

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

VIA TELEPHONE AND WEB LINK

April 8, 2021  
9:04 a.m.

MEMBERS:

LEO VASQUEZ, III, Chair  
LESLIE BINGHAM, Vice-Chair  
BRANDON BATCH, Member  
PAUL A. BRADEN, Member  
AJAY THOMAS, Member  
SHARON THOMASON, Member

BOBBY WILKINSON, Executive Director

*ON THE RECORD REPORTING*  
*(512) 450-0342*

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P R O C E E D I N G S

1  
2 MR. VASQUEZ: Welcome to all on this great day  
3 for a Board meeting and for a Houston Astros home opener,  
4 first place Houston Astros home opener. We all look  
5 forward to a great season of TDHCA and the Astros.

6 With that, I will call the meeting to order of  
7 the Governing Board of Texas Department of Housing and  
8 Community Affairs. It is 9:04 a.m.

9 Let's start out with the roll call, although I  
10 see everyone's bright shiny faces.

11 Ms. Bingham?

12 MS. BINGHAM: Here.

13 MR. VASQUEZ: Mr. Batch? Mr. Batch, are you  
14 here?

15 MR. BATCH: Here.

16 MR. VASQUEZ: Mr. Braden?

17 MR. BRADEN: Here.

18 MR. VASQUEZ: Mr. Thomas?

19 MR. THOMAS: Here.

20 MR. VASQUEZ: Ms. Thomason?

21 MS. THOMASON: Here.

22 MR. VASQUEZ: And the Board chair is here as  
23 well. Thank you all for being here.

24 I would ask our executive director, Bobby  
25 Wilkinson, to lead us in the pledges to the U.S. and the

1 Texas flags.

2 (The Pledge of Allegiance and the Texas  
3 Allegiance were recited.)

4 MR. VASQUEZ: Thank you, Bobby.

5 Before we get into the main meat of the Board  
6 agenda, we are recognizing, slightly ahead of time, the  
7 month of May as Community Action Month, and I believe Mr.  
8 Lyttle has a resolution in that regard. Can we bring up  
9 Michael?

10 MS. NORRED: Michael should be able to do so.

11 Michael, are you there? Michael, you are a  
12 panelist so you should be able to unmute yourself.

13 MR. LYTTLE: Can y'all hear me now?

14 MR. VASQUEZ: There we go.

15 MR. LYTTLE: I'm sure many people have wanted to  
16 mute me over the years and Renee finally got her wish.

17 Good morning, Board. This is a resolution to be  
18 read into the record for the month of May. It reads:

19 "Whereas, community action agencies are  
20 nonprofit and units of local government organizations  
21 designated under the Economic Opportunity Act of 1964 to  
22 serve to ameliorate the effects of poverty and help persons  
23 experiencing poverty to transition to self-sufficiency;

24 "Whereas, community action builds and promotes  
25 economic stability and enhances stronger communities and

1 the opportunity to live in dignity;

2 "Whereas, nationally community action has  
3 enhanced the lives of millions by providing essential life-  
4 changing services and opportunities;

5 "Whereas, community action serves 99 percent of  
6 America's counties in rural, suburban and urban communities  
7 and works toward the goal of ending poverty in our  
8 lifetime;

9 "Whereas, Texas has a strong vibrant network of  
10 community action agencies to deliver community action to  
11 Texans in need and this years has mobilized to provide  
12 needed assistant for families experiencing the impacts of  
13 the COVID-19 pandemic and Winter Storm Uri;

14 "Whereas, community action will continue to  
15 implement innovative and cost-effective programs to improve  
16 the lives and living conditions of the impoverished,  
17 continue to provide support and opportunities for all  
18 eligible households in need of assistance, and continue to  
19 develop and carry out effective welfare system reforms; and

20 "Whereas, the Texas Department of Housing and  
21 Community Affairs and the State of Texas support the  
22 community action network in Texas in working to improve  
23 communities and make Texas a better place to live, not only  
24 during Community Action Month in May, but throughout the  
25 entire year.



1           "Now, therefore, it is hereby resolved that the  
2           Governing Board of the Texas Department of Housing and  
3           Community Affairs does hereby celebrate May 2021 as  
4           Community Action Month in Texas, and encourages all Texas  
5           individuals and organizations, public and private, to join  
6           and work together in this observance of the hard work and  
7           dedication of Texas community action agencies."

8           Signed this 8th day of April 2021.

9           MR. VASQUEZ: Great. Thank you, Mr. Lyttle.

10          The chair would entertain a motion to adopt this  
11          resolution.

12          MS. BINGHAM: I'll move to so resolve.

13          MR. VASQUEZ: Motion by Ms. Bingham. Is there a  
14          second?

15          MS. THOMASON: I'll second.

16          MR. VASQUEZ: Second by Ms. Thomason. All those  
17          in favor say aye.

18          (A chorus of ayes.)

19          MR. VASQUEZ: Any opposed?

20          (No response.)

21          MR. VASQUEZ: Hearing none, the resolution is  
22          adopted. Thank you all.

23          This now brings us to the point of the consent  
24          agenda items, items 1 and 2 on the agenda, both action and  
25          report items. Do Board members have a wish to move any of

1 these items from consent to action?

2 (No response.)

3 MR. VASQUEZ: And I do not believe we have  
4 anyone from members of the public wishing to move any of  
5 these items, so hearing no changes, do I have a motion to  
6 adopt/accept the consent agenda items.

7 MR. THOMAS: Mr. Chairman, I move the Board  
8 approve items 1(a) through (i) and accept the reports in  
9 item 2 as described and presented in the respective action  
10 request and report items.

11 MR. BRADEN: Second.

12 MR. VASQUEZ: Great. Motion made by Mr. Thomas.  
13 Did I hear a second?

14 MR. BRADEN: Yes, second.

15 MR. VASQUEZ: Second by Mr. Braden. All those  
16 in favor aye.

17 (A chorus of ayes.)

18 MR. VASQUEZ: Any opposed?

19 (No response.)

20 MR. VASQUEZ: Hearing none, motion carries.

21 Moving right along to action items, and we are  
22 first going to start out with some reports from our  
23 executive director and Brooke Boston, our deputy director  
24 of programs, and we will start out with Ms. Boston on  
25 delivering a report on the activities related to the

1 Department's response to the COVID-19 pandemic.

2 Ms. Boston, are you on?

3 MR. WILKINSON: Brooke, you might be muted.

4 MR. DARUS: Brooke was having issues; I think  
5 she's trying right now.

6 MS. NORRED: Yes. She just sent a chat and  
7 said, Bobby, I can't get on.

8 MR. VASQUEZ: Are we going to skip Brooke?

9 MR. WILKINSON: I can either run through the  
10 table or we'll do mine first, how about that.

11 So the biggest news for the Department remains  
12 the rental relief program, been getting some press. As I  
13 mentioned before, we've had some issues somewhat out the  
14 gate a bit, initially because of the ice storm, with call  
15 volumes and the call center being one-third capacity, but  
16 mostly they've been overwhelmingly because the original  
17 project software vendor wasn't up to the task, attempts  
18 were made to amend it on the fly as applications were still  
19 rolling in, and after a couple of weeks it became apparent  
20 that wasn't feasible in a timely manner, it wasn't going to  
21 work.

22 And so at the vendor's expense they procured  
23 Microsoft Neighborly to be the back-end application  
24 software, and that software is being used by other folks  
25 doing rental assistance across the country, states and

1 cities and such, and it's robust enough, doesn't have all  
2 the features that we originally wanted but it's close  
3 enough.

4           So now, with that switch over on March 13, we  
5 had this backlog since we were taking applications since  
6 February 15, and it's just now where we're starting to get  
7 money out the door. As of this morning it's the same  
8 numbers as I reported yesterday in the Urban Affairs  
9 Committee: We have \$4.1 million disbursed, 612 households,  
10 and in the payment process where the transfer is somewhere  
11 between us and the Comptroller and the vendor, the number  
12 is like \$6.9 million and 829 households.

13           I really think we're at the bottom of an  
14 exponential growth curve, and we staked out a graph to  
15 really prepare staff to illustrate such. We really have a  
16 few more weeks to go before I know the exact kind of burn  
17 rate and what we can expect.

18           The committee kind of asked for a commitment on  
19 numbers, and I pushed back a bit; I said, please give us a  
20 couple of weeks. In addition to the software switch and  
21 adding a bunch of staff, more than they had planned for --  
22 you know, I had mentioned we put 75 percent of the agency,  
23 roughly, on doing reviews for a week.

24           I think that was helpful. We've had many staff  
25 that wanted to keep access and keep working those files

1 since they felt invested, so I thought that was great. We  
2 also got feedback from staff on ways to improve the  
3 process, which we're still working through those.

4 In addition, we added two vendors. We have up  
5 to 10 percent that we can spend on admin for this program.

6 Even with the additional vendors, we're sitting at 5  
7 percent, so there was no need to pinch pennies on  
8 administration or throwing more resources at the problem to  
9 try to resolve it. The two additional vendors are Witt  
10 O'Brien and CohnReznick, and they both are doing work  
11 similar to this in other parts of the country, with  
12 Neighborly as their software in some instances.

13 They're just focused on the review process. I  
14 feel like that's our biggest fallback right now. We have a  
15 couple hundred million at some stage of review, and the  
16 sooner we can get those to dollars paid, the better for  
17 Texans, for the Department and for our oversight committees  
18 as well.

19 We have about 600 analysts on it right now, and  
20 we need over a thousand within a couple of weeks; we're  
21 ramping up pretty quick. We're looking at reducing some of  
22 the documentation and streamlining as well, but eventually  
23 we kind of want to lock down the process so that reviewers  
24 don't have to be retrained.

25 Anyway, I think we'll have much better numbers

1 for you by next Board meeting, hopefully really big ones.

2 The session is going well: No one is trying to  
3 dissolve the agency, there's no bills doing such, and the  
4 filing deadline is over, but things can always come up in  
5 the Senate.

6 The budget, we're good, we got the capital  
7 budget authority that we requested in both bills, House and  
8 Senate. One is a brand-new contract management tracking  
9 system and the other is for Microsoft Office 365. We  
10 switched it out, we wanted something more robust, cloud-  
11 based.

12 We've started to use Microsoft Teams a lot in  
13 the COVID virtual environment, so we wanted to keep that  
14 going, but anytime something is over a certain amount, it  
15 requires capital budget authority, but I'm asking for  
16 general revenue, which helps them to say yes, so it said  
17 yes in both houses.

18 The full Senate has passed the bill. It's out  
19 of committee on the House side, but it hasn't passed the  
20 full House. If you've never seen it, House budget night  
21 can be crazy and things can get -- amendments can get put  
22 on that do severe damage to budgets, but that usually  
23 always works itself out in conference. I don't think we're  
24 a particular target of any action.

25 Some of the bills that are of interest that have

1 already passed out of committee on the House side: There's  
2 a bill that mandates a two-year QAP. We've always had the  
3 ability to do so, it was always hard to get consensus from  
4 TAAHP and from stakeholders on whether we wanted to do  
5 that, and there was always a tweak here or there.

6 I think it will be a good thing, and it's always  
7 such a rush, we're always doing the round on our statutory  
8 deadlines and developing the next QAP at the same time. It  
9 makes sense to have a two-year. The Board can be more  
10 deliberate about the process, so can staff, so can  
11 stakeholders.

12 That same bill would index -- as it's subbed out  
13 would index the price per square foot to CPI, which I think  
14 some of the development community has wanted. It's always  
15 been an ask from TAAHP and then to raise it, and the  
16 Department will some years, won't some others, and I guess  
17 we'd just make it automatic.

18 For any of these bills, as far as the Department  
19 staff goes, it's just we implement whatever the legislature  
20 passes, it's nothing that's going to throw us.

21 There is a bill, another one about the two-mile  
22 rule, which would let cities opt out if the value of the  
23 census tract had risen a certain amount over a few years.  
24 That one is not a big deal.

25 But there's some other bills that are left in

1 committee. One would not allow us to use education for  
2 scoring; I think that part is going to get amended. And it  
3 would raise the single round applicant cap from \$3 million  
4 to \$4 million, and would eliminate EARAC, but we would just  
5 do a similar staff process; it just wouldn't be formalized  
6 in statute.

7           There's another bill left in committee. This  
8 one is kind of like the TAAHP bill, and rather than get a  
9 resolution of no objection for 4 percent tax credits from a  
10 local governing body, it would ask for a certification,  
11 like maybe something that would require a vote, and it  
12 would remove the census tract dispersion rule in statute,  
13 and we'd do something else rule-wise.

14           The biggest thing in that one is the priority  
15 scoring for 9 percent tax credits. It removes like the  
16 word "priority" and would let the Department consider the  
17 different points. That would put a lot of focus on the  
18 Board's policy-making for the QAP and removes the focus  
19 from statute and more to the Board. So that's really  
20 something to think about. It would be a big change for us,  
21 but it's certainly something staff can handle and I think  
22 our Board can handle as well.

23           As far as just Department business, we're still  
24 at about 25 percent in the office. The remote work is  
25 working pretty well. You know, I'm here, of course, and



1 going across the street for meetings and such. But as the  
2 vaccination rate increases, we'll have more folks in the  
3 office.

4 We've actually been adding staff that we don't  
5 necessarily have space for if everyone comes back with the  
6 new federal programs, so there will definitely be a level  
7 of telework. I'm not going to spend money leasing  
8 something somewhere just to put people and vehicles.

9 I don't have any other updates. It really is  
10 rental assistance and session are the two big issues. Of  
11 course, the 9 percent round is heating up, and so that's  
12 huge; 4 percent volume has been hefty as well.

13 There's an item towards the end of the agenda  
14 today on streamlining the underwriting process for 4  
15 percents and 4 percents where we're not the issuer of the  
16 bonds and we're not doing loans, that they would be done by  
17 staff and just reported to you, and you wouldn't be voting  
18 on those determination notices.

19 This is a major change of policy, so please ask  
20 questions of staff, grill as you see fit on the issue, but  
21 it's our recommendation at this time.

22 Any questions from the Board? I mean, you can  
23 always call me about any concerns you have with rent relief  
24 or any of the other programs we have, but anything that I  
25 can answer at this moment?

1 (No response.)

2 MR. WILKINSON: All right. Well, I'm going to  
3 take that as a perfect report.

4 MR. VASQUEZ: Well, Bobby, now that you've  
5 wrapped that up, again, in reference to the Texas Rent  
6 relief program -- and I've spoken about this, so you know  
7 I've expressed this to you -- the performance to date by  
8 our contractor has just been woefully inadequate and  
9 unacceptable. They've overpromised and underdelivered,  
10 which is not a good formula.

11 That said, I am encouraged by the action that  
12 you're taking, the pressure that you and staff are putting  
13 on them, that the support and pressure from the Governor's  
14 Office is putting on them, and I believe the actions of the  
15 contractor, they're doing everything they can to make this  
16 work.

17 Even if it's just brute force that's going to  
18 get it working, that's what it looks like it's taking, and  
19 I'm confident that by next meeting we're going to be having  
20 issued just tens of millions of dollars of payments, and  
21 that should be the pace that we expect. And I look forward  
22 to you continuing to put pressure on them to make this  
23 happen and get the other contractors up to speed.

24 With that, monitoring the legislative session  
25 activity and committee meetings and such, it sounds like

1 you all are doing a great job, so I can't imagine it going  
2 much smoother than it has been so far. Not to jinx us,  
3 it's not over yet, but again, you and the staff are doing a  
4 great job on that. So thank you, keep up the good work.

5 With that, I believe we do have Brooke's  
6 technical difficulties resolved. Is that correct?

7 MS. BOSTON: Yes, it is.

8 MR. VASQUEZ: So back to 3(a), Brooke, go ahead.

9 MS. BOSTON: Thank you, Chairman.

10 Brooke Boston with the Texas Department of  
11 Housing and Community Affairs, deputy executive director.

12 The report we provided you shows just where we  
13 are with all of the funds that are related to pandemic  
14 response. You know, the first part of the report shows  
15 activities that the Board authorized several months into  
16 the pandemic, so as early as March on some of them. Those  
17 have all been going very well.

18 And with the HOME Program we've continued to  
19 channel money in there. As you can see we had originally  
20 allotted up to \$11 million for that, and we've spent \$9.9-

21 I think we're on target to finish that up. As long as  
22 subrecipients are asking to still have the funds, we'll  
23 make those available.

24 And then the second two pots were just some  
25 excess money that we have just kind of scraped together as

1 we were trying to find any way to start making an impact in  
2 helping Texans, and with both of these we are pretty much  
3 wrapped up, we just have some final reporting to do.

4 The next section of the report talks about the  
5 CARES Act, so we have CSBG that is similar to our typical  
6 CSBG, but in this case it has to be -- as is the case with  
7 all of these, they have to be used to help affect the  
8 issues of the pandemic or households affected by the  
9 pandemic. So we're about halfway through with those funds.

10 And then with LIHEAP utility assistance we've  
11 spent about 28 percent of the funds. I would note while I  
12 know everyone is probably feeling like that should move  
13 rapidly because it's utility assistance -- and I would  
14 agree with you, but I would note that the subrecipients are  
15 also running regular CEAP and LIHEAP kind of in addition  
16 and in tandem so they're also spending on their normal  
17 allocation as well.

18 Then we have been allocated Community  
19 Development Block Grant funds; in total we have \$141  
20 million. That's going well. In the case of the CDBG  
21 funds, in most cases we're releasing the funds through  
22 notices of funding availability, so it takes a little  
23 longer. We have to make the funds available. People apply.  
24 We evaluate their applications.

25 In this case we're doing rental assistance,

1 mortgage assistance, legal services, broadband planning,  
2 assistance for providers of people with disabilities, and  
3 in all cases all those programs are kind of moving forward,  
4 we're having positive action. As you can see, we're not at  
5 a point where most of it is committed yet, but that is  
6 because it requires us to go out through these notices of  
7 funding availability.

8 I think probably the biggest chunk of the money  
9 is associated with the mortgage assistance and applications  
10 for that are due on April 12, and so while I don't think we  
11 would see commitments and awards by the May Board, we may  
12 actually see -- well, you wouldn't see the commitments in  
13 this report necessarily because we won't have contracted.  
14 We may begin to see awards starting to move forward.

15 We also have two pots of Emergency Solutions  
16 Grant funds. The first portion is fully contracted,  
17 homeless providers are using that and moving forward, and  
18 then in the second portion, which rolled out a little bit  
19 later, we now are all fully contracted. We don't see any  
20 expenditures on those yet primarily because the  
21 subrecipients are still using the ESG-1 funds.

22 The Housing Choice Voucher Program, we  
23 implemented some creative changes to try and get our  
24 voucher holders more assistance with landlord incentives  
25 and landlord retention payments, and that's been effective.

1 We also received 15 additional Mainstream Voucher Program  
2 vouchers, and we issued those almost immediately. Some of  
3 those households are still struggling to find units, but  
4 they do have a voucher in hand.

5 And then these last few sections, the first part  
6 under Coronavirus Relief Bill, Bobby talked to you about so  
7 I won't repeat that.

8 The next one you would see in your chart is  
9 called the Low Income Household Water Assistance Program.  
10 This is kind of mimicking the utility assistance program  
11 that we already operate. US HHS is the federal oversight  
12 agency, and in this case they have not issued guidance for  
13 us on how they want us to proceed, how they're going to  
14 allocate the funds. We don't have an amount yet, so this  
15 is very much just the ball is not really in our court yet.

16 And then you'll see the last section is the  
17 newest federal action, which is the American Rescue Plan.  
18 It allocated to what is going to probably equate to about  
19 another billion of rental assistance that we anticipate.

20 If everything is going well, we will continue to  
21 channel through the same system so that we aren't having to  
22 reinvest time and energy into designing something new just  
23 to continue to help people, but I think that remains to be  
24 seen a little bit.

25 There's also a program called the Homeless

1 Assistance and Supportive Services Program. This is a  
2 pretty unique new activity. We think our portion will be  
3 about \$100 million, but we haven't seen that come from HUD  
4 yet.

5 In this case it allows for development of  
6 affordable housing; it would actually allow for a non-  
7 congregate shelter to be constructed. It also allows for  
8 services, so Abby Versyp on our team is going to be heading  
9 that up, and she's been very engaged on the national  
10 spectrum to try and learn more about this and see what  
11 direction HUD is going to go with it.

12 The Homeowner Assistance Fund we think will be  
13 about half a billion coming to TDHCA. This one kind of  
14 looks and smells like the rental assistance program but is  
15 for mortgage assistance; it also includes utilities.

16 We have not decided yet kind of how we're going  
17 to roll that out. We'll figure that out, and then we'll  
18 probably have a better update next month on how that's  
19 going to look. I don't know if we're going to try and  
20 mimic the similar type model or if we're going to try and  
21 work directly with loan servicers and lenders and try and  
22 assist that way.

23 Then the last two, last but not least, we got  
24 another allocation of LIHEAP for utility assistance, and  
25 then we got more of that water fund that I was mentioning

1 that we still don't have any guidance on and still no  
2 amount.

3 And I'm happy to answer any questions.

4 MR. VASQUEZ: Great. Thanks, Brooke.

5 Do any Board members have questions for Ms.  
6 Boston?

7 MS. BINGHAM: Good morning, Mr. Chair. I have a  
8 couple of questions.

9 So Brooke, going back to the CDBG CARES -- and  
10 that one is a slow burn also, I think, like we didn't have  
11 anything out. It is on my page 3 of 7 at the top, and it  
12 has the three different allocations for the three different  
13 phases and not much out. So that one we don't use  
14 subrecipients; that's direct out to the community?

15 MS. BOSTON: That one we do use subrecipients.  
16 We're using a portion of it for local governments to do  
17 rental assistance. We had committee to start rolling out a  
18 rental assistance activity before we knew about the first  
19 round of the emergency rental assistance package that was  
20 so big, and we wanted to still kind of follow through on  
21 our commitment to those locals, so in that case we have  
22 about 40 cities and counties who are receiving that, and  
23 they in turn are operating a rental assistance program.

24 And then for the mortgage assistance we are  
25 required to have a certain portion of the funds go to



1 non-entitlements, which essentially is small rural  
2 communities, and so those are the applications that are due  
3 on April 12. So those are kind of the biggest portions of  
4 the money.

5 We had planned on about \$21 million going for a  
6 match for food expenditures from early on in the pandemic,  
7 and due to some federal policy changes, the state no longer  
8 had to contribute that match, and so it freed up about  
9 \$21 million, and we'll be probably bringing an action item  
10 to you guys in May for the reprogramming of that.

11 MS. BINGHAM: Okay. And then on the coronavirus  
12 relief emergency rental assistance, that's our big one.  
13 Right?

14 MS. BOSTON: Yes.

15 MS. BINGHAM: Okay. So on that one I think  
16 Bobby had mentioned in his report that we have 600 analysts  
17 and that we need to get up to a thousand. Did I hear that  
18 correctly?

19 MS. BOSTON: You did.

20 MS. BINGHAM: And that is to help with this  
21 emergency rental assistance?

22 MS. BOSTON: Correct.

23 MS. BINGHAM: So the chair was saying how,  
24 obviously, we're way behind the eight-ball here and we'll  
25 be playing catch-up. Can we catch up with this 600 or are

1 we dependent on filling out the rest of that need for  
2 analysts in order to get back to a place that's accessible?

3 MS. BOSTON: We believe we need that full volume  
4 to clear the backlog. I think once we get caught up with  
5 the backlog, we'll have to reevaluate that, but because the  
6 problems that we experienced with the system early on,  
7 during those problems applications kept coming in but we  
8 weren't able to get in and really start reviewing them in  
9 the system, and so these extra positions that Bobby  
10 referenced are coming in through two new vendors brought on  
11 specifically to assist with that.

12 MS. BINGHAM: Gotcha. Okay. And then just a  
13 question, so have you guys had a discussion on what success  
14 does look like in terms of the backlog and catching up? Do  
15 you have benchmark dates, or you know, targets for the  
16 amount that you want to have expended or at least  
17 obligated?

18 MS. BOSTON: Great question.

19 Bobby, do you want to answer that?

20 MR. WILKINSON: I was going to jump in a moment  
21 ago that we're not paying per body on the analysts,  
22 especially the two new vendors. It's a performance-based  
23 contract and we pay them to get an applicant to its final  
24 disposition, so they're kind of in charge of their staffing  
25 levels. We have them on, you know, you only get paid for

1 success and you have a time limit and they get penalized if  
2 they go beyond it.

3 Brooke, remind me. They're contracted for up to  
4 50,000 applications each and it's a six-week time limit --  
5 is that right -- or seven?

6 MS. BOSTON: I think we have it at 70 days.

7 MR. WILKINSON: Okay, 70 days. So you know,  
8 they're trying to ramp up to -- at least CohnReznick the  
9 other day they said they'll be at 9,000 a week by May 1, so  
10 they're going to double over the next few weeks, and that's  
11 in households approved per day.

12 I don't have the equivalent dollar amount in  
13 front of me, but it's, you know, kind of like \$5 million,  
14 \$10 million, \$15-, \$30-, \$45- and then that's just one  
15 vendor.

16 As far as dollars by week or dollars by date  
17 certain, we really need to get the two new vendors  
18 integrated and get rolling for a couple of weeks and then  
19 we'll have a better way to describe it by the next Board  
20 meeting for sure.

21 MS. BINGHAM: Thank you guys.

22 MR. WILKINSON: Also, jumping back to CDBG,  
23 Brooke was being kind of nice about it. We've kind of held  
24 onto it for a little bit after the CARES Act, and the  
25 Department was pushing for rental assistance and working

1 with appropriators and such across the street, and then  
2 everyone felt comfortable with that, we brought that to  
3 you, and then the big rental assistance gets passed by the  
4 feds, which CDBG is a six-month limitation, it's HUD. It's  
5 just not as good of a source for rental assistance.

6 And then the Federal Government rains rental  
7 assistance on the states and cities, and so even that like  
8 \$36 million that's contracted out to the cities, they're  
9 sitting on it now, and rightly so, because they have the  
10 new money that's a 15-month benefit rather than six, fewer  
11 strings.

12 And then we're like, okay, let's reprogram some  
13 of this rental assistance money we were going to put out  
14 for mortgage assistance, and then the American Rescue Plan  
15 comes out, and it has mortgage assistance.

16 So I think this is typical of other sectors too,  
17 not just housing, that there's been floods of money from  
18 the Federal Government going directly to states and locals  
19 with overriding jurisdictions and intentions from different  
20 sources, so it's something we're going to wade through, but  
21 it will take a bit.

22 To see that expended number on CDBG go up fast  
23 it's going to take a while and we might be bringing -- you  
24 know, Brooke mentioned that \$21 million that we were going  
25 to give to TDEM for the state match to free up other

1 dollars.

2 All of a sudden they don't need it because there  
3 is no match anymore, and so at least that \$21 million,  
4 maybe more, we'll be bringing back to you to reprogram.  
5 The needs are being met in other ways and we'll be able to  
6 fulfill new needs, but as far as just getting dollars out  
7 the door, CDBG is going to be a little slow moving, rental  
8 assistance I think is going to pick up real fast.

9 And another thing on the report in general, we  
10 keep adding rows as new bills are passed and more money is  
11 coming our way and it gets to the point where a lot of it  
12 is to be determined. We don't even know our state  
13 allocation yet so it's hard to report on progress, haven't  
14 started the program.

15 Brooke, do you have anything else on the table  
16 you wanted to bring up to the Board?

17 MS. BOSTON: No, I'm good.

18 MR. VASQUEZ: Great. Do any other Board members  
19 have questions for Brooke or Bobby on these programs?

20 (No response.)

21 MR. VASQUEZ: Like I said, this is amazing to  
22 see the tens of millions, if not hundreds of millions of  
23 dollars that we are processing through the Department and  
24 from subrecipients, but these numbers, these dollars only  
25 matter if they get out there on the street, so let's keep

1 the pressure on the accelerator and get it out there and  
2 make sure the subrecipients are working as fast as they can  
3 to get this money out to the people that need it.

4 So thanks for that report and look forward to  
5 updates here in the future.

6 MS. BOSTON: Certainly. Thank you.

7 So this brings us to item 4 on the agenda from  
8 Asset Management: Presentation, discussion, and possible  
9 action regarding a material amendment to the housing tax  
10 credit application and land use restriction agreement for  
11 project #02469, Murdeaux Villas in Dallas.

12 Mr. Banuelos is up. Welcome.

13 MR. BANUELOS: Thank you, Mr. Chairman, members  
14 of the Board, Bobby.

15 That is correct; item 4 is presentation  
16 regarding a material amendment regarding Murdeaux Villas.

17 At the meeting held on June 25, 2020, the Board  
18 was notified that a pre-application was received for the  
19 acquisition and rehabilitation of this development. At  
20 that time the pre-application was placed on the  
21 Department's waiting list to receive a reservation.

22 The Board was also advised that the proposed  
23 rehabilitation included a plan to reconfigure several  
24 three- and four-bedroom units and that the change to the  
25 unit mix and unit count would require an amendment to the

1 application and the existing LURA.

2 The new 4 percent housing tax credit application  
3 was submitted on September 15, 2020, and it included a  
4 letter dated August 4, 2020, which was later revised by a  
5 letter dated March 19, 2021, requesting a material  
6 amendment to the LURA and in which the applicant is seeking  
7 approval to convert 40 out of the existing 128 three-  
8 bedroom/two-bathroom units and 21 out of the existing 48  
9 four-bedroom/two-bathroom units to 40 efficiency units and  
10 82 one-bedroom units, resulting in an overall increase in  
11 the development's total number of units from 240 to 301.

12 In addition, in order to meet the accessibility  
13 requirements for two-bedroom units, one of the existing  
14 three-bedroom units will be leased as a two-bedroom unit.

15 The applicant stated that the 61 units that are  
16 designated to be reconfigured are either vacant or have  
17 volunteers ready to move to make this modernization happen.

18 The applicant also represented that the development is  
19 still renting units and has no wait list. In addition,  
20 there will be no permanent displacement of tenants due to  
21 this new configuration.

22 The applicant states that this change is needed  
23 because there is not sufficient demand in that area to  
24 support the development's current number of three- and  
25 four-bedroom units.

1           As a result, the development has experienced  
2 occupancy issues, including over-housing of households, has  
3 been financially unstable for several years, and it is at  
4 risk of foreclosure.

5           Staff found no evidence that contradicts the  
6 applicant's claim regarding demand, and it does not appear  
7 that the proposed reconfiguration will have any impact on  
8 current and future households in need of three- or  
9 four-bedroom units.

10           An underwriting review indicates that the  
11 development is expected to be financially feasible with the  
12 proposed unit mix; therefore, staff recommends approval of  
13 this material amendment and I'm available for any questions  
14 at this time.

15           MR. VASQUEZ: Great. Thank you, Mr. Banuelos.

16           Do any Board members have questions on this  
17 item?

18           (No response.)

19           MR. VASQUEZ: I understand that we have a  
20 commenter who would like to speak on this project.

21           MS. NORRED: Yes.

22           MR. VASQUEZ: So let's first make a motion on  
23 this item, and then we can make a motion for public  
24 comment. Do any Board members have a motion on this?

25           MR. BATCH: Mr. Chairman, I move that the Board



1 approve the proposed material amendment to the original  
2 application modifying the number of units and bedroom mix,  
3 approve the amendment to the LURA for Murdeaux Villas, as  
4 described and presented in the Board action request.

5 MR. VASQUEZ: Motion made by Mr. Batch. Is  
6 there a second?

7 MR. BRADEN: Second.

8 MR. VASQUEZ: Seconded by Mr. Braden.

9 Again, we do have comment, I don't know if the  
10 commenter still wishes to speak, but let's give him the  
11 opportunity. So hearing no objection to having speakers,  
12 let's bring on Mr. Fisher.

13 MR. FISHER: Good morning, Board members. I'll  
14 be brief.

15 I really wanted to thank staff. We've been at  
16 this for a year. Staff has worked with the development  
17 team to head off a loss of very affordable housing in the  
18 City of Dallas, which has great need for it.

19 They put in an enormous amount of time and  
20 effort into ensuring that the proposal was both financially  
21 feasible as well as protecting the existing residents, and  
22 I certainly wanted to go on record thanking them for all  
23 their efforts: Teresa, Rosalio, Brent Stewart and his  
24 team, Tom Cavanagh.

25 So you all are doing something important for the

1 City of Dallas. This property leases to households with  
2 rent at or below 50 percent of area median income, so it's  
3 incredibly affordable, it's a target under your enabling  
4 legislation.

5 The current project, in addition to your LURA,  
6 has a regulatory agreement from HUD. I did want the Board  
7 to know that HUD has approved this reconfiguration as well.

8 So I appreciate your support for this effort,  
9 and I will turn it back to the Board.

10 MR. VASQUEZ: Great. Thank you. And for the  
11 record, Mr. Fisher represents the developer, the  
12 redeveloper.

13 MR. FISHER: I do.

14 MR. VASQUEZ: Okay, great. Thanks.

15 So we have a motion by Mr. Batch, seconded by  
16 Mr. Braden. All those in favor say aye.

17 (A chorus of ayes.)

18 MR. VASQUEZ: Any opposed?

19 (No response.)

20 MR. VASQUEZ: Hearing none, motion carries.

21 Thank you, Mr. Banuelos.

22 We're going to now item 5(a) under Bond Finance.

23 Ms. Morales is up. The first item is presentation,  
24 discussion, and possible action regarding the issuance of a  
25 multifamily housing revenue note, Series 2021, Resolution

1 No. 21-024, and a determination notice of housing tax  
2 credits and this also is in relation to Murdeaux Villas.

3 Ms. Morales.

4 MS. MORALES: Good morning. Teresa Morales,  
5 director of Multifamily Bonds.

6 Item 5(a) involves the issuance of multifamily  
7 tax-exempt bonds for the acquisition and rehabilitation of  
8 301 units in Dallas. Under the previous agenda item,  
9 Rosalio walked you through the material amendment that  
10 feeds into the re-syndication of the property and bond  
11 issuance under this agenda item.

12 Under the proposed structure, the Department  
13 will issue an unrated tax-exempt fixed rate multifamily  
14 note in the amount of \$35 million that will be initially  
15 purchased by IBC Bank who will be serving as the  
16 construction lender. Once the conditions to conversion for  
17 the permanent loan have been met, Bellwether Enterprise  
18 will purchase the loan under Freddie Mac's tax-exempt loan  
19 program. Shortly thereafter, Freddie Mac will acquire the  
20 loan and the Department's related multifamily note from  
21 Bellwether where it is expected to be securitized with  
22 other loans. Bellwether will remain as the servicer of the  
23 loan for Freddie Mac who will be the permanent lender and  
24 note holder.

25 Staff recommends approval of Bond Resolution No.

1 21-024 in the amount of \$35 million and the issuance of a  
2 determination notice of 4 percent housing tax credits in  
3 the amount of \$2,218,728.

4 MR. VASQUEZ: Great. Thank you, Ms. Morales.

5 Do any Board members have questions on this  
6 agenda item?

7 (No response.)

8 MR. VASQUEZ: Hearing none, the chair would  
9 entertain a motion on item 5(a).

10 MS. BINGHAM: Mr. Chair, I'll move the Board  
11 approve Resolution No. 21-024, authorizing the issuance of  
12 an unrated multifamily note regarding Murdeaux Villas and  
13 issue the determination notice for 4 percent housing tax  
14 credits, as reflected in and subject to the conditions that  
15 were stated in the Board action request on the same item.

16 MR. VASQUEZ: Great. Thank you.

17 Motion made by Vice Chair Bingham. Is there a  
18 second?

19 MR. BATCH: Second.

20 MR. VASQUEZ: Seconded by Mr. Batch.

21 I believe Mr. Fisher is again available for  
22 information but I don't believe that will be necessary.

23 We have a motion made by Ms. Bingham, seconded  
24 by Mr. Batch. All those in favor say aye.

25 (A chorus of ayes.)

1 MR. VASQUEZ: Any opposed?

2 (No response.)

3 MR. VASQUEZ: Hearing none, motion carries.

4 Moving on to item 5(b), presentation,  
5 discussion, and possible action on Inducement Resolution  
6 No. 21-025 for multifamily housing revenue bonds, regarding  
7 applications for filing applications for private activity  
8 bond authority for Providence on the Park, project #21618,  
9 in Dallas.

10 Ms. Morales.

11 MS. MORALES: Item 5(b) is the adoption of an  
12 inducement resolution associated with a bond pre-  
13 application. Providence on the Park proposes the  
14 acquisition and rehab of 280 units in Dallas. The  
15 inducement resolution is to authorize staff to submit this  
16 application, which is requesting \$36 million in private  
17 activity bonds, to the Bond Review Board to await a  
18 reservation.

19 This application will join the other seven  
20 applications currently on the TDHCA waiting list, bringing  
21 the total in requested volume cap to \$205 million. The  
22 TDHCA set-aside has already been met, and so this  
23 reservation, along with the other seven, are not likely to  
24 be issued until August or much later in the year, depending  
25 on the availability of cap statewide. Worst case is that

1 they would have to participate in the 2022 bond lottery to  
2 try to obtain a reservation.

3 Staff recommends adoption of Resolution 21-025.

4 MR. VASQUEZ: Thank you, Ms. Morales.

5 Do any Board members have questions on this item  
6 5(b)?

7 (No response.)

8 MR. VASQUEZ: I'll make the observation that  
9 it's amazing that we're maxing out on our bond cap. I  
10 think that's a good sign for activity here in Texas, and  
11 let's hope we can get some more here somehow.

12 So the chair would entertain a motion regarding  
13 item 5(b).

14 MR. THOMAS: Mr. Chairman, I move the Board  
15 approve Resolution No. 21-025 to proceed with the  
16 application submission to the Bond Review Board for  
17 possible receipt of the state volume cap issuance authority  
18 on Providence on the Park in Dallas, as reflected in the  
19 Board action request on this item.

20 MR. VASQUEZ: Thank you.

21 Motion made by Mr. Thomas. Do I have a second?

22 MR. BRADEN: Second.

23 MR. VASQUEZ: Seconded by Mr. Braden.

24 We do not have anyone in the queue to speak on  
25 this item, so all those in favor of Mr. Thomas's motion

1 approving item 5(b) say aye.

2 (A chorus of ayes.)

3 MR. VASQUEZ: Any opposed?

4 (No response.)

5 MR. VASQUEZ: Hearing none, motion carries.

6 Moving right along to item 5(c), again we're  
7 continuing with Bond Finance, and Ms. Morales. Item 5(c)  
8 is presentation, discussion, and possible action on  
9 Resolution No. 21-026 regarding a modification agreement  
10 relating to multifamily housing revenue bonds Series 2019  
11 for McMullen Square Apartments.

12 Ms. Morales.

13 MS. MORALES: Item 5(c) involves a request to  
14 approve a modification agreement to amend specific terms  
15 associated with a previously issued multifamily bond  
16 development.

17 The Department issued multifamily bonds to  
18 McMullen Square in 2019, and the transaction was structured  
19 as a variable rate with a swap. For its multifamily  
20 transaction, since the Department is acting as a conduit  
21 issuer, it is not a party to the swap but the swap payments  
22 flow through the trust indenture to the trustee.

23 For McMullen, the interest rate on the bonds is  
24 LIBOR based and is defined as such in the trust indenture.  
25 The loan converted from construction to the permanent phase

1 this past December, and the bondholder has requested that  
2 the LIBOR language in the indenture be modified to reflect  
3 an alternative index given the planned future elimination  
4 of LIBOR.

5 Specifically, Cedar Rapids Bank and Trust, as  
6 the bondholder, has requested the language incorporate the  
7 International Swaps and Derivatives Association Inc., or  
8 ISDA, for purposes of implementing an alternative rate  
9 index under the swap documents or the ISDA fallback  
10 protocol as the new index rate.

11 Staff recommends approval.

12 MR. VASQUEZ: Thank you, Ms. Morales.

13 For us old school finance guys and ladies, it's  
14 just amazing to think that there's not going to be a LIBOR.

15 Do any Board members have any questions on this  
16 item?

17 (No response.)

18 MR. VASQUEZ: Hearing none, the chair would  
19 entertain a motion on this item 5(c).

20 MR. BRADEN: Mr. Chair, I'll make a motion. I  
21 move the Board approve Resolution No. 21-026, the  
22 modification agreement relating to Series 2019 multifamily  
23 housing revenue bonds for McMullen Square Apartments, as  
24 reflected in the Board action request on this item.

25 MR. VASQUEZ: Thank you.



1 Motion made by Mr. Braden. Is there a second?

2 MS. THOMASON: Second.

3 MR. VASQUEZ: Seconded by Ms. Thomason.

4 We do not have any speakers in the queue not his  
5 item, so all those in favor of approving item 5(c) say aye.

6 (A chorus of ayes.)

7 MR. VASQUEZ: Any opposed?

8 (No response.)

9 MR. VASQUEZ: Did I hear any opposed? No, I  
10 think that was just a late aye.

11 So hearing no opposition, motion carries.

12 On to 5(d), presentation, discussion, and  
13 possible action regarding the issuance of multifamily  
14 housing revenue bonds for the Corona Del Valle Apartments,  
15 Series 2021, Resolution No. 21-027, and a determination  
16 notice of housing tax credits.

17 Ms. Morales.

18 MS. MORALES: Item 5(d) involves the multifamily  
19 bond issuance for the acquisition and rehabilitation of 101  
20 units in El Paso.

21 This property was originally built using an  
22 allocation of housing tax credits from 1994. This  
23 application is one of ten that participated in the TDHCA  
24 bond lottery for 2021. This transaction involves the  
25 issuance of an amount not to exceed \$8.5 million and

1 utilizes and FHA 221(d)(4) loan where the bonds will be  
2 cash collateralized with the proceeds from Orix Real Estate  
3 Capital, also known as Lument, as the FHA lender.

4 There are several support letters from various  
5 elected officials in your materials. Staff conducted the  
6 TEFRA public hearing for this project, and there was no  
7 public comment that was made.

8 Staff recommends approval of Bond Resolution No.  
9 21-027 in an amount not to exceed \$8.5 million and a  
10 determination notice of 4 percent housing tax credits in  
11 the amount of \$760,792.

12 MR. VASQUEZ: Thank you, Ms. Morales.

13 Do any Board members have any questions on this  
14 item?

15 (No response.)

16 MR. VASQUEZ: Hearing none, the chair would  
17 entertain a motion on item 5(d).

18 MR. BATCH: Mr. Chairman, I move the Board  
19 approve Resolution No. 21-027 authorizing the issuance of  
20 tax-exempt multifamily housing revenue bonds regarding  
21 Corona Del Valle Apartments and issue a determination  
22 notice for the 4 percent housing tax credits, as reflected  
23 in and subject to the conditions stated in the Board action  
24 request on this item.

25 MR. VASQUEZ: Thank you.

1 Motion made by Mr. Batch. Do I have a second?

2 MS. BINGHAM: I'll second.

3 MR. VASQUEZ: Seconded by Ms. Bingham.

4 We do not have anyone in the queue for item 5(d)  
5 so let's vote. All those in favor of approving item 5(d)  
6 as presented say aye.

7 (A chorus of ayes.)

8 MR. VASQUEZ: Any opposed?

9 (No response.)

10 MR. VASQUEZ: Hearing none, motion carries.

11 Moving on to item 5(e), I believe this is our  
12 last Bond Finance item, presentation, discussion, and  
13 possible action regarding the issuance of multifamily  
14 housing revenue bonds for Palladium Simpson Stuart  
15 Apartments, Series 2021, Resolution No. 21-028, and a  
16 determination notice of housing tax credits.

17 Ms. Morales.

18 MS. MORALES: Item 5(e) is another and the last  
19 multifamily bond issuance by the Department that involves  
20 the new construction of 270 units in Dallas that will serve  
21 a general population.

22 This transaction also involves an FHA 221(d)(4)  
23 execution where the bonds will be cash collateralized with  
24 the proceeds from PNC Bank as the FHA lender. Upon  
25 conversion the bonds will be paid in full and the FHA

1 conventional loan will remain outstanding.

2 There has been no public comment received on  
3 this application, aside from the letter of support in your  
4 package from State Representative Tony Rose.

5 Staff recommends approval of Bond Resolution No.  
6 21-028 in an amount not to exceed \$25,750,000 and a  
7 determination notice of 4 percent housing tax credits in  
8 the amount of \$2,135,593.

9 MR. VASQUEZ: Great. Thank you, Ms. Morales.

10 Do any Board members have questions on item  
11 5(e)?

12 (No response.)

13 MR. VASQUEZ: Hearing none, the chair would  
14 entertain a motion on item 5(e).

15 MR. THOMAS: Mr. Chairman, I'll move the Board  
16 approve Resolution No. 21-028 authorizing the issuance of  
17 tax-exempt multifamily housing revenue bonds regarding  
18 Palladium Simpson Stuart Apartments and issue a  
19 determination notice for 4 percent housing tax credits, as  
20 reflected in and subject to the conditions stated in the  
21 Board action request on the item.

22 MR. VASQUEZ: Motion made by Mr. Thomas. I  
23 believe Mr. Batch was going to second. Is that right?

24 MR. BATCH: I'll second, yes, sir.

25 MR. VASQUEZ: Okay. We do have speakers

1 available to answer any questions, but I don't believe the  
2 Board has any questions on this, so let's go ahead and  
3 vote. All those in favor of approving item 5(e) as  
4 presented say aye.

5 (A chorus of ayes.)

6 MR. VASQUEZ: Any opposed?

7 (No response.)

8 MR. VASQUEZ: Hearing none, motion carries.

9 Thank you, Ms. Morales. And everyone listening,  
10 I want them to understand that this section 5 means I'm  
11 going to have to sign about 5,000 pieces of paper with my  
12 signature on it, so looking forward to that package.

13 Let's move on to item 6(a) on the agenda,  
14 Multifamily Finance, and Ms. Morales is still keeping the  
15 floor here. So item 6(a), presentation, discussion, and  
16 possible action on a determination notice for 4 percent  
17 housing tax credits and an award of direct loan funds for  
18 Trinity Oaks, project #21443, in Sulphur Springs.

19 Ms. Morales.

20 MS. MORALES: Item 6(a) relates to the issuance  
21 of a determination notice for 4 percent housing tax credits  
22 and an award of direct loan funds for Trinity Oaks, which  
23 involves the acquisition and rehabilitation of a 48-unit  
24 development in Sulphur Springs.

25 This application was previously approved by the

1 Board in November of 2020; however, there have been changes  
2 that necessitated a reevaluation. Specifically, since this  
3 application was approved, there was federal legislation  
4 that fixed the 4 percent applicable percentage which was  
5 not factored into the original underwriting. The amount of  
6 bonds to be issued increased, the senior perm debt  
7 increased, and the associated term was reduced and the  
8 equity provider changed.

9 With the increase in your perm debt and  
10 increased equity due to the recent legislation, the  
11 applicant's request for direct loan funds decreased from  
12 \$925,000 to \$300,000.

13 Pursuant to the direct loan rule and the QAP, an  
14 applicant who returns or partially returns an award of HOME  
15 funds may be subject to a penalty in the subsequent program  
16 year; however, staff is recommending that no penalty be  
17 imposed on the basis that the partial return stems from the  
18 impact of federal legislation that the applicant could not  
19 have known or planned for.

20 Staff recommends approval of a determination  
21 notice of 4 percent housing tax credits in the amount of  
22 \$188,836 and an award of \$300,000 in HOME direct loan  
23 funds.

24 MR. VASQUEZ: Great. Thank you, Ms. Morales.  
25 And again, just emphasizing this is coming back due to

1 changes in legislation that they have to adjust for; it  
2 wasn't really in the applicant's control.

3 MS. MORALES: Correct.

4 MR. VASQUEZ: So do any Board members have  
5 questions on item 6(a)?

6 MS. BINGHAM: Mr. Chair, I'm prepared to make a  
7 motion if there's no questions.

8 MR. VASQUEZ: Thank you.

9 MS. BINGHAM: I'll move Board approval for the  
10 revised issuance of a determination notice for 4 percent  
11 housing tax credits and an award of direct loan HOME funds  
12 for Trinity Oaks in Sulphur Springs, as reflected in and  
13 subject to the conditions stated in our Board action  
14 request on this item, and that the Board impose no penalty  
15 on the applicant or affiliates due to the partial return of  
16 the HOME award.

17 MR. VASQUEZ: Thank you.

18 Motion made by Vice Chair Bingham. Is there a  
19 second?

20 MR. THOMAS: Second.

21 MR. VASQUEZ: Seconded by Mr. Thomas.

22 There's no one in the queue for speaking so  
23 let's vote. All those in favor of approving item 6(a) as  
24 presented say aye.

25 (A chorus of ayes.)

1 MR. VASQUEZ: Any opposed?

2 (No response.)

3 MR. VASQUEZ: Hearing none, motion carries.

4 Moving on to item 6(b), presentation,  
5 discussion, and possible action on a determination notice  
6 for 4 percent housing tax credits for Pine Terrace, project  
7 #21444, in Mount Pleasant.

8 Ms. Morales.

9 MS. MORALES: Item 6(b) relates to the issuance  
10 of a determination notice for 4 percent credits for Pine  
11 Terrace which involves the acquisition and rehabilitation  
12 of a 76-unit development in Mount Pleasant.

13 This is a sister transaction to Trinity Oaks and  
14 also included an original award of direct loan funds of \$1  
15 million. There were changes from the original underwriting  
16 that include an increased bond amount to be issued, the  
17 senior perm debt increased, and an increase in equity  
18 proceeds due to the recent federal legislation. The result  
19 of all of these changes make the direct loan funds no  
20 longer necessary.

21 Pursuant to the direct loan rule in the QAP, an  
22 applicant who returns or partially returns an award of HOME  
23 funds may be subject to a penalty in the subsequent program  
24 year; however, similar to the prior transaction, staff is  
25 recommending that no penalty be imposed on the basis of the



1 partial return or full return stems from the impact that  
2 the federal legislation that the applicant could not have  
3 known or planned for.

4 Staff recommends approval of a determination  
5 notice for 4 percent housing tax credits in the amount of  
6 \$259,570.

7 MR. VASQUEZ: Thank you, Ms. Morales.

8 Do any Board members have questions on this  
9 repetitive item?

10 (No response.)

11 MR. VASQUEZ: Hearing none, the chair would  
12 entertain a motion on item 6(b).

13 MR. THOMAS: Mr. Chairman, I move the Board  
14 approve the revised issuance of a determination notice for  
15 4 percent housing tax credits and an award of direct loan  
16 HOME funds for Pine Terrace in Mount Pleasant, as reflected  
17 in and subject to the conditions stated in the Board action  
18 request on this item, and that the Board impose no penalty  
19 on the applicant or affiliates due to the partial return of  
20 the HOME award.

21 MR. VASQUEZ: Great. Thank you.

22 Motion made by Mr. Thomas. Is there a second?

23 MS. THOMASON: Second.

24 MR. VASQUEZ: Seconded by Ms. Thomason. All  
25 those in favor say aye.

1 (A chorus of ayes.)

2 MR. VASQUEZ: Any opposed?

3 (No response.)

4 MR. VASQUEZ: Hearing none, motion carries.

5 On to item 6(c), presentation, discussion, and  
6 possible action regarding the issuance of determination  
7 notices for 4 percent housing tax credit applications.  
8 Everyone should note how we're doing this and how we may  
9 not be doing this in the future, depending on an upcoming  
10 vote.

11 Ms. Morales.

12 MS. MORALES: Item 6(c) relates to the issuance  
13 of several determination notices for 4 percent housing tax  
14 credits. The list includes nine applications as reflected  
15 in your materials which total 2,439 units and are primarily  
16 new construction, with the exception of one acquisition  
17 rehab.

18 One of the applications, Agave, #21404, was  
19 conditioned upon receipt of a delinquent payment. Staff  
20 has confirmed that that payment has been received.

21 Staff recommends approval for a determination  
22 notice for each of the projects listed in this Board  
23 presentation for the respective amounts noted to be issued.

24 MR. VASQUEZ: Thank you, Ms. Morales, and thanks  
25 to the all the staff that have spent countless hours

1 working on making sure all the boxes are checked on these 4  
2 percent determination notices.

3 Do any Board members have questions on item  
4 6(c)?

5 MS. BINGHAM: I don't have any questions, I'm  
6 prepared to make a motion.

7 MR. VASQUEZ: Please.

8 MS. BINGHAM: I'd like to move that the Board  
9 grant the requested waiver of 10 TAC 11.304(a)(2) relating  
10 to underwriting and loan policy rules associated with  
11 application #21410 Life at DeSoto, and issuance of the  
12 determination notices for 4 percent housing tax credits to  
13 each of the other applicants, as reflected in and subject  
14 to the conditions that were stated in our Board action  
15 request on this item.

16 MR. VASQUEZ: Thank you.

17 Motion made by Ms. Bingham.

18 MS. BINGHAM: Excuse me, sir. Do I need -- that  
19 wasn't the one that was conditioned -- the waiver wasn't  
20 for the one that was conditioned on the delinquent payment,  
21 so my motion is still okay? All right. Sorry about that.

22 Motion stands.

23 MR. VASQUEZ: Thank you for the clarification.

24 Is there a second on this motion for item 6(c)?

25 MR. BATCH: Second.

1 MR. VASQUEZ: Seconded by Mr. Batch.

2 Were there any other questions on this item?

3 MR. BRADEN: Just for a point of clarification,  
4 the 4 percent award is for each of these applicants,  
5 including #21410?

6 MR. VASQUEZ: Yes. And these are determination  
7 notices, not final awards.

8 MR. BRADEN: Correct.

9 MR. VASQUEZ: Okay. With that, let's take a  
10 vote. All those in favor of approving item 6(c) as  
11 presented say aye.

12 (A chorus of ayes.)

13 MR. VASQUEZ: Any opposed?

14 (No response.)

15 MR. VASQUEZ: Hearing none, motion carries.

16 Item 6(d), presentation, discussion and possible  
17 action on a waiver relating to 10 TAC 11.01(b)(2) of the  
18 Qualified Allocation Plan concerning development size  
19 limitations and a determination notice for housing tax  
20 credits for Bluebonnet Ridge, project #21403, in Ennis.

21 Again, Ms. Morales.

22 MS. MORALES: Item 6(d) relates to the issuance  
23 of a determination notice for Bluebonnet Ridge in Ennis.

24 This is listed as a separate agenda item from  
25 the previous group because it involves a waiver request

1 relating to the development's size. The QAP limits the  
2 development size for 4 percent applications in a rural  
3 area. Specifically, the maximum development size in a  
4 rural area is limited to 120 units.

5 Ennis has a population of approximately 19,000  
6 and is part of the Dallas-Fort Worth-Arlington MSA. The  
7 next closest urban area is Waxahachie, whose boundaries are  
8 approximately one mile from the city limits of Ennis. If  
9 these two city limits shared boundaries, Ennis would be  
10 considered an urban area under the definition, and a waiver  
11 would not be necessary.

12 Staff evaluated the market area and supplemental  
13 information provided by the applicant relating to area  
14 employers and the demand for an affordable development of  
15 this size. Staff evaluated the market study and noted that  
16 there is a 250-unit affordable property located  
17 approximately one mile from the proposed site that has a  
18 current occupancy of 94 percent.

19 This property was built before the limitation on  
20 development size in a rural area was added to the QAP and  
21 was built under the 4 percent tax credit program, which  
22 demonstrates that 4 percent transactions are financially  
23 feasible on a larger scale in order to help absorb the  
24 costs associated with issuing bonds.

25 As it relates to other properties located within

1 a 20-minute drive time of the proposed development, the  
2 overall occupancy rate was reported to be 97.9 percent.  
3 The applicant reported a large number of employers in the  
4 area with employees who would qualify at the 60 percent of  
5 area median income level proposed, and it was reported that  
6 a number of these employees do not currently reside in  
7 Ennis but live in surrounding cities and commute to work.

8 In addition to a review of the market study,  
9 staff also received letters from the debt and equity  
10 providers confirming that through their own due diligence  
11 they are comfortable with the number of units proposed in  
12 Ennis.

13 Staff believes, based on the information  
14 reviewed, that granting this waiver supports the  
15 requirements in the waiver rule and granting the waiver  
16 better serves the purposes articulated in Texas Government  
17 Code 2306.

18 Staff notes that as with every waiver that is  
19 presented to the Board, it is specific to facts and  
20 circumstances associated with a particular application.  
21 This waiver should not be interpreted to indicate that  
22 other large-scale developments, should they be proposed by  
23 other applicants, that it would yield a similar  
24 recommendation.

25 Staff recommends the waiver of 10 TAC

1 11.101(b)(2) of the QAP concerning development size  
2 limitations be granted and that a determination notice of  
3 housing tax credits in the amount of \$1,985,983 be issued.

4 MR. VASQUEZ: Great. Thank you, Ms. Morales.

5 Do any Board members have questions on this  
6 agenda item?

7 (No response.)

8 MR. VASQUEZ: I just want to say it's kind of  
9 fascinating to think about with the continued growth of the  
10 population in Texas and people moving in from all over the  
11 country that our definitions of rural are going to have to  
12 take some reevaluation on many different levels.

13 With that, we'll entertain a motion on item  
14 6(d).

15 MR. BRADEN: Mr. Chairman.

16 MR. BATCH: Mr. Chairman.

17 MR. VASQUEZ: Let's go with Mr. Braden.

18 MR. BATCH: Go ahead.

19 MR. BRADEN: I move the Board grant the  
20 requested waiver of 10 TAC 11.101(b)(2) relating to  
21 development size limitations and issue a determination  
22 notice for 4 percent housing tax credits for Bluebonnet  
23 Ridge in Ennis, as reflected in and subject to the  
24 conditions stated in the Board action request on this item.

25 MR. VASQUEZ: Thank you.

1 Motion made by Mr. Braden. Is there a second,  
2 Mr. Batch?

3 MR. BATCH: Second, Mr. Chairman.

4 MR. VASQUEZ: Seconded by Mr. Batch.

5 We have available for questions but I don't  
6 think we need them in this case, so let's take a vote. All  
7 those in favor of approving item 6(d) as presented say aye.

8 (A chorus of ayes.)

9 MR. VASQUEZ: Any opposed?

10 (No response.)

11 MR. VASQUEZ: Hearing none, motion carries.

12 Thank you, Ms. Morales. Now, I guess, one more  
13 item for you, and this is interesting for a discussion that  
14 everyone should wake up for and hear, because I think this  
15 will be a move towards efficiency in the organization:

16 Presentation, discussion, and possible action  
17 regarding streamlining our 4 percent housing tax credit  
18 applications and associated waivers.

19 Ms. Morales, do you want to give the background  
20 on this?

21 MS. MORALES: I will.

22 If I could summarize the intended outcome of  
23 this agenda item, it is to create efficiencies, eliminate  
24 redundancies, and recognize value in the work when it  
25 matters.



1           Item 6(e) relates to improvements and  
2 efficiencies associated with certain applications under the  
3 4 percent Housing Tax Credit Program. I am presenting this  
4 item with my partners in crime, Homero Cabello and Tom  
5 Cavanagh, who are also available for the discussion.

6           Staff is requesting approval for a more  
7 streamlined process that would reduce processing time and  
8 eliminate redundancies. This is not an across-the-board  
9 program change but applicable to only certain 4 percent  
10 applications, specifically those that I would call a  
11 straight-up 4 percent deal.

12           So this process would not apply to those 4  
13 percent applications that include a request for direct loan  
14 funds, and it would not apply to those 4 percent  
15 applications where the Department is serving as the bond  
16 issuer.

17           Over the past year and a half I've been painting  
18 a picture of the volume of applications processed under the  
19 4 percent program. There is a table at the top of page 3  
20 of the Board write-up that details the number of units  
21 produced in 2019, 2020, and what we have received to date  
22 in 2021.

23           To further illustrate the demand of bond volume  
24 cap, there is \$1.9 billion in multifamily requests  
25 currently in line with the Bond Review Board.

1           Staff is requesting specific waivers of the QAP  
2 be granted to: number one, allow staff to administratively  
3 issue the determination notice once the program,  
4 compliance, and underwriting evaluations are complete;  
5 number two, streamline the underwriting at initial  
6 application; and number three, streamline specific program  
7 items that would either not be applicable as a result of  
8 the streamline or serve as a duplicative review already  
9 performed by another party in the transaction.

10           In allowing staff to administratively issue the  
11 determination notice, it significantly will reduce pressure  
12 in finalizing underwriting, reduce pressure in the  
13 bottleneck associated with meeting the rigorous Board  
14 posting requirements, and allow staff to more efficiently  
15 move these applications through the process.

16           The determination notice is a piece of paper  
17 that basically says we've looked at your application,  
18 characterized by a snapshot in time, and have determined  
19 that it's possible that you could qualify for some amount  
20 in credits.

21           It is not an award of credits, nor does it  
22 constitute a legally binding allocation of credits.  
23 Issuance of this notice is industry standard but the  
24 process by which it is issued varies. Many states across  
25 the nation issue these administratively at the staff level.

1 In Texas we present them to the Board because it's what  
2 the QAP requires based on rule and not regulation.

3 The level of underwriting that is performed at  
4 initial application is extensive and based solely on an  
5 assumption of costs indicated by the applicant.

6 Concurrent with staff's review, the applicant is  
7 tracking the project through the local process for  
8 permitting and through the lender, the syndicator and bond  
9 issuer's due diligence and underwriting process. As a  
10 result, there are often changes to the development that  
11 require staff to continually ask for the necessary updates  
12 to the application and perform a reevaluation of  
13 underwriting.

14 It is becoming an increasingly difficult to  
15 arrive at a snapshot in time that solidifies staff's review  
16 as complete and ready for Board consideration. This  
17 continuous process of review creates significant pressure  
18 on staff so as to not jeopardize the application and its  
19 statutory closing deadline associated with the bond  
20 reservation.

21 From an underwriting perspective, we will shift  
22 the in-depth underwriting from initial application to cost  
23 certification when the actual costs and operations are  
24 known. At initial application we will continue to ensure  
25 that the application meets the Department's feasibility

1 criteria, and the list of what the application must reflect  
2 is included in your Board write-up on page 4.

3 This is about creating efficiency in state  
4 government and understanding there isn't a lot of value  
5 added in the in-depth underwriting that is based on an  
6 assumption of costs that change up until the day we post  
7 the Board book, the day the notice is approved, and even  
8 changes that occur immediately after we issue that  
9 determination notice.

10 The reality is that costs will continue to  
11 change up until the cost certification package is submitted  
12 two years later. At the end of the day, we will fulfill  
13 our responsibility under Section 42 to allocate credits  
14 based on the actual costs and in an amount that is no more  
15 than is necessary to ensure financial feasibility. The  
16 value added is on the back-end when the federal allocation  
17 of the credits occurs.

18 From the program side we will be reducing  
19 redundancies in some of the documentation that we ask for  
20 and are therefore required to review. Some of these items  
21 are noted in your write-up. One example is site control.

22 The site control is a requirement by the Bond  
23 Review Board that must be evidenced before the reservation  
24 is issued. There isn't any value added in another state  
25 agency reviewing the same information.

1           The lender, equity provider, and bond issuer are  
2 tracking whether an applicant has the ability to compel  
3 title. If they don't, the deal won't close. The fact that  
4 we may have already issued a determination notice does not  
5 put the credits at risk.

6           These same entities are also performing their  
7 own underwriting and due diligence, and their risk is  
8 significantly greater than the Department's at this stage  
9 in the process.

10           Again, I want to reiterate that this is not  
11 intended to be an across-the-board program change. We're  
12 not talking about all 4 percent applications, we are only  
13 talking about those 4 percent applications. As an example  
14 that's included under item (c) of this section, it's just  
15 those transactions that are issued by a local issuer and  
16 our only action is on the 4 percent credits.

17           With that, I will close and stand ready with  
18 Homero and Tom for discussion.

19           MR. VASQUEZ: Thank you for that very good  
20 introduction and analysis, Teresa.

21           Again, do any Board members have questions on  
22 this streamlining idea?

23           MS. BINGHAM: Mr. Chair, so just a couple of  
24 comments.

25           One, I really appreciate the thoughtfulness

1 behind this, and obviously that growth in the number of  
2 units coming through the 4 percent process, the fact that  
3 we're at 11,000 and we're only a few months into the year  
4 is pretty remarkable.

5 And probably a stupid question, so if we approve  
6 the request today, then the next time that the QAP is  
7 revised we'll take all this into consideration and just  
8 reflect in the QAP appropriately moving forward?

9 MR. VASQUEZ: Correct. Or Teresa, go ahead.

10 MS. MORALES: Yes. It's something that we can  
11 certainly keep in mind as we go through the rulemaking  
12 process for 2022.

13 MS. BINGHAM: Okay. And I mean, I guess the  
14 other side of that would be if for any reason -- and I  
15 tried hard to think about -- no offense to my Board  
16 peers -- but I tried to think through where the Board has  
17 actually materially contributed to a different decision  
18 than what staff typically recommends, and I couldn't think  
19 of any numerous situation there that's come up.

20 But in the event that we do this and it does not  
21 appear to be in the best interest of Texans, then we'd have  
22 the opportunity to evaluate that and either go back to our  
23 prior practice, or if it looked like something that we  
24 could move forward, then we would reflect it appropriately  
25 in the QAP?

1 MS. MORALES: I would imagine that Beau could  
2 address this, but if through the action today you are  
3 granting the waivers that staff is recommending, if over  
4 the coming months there is a risk that we didn't foresee or  
5 something that wasn't considered, I would imagine that a  
6 similar item could be brought back before you to rescind  
7 waivers previously granted. And then obviously recognizing  
8 that none of this will be memorialized in the 2022 QAP  
9 without going through that rulemaking process and hearing  
10 and such.

11 MS. BINGHAM: Thank you.

12 MR. VASQUEZ: Do any other Board members have  
13 questions?

14 MR. BRADEN: Mr. Chair, I have a couple of  
15 questions or comments about this.

16 First of all, I want to commend Teresa. You  
17 know, this very thorough write-up associated with this item  
18 in a fairly technical aspect of what we do answered mostly  
19 all my questions, and I appreciate that.

20 There are a couple of things I wanted to note  
21 that were set forth in the item. You know, the  
22 determination notice, the award of the determination  
23 notice -- I guess we're calling it an award -- the issuance  
24 of the determination notice is not required by Texas  
25 statute or federal law, but as noted, it's an important

1 part of the process by which bonds are issued with these  
2 type of credits linked to it and the equity provider is  
3 looking for that.

4 As noted, the deal participants are still going  
5 to get that, it's just that they're not going to have to go  
6 to the Board to get it and Bobby will be signing the  
7 letters or issuing them like you do, and it really has more  
8 to do with timing and not having to time it with respect to  
9 a Board meeting and that way you can respond in the 180-day  
10 requirement for private activity bonds, or actually the  
11 150, and you'll be able to stay up on the deals more. I  
12 think that's a great idea.

13 Tinkering with the QAP the next time around  
14 makes sense if this works. I also assume that to the  
15 extent you've received any input from either developers or  
16 the legal community that services the 4 percent developers,  
17 it's been positive. Have you heard anything back from  
18 anyone?

19 MS. MORALES: I personally have not heard  
20 anything back since this item has been posted. I would be  
21 very surprised if there is opposition from the development  
22 community.

23 As I indicated, there is a significant number of  
24 applications that are in line with the Bond Review Board.  
25 That competitiveness, what it's led to is an applicant not



1 being able to predict when that reservation is going to be  
2 issued, so once it is issued they have a statutory 180 days  
3 to get that deal closed.

4 So what that means is they have to get through  
5 our tax credit process, they have to get through the  
6 lender's process, the equity investor's process, they have  
7 to get through their issuer's process, they have to get  
8 through the AG's process.

9 And so what I envision for this is that it would  
10 be more efficient in moving those applications through our  
11 process and not jeopardizing their ability to close under  
12 that reservation because of the timing constraints we have  
13 associated with a Board meeting once a month.

14 And so to the extent that reservation is issued  
15 much sooner than what they planned for and they don't have  
16 their application ready to go, then it would allow us to  
17 still process the application, and again, still give them  
18 ample time to close after we issue that determination  
19 notice that isn't tied to making or having -- you know,  
20 it's either make or break if you don't meet a certain Board  
21 meeting.

22 MR. BRADEN: Right. That makes sense to me.

23 And I guess the one question I did have on these  
24 materials, when you're talking about the level of  
25 underwriting on applications, and you referenced the items

1 on page 4 of our Board write-up, those 16 items I guess  
2 they have to show, and that's with initial application  
3 they're supposed to demonstrate those items, and is that a  
4 change from what we've done or is that what you always have  
5 done?

6 MS. MORALES: We have always done that, so  
7 applications will still be submitted, and they have to show  
8 these certain feasibility indicators that is in the rule;  
9 that is not something that we're asking the Board to waive.

10 And we will still continue to check that they've  
11 got a DCR that is within the applicable range, that the  
12 deferred developer fee is repayable within the time frame  
13 noted. Those are things, again, that we've always done and  
14 will continue them.

15 MR. BRADEN: That's all I had, Mr. Chair. I  
16 know it's a shift from the way we've done it before, but to  
17 me it seems like it's a good idea.

18 MR. VASQUEZ: Thank you, Mr. Braden.

19 Any other Board members have questions on this  
20 item?

21 (No response.)

22 MR. VASQUEZ: And again, just to summarize and  
23 reiterate, this change does not apply to projects where we  
24 are issuing bonds or we are a direct lender; it's just on  
25 the 4 percent determination notices where other entities

1 are the lender or the bond issuer.

2 MS. MORALES: That is correct, so it would  
3 effectively be item 6(c) that was on the agenda. Those are  
4 determination notices that we would issue administratively.

5 I will note that to the extent an application  
6 such as the Bluebonnet Ridge property that you just  
7 approved -- that one was reflecting a waiver of a specific  
8 rule -- those types of things will still come before you,  
9 you are still required to take action as it relates to  
10 certain waivers of threshold or eligibility, and so in  
11 taking action on the waiver, you will also be taking action  
12 on determination notices that are associated with those.

13 This is more for those applications that are  
14 straightforward, the local issuer is issuing those, there's  
15 no waivers being sought or no other action that's required  
16 by the Board.

17 MR. VASQUEZ: Right. So staff, I'm simplifying  
18 the characterization, but checking the boxes and making  
19 sure the basic data is there and that should just move  
20 along as a matter of course.

21 MS. MORALES: Correct.

22 MR. VASQUEZ: Well, again, I applaud the staff  
23 for coming up with this kind of idea. We want to simplify  
24 and streamline, make things more efficient, and again, we  
25 still, the Department still maintains a final say at the

1 end of the day when we issue the tax credits, so our due  
2 diligence is still in that process but at the end when it's  
3 ready to close rather than at the beginning when it's a  
4 moving target all the time.

5 MS. MORALES: Correct.

6 MR. VASQUEZ: Okay. We have on members of the  
7 public queued up to speak on this item, so I believe this  
8 action will require two motions, from my understanding.

9 MS. BINGHAM: Mr. Chair, I can take a shot, it  
10 looks like it is two motions.

11 The first, I'll move the Board grant the  
12 requested waiver of the particular sections of the rule, as  
13 reflected in our Board action request on this item, that  
14 require determination notices for the 4 percent  
15 applications that require that they be brought to the Board  
16 for approval where the application is not seeking direct  
17 loan funds and does not involved TDHCA issued bonds. So  
18 that's the first motion on granting the requested waiver.

19 MR. VASQUEZ: Let's take them one at a time.

20 MS. BINGHAM: Want to take them separately?

21 MR. VASQUEZ: Yes. So Ms. Bingham has made a  
22 motion. Is there a second?

23 MS. THOMASON: I'll second.

24 MR. THOMAS: Second.

25 MR. VASQUEZ: Seconded by Ms. Thomason.

1           So voting on this initial motion on the floor  
2 relating to item 6(e) on the agenda, all those in favor say  
3 aye.

4           (A chorus of ayes.)

5           MR. VASQUEZ: And any opposed?

6           (No response.)

7           MR. VASQUEZ: Hearing none, motion carries.

8           Now, Vice-Chair Bingham, would you care to make  
9 a second motion related?

10           MS. BINGHAM: Yes, sir. So I'll also move for  
11 waiver of the particular sections of the rule, as reflected  
12 in the Board action request on this item, to reduce  
13 unnecessary or redundant review by TDHCA of these  
14 particular 4 percent applications.

15           MR. VASQUEZ: Great. Thank you, Ms. Bingham.

16           Is there a second to the second motion?

17           MR. THOMAS: I'll second.

18           MS. THOMASON: Second.

19           MR. VASQUEZ: I'll give that one to Mr. Thomas.

20           Okay. All those in favor of Ms. Bingham's second motion  
21 on item 6(e) say aye.

22           (A chorus of ayes.)

23           MR. VASQUEZ: Any opposed?

24           (No response.)

25           MR. VASQUEZ: Hearing none, motion carries.

1           Thank you all and thank you to the staff for  
2 putting in this work and analysis and explanation. We  
3 definitely appreciate it from the Board level and look  
4 forward to you continuing your pursuit of efficiency in  
5 what we do.

6           So I think you are now off the hook, Teresa.

7           We will go to item 7 on the agenda and Community  
8 Affairs, Michael De Young. Our first item is 7(a),  
9 presentation, discussion, and possible action on release of  
10 the draft 2022 Low Income Home Energy Assistance Program  
11 State Plan for public comment.

12           Mr. De Young, please give us the background.

13           MR. DE YOUNG: No problem. Michael De Young,  
14 Community Affairs Division director.

15           Just a quick aside to say thank you for the  
16 resolution acknowledging may as Community Action Month. We  
17 work with 40 community action agencies across the State of  
18 Texas; they provide a wide array of services in their  
19 communities.

20           You know, we do CSBG, we do LIHEAP, we do  
21 weatherization at TDHCA, but these agencies also do Meals  
22 on Wheels, they do medical transportation, regular  
23 transportation, they do health clinics, there's a wide  
24 variety of services, including Head Start, that are  
25 performed by many of these agencies, so they're an integral

1 part of the fabric of how we serve low-income Texans.

2 Item 7(a) is the draft 2022 LIHEAP State Plan.  
3 Each year we're required to submit a plan to the U.S.  
4 Department of Health and Human Services about how we're  
5 going to administer the LIHEAP program. We are required to  
6 submit that by September 1, and this process today will  
7 start the preparation of that plan.

8 LIHEAP funds are utilized to provide utility  
9 bill assistance and home weatherization services to  
10 eligible households through our network of 36 subrecipients  
11 covering all 254 counties in the State of Texas, and before  
12 submitting the LIHEAP plan we must submit a draft plan for  
13 public comment and hold a public hearing to receive  
14 comments on this proposed plan.

15 The subrecipients were included in the drafting  
16 of this plan, we work with them throughout the year on  
17 improvements or suggestions on how the plan can be  
18 improved, and they were provided two opportunities to give  
19 more input on this plan.

20 Now we'll release it for public comment, we'll  
21 hold hearings, we'll modify the plan if it's necessary, and  
22 if it's appropriate, based on any comments we will make  
23 those changes and then come back to the Board to the final  
24 plan, along with recommendations for the Subrecipients  
25 awards.

1           And this annually goes on about June or July, we  
2 come to you and say we've made the changes, here's who  
3 we're going to fund, give us approval, and those contracts  
4 won't start until January but it's us getting the ducks in  
5 a row so that we can timely get those funds out, so this  
6 item 7(a) will begin that process of 2022 planning.

7           I can answer any questions about the 2022 plan  
8 you might have.

9           MR. VASQUEZ: Thank you, Michael.

10          Are there any questions or comments from the  
11 Board?"

12          (No response.)

13          MR. VASQUEZ: Hearing none, the chair will  
14 entertain a motion on item 7(a).

15          MR. BATCH: Mr. Chairman, I move that the Board  
16 approve the draft 2022 Low Income Home Energy Assistance  
17 Program State Plan for publication and hearing, to receive  
18 public comment, that the final plan be presented to the  
19 Board, as reflected in the Board action request on this  
20 item, and that the staff be permitted to make technical and  
21 conforming changes to the plan based on guidance in the  
22 interim by the U.S. Department of Health and Human  
23 Services, all as reflected in the Board action request on  
24 this item.

25          MR. VASQUEZ: Thank you.



1 Motion made by Mr. Batch. Do I hear a second?

2 MR. BRADEN: Second.

3 MR. VASQUEZ: Seconded by Mr. Braden.

4 No public comment lined up for this item, so all  
5 those in favor say aye.

6 (A chorus of ayes.)

7 MR. VASQUEZ: Any opposed?

8 (No response.)

9 MR. VASQUEZ: Hearing none, motion carries.

10 Continuing on to the last item on the agenda,  
11 item 7(b), presentation, discussion, and possible action on  
12 the programming of Low Income Home Energy Assistance  
13 Program funds available to Texas through the American  
14 Rescue Plan Act of 2021 and authorization to award such  
15 funds, and update on administrative flexibilities.

16 Mr. De Young.

17 MR. DE YOUNG: Item 7(b). As part of the  
18 American Rescue Plan that Brooke outlined earlier, the  
19 Department expects to receive LIHEAP funding from the U.S.  
20 Department of Health and Human Services, and we estimate  
21 today that that figure is around \$234 million.

22 The reason I can't give you an exact figure is  
23 the appropriation when they signed it had language that has  
24 to be interpreted by Health and Human Services before they  
25 divvy up the funds.

1           We'll probably receive between \$220 million and  
2 \$250 million, somewhere in that window. That is LIHEAP  
3 money again that goes for utility assistance and for  
4 weatherization services, and we'll be given those funds  
5 hopefully within the next month and those funds must be  
6 expended by September 30 of 2022.

7           Once those funds are received, the Department  
8 wants to be quick in issuing contracts and distributing the  
9 funds so it can go out into the field to help low income  
10 Texans.

11           We're proposing that we distribute 74 percent of  
12 the LIHEAP funds to CEAP subrecipients so they can begin  
13 providing utility bill assistance to eligible households,  
14 25 percent of that allocation will be held in reserve, and  
15 we'll work with Bobby and look at expenditure rates amongst  
16 all of our subrecipients to decide if we need to put  
17 additional funds into CEAP or weatherization, and we'll  
18 reserve 1 percent for state administration.

19           In normal years we would reserve 3 percent,  
20 during this time we'll only hold back 1 percent, and we  
21 anticipate hiring approximately three staff just to help us  
22 through this surge of money. This is more money than we  
23 get in an annual allocation. Normally we're about \$160  
24 million, and this is an additional \$220- to \$250 million.

25           Because of our prior experience with large

1 infusions of cash due to the Community Affairs program, it  
2 occasionally occurs that some subrecipients don't have the  
3 capacity to quickly adjust and serve large increases in  
4 funding, and it becomes important that the executive  
5 director, Bobby, or his designee have the authority to  
6 de-obligate funds and move them around the state so that we  
7 can ensure that we get full expenditure of the funds before  
8 September 2022.

9           During this pandemic the Department has had and  
10 must continue to take extra measures to promote timely  
11 utility assistance for eligible households and we're going  
12 to continue to work with our subrecipients in granting  
13 flexibilities and considering future flexibilities in order  
14 to fully expend the funds. I'll remind you that we came to  
15 you as a Board with some recommendations about  
16 flexibilities that we wanted to implement.

17           Some of those are we are trying to accommodate  
18 during the pandemic that people couldn't get in to sign  
19 applications or they couldn't get to the courthouse to get  
20 a copy of their birth certificate.

21           We also asked for the ability to pay two bills.  
22           We usually would only pay the highest bill in any given  
23 month and during the pandemic many people were unable to  
24 pay an electric bill or maybe a propane bill, so we started  
25 paying both bills when it's necessary.

1           We also doubled the amount of funds that an  
2 eligible household could receive. In the past the lowest  
3 income household could receive approximately \$1,600 of  
4 utility assistance in a given year, we went ahead and  
5 doubled all our limits so now that same household could  
6 receive \$3,200.

7           Part of this is to accommodate the Winter Storm  
8 Uri, as well as some of the issues that arose during the  
9 COVID-19 pandemic. Many of the households that we serve  
10 were unable to make payments on their bills, and there was  
11 a moratorium in the state of Texas so they may not have  
12 paid their bill over six or seven months, and they come  
13 into the community action agency and they have arrears that  
14 exceed our normal limits, so what we did in flexibility is  
15 just to allow them to go ahead and make the community  
16 action agency clear that arrears out of the billing process  
17 and still provide assistance. In the past they couldn't  
18 always do that because we didn't have enough money  
19 available for them.

20           So we've also said during the month of February  
21 when electricity prices really spiked, we told our  
22 community action agencies don't count that month's bill  
23 against the household cap, so that allowed them to help  
24 that household throughout the remainder of the year.

25           In the past, if we hadn't made this change, many

1 of the households would pretty much use up their whole  
2 allocation between January and February and possibly not be  
3 able to receive assistance, and so by granting that  
4 flexibility that y'all did, we were able to allow them to  
5 continue to serve those low income households.

6 At some point we'll probably pull back on these,  
7 but we want to make sure we've gotten through the pandemic  
8 and we've gotten through all the bills associated with the  
9 Winter Storm Uri and we'll pull back on those flexibilities  
10 when the time is right, and we'll come back to you before  
11 we do that and we'll make a recommendation to Bobby at that  
12 right time.

13 There are 36 subrecipients who are being  
14 considered for a proportional share of the funds listed in  
15 the bar and that's on page 3 -- I take that back, it's on  
16 page 5 of your bar, and they will go through a previous  
17 participation review, as they do with any Community Affairs  
18 award, and they will have to receive a positive review from  
19 EARAC.

20 When you approve this action, it will grant  
21 authority for staff to issue contracts as soon as those  
22 funds are made available to the State of Texas, and that  
23 will allow for the timely assistance to the low income  
24 households all across Texas.

25 This action will also grant the Department and

1 its subrecipients a streamlined and flexible approach to  
2 mitigate the effects of the pandemic and Tropical Storm  
3 Uri -- I say tropical storm because I'm used to saying  
4 disasters are tropical storms -- it was Winter Storm Uri.  
5 I apologize.

6 So staff is recommending your approval of this  
7 item.

8 MR. VASQUEZ: Great. Thank you, Mr. De Young.

9 As I stated earlier in the meeting, we need to  
10 keep our foot on the accelerator when it comes to getting  
11 monies out into the community where it makes the  
12 difference, and also having the flexibility to adjust  
13 midstream I view that as a great idea.

14 Do any Board members have any questions for Mr.  
15 De Young on this item?

16 (No response.)

17 MR. VASQUEZ: Hearing none, the chair will  
18 entertain a motion on item 7(b).

19 MR. THOMAS: Mr. Chairman, I move the Board  
20 approve and grant the executive director the authority on  
21 behalf of the Board to create guidance and flexibilities  
22 regarding the Low Income Home Energy Assistance Program to  
23 execute Comprehensive Energy Assistance Program and LIHEAP  
24 contracts for funds received under the American Rescue Plan  
25 Act of 2021, and de-obligate and re-obligate such funds to

1 subrecipients on the basis of subrecipients' ability to  
2 effectively expend such funds, all as reflected in the  
3 Board action request on this item.

4 MR. VASQUEZ: Great. Thank you.

5 Motion made by Mr. Thomas. Is there a second?

6 MR. BATCH: I second, Mr. Chairman.

7 MR. VASQUEZ: Seconded by Mr. Batch.

8 We have no public commenters lined up for this,  
9 so all those in favor say aye.

10 (A chorus of ayes.)

11 MR. VASQUEZ: Any opposed?

12 (No response.)

13 MR. VASQUEZ: Hearing none, motion carries.

14 Thank you, Mr. De Young.

15 MR. DE YOUNG: Thank y'all.

16 MR. VASQUEZ: And this would normally be our  
17 time for public comment, but there's no one signed up in  
18 the queue to comment at this particular meeting so we look  
19 forward to hearing from y'all in future meetings.

20 And given that this completes our agenda, the  
21 chair would entertain a motion to adjourn the meeting.

22 MR. BRADEN: Move to adjourn.

23 MR. VASQUEZ: Mr. Braden wants to adjourn. Is  
24 there a second?

25 MS. THOMASON: Second.

1                   MR. VASQUEZ:  Seconded by Ms. Thomason.  All  
2 those in favor say aye.

3                   (A chorus of ayes.)

4                   MR. VASQUEZ:  Any opposed say no.

5                   (No response.)

6                   MR. VASQUEZ:  Hearing none, motion carries.

7 It's 10:50, and the meeting is hereby adjourned.  Thank  
8 y'all for participating.

9                   (Whereupon, at 10:50 a.m., the meeting was  
10 adjourned.)



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C E R T I F I C A T E

MEETING OF: TDHCA Board  
LOCATION: Austin, Texas  
DATE: April 8, 2021

I do hereby certify that the foregoing pages,  
numbers 1 through 8081, inclusive, are the true, accurate,  
and complete transcript prepared from the verbal recording  
made by electronic recording by Nancy H. King before the  
Texas Department of Housing and Community Affairs.

DATE: April 13, 2021

\_\_\_\_\_  
(Transcriber)

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