection with these market studies

1 because he's now questioning the market studies or the
2 analysis that the lender in this instance is relying on.

3 Again, I go back to what Ms. Holloway said was
4 the condition that we're talking about. Statements from
5 the lender and equity provider indicating they have
6 performed a market study, including statement of level of
7 review and based on that study they intend to move forward
8 with processing their application. Nowhere in that
9 condition does it say that the independent study or market
10 study that had to be obtained by lender equity provider
11 had to satisfy real estate analysis, it just said you go
12 do something you've got to do to make sure, in effect,
13 we're not going to have an issue with getting credits back
14 because you guys decide not to close.

15 So I would say that what Mr. Botts has already
16 testified to, they're good to go, and what the lender is
17 advising in an email to staff and what Ms. Vecchietti
18 said -- she's available to talk to staff today, she
19 couldn't be here this morning but she's available to talk
20 to staff today -- that the lender is good to go.

21 MR. OXER: So in summary, the condition on this
22 is essentially that the lender, the equity holder, the
23 developer are all saying this is a good deal, they're
24 ready to go, the law firm is into it, and they're looking
25 for a way around some of the timely availability of some

1 of the data to support their position, but they're willing
2 to say they're in the deal.

3 MR. SHACKELFORD: Right.

4 MR. OXER: All right. Is that clear?

5 MR. CHISUM: Mr. Chairman.

6 MR. OXER: Mr. Chisum.

7 MR. CHISUM: If we do not approve this, does
8 the deal collapse?

9 MR. OXER: As the resolution is written,
10 approval of the staff recommendation terminates the deal.

11 So to answer your question, if we approve the resolution,
12 the deal collapses.

13 MS. HOLLOWAY: Marni Holloway, director of
14 Multifamily Finance.

15 As directed by our rule, if this appeal is
16 denied, we will move immediately to award the credits to
17 the next application in line on the waiting list.

18 MR. OXER: So the credits are not lost, that's
19 not the question on this. We've always got more projects
20 than we have money.

21 MR. CHISUM: Right. I understand.

22 MR. OXER: The question is does this deal
23 warrant the provision of a waiver and an extension in this
24 case to support their request with the lender and the
25 equity holder.

1 MS. HOLLOWAY: As I stated earlier, it's
2 staff's position that this applicant has not timely met
3 these requirements. We have not had an opportunity to
4 evaluate statements, and while I understand that there are
5 these emails going back and forth right now as we speak --

6 MR. OXER: The documentation that you have
7 available to make a decision on doesn't support what the
8 request is based on the documentation you had up through
9 yesterday.

10 DR. MUÑOZ: Tom, and for the executive
11 director, is the issue of the incompleteness of the
12 documentation in dispute at all in terms of what was
13 required by rule was not provided in a timely way? Is
14 that in dispute at all from your position, or the ED?

15 I mean, I understand, I appreciate the likely
16 viability of the deal, but how many times have we denied
17 applicants because of a deadline?

18 MR. OXER: They were late for four hours on a
19 deadline.

20 DR. MUÑOZ: And so I mean, it is going to make
21 it very difficult to sit up here and say to someone:
22 Well, we said five o'clock, and yeah, sure, it was 5:03.
23 I mean, we've been in this position before and I think
24 that the Board, at least most recently has erred on the
25 side of the rule and what we are required to do regardless

1 of circumstance, unforeseen or otherwise. I mean, this
2 is the basis for likely what will be my position.

3 MR. OXER: A very informed and sophisticated
4 gentleman told me one time that every rule without a hard
5 edge and a penalty is just a guideline.

6 MS. HOLLOWAY: This is true.

7 MR. GOURIS: That's exactly right. And the
8 rule is structured in a way so that the actions that have
9 been taken, the termination and all the things that have
10 taken place, gets to a point where your role isn't to
11 terminate the transaction, the transaction has been
12 terminated, your role is to reinstate, if that's what you
13 choose to do, and grant a waiver to extend these deadlines
14 and extend the provisions.

15 Because, in fact, they are claiming, if you all
16 find it acceptable, that they've provided now the
17 information we requested months and months ago and was
18 required to be provided in the carryover document, they're
19 claiming that they provided that today or yesterday with
20 that independent evaluation, which we haven't had time to
21 evaluate, which has all these concerns. And so they would
22 contend that they provided it, they would contend,
23 possibly, that they provided it originally with the
24 original commitment letters because the original
25 commitment letters said roughly the same thing: We're

1 willing to move forward with this transaction. We needed
2 something more than that and we asked them specifically
3 for that.

4 I think the fault here, if there is one, on our
5 end, aside from whatever written notice issues really has
6 to do with at application when we underwrote this deal, we
7 probably needed to be more firm and say: Hey, we don't
8 recommend this deal at this point. But we had
9 conversations with their equity provider and their lender
10 who had indicated to us that they were going to be moving
11 forward with more information and that that information
12 could easily be obtained by carryover. For whatever
13 reason, nothing happened, nothing happened, and they got a
14 different equity provider who has a different way of doing
15 it, who didn't apparently read or didn't take issue with
16 the comments that were in the underwriting report that
17 were published on the web, that were available to them to
18 do their due diligence.

19 MR. OXER: Okay. Anybody who has been at more
20 than of these meetings over this period of time will
21 recognize that we spend a lot of time trying to maintain
22 the integrity of our rule.

23 You have a comment, sir?

24 MR. JOHNSON: Yes, Mr. Chairman, members of the
25 Board. My name is Brett Johnson with Overland Property

1 Group out of Kansas City. I'm here representing second
2 place, The Reserves at Perryton which, incidentally, is in
3 that eleven-county area.

4 I don't like being up in this position against
5 a competitor I respect. Jeff and I go head to head all
6 over Region 1 and 2. If the roles were reversed, he would
7 be here saying the same thing I am. In fact, he has been
8 because I lost a deal to him a few years ago because I
9 didn't meet the deadline and follow a rule. It's not fun,
10 it's not some way that I want to get a deal, but
11 unfortunately, those are the rules that we use. There is
12 market in Perryton that will take these credits and use
13 them.

14 I want it to be clear that if we allow this to
15 happen, a lot of rules will have to be waived, and those
16 would be precedent-setting waivers which would make this
17 much more unfair to the rest of us that apply every year.

18 MR. OXER: Make it a bunch of guidelines
19 instead of rules.

20 MR. JOHNSON: Exactly, and that was very well
21 stated, and Dr. Muñoz, you said it very eloquently,
22 they're there for a reason. I'm sorry it happened, Jeff.

23 This team, I know them. Hunter. It's not a good way for
24 me to get a deal. I don't like having to do that this way
25 but it's a rule, and I had to follow them, all of our

1 documents are in place, and we ask that you consider what
2 staff is recommending.

3 MR. OXER: Good. Thanks, Brett.

4 MR. JACK: Good morning.

5 MR. OXER: So far.

6 MR. JACK: My name is Darrel Jack and my
7 company is Apartment Market Data. We performed the
8 original market study, and going to what Mr. Irvine asked
9 earlier about what is the market in Childress. The market
10 is thin. The QAP drives developers to small rural Texas
11 based on first and second quartile census tracts and
12 schools that score. That's the whole reason that Mr.
13 Spicer ended up in Childress along with two other
14 developers, and Mr. Spicer won the resolution from the
15 city.

16 But the issue really here is today is the
17 original market study that was delivered to the Department
18 and used for the original underwriting, it met the
19 requirements of the QAP. For the 2015 round, there is no
20 underwriting of the capture rate by unit type, and I think
21 you need to understand that. The only rule is for the
22 overall capture rate. The issue, as I understand it from
23 my discussions with Brent Stewart and with Mr. Spicer, is:
24 Is a syndicator, an equity provider really going to go to
25 a small market like this? And that was the concern that

1 caused the additional letter on making this contingent on
2 the application.

3 But you have to remember, the original market
4 study and the underwriting of that study met the QAP
5 requirement at the time that the application was
6 submitted. And so this is extra that you're asking the
7 developer to do outside the QAP. And as you make your
8 decision, you're right, rules matter, and I think
9 everybody in the audience these last several years
10 understands that this Board really applies the rules in a
11 very black and white manner. But the black and white
12 manner is that this project met the original requirement
13 for the capture rate and that there's nothing in the QAP
14 for 2015 that requires an underwriting or even gives the
15 Department the authority on the issuance of the tax
16 credits to hold back tax credits based on a high capture
17 rate by unit type. That didn't come about until the 2016
18 QAP.

19 So it's not the developer's fault that he's
20 gone out to small rural Texas, it's the way that the rules
21 are. But as rules apply, the capture rate test was met
22 for this project or the award never would have been made.
23 He met threshold.

24 Thank you.

25 MR. OXER: Good. Thanks, Darrel.

1 Are there any other questions from the Board?
2 Any other public comment on this item?

3 (No response.)

4 MR. OXER: Tom, did you have something you want
5 to say, or Marni, something else? Mr. E-D?

6 MR. IRVINE: I had a comment. To me it all
7 really comes down to one pretty simple thing, that between
8 November 24 when the notice of termination was given and
9 today has been a lapse of 23 days, and I personally have
10 not heard an unequivocal statement from the lender that
11 they have performed whatever analysis they deemed
12 appropriate, based on a common understanding of the
13 market, that they're comfortable.

14 MR. OXER: Thirty seconds, Tom.

15 MR. GOURIS: I just wanted to clarify a point
16 that Mr. Jack made. The underwriting rules did not
17 specifically address, he's correct, they didn't
18 specifically address individual unit capture rate, but it
19 didn't prohibit the staff from commenting on that because
20 if it had, it would say all you have to do is these things
21 and we don't have to look at it at all. We evaluate the
22 market study very thoroughly, we need to be able to do
23 that, and when things come up that are out of the
24 ordinary, we bring that out in our underwriting or in
25 questions to the market analyst.

1 In this particular case, coincidentally, we
2 have included a new rule in the 2016 that specifically
3 addresses this issue in order to make sure that everyone
4 is aware, hey, this is a common sense thing, even if you
5 meet the overall capture rate but you far exceed the
6 individual unit capture rate, your deal is not going to be
7 able to move forward. And that's what Mr. Jack was
8 referring to, that new rule is a new rule for 2016, but it
9 wasn't something that we were going to walk past or walk
10 over, in the past it just wasn't something that we thought
11 we needed to put in a rule, and obviously we did.

12 MR. OXER: Thanks, Tom.

13 MR. ECCLES: Tom, I have a couple of questions.

14 MR. GOURIS: Sure.

15 MR. ECCLES: First, when was notice given to
16 the developers of the need and condition of a market
17 study?

18 MR. GOURIS: In July with the original
19 underwriting report.

20 MR. ECCLES: And that was in writing?

21 MR. GOURIS: And that was in writing, and there
22 was an opportunity to appeal those conditions at that time
23 and they were not appealed.

24 MR. ECCLES: Okay. That's it.

25 MR. OXER: Okay. Is there any other public

1 comment, request for comment?

2 (No response.)

3 MR. OXER: Any other questions? With respect
4 to item 6, there's been a motion by Mr. Gann, second by
5 Mr. Goodwin, if I recall correctly, to approve staff
6 recommendation to deny the appeal for the request for
7 carryover and to terminate the application. There's been
8 public comment. With respect to item 6, those in favor?

9 (A chorus of ayes.)

10 MR. OXER: And opposed?

11 (No response.)

12 MR. OXER: There are none. The request for
13 carryover is denied and the application is terminated.

14 All right. We have an executive session to go
15 into. We're going to take a break for about half an hour,
16 but I need everybody to be still and listen. If you're
17 not going to be still, at least be quiet as you move out.

18 The Governing Board of the Texas Department of
19 Housing and Community Affairs will go into executive
20 session at this time. The board may go into executive
21 session pursuant to Texas Government Code 551.074 for the
22 purposes of discussing personnel matters, pursuant to
23 Texas Government Code 551.071 to seek and receive the
24 legal advice of its attorney, pursuant to Texas Government
25 Code 551.072 to deliberate the possible purchase, sale,

1 exchange of real estate, and pursuant to Texas Government
2 Code 2306.039(c) to discuss issues related to fraud, waste
3 or abuse with the Department's internal auditor, fraud
4 prevention coordinator or ethics advisor.

5 The closed session will be held in the anteroom
6 of this room, which is JHR 140, which is right back here.

7 The date is December 17, 2015 and the time is 11:11.
8 We'll be back at approximately 11:45 for what we expect
9 will be a brief completion on this, and we don't expect to
10 be here through lunch.

11 With that, we're recessed.

12 (Whereupon, at 11:11 a.m., the meeting was
13 recessed, to reconvene this same day, Thursday, December
14 17, 2015, following conclusion of the executive session.)

15 MR. OXER: The Board is now reconvened in open
16 session at 11:47. We did pretty good on that one. During
17 the executive session, the Board did not adopt any policy,
18 position, resolution, rule, regulation or take any formal
19 action or vote on any item.

20 We have before us now one last item -- or two
21 items actually, the last action item being item 5(b), as I
22 recall. Is that correct?

23 MR. IRVINE: We've got to finish up 5(a), if
24 there's any more discussion or questions or comments.

25 MR. OXER: And on 5(a) there was a motion by

1 Mr. Gann, second by Dr. Muñoz to approve staff
2 recommendation to approve the use of the community area
3 but deny the escalation of rates to 80 percent AMI on
4 those four units. Is that a correct representation on
5 that?

6 MR. IRVINE: Basically to adopt staff's
7 recommendation.

8 MR. OXER: Right. Okay. That said, is there
9 any more comments from the Board? Any more contribution
10 from the staff?

11 (No response.)

12 MR. OXER: There appears to be no request for
13 public comment. With respect to item 5(a), motion by Mr.
14 Gann, second by Dr. Muñoz to approve staff recommendation
15 on the item. All in favor?

16 (A chorus of ayes.)

17 MR. OXER: And opposed?

18 (No response.)

19 MR. OXER: There are none.

20 I think we have one single item left.

21 MS. BINGHAM ESCAREÑO: Mr. Chair, may we just
22 make a statement to Rick?

23 MR. OXER: Please.

24 MS. BINGHAM ESCAREÑO: Rick -- I shouldn't
25 speak on behalf of the Board -- I like what you're trying

1 to accomplish and I think there was sufficient discussion
2 with legal counsel.

3 MR. ECCLES: Don't talk about the executive
4 session.

5 MS. BINGHAM ESCAREÑO: Okay. I like what
6 you're trying to accomplish and we look forward to working
7 with you in the future and other developers that have the
8 same goals to try to find a way to make that happen in the
9 future.

10 MR. OXER: Thanks for your contribution, Rick.
11 We appreciate the effort.

12 MR. CHISUM: Thank you.

13 MR. OXER: We'll get there, we just don't have
14 the tool or the map yet, so we're working on it. Okay?

15 DR. MUÑOZ: And Rick, my colleague on the dais
16 was certain speaking for me as well.

17 MR. OXER: Indeed.

18 Okay. Down to the last item here.

19 MS. MOLINARI: Good afternoon and hello again.
20 Jennifer Molinari, HOME Program director.

21 Item 7 is staff recommendation related to two
22 amendment requests. One is for the City of Paris and the
23 other is from WREM Literacy Group, whom you heard from
24 earlier today. Both of these administrators have
25 requested extensions to household commitment contracts,

1 representing five households under their two agreements,
2 for an extension request that would exceed twelve months.

3 Staff has requested the first extension request as
4 allowed, however, under our current rules 10 Texas
5 Administrative Code 23.27(f), we cannot approve more than
6 one three-month extension, so we are asking for Board
7 authorization to extend their household commitments for
8 three additional months.

9 In addition, we are requesting Board
10 authorization that would grant staff the ability to
11 approve household commitment extension requests in
12 instances where staff determines that construction delays
13 are a direct result of the inclement weather and
14 activities are within federal disaster declaration
15 counties as designated in 2015. We are asking for this
16 authorization because we have seen an uptick in the amount
17 of amendment requests that have come through our office
18 from activities that were within the federal disaster
19 declaration counties resulting from the weather events in
20 both May and October of 2015.

21 If staff is granted this authorization, staff
22 would only approve extension requests for up to an
23 additional three months without requiring further Board
24 approval, provided that the administrator could prove up
25 any weather-related delays and that the activity is in a

1 disaster county.

2 And so with that, I will be happy to answer any
3 questions that you might have.

4 MR. OXER: Any questions from the Board?

5 (No response.)

6 MR. OXER: So what you're really asking for,
7 Jennifer, is just authorization to use what looks like
8 good sense in saying that people run into problems with
9 the weather every once in a while.

10 MS. MOLINARI: Yes, sir. Specifically since
11 we've had so many requests this year.

12 MR. CHISUM: so moved, Mr. Chairman.

13 MR. OXER: All right. There's a motion by Mr.
14 Chisum to approve staff recommendation on item 7. Do I
15 hear a second?

16 MR. GOODWIN: Second.

17 MR. OXER: And second by Mr. Goodwin.

18 Is there any request for public comment? There
19 appears to be none.

20 Those in favor?

21 (A chorus of ayes.)

22 MR. OXER: And opposed?

23 (No response.)

24 MR. OXER: There are none. It's unanimous.

25 Okay. We've reached the point in the formal

1 agenda where we receive public comment on matters other
2 than items for which there were posted agenda items. The
3 purpose of this is to build the agenda for future
4 meetings. So we'll have comment here if we have one.

5 REV. ANENE: Good morning, Board Chair and
6 Board members. My name is Reverend Ebenezer Anene
7 [PHONETIC]. I came from Galveston County, and I echo what
8 the beautiful lady is saying about extension of time due
9 to weather.

10 I'm doing my last project with the Texas
11 Department of Housing and Community Affairs, the last
12 project we're doing for our previous contract, and due to
13 the weather, the flooding and also the fact that we had
14 issues with asbestos that the city required us to go
15 through several stages to remove this asbestos, we had a
16 time delay on the last project. Unfortunately, the
17 homeowner has been displaced. The home to date has been
18 closed in -- in other words, it's been dried in, but time
19 ran out for us and that's why I was told to come and ask
20 for a request to put the issue on the agenda for your next
21 meeting so that we'll be able to complete the home for the
22 homeowner. The man has grandkids that are so happy to
23 move into a home before Christmas, and I told them I wish
24 I was Ebenezer Scrooge, I would have helped them more, but
25 unfortunately that didn't happen.

1 But we pray and ask that you guys will please
2 include that in the agenda so we'll be able to complete
3 this home for them.

4 MR. OXER: Thanks for your comments, Reverend.
5 Any other questions from the Board?

6 (No response.)

7 MR. OXER: Okay. There's no other request for
8 public comment. Does any of the staff or those left in
9 the audience have anything to say or would like to make a
10 comment?

11 MS. BINGHAM ESCAREÑO: Mr. Chair. I apologize,
12 I'd like to go back. So based on the motion and the vote
13 we just took, in the future if there are developments out
14 there that are possibly needing extensions due to weather,
15 did we just authorize staff to possibly make those
16 decisions?

17 MR. IRVINE: In those narrow situations where
18 they're federally disaster declared counties.

19 MS. BINGHAM ESCAREÑO: Understood. Thank you
20 for the clarification.

21 MR. OXER: And I believe this is correct -- but
22 tell me, Beau and Tim -- even if they have that and they
23 deny that request, the applicant still has the option to
24 come in and make the appeal for a waiver. Is that
25 correct?

1 MS. BOSTON: Just to clarify --

2 MR. OXER: And you are?

3 MS. BOSTON: Brooke Boston. They would still
4 need to be timely filed requests, and so in this case, the
5 reason this situation would not fall under the authority
6 you had just granted us because a timely filed request was
7 not made.

8 MS. BINGHAM ESCAREÑO: Understood. Thank you.

9 MR. OXER: Anything else? Any other questions
10 from the Board? Any questions from members of the Board
11 on the dais? Mr. E-D?

12 (No response.)

13 MR. OXER: Okay. As the chairman, I get the
14 last word. Last meeting of the year. I hope everybody
15 has a happy holiday. It's a good thing that we do to make
16 a hard effort to make sure that we do this the best it can
17 be done. There's a reason that Texas leads the country in
18 the way we do this, so thank you to everybody out there.
19 It's a pleasure to be a part of this Board and I look
20 forward to being here for all fourteen meetings we have
21 scheduled for next year.

22 With that, we'll accept a motion to adjourn.

23 MR. CHISUM: So moved, and Merry Christmas.

24 MR. OXER: Motion by Mr. Chisum and holiday
25 greetings to adjourn. Do I hear a second? I'll second

1 that. No public comment required. Those in favor?

2 (A chorus of ayes.)

3 MR. OXER: And opposed?

4 (No response.)

5 MR. OXER: There are none. Merry Christmas,
6 everybody. See you in January. Be safe and come back; we
7 need all of you back.

8 (Whereupon, at 11:55 a.m., the meeting was
9 adjourned.)

C E R T I F I C A T E

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3 MEETING OF: TDHCA Board
4 LOCATION: Austin, Texas
5 DATE: December 17, 2015

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 109, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Nancy H. King before the
10 Texas Department of Housing and Community Affairs.
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16 _____ 12/24/2015
17 (Transcriber) (Date)
18

19 On the Record Reporting
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ERRATA PAGE

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<u>PAGE</u>	<u>LINE</u>	<u>CHANGE</u>	<u>REASON FOR CHANGE</u>	<u>MADE BY</u>
49	13; 21	Hodgkiss Elementary to Hotchkiss Elementary	typographical error	ACornier