

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

GOVERNING BOARD MEETING

VIA TELEPHONE AND WEB LINK

May 13, 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: I welcome everyone to the meeting
3 of the Texas Department of Housing and Community Affairs
4 Governing Board. We shall open the meeting, call to order.
5 The time is now 9:04 a.m. on May 13, 2021.

6 And we'll start with the roll.

7 Ms. Bingham?

8 MS. BINGHAM: Here.

9 MR. VASQUEZ: Ms. Bingham is muted, but we see
10 her.

11 MS. BINGHAM: Can you hear me now?

12 MR. VASQUEZ: There you go.

13 MS. BINGHAM: Good morning.

14 MR. VASQUEZ: Ms. Bingham is here.

15 Mr. Batch?

16 MR. BATCH: Here.

17 MR. VASQUEZ: Mr. Braden?

18 MR. BRADEN: Here.

19 MR. VASQUEZ: Mr. Thomas?

20 MR. THOMAS: Good morning. Present.

21 MR. VASQUEZ: Ms. Thomason?

22 MS. THOMASON: Here.

23 MR. VASQUEZ: Chair Vasquez is here. We have a
24 quorum.

25 As usual, we'll start the meeting with the

1 pledges of allegiance by Bobby Wilkinson.

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

4 MR. VASQUEZ: Thank you, Bobby.

5 That was broken up also. Is anyone else's
6 audio, or is it just me?

7 MR. BRADEN: You're a little bit garbled when
8 you're speaking on my side. I can hear everybody else, but
9 I hear you a little garbled.

10 MR. VASQUEZ: [Audio distorted.]

11 MS. BINGHAM: Mr. Chair, I'm getting everybody
12 else's audio okay and you're coming in and out.

13 MR. VASQUEZ: [Audio distorted.]

14 MS. NORRED: Mr. Vasquez, I did not hear you.
15 Could you repeat that, please?

16 MR. VASQUEZ: [Audio distorted.]

17 MS. NORRED: We are waiting on the Board chair
18 to call back in. There were some connection issues, so the
19 meeting will resume in just a few moments.

20 (Pause.)

21 MR. VASQUEZ: Okay. Can you hear me now?
22 Better? It's not broken up. Good thing I have a backup
23 computer. So this is better? Everyone can hear me now and
24 it's not broken up?

25 To the audience, I apologize for my technical

1 difficulties. It's worked every other time before.

2 So where were we? We just finished the pledges,
3 and we will actually now recognize May as National Mobility
4 Awareness Month, and Mr. Lyttle has a resolution to read.

5 Mr. Lyttle, go ahead, please.

6 MR. LYTTLE: "Whereas, May 2021 is National
7 Mobility Awareness Month which is dedicated to showing the
8 community at large how persons with disabilities can live
9 active, mobile lifestyles and raise awareness of the
10 mobility solutions available in the local community;

11 "Whereas, a goal of the Texas Department of
12 Housing and Community Affairs is to ensure that all Texans
13 have access to safe and decent affordable housing;

14 "Whereas, it is the policy of the department to
15 support fair housing opportunities in the administration of
16 its single-family and multifamily programs, especially in
17 regards to persons with disabilities accessing new home
18 construction, home rehabilitation, housing vouchers and
19 rental assistance programs and services;

20 "Whereas, this year the Department is
21 celebrating eleven years of offering the Amy Young Barrier
22 Removal Program, named in honor of the late advocate for
23 Texans with disabilities who helped shape the state-funded
24 program to improve the quality of life for persons with
25 disabilities throughout the State of Texas'

1 "Whereas, the Amy Young Barrier Removal Program
2 provides one-time grants of up to \$22,500 for persons with
3 disabilities, both renters and homeowners, earning up to 80
4 percent of the area median family income, who need home
5 modifications to increase accessibility and eliminate
6 hazardous conditions in their homes;

7 "Whereas, since 2010 the Department, through the
8 Amy Young Barrier Removal Program, has completed
9 approximately \$26.2 million worth of accessibility
10 modifications on approximately 1,318 homes of Texans with
11 disabilities, such as constructing roll-in showers,
12 installing shower wands and lever faucets, widening
13 doorways, modifying kitchens and laundry rooms with
14 accessible cabinetry and appliances, building ramps and
15 improving walkways with handrails, paving and lighting to
16 accommodate program participants' specific needs;

17 "Whereas, the Department applauds the nonprofit
18 organizations and local governments around the state who
19 have become Amy Young Barrier Removal Program
20 administrators and who advocate for their clients through
21 quality construction, pragmatic solutions and respectful
22 service; and

23 "Whereas, the Department encourages Texans to
24 explore the numerous TDHCA programs and resources related
25 to increasing and maintaining mobility during National

1 Mobility Awareness Month and throughout the year.

2 "Now, therefore, it is hereby resolved that in
3 the pursuit of the goal and responsibility of increasing
4 mobility opportunities for Texans with disabilities, the
5 Governing Board of the Texas Department of Housing and
6 Community Affairs does hereby celebrate May 2021 as
7 National Mobility Awareness Month and encourages all Texas
8 individuals and organizations, both public and private, to
9 join and work together in this observance of National
10 Mobility Awareness Month.

11 "Signed this 13th day of May 2021."

12 MR. VASQUEZ: Thank you, Mr. Lyttle.

13 Is there a motion to adopt this resolution?

14 MS. BINGHAM: So moved.

15 MR. VASQUEZ: Moved by Ms. Bingham. Is there a
16 second?

17 MS. THOMASON: Second.

18 MR. VASQUEZ: Second by Ms. Thomason.

19 All those in favor say aye.

20 (A chorus of ayes.)

21 MR. VASQUEZ: Any opposed?

22 (No response.)

23 MR. VASQUEZ: Hearing none, the resolution is
24 accepted.

25 We are now moving on to the consent agenda. We

1 have a request, I'm told, to move item 1(c) from consent to
2 action. Are there any other changes to the consent agenda
3 items and reports and actions?

4 (No response.)

5 MR. VASQUEZ: Okay. Hearing none, do I have a
6 motion to accept the consent agenda as presented, with the
7 exception of 1(c)?

8 MR. BRADEN: Mr. Chair, I move the Board approve
9 items 1(a) through (j) and accept the reports in item 2,
10 except as noted item 1(c), as described and presented in
11 the respective Board action request and report items.

12 MR. VASQUEZ: Thank you.

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

14 MR. THOMAS: Second.

15 MR. VASQUEZ: Seconded by Mr. Thomas. Great.

16 Thank you.

17 All in favor say aye.

18 (A chorus of ayes.)

19 MR. VASQUEZ: Any opposed?

20 (No response.)

21 MR. VASQUEZ: Hearing none, motion carries.

22 Now that we've already had my one break for my
23 technical issues, I'm going to let everyone know we are
24 going to break into a short executive session before we
25 enter the main business of the action items on the agenda,

1 so the Board members will disconnect or will be muted on
2 here, and there will be a screen up saying we're in
3 executive session, and we should hopefully be back in about
4 15 minutes, so stay tuned. So we stand in recess to
5 executive session at 9:17. Thank you.

6 (Whereupon, at 9:17 a.m., the meeting was
7 recessed, to reconvene this same day, Thursday, May 13,
8 2021, following conclusion of the executive session.)

9 MR. VASQUEZ: By my watch it's 9:47, and we will
10 call the meeting of the Board back into regular session.

11 We have completed our executive session that was
12 held pursuant to Texas Government Code Section 551.071
13 where the Board could seek and receive the legal advice of
14 its attorney or to discuss pending or contemplated
15 litigation.

16 During the executive session the Board did not
17 adopt any policy, position, resolution, rule, regulation or
18 take formal action or vote on any item.

19 So we thank you all for your patience, and we
20 are returning to the agenda, where I believe we are at the
21 point of the report of the executive director.

22 And Mr. Wilkinson, I guess we are having Brooke
23 go first. How are we doing that?

24 MR. WILKINSON: Yes, sir, that's how we have it
25 on the schedule now. Brooke will do her COVID report and

1 I'll follow up.

2 MR. VASQUEZ: Okay. So let's bring up Brooke
3 Boston, please.

4 MR. WILKINSON: Brooke, if you're speaking, I
5 believe you're muted.

6 MS. BOSTON: Can you hear me?

7 MR. WILKINSON: We can hear you now.

8 MS. BOSTON: Great. Thank you.

9 Chairman Vasquez and Board members, I'm Brooke
10 Boston, deputy director for programs. I'm presenting on
11 item 3(a). This item will explore emergency rental
12 assistance funds.

13 As you know, TDHCA was allocated \$1.2 billion in
14 emergency rental assistance funds under the Consolidated
15 Appropriation Act of 2021. Ninety percent of those funds
16 were directed to the Texas Rent Relief fund that Bobby
17 updated you about in recent meetings. The other 10 percent
18 of those funds are able to be utilized for housing
19 stabilization services that enable eligible households to
20 maintain or obtain housing.

21 Recently the Office of Court Administration --
22 we call them OCA -- and the Supreme Court of Texas
23 requested that a portion of these stabilization funds be
24 directed to the Texas Access to Justice Foundation, TAJF.
25 TAJF is the court's administrator of funding for civil

1 legal aid and is able to channel program funds to legal aid
2 organizations and pro bono attorneys for Texas citizens.
3 They received funds for similar activities earlier in the
4 pandemic from the Governor's Office and were successful in
5 using those funds.

6 The recent request asks that \$6.8 million of the
7 ERA funds be used for the provision of essential civil
8 legal services for persons with housing instability
9 affected by the pandemic.

10 However, in recent discussions with TAJF, we've
11 identified other possible eligible activities that they may
12 be able to assist the Department with, including providing
13 clinics to help households with applying to this program
14 and possibly providing legal representation prior to,
15 during or after eviction proceedings.

16 Bobby and TAJF are still working on what that
17 bundle of services will look like and, therefore, what they
18 will cost, but we're eager to move forward, and we didn't
19 want to hold this up by waiting until the June meeting.

20 So this item is asking you to grant the
21 executive director the authority to work with TAJF on what
22 services the contract will include and the dollar amount of
23 that contract.

24 Additionally, we're still working with counsel
25 to identify whether it will be more expeditious to contract

1 with TAJF directly or to enter into an interagency
2 agreement with the Office of Court Administration, who in
3 turn will contract with TAJF, so we also request that Bobby
4 have the authority to finish looking into that and then
5 proceed in executing a contract with the party that makes
6 the most sense, and then he would report back to you at the
7 next Board meeting.

8 And with that, I'm happy to answer any
9 questions.

10 MR. VASQUEZ: Great. Thank you, Brooke. We
11 know y'all have been busy on all of this.

12 Do any Board members have questions for Ms.
13 Boston?

14 MR. BRADEN: Mr. Chair, just to confirm and for
15 clarity of the record, this is item 3(a) Presentation,
16 discussion and possible approval of an award of Emergency
17 Rental Assistance funds to the Texas Access to Justice
18 Foundation for housing stabilization services. Correct?

19 MS. BOSTON: Yes.

20 MR. VASQUEZ: Okay. Are there any other
21 questions or clarifications?

22 (No response.)

23 MR. VASQUEZ: If not, we will actually entertain
24 a motion on item 3(a).

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

1 and grant to the executive director the authority on behalf
2 of the Department to take all necessary actions to enter
3 into agreements with Texas Access to Justice Foundation
4 and/or the Office of Court Administration to enable the
5 Texas Access to Justice Foundation to promptly provide
6 eligible housing stabilization services in a contract
7 amount not to exceed \$20 million, all as reflected in the
8 Board action request on this item.

9 MR. VASQUEZ: Thank you.

10 Motion made by Mr. Batch. Is there a second?

11 MR. BRADEN: Second.

12 MR. VASQUEZ: Seconded by Mr. Braden.

13 All those in favor say aye.

14 (A chorus of ayes.)

15 MR. VASQUEZ: Any opposed?

16 (No response.)

17 MR. VASQUEZ: Hearing none, motion carries.

18 And now we will actually go to 3(b), again with
19 Ms. Boston, on a report related to activities related to
20 the Department's response to the COVID-19 pandemic.

21 MS. BOSTON: Thank you.

22 Chairman, Board members, I'll also be presenting
23 to you on the pandemic response so far. Instead of taking
24 you through row by row, as I did last month, I think I'll
25 just focus on a few key issues.

1 First, in large part, that first section in the
2 report that relates to early reprogramming, those
3 activities have pretty much been completed and are ramping
4 down.

5 I wanted to give huge kudos to Todd Landry,
6 Meredith Hudson and their awesome HOME team of serving an
7 impressive number of TBRA households in a very short period
8 of time, really before all the other pandemic funds were
9 starting to move, so big accomplishment there.

10 In the next section of the report, the CARES
11 Act, we're making good headway on all of our funds. I
12 wanted to give a shout out to our top three performers on
13 CSBG CARES: Aspermont Small Business Development Center,
14 which is in Stonewall County; the Community Council of
15 South Central Texas, Seguin; and Hill Country Community
16 Action in San Saba.

17 All three of those have already used 100 percent
18 of their funds and have assisted more than 3,000 households
19 in need. Hill Country Community Action is also the top
20 performer in CARES CEAP funds with having assisted 64
21 percent of their contracts for households with utilities.
22 So a big shout out to Community Action today.

23 And then on CDBG we have awards on the agenda
24 today which will be moving forward into contract, and then
25 hopefully I'll be coming back to you in June or July with a

1 plan for reprogramming the rest of the CDBG, as we have
2 some funds available to still make decisions on.

3 On the Texas Rent Relief Program, I don't want
4 to steal Bobby's thunder as he shares with you some recent
5 success, but I do want to use my chance here to thank those
6 to who that success is in large part due to.

7 We have an Austin team at TDHCA working on Texas
8 Rent Relief. Our director, Mariana Salazar, has amazing
9 leadership and work ethic. And then we have three very
10 dedicated vendors who are putting in strong work. So I
11 wanted to say thanks to the people who Bobby is going to
12 get to brag about their work.

13 On two fronts, federal agencies have given us
14 direction next steps that require preparation of plans. So
15 in LIHWAP -- so that's L-I-H-W-A-P, so it's like the
16 utility assistance program but it's for water -- the Health
17 and Human Services has said that we need to turn in that
18 plan, and so we think we'll be bringing that to you in
19 June, assuming that HHS gets the template out.

20 And then in the Homeowner Assistance Fund,
21 called HAF, there's also a required planning process.
22 Unlike all the other pandemic response funds in this report
23 which fall under my purview, the HAF program is being very
24 ably led by the great duo of Monica Galuski and Cathy
25 Gutierrez, and so I'm sure you'll hear from them about this

1 over the ensuing months.

2 And the last thing I wanted to mention to you as
3 an update is there are a few things that have come up just
4 in the last few days even that are going to require some
5 movement on our part before the June meeting, and so I
6 wanted to just put it out there so, when I report on it in
7 June that we've taken some action with federal agencies,
8 you aren't surprised.

9 The first is that we've been offered access to
10 about 500 emergency housing vouchers which provide up to 18
11 months of assistance for households primarily focusing on
12 those who are at risk of homelessness. It's a pretty
13 intensive program that looks quite a bit different from our
14 normal vouchers so we do have to let HUD know if we're
15 going to accept those and in what volume later this month.

16 And then we also are interested in pursuing an
17 application for the Housing Initiative. We received a
18 grant under this activity a year and a half ago and it's at
19 its end, and then under ARPA they released more funds for
20 this, and if we pursue that, the application is due June
21 14, which is before the next Board meeting.

22 So with that, I'm happy to answer any questions.

23 MR. VASQUEZ: Great. Thanks, Brooke.

24 Do any Board members have questions for Ms.

25 Boston?

1 MR. BRADEN: I have a couple of questions on the
2 Emergency Rental Assistance Texas Relief Program, grant
3 relief, I guess.

4 MR. VASQUEZ: And remember, Bobby is about to
5 give a little bit more detail on that program as well.

6 MR. BRADEN: Then I'll wait to hear from Bobby.

7 MR. VASQUEZ: Brooke, I took care of you there.
8 Okay. Does anyone else have questions?

9 Again, Brooke, thanks. Obviously, we know there
10 are so many different out-of-the-usual programs that are
11 going on, in addition to the regular work that keeps us
12 busy, so thanks, and thanks to all of the staff for your
13 efforts there.

14 And with that, let's move on to item 3(c), a
15 report from the executive director, Mr. Wilkinson.

16 MR. WILKINSON: Good morning, members.

17 So Brooke laid out quite a bit that we're doing
18 in response to COVID and such. I'm going to highlight
19 things that are happening in session, rent relief, and the
20 Homeowner Assistance Fund, as well as give a brief update
21 on our 9 percent round. It's hard to believe we have so
22 many new things; we have to pick and choose what we talk
23 about.

24 So session ends in 19 days, that's *sine die* at
25 the end of May. Of course, the veto period goes to June

1 20. That's one people always forget about; they turn off
2 their phones, and it's a very important part of session, at
3 least for the executive. Big deadline tonight at midnight,
4 if a House bill hasn't passed on second reading, it's dead;
5 it would have to be revived as an amendment on a Senate
6 bill or something.

7 Budget-wise, we're still in good shape. The
8 Senate version is exactly our legislative appropriations
9 request. There's a couple of riders in the House version
10 but neither one of them is really problematic. One would
11 have us share some of the new HOME homeless funds with
12 HHSC, about \$10 million out of the \$132-ish million that
13 we're getting, which is not a problem.

14 And then another one requires a monthly report
15 on Texas Rent Relief, which has been pretty much eclipsed
16 by our dashboard, they can get the same stuff in real time,
17 but of course, we'll comply with whatever rider.

18 Bills of interest. A kind of a major push for
19 the camping ban bill by leadership in both houses. I
20 believe it's going to conference -- no, it's passed the
21 House; it's in the Senate committee. There might be some
22 differences between the two if they don't just pass out the
23 House version. Something will pass, we're part of it in
24 kind of a small way where we'll have to approve service
25 plans for cities that kind of set up camps, security,

1 health, that kind of stuff.

2 HB 2027, it's the TAAHP bill, that's one that's
3 on the House calendar. It's read resolutions with no
4 objections for 4 percent and gives the Department the
5 ability to consider scoring items rather than prioritize
6 them in rank order. We'll see. That should get some
7 debate on the House floor.

8 HB 1853 by Sanford that mandates a two-year QAP:
9 We've always had the ability to and we've tossed around
10 the idea many times. This is something that it would kind
11 of relax the strict develop-a-new-QAP-every-year schedule,
12 allow for some more thought, allow for developers to take
13 more time in finding parcels of land, I guess. But on the
14 other side, you couldn't adjust to a new Hurricane Harvey,
15 for instance, or something like that. So there's views on
16 both sides; we'll just see how it goes.

17 That bill also ties cost per square foot to CPI,
18 which now it's kind of a fight between developers -- or a
19 discussion every year on what that should be adjusted to.
20 Once again, it's on the House calendar but not necessarily
21 something that's going to pass totally.

22 HB 249 by Cortez would loosen the residency
23 requirement for nonprofit tax credit partners. It's in the
24 Senate now. Right now there's like a 90-mile radius for
25 where the board members should be for a qualified

1 nonprofit, and it would make it just anywhere in Texas.

2 Another big one is HB 3907 by Goldman, which is
3 a state housing tax credit. There's been a wave of states
4 across the nation that have passed this. Usually they have
5 a state income tax. This would be a tax credit against
6 franchise or insurance maintenance tax. It has passed the
7 House; it's in committee at the Senate. And if it passes,
8 we'll just do our best to implement it.

9 There's also a few homeless related bills. It's
10 a little too early to say what's going to pass for sure at
11 this point in session; you know, it gets crazy.

12 For nominations, congratulations to Mr. Batch
13 and Mr. Thomas, you got confirmed. And we just saw the
14 press release from the governor that he's appointed former
15 Congressman Kenny Marchant to the Board. Mr. Marchant
16 should be confirmed next week, early next week.

17 For the 9 percent round we've received 120 9
18 percent applications. Also in March we received 14 4
19 percent. So that extra volume kind of weighs on that same
20 group of reviewers and underwriters.

21 The 4 percents were reviewed and transferred to
22 Real Estate Analysis first because of their bond
23 reservation deadlines, and then we've been reviewing 9
24 percent applications starting on March 31.

25 I think that all the underwriting will be

1 complete by the July award, unlike last year we did
2 provisionals, thanks in part to your agreement to
3 streamline part of the 4 percent process last meeting.

4 In order meet deadlines and not create a
5 bottleneck for Real Estate Analysis, Marni has changed up
6 the process a bit. They're doing all the first reviews,
7 then going back for a second review. This way others
8 aren't waiting for the program to complete the review that
9 rarely results in scoring changes or terminations, so
10 underwriting can get started. About 44 nine percent apps
11 have been through review, and they're working hard to keep
12 them up.

13 We have received 45 requests for administrative
14 deficiency, or RFADs, as you're aware. Those will be on
15 our June meeting, and we'll get to see the fireworks
16 between developers arguing about applications, which is a
17 cool part of the process.

18 Switching gears to rent relief, it's funny,
19 during session usually there's legislation or something
20 that's the biggest thing for the Department, but for us by
21 far the most high-profile issue has been in the rent relief
22 program, the slow start that you were aware of in February,
23 the change over to the new software in March and then
24 steady progress since then.

25 I've been pulled in to Urban Affairs a couple of

1 times, and maybe once more before sine die -- there's not a
2 lot of action in the committee anymore, it's on the chamber
3 floor, but certainly that chairman has been interested.

4 We're working seven days a week on the program.

5 We have about 1,650 contractor team members working on it.

6 On April 28, we published a new public-facing dashboard
7 that compiles and displays regular updates on the program's
8 process, including funds distributed and the number of
9 households assisted.

10 So if anyone wants to go to [Texasrentrelief.com](https://www.texasrentrelief.com),
11 there's a link up at the top that you can get that
12 information. It also has some geographic and demographic
13 breakdowns. I believe we're probably the most transparent
14 rental assistance program in the country. I'm willing to
15 look at other dashboards, if there are any, to copy them as
16 well.

17 As far as progress, you know, we kind of had
18 that start over in mid-March, and at the end of March, just
19 after a couple of weeks of processing, we had only served
20 219 households and paid out \$1.2 million. Six weeks later
21 we've paid out as of today 12,885 households and over \$88.8
22 million paid.

23 In the approved slot, which is just a day or two
24 away from actually the checks being cut, that's an
25 additional 4,800 households and another \$28.9 million. So

1 that's a total of \$117.7 million paid or payment in
2 progress, and 17,748 households. It's been tremendous
3 improvement.

4 The dailies are something that I like to look
5 at. We were at \$2 million and then were at \$3.5 million a
6 day. Lately it's been \$6 million plus per day, and I want
7 to see that daily keep climbing so that we have more of an
8 exponential growth, not linear.

9 From what we can tell, looking at NCSHA surveys
10 and just what's available online, we seem to be leading the
11 nation, along with maybe Virginia, in amount distributed,
12 so we're pleased with that, but we want to continue to
13 improve.

14 There's been a second allocation of rental
15 assistance for the American Rescue Plan Act, and we've just
16 recently found out the exact number for Texas for the
17 state, and it's \$1.07 billion. About 40 percent of that
18 has already been deposited in the State Treasury.

19 We're going to continue to improve the program
20 efficiency and customer service. You know, we're getting
21 feedback and trying to continue to train the call center
22 staff and the reviewers so that we move swiftly and help
23 folks.

24 The Texas Access to Justice idea that Brooke was
25 talking about, a portion of the funds was set aside for

1 housing stability services. We were hoping that we could
2 do like homeless brick and mortar stuff, but the Treasury
3 is pretty adamant that services mean services.

4 So we think having this legal aid to help put on
5 clinics to help people apply to the program, help people
6 that are going through the eviction process is a good use
7 of that funding, and so I'm excited to kind of nail that
8 down with that legal aid umbrella group so we can help
9 people, and it helps the program too as far as quality of
10 applications and such, I think.

11 The next big thing, Homeowner Assistance Fund.
12 It's the mortgage rescue plan that was in the Rescue Act,
13 \$842 million to the state. There aren't separate local
14 allocations, it's just the big state one.

15 So Monica Galuski in Bond Finance and Cathy
16 Gutierrez, our Homeownership director, are heading that up.

17 We could have like a 10 percent advance from Treasury that
18 we can use to help plan and to maybe pick some of the low-
19 hanging fruit, maybe delinquent mortgages that are in our
20 own portfolio or Texas State Affordable Houston
21 Corporation, local housing finance corporations and such.
22 And then the plan itself is due June 30.

23 This one is going to be a little slower rollout
24 than rental assistance. One, we have to get this plan
25 approved; there's more thought that goes into it. We'll be

1 bringing that plan to you in June; we'll also need to get
2 some public comment. I'm excited about this. We haven't
3 really had a good mortgage assistance program, and so this
4 is a chance for the Department to really shine.

5 That's it on HAF. I do have one anecdote. We
6 were listening to a Treasury official talk about this HAF
7 plan, HAF plan due June 30, and afterwards, I wasn't
8 familiar with the acronym of the program so I was like a
9 half plan, why would we turn in a half plan? But it's H-A-
10 F, not H-A-L-F, so my bad.

11 Any questions I can answer about the state of
12 the Department, things going on right now, what I mentioned
13 or anything else, from the Board?

14 MR. VASQUEZ: Mr. Braden, you have your
15 question?

16 MR. BRADEN: Yes. Thanks, Bobby.

17 First of all, I appreciate that the Department
18 really has stepped up in terms of these new programs that
19 have been dumped in our lap this year and trying to get
20 money out to help Texans in need, and I think you guys are
21 doing a great job so far. And I know there's been some
22 hurdles and you guys have come over them, and it sounds
23 like you've sort of turned the corner with respect to the
24 Texas Rent Relief Program.

25 My only question, as I sort of do the math, I

1 mean, \$1.3 billion is supposed to be obligated by September
2 30, 2021. That's a lot of money, and it seems to me that
3 even at the increased rates you talked about, is the
4 feeling that we're going to be able to truly exponentially
5 increase the money out the door so we can get it obligated
6 by that deadline?

7 MR. WILKINSON: So the dailies won't continue to
8 increase exponentially forever. Right? At some point
9 there's going to be a capacity limit. And so we're not
10 satisfied at 6.5, \$6.8 million a day. We think we can grow
11 from there, and if we get it to 8- we'll make it, if we get
12 it anything beyond that, of course we'll make it.

13 Also, about this expenditure deadline, it's
14 actually not a September 30, 2021, expenditure deadline.
15 For the ERA 1.0, the American Rescue Plan Act, which was
16 the later appropriation, changed the expenditure deadline
17 to I believe September of 2022, but there still remains a
18 September of 2021 anything you have not obligated by that
19 time is subject to recapture by Treasury.

20 And then in the same portion of the bill, anyone
21 who has over 65 percent obligated is eligible to receive
22 those recaptured funds, which it doesn't really make a
23 whole lot of sense. So the goal to me is still just expend
24 it all by September 2021. We do have to increase our burn
25 rate daily to get there. But are we really in danger of

1 having funds recaptured? Probably not. I mean, we're
2 ahead of most states. We'll most likely be a receiver even
3 if we don't expend all funds by September 2021.

4 I haven't checked actually this last few days,
5 but New York and Florida hadn't even begun to take
6 applications as of like a week ago. So I think we're
7 actually in a really good spot and still approving. Also,
8 that \$1.3 billion, that includes admin and housing
9 stability service funding, et cetera, so it's a little bit
10 less that's just for rental assistance at this time, but I
11 plan to be number one in the country so we'll see; we're
12 close.

13 MR. BRADEN: And I appreciate that, and I
14 understand the legal difference usually between obligated
15 and expended. In this instance, is the obligated when an
16 application has been approved?

17 MR. WILKINSON: So Treasury guidance was like
18 interpret it and write it in your policies and be
19 consistent, and that's what they've been saying about a lot
20 of this guidance.

21 So it's not defined, and different states
22 defined it differently. I mean, I could say, Oh, yeah,
23 it's obligated right now, all \$1.3 billion. Obviously that
24 would be a little too cheeky. So I think we decided that
25 if it's approved for payment and it hasn't yet rolled out

1 the door that that's obligated. That's a very conservative
2 way to define it.

3 That deadline isn't my only goal, my other goal
4 is just serve as many Texans in need as possible, so the
5 need for speed is kind of two-faced: It's not just the
6 threat of any recapture; the need is out there and so just
7 to meet it as soon as we can, even if it's buy July or
8 August if we crank up to 10- or \$11 million a day.

9 MR. BRADEN: And that obviously is the more
10 important goal. Thanks, Bobby. That's all I have.

11 MR. WILKINSON: We do have one other thing.

12 MR. VASQUEZ: Okay. So are there any other
13 questions for Bobby on his report?

14 (No response.)

15 MR. VASQUEZ: If not, we thank you, Bobby.

16 Now, as chairman, I'd like to take a privilege
17 here on what is really a sort of bittersweet day of
18 different motions, because assuming that we can get
19 Congressman Marchant approved by the Senate, he will be
20 joining us at our next Board meeting, and this means that
21 today, after 13 years and 5 months, this will be Vice Chair
22 Bingham's last meeting with us.

23 From my information that we received, her first
24 meeting was January 31, 2008, which is a pretty amazing run
25 that she has done with us. So it is going to be just

1 painful to lose her from this Board, but we really have to
2 thank her for everything that she's done over the years.

3 And with that, we have a little thanks for her,
4 if she looks over her right shoulder. We had just a little
5 element of thanks, some flowers that we wanted delivered to
6 her, and also there is a certificate from the Governor of
7 the State of Texas that has been issued for her, and I'll
8 just quickly read. It says:

9 "Know ye that this official certificate is
10 presented to Leslie Bingham in recognition of and
11 appreciation for your meritorious service to the State of
12 Texas as a member of the Texas Department of Housing and
13 Community Affairs Governing Board, 2008 to 2021."

14 Signed on this 13th Day of May 2021 by Greg
15 Abbott, Governor of Texas.

16 Do again, just a little token of our
17 appreciation from the Board and staff and from the
18 Governor's Office.

19 Leslie, you've been an invaluable member. You
20 still have a couple more hours here with us on the rest of
21 the agenda, but again, we really thank you for your service
22 for the Board, and we're going to miss you.

23 MS. BINGHAM: Thank you guys very much. I'm
24 honored.

25 If it's okay, I'll maybe take just a couple of

1 seconds at the end of the meeting to thank folks.

2 MR. VASQUEZ: Perfect. That's great.

3 MS. BINGHAM: Thank you very much.

4 MR. BRADEN: And in honor of your last day, you
5 get to do all the motions for the rest of the meeting.

6 MS. BINGHAM: Oh, no. I think it's maybe do the
7 last motion.

8 (General laughter.)

9 MR. VASQUEZ: Just jump in whenever you want.

10 MS. BINGHAM: You got it, I will.

11 MR. VASQUEZ: Okay. Well, with that we are
12 going to go back into the action items on the agenda, and
13 we will actually start with item 1(c), which was moved out
14 of the consent agenda, and who will be presenting that from
15 staff?

16 MR. BANUELOS: Good morning, everyone. I'm
17 Rosalio Banuelos, director of Asset Management.

18 Item 1(c) is presentation, discussion and
19 possible action regarding approval of a multifamily direct
20 loan resubordination for Westridge Villas, HOME #1002295
21 and TCAP #13150015502.

22 This development originally received a
23 multifamily direct loan award in 2015 in the amount of
24 \$4 million. This was composed of two loans for the
25 construction of 132 units in McKinney in Collin County.

1 One loan is in the amount of \$3 million awarded from the
2 HOME Program, and the second loan is in the amount of
3 \$1 million awarded from the Tax Credit Assistance Program
4 repayment funds.

5 The loans are structured with a 3 percent
6 interest rate and a 40-year term amortization and are
7 subordinate to the first lien with payments subject to
8 available surplus cash. The owner is now seeking to
9 refinance the existing debt and has a HUD commitment for a
10 loan in the amount of \$19,520,000, which includes a
11 cash-out payment of \$1,740,130 to the owner.

12 In a letter dated April 21, 2021, Terri
13 Anderson, the owner's representative, requested an approval
14 for a resubordination of the Department's liens. It should
15 be noted that approximately \$850,000 of the debt proceeds
16 will be used to pay legal fees related to a lawsuit.

17 The owner explained that they have been in
18 litigation with KWA Construction, L.P., the general
19 contractor, due to nonperformance issues. Although the
20 property was issued a permission to occupy on July 31,
21 2018, the owner has disputed the issuance based on
22 incomplete and defective portions of the project identified
23 by the development's architect.

24 On November 15, 2018, KWA filed a mechanic's
25 lien in the amount of \$1,676,065 against the property and

1 filed a lawsuit to foreclose, asserting breach of contract
2 against them.

3 The owner asserted a counterclaim against KWA to
4 recover damages incurred as a result of the construction
5 issues and failure to complete the project. The owner has
6 provided an attorney opinion letter stating on September
7 17, 2020, the court issued an order saying that KWA's lien
8 was invalid and improper and that it should be removed.
9 The attorney also states that the only remaining claims are
10 those filed by the owner against KWA for its defective and
11 incomplete work and that KWA's deadline to amend pleadings
12 under the current scheduling order expired several months
13 ago.

14 The owner states that KWA did not submit the
15 documents as required to convert the existing construction
16 loan to the permanent loan phase, and as a result, the
17 development has not drawn the original loan amount of
18 \$17,650,000 and has been incurring approximately \$22,000 in
19 loan extension fees each month since July 2018.

20 This refinance would stop those extension fees,
21 and as I indicated previously, more than \$1.7 million in
22 excess proceeds would be available to the owner. Of that
23 amount the owner proposes using approximately \$612,000 of
24 the cash-out proceeds to pay for the deferred account
25 balance on the Department's loans and make the payment that

1 is due June 1, 2021.

2 Also I indicated previously that \$850,000,
3 approximately, of the cash-out payment would go towards
4 legal fees incurred related to this lawsuit with KWA, and
5 then the remaining \$277,000 of the cash-out proceeds plus
6 operating cash flow would go towards correcting
7 construction issues, and the owner provided a list of the
8 different items that would need to be corrected going
9 forward.

10 Staff completed a financial analysis using the
11 new proposed permanent loan terms, and the analysis
12 indicates that the projected debt coverage ratio for the
13 new debt and including the Department's loans would be
14 1.15, which is the Department's minimum DCR guideline for
15 financial feasibility.

16 Additionally, HUD requirements for the new debt
17 specify that repayment of the subordinate debt must be from
18 75 percent of the surplus cash flow, and the financial
19 analysis done by staff indicates that the development is
20 expected to maintain financial feasibility with the
21 increased senior debt and the 75 percent surplus cash
22 requirement.

23 Staff recommends approval of the requested
24 resubordination, but it should be pointed out that KWA
25 reached out to staff yesterday stating their opposition to

1 this resubordination and asking that a decision on this
2 item be postponed until the trial has concluded. According
3 to KWA, the lawsuit is scheduled to be heard on November
4 15, 2021.

5 I'm available for any questions at this time.

6 MR. VASQUEZ: Mr. Banuelos, and if you need to
7 defer this question to our counsel or executive director,
8 please go ahead and do so, but the question that is pending
9 before the Board is solely related to the refinance request
10 and restructuring that is requested by the developer, by
11 the applicant. Whatever litigation may be going on between
12 them and their contractor really isn't relevant to the
13 Board's action. Is that correct?

14 MR. BANUELOS: Correct. The only item that I
15 wanted to point out was that a large amount of the debt
16 proceeds would go towards the legal fees and then
17 correcting construction issues, which both are related to
18 the losses of the contractor.

19 But, yes, you are correct that the lawsuit is
20 not really relevant to the request for approval to
21 resubordinate the Department's loans.

22 MR. VASQUEZ: Okay. And the applicant, the
23 developer is still obligated to us for total amounts
24 borrowed anyhow.

25 MR. BANUELOS: Correct.

1 MR. VASQUEZ: Okay. Do any other Board members
2 have questions for Mr. Banuelos?

3 (No response.)

4 MR. VASQUEZ: Okay. If not, we do have some
5 speakers who are lined up wanting to speak on the subject,
6 but I think first we will entertain a motion, get that on
7 the floor, and then we will go to public comment, if the
8 Board chooses to hear.

9 So is there a motion regarding approval of the
10 multifamily direct loan resubordination for Westridge
11 Villas, HOME #1002295 and TCAP #13150015502?

12 MR. BRADEN: Mr. Chair, I'll make a motion. I
13 move that the Board approve and grant the request of the
14 Department to resubordinate its MFLDS, multifamily direct
15 loans, to a \$19.52 million senior loan, and that the
16 executive director or his designees are hereby authorized,
17 empowered and directed to take all necessary action to
18 effectuate the foregoing, all as reflected in the Board
19 action request on this item.

20 MR. VASQUEZ: Thank you.

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

22 MR. BATCH: Second, Mr. Chairman.

23 MR. VASQUEZ: Mr. Batch seconds.

24 We will have this motion pending while we hear
25 public comment, hearing no objection to having public

1 comment on this item.

2 Renee, or Peter, who do we have keyed up first?

3 MS. NORRED: We have John Shackelford.

4 MR. VASQUEZ: Okay. We'll start unmuting John
5 Shackelford. And again, a reminder to anyone who wants to
6 speak on this or any other topic, please indicate so in the
7 comments/questions section and staff will get you teed up
8 for the rest of these, and again, we will limit speaking
9 time to three minutes each.

10 Is Mr. Shackelford up?

11 MR. SHACKELFORD: Can you hear me, Mr. Chairman?

12 MR. VASQUEZ: Yes. Thank you.

13 MR. SHACKELFORD: Thank you very much, Mr.
14 Chairman, members of the Board, and Mr. Wilkinson.

15 I'm speaking in favor of this agenda item, and I
16 represent Terri Anderson in this development.

17 And as Mr. Chairman, you pointed out, this issue
18 that Mr. Webster brought to the Department's attention is
19 totally irrelevant beyond the scope of the province of the
20 Board and this particular agenda item and so it should
21 really not be litigated before your body; it's more of a
22 litigation issue.

23 Just as an aside, I will also say that it's
24 unfortunate that Mr. Webster decided to take this action
25 and I think just do this punitively, because as Mr.

1 Banuelos mentioned in remarks, Mr. Webster's claims have
2 been dismissed by summary judgment by the court.

3 And those of you who are attorneys on the board
4 know that anymore getting a judge to rule in favor of a
5 summary judgment is a pretty high standard. And yet Mr.
6 Webster's mechanic's lien has been released by order of the
7 court, and all of his claims against Ms. Anderson and the
8 entity have been dismissed, and so when it goes to trial
9 all the issue before the court is going to be is damages
10 for Ms. Anderson caused by Mr. Webster and KWA.

11 So again, the main thing is this is beyond the
12 scope, I think, of what you're trying to accomplish here on
13 behalf of Ms. Anderson.

14 And my last comment is, Ms. Bingham, we're going
15 to miss you. I've enjoyed being in front of you for the 13
16 years and 5 months and you've done a great job and great
17 service to the state and appreciate all your time being on
18 the Board.

19 MS. BINGHAM: Thank you, John.

20 MR. VASQUEZ: Does anyone have any questions for
21 Mr. Shackelford?

22 (No response.)

23 MR. VASQUEZ: If not, thank you for your
24 comments.

25 And I believe we have Mr. Webster is next

1 speaker.

2 MS. NORRED: Yes. We are unmuting him now. Mr.
3 Webster?

4 MR. WEBSTER: I'm here.

5 MR. VASQUEZ: Okay. We can hear you. Go ahead,
6 please.

7 MR. WEBSTER: Oh, wonderful. Thank you very
8 much. I had an emergency, so I'm coming in late.

9 But basically, again, my name is Keller Webster.
10 I'm with the KWA Construction Company, L.P. I built the
11 project at Westridge Villas that we're talking about here,
12 and I have not been finally paid, to the tune of almost \$2
13 million. I've had to go to court over it; I have a lien on
14 the property right now, and the court date has been moved
15 about a half a dozen times because of COVID. It's now set
16 for November so that we can get this matter resolved.

17 The problem is -- I say the problem, it's not a
18 problem -- HUD has completed their inspection on the job
19 and pronounced it fine, there's no problem with it. I
20 think they found \$7,500 worth of work, \$7,500 out of a 14-
21 plus million-dollar contract, that still need to be done.

22 I went out there to do it, and the owner would
23 not let me on the job to do it. Now, she's got a bunch of
24 other alleged things that have never been proven, and so
25 that's why we're there. She still owes me \$1.2 million.

1 Red Capital, who is the financing people right now -- at
2 least as far as I know they still are -- they have not
3 advanced any more funds until this is resolved.

4 So the money is in the bank to pay me, and I
5 think this is a way that she skirts the issue with the
6 TDHCA and with others. She never tells the full truth.
7 She's the one that was causing problems.

8 Basically, what happened and why it became a
9 problem is she had to pay \$250,000 to the City of Frisco to
10 get a building permit because Frisco has certain policies.

11 Well, I don't think she had that money in the budget. She
12 fought them. She sued them and fought them for almost a
13 year and lost and had to pay the money, and then that's
14 when I think she ran out of money and started refusing to
15 pay me, because up until that time we had a great
16 relationship with getting the project done. We have been
17 out there working in spite of policemen and others from the
18 City of McKinney and the City of Frisco trying to shut the
19 project down because they didn't [audio skip].

20 And so everything that was alleged in the letter
21 she wrote you about KWA construction is false. In fact,
22 the project was finished on February 28. That's when we
23 got the CO from the city.

24 We got the final, or what I call revised
25 landscape plans that were done by Benkendorfer, out of

1 Austin, on January 7 of that year, and I personally
2 reviewed the plans and came up with the proposals for the
3 change orders. She finally got a design on the pool, she
4 finally got a design on the landscaping that was more than
5 her budget, and she refused to pay it.

6 MR. VASQUEZ: Mr. Webster, I'm going to need you
7 to wrap up your comments here. I think we understand
8 there's lots of dispute still going on between you and the
9 developer, but is there any kind of final statement that is
10 more directly relevant to the question before the Board?

11 MR. WEBSTER: Yeah. I think she's trying to
12 refinance the deal and not have to pay me my money; that's
13 what I think is happening. I don't know why. I mean, she
14 hasn't been able to close HUD -- she has not been able to
15 close under the permanent loan because she won't pay me.
16 And there's nothing that HUD -- HUD has approved the
17 project.

18 That's what I'm saying, we've had final
19 inspection, and because of COVID I have not been able to
20 get to the courthouse, and I'm begging you not to do
21 anything about this until after we've been to the
22 courthouse.

23 MR. VASQUEZ: Mr. Webster, I appreciate your
24 comments, and I think we understand your position, but we
25 need to move on for our next commenter.

1 Actually does Ms. Anderson still want to speak
2 or not?

3 MS. NORRED: Yes. We have her queued up.

4 MS. ANDERSON: Good morning Chairman Vasquez.
5 Ms. Bingham, I do want to say a huge thank you.
6 It's been wonderful to have you on the Board for the past
7 13 years. Thank you so much.

8 To all of the Board members and Executive
9 Director Wilkinson, thank you so much for hearing the
10 issue. I know that we are not litigating this issue right
11 now. I do thank you all for giving me the opportunity to
12 speak.

13 There are legitimate concerns that we have as a
14 developer. You will note in the writeup this is a cash-out
15 mortgage that's required for various repairs and
16 construction defects. We have a lot of disagreements,
17 obviously, and that's what the courthouse is for, but today
18 the particular request is to resubordinate this mortgage.

19 We have not been able to close into the
20 permanent loan of the existing mortgage because KWA and Mr.
21 Webster have refused to provide the documentation required
22 to HUD in order to do so.

23 So in order to maintain the viability and the
24 affordability of this property, to continue to serve Texans
25 and our residents, we are requesting resubordination of

1 TDHCA's loans to a new mortgage that covers various
2 penalties that we're suffering as well as the construction
3 defects that we must correct.

4 I greatly appreciate your consideration, and I'm
5 available for any questions you may have.

6 MR. VASQUEZ: Thank you, Ms. Anderson.

7 Do any Board members have questions for Ms.
8 Anderson?

9 (No response.)

10 MR. VASQUEZ: Okay, great. Thank you, Terri.

11 We actually have a motion on the floor by Mr.
12 Braden, seconded by Mr. Batch in favor of staff's
13 recommendation to approve item 1(c). Let's go ahead and
14 take a vote. All those in favor say aye.

15 (A chorus of ayes.)

16 MR. VASQUEZ: Any opposed?

17 (No response.)

18 MR. VASQUEZ: Hearing none, motion passes on
19 item 1(c), and we sincerely hope that the parties can get
20 everything resolved equitably to all those involved.

21 Okay. Moving on to item 4(a), presentation,
22 discussion and possible action regarding the issuance of a
23 governmental note for Caroline Lofts, Resolution #21-029,
24 and a determination notice of housing tax credits, and I
25 believe Ms. Morales is up.

1 MR. MORALES: Good morning. Teresa Morales,
2 director of Multifamily Bonds.

3 Caroline Lofts proposes the new construction of
4 119 units in Houston, close to downtown in the midtown
5 area. There will be units designated at various income
6 levels ranging from 30 percent to 80 percent of area median
7 income. There will also be a market rate component.

8 Caroline Lofts is not the typical garden-style
9 lofts development but rather will be comprised of six
10 stories with the leasing, parking, and retail on the ground
11 level, followed by five stories of residential above.

12 Under the proposed structure, the Department
13 will issue an unrated fixed-rate multifamily note in the
14 amount of \$20 million that will be initially purchased by
15 Amegy Bank as the construction lender. Upon construction
16 completion and conversion to the permanent phase, the note
17 will be acquired by Citibank, who will be the perm lender
18 and servicer of the note.

19 Capital stock for Caroline Lofts involves an
20 award of \$17.8 million of CDBG Disaster Recovery Funds.
21 The Houston City Council is scheduled to approve those
22 funds on June 9 and will be in place at closing, which is
23 currently scheduled for June 16.

24 Staff recommends approval of Bond Resolution
25 #21-029 in the amount of \$20 million and the issuance of a

1 determination notice of 4 percent housing tax credits in
2 the amount of \$847,717.

3 MR. VASQUEZ: Great. Thank you, Teresa.

4 Do any Board members have questions on item
5 4(a)?

6 MS. BINGHAM: Mr. Chair, I'll make a motion.

7 MR. VASQUEZ: Please.

8 MS. BINGHAM: I'll move Board approval of
9 Resolution #21-029, authorizing the issuance of a
10 tax-exempt unrated government note, Series 2021, regarding
11 Caroline Lofts, and to issue a determination notice for 4
12 percent housing tax credits, as reflected in and subject to
13 the conditions stated in the Board action request on this
14 item.

15 MR. VASQUEZ: Great. Thank you.

16 Motion made by Ms. Bingham. Is there a second?

17 MS. THOMASON: Second.

18 MR. VASQUEZ: Second by Ms. Thomason.

19 We do have a speaker ready to answer questions
20 if necessary, but it appears that this is going her way, so
21 all those in favor of approving item 4(a) say aye.

22 (A chorus of ayes.)

23 MR. VASQUEZ: Any opposed?

24 (No response.)

25 MR. VASQUEZ: Hearing none, motion carries.

1 Moving on to 4(b), presentation, discussion and
2 possible action regarding the issuance of governmental
3 notes for the Citadel Apartments, Series No. 2021,
4 Resolution #21-030, and a determination notice of housing
5 tax credits. Again Ms. Morales.

6 MR. MORALES: The Citadel proposes the new
7 construction of 74 units that will serve an elderly
8 population in the Third Ward area of Houston.

9 This transaction involves the issuance of an
10 unrated fixed-rate multifamily note in the amount of \$15
11 million that will be purchased by Citibank Community
12 Capital, who will serve as the construction and permanent
13 lender. There will be two tranches of the note, an A and a
14 B piece, where the B piece will be utilized only for
15 construction financing.

16 Similar to the previous transaction, the Citadel
17 also involves an award of CDBG DR funds from the City of
18 Houston of \$11.1 million. The Houston City Council is
19 scheduled to approve those funds on May 26, which will be
20 in place for closing. That closing is currently scheduled
21 for mid-June.

22 Staff recommends approval of Bond Resolution
23 #21-030 in the amount of \$15 million and a determination
24 notice of 4 percent housing tax credits in the amount of
25 \$1,284,888.

1 MR. VASQUEZ: Great. Thank you again, Ms.
2 Morales.

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

5 (No response.)

6 MR. VASQUEZ: Hearing none, the chair will
7 entertain a motion.

8 MR. THOMAS: Mr. Chairman, I move the Board
9 approve Resolution #21-030, authorizing the issuance of a
10 tax-exempt unrated governmental note, Series 2021,
11 regarding the Citadel Apartments and issue a determination
12 notice for 4 percent housing tax credits, as reflected in
13 and subject to the conditions stated in the Board action
14 request on this item.

15 MR. VASQUEZ: Thank you.

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

17 MR. BRADEN: Second.

18 MR. VASQUEZ: Second by Mr. Braden.

19 We don't have any speakers queued up for this,
20 so all those in favor say aye.

21 (A chorus of ayes.)

22 MR. VASQUEZ: Any opposed?

23 (No response.)

24 MR. VASQUEZ: Hearing none, motion carries. And
25 we're happy to see more development in the City of Houston.

1 Thank you, Ms. Morales.

2 Moving on to item 4(c), the presentation,
3 discussion and possible action authorizing publication of a
4 notice of public hearing for the issuance of single-family
5 mortgage revenue bonds, and we get to hear from Ms.
6 Galuski.

7 Monica, go ahead.

8 MS. GALUSKI: Good morning, Mr. Chairman,
9 members of the Board.

10 With this item staff is requesting Board
11 authorization to publish a notice of public hearing for the
12 issuance of tax-exempt single-family mortgage revenue
13 bonds.

14 Recent changes to the notice requirements allow
15 us to post on our website versus publishing in newspapers
16 throughout the state, and this is the first notice for
17 single-family bonds that we'll post electronically.

18 Unlike our multifamily or MCC postings, which
19 are on issue-by-issue basis, the single-family bonds we can
20 post a three-year plan that covers multiple bond issues.

21 This item contemplates posting for up to \$1.25
22 billion of tax-exempt single-family bonds for new
23 origination or refunding to be issued during a three-year
24 period beginning with the first bonds issued under this
25 notice and hearing. We have approximately \$244 million

1 remaining under the prior notice that we expect to use
2 before year-end.

3 As you know, the Department has seen a
4 significant increase in loan volume, and our taxable loan
5 program, or TBA program, remains our primary financing
6 mechanism, however, tax-exempt bonds typically result in
7 lower mortgage rates than we can offer through our taxable
8 program, but we loosely target about 10 to 15 percent of
9 our loan financing to be through tax-exempt bonds, assuming
10 that we have favorable market conditions and available
11 volume cap.

12 While the pandemic threw us a bit off track,
13 market conditions are once again conducive to bond
14 issuance. On April 28 the Department issued \$100 million
15 of Series 2021A residential mortgage revenue bonds for new
16 loan origination.

17 The program offered borrowers a choice of four
18 or five points of down payment and closing cost assistance,
19 and the mortgage rates for those options are 3.25 percent
20 and 3.5 percent, providing a three-eighths and half point
21 benefit over the taxable rates we're able to offer
22 currently. The funds are going quickly. Over \$84 million
23 of the \$100 million available has already been placed in
24 the pipeline.

25 This action we're requesting approval for today

1 allows staff to comply with IRS requirements to permit the
2 issuance of our bonds as tax exempt and does not constitute
3 approval of a bond issue. Staff presents each proposed
4 bond issue to the Board for approval and authorization and
5 will continue to do so.

6 Staff recommends approval of this item. I'm
7 available for any questions.

8 MR. VASQUEZ: Great. Thank you, Ms. Galuski.

9 Do any Board members have questions on this
10 item?

11 (No response.)

12 MR. VASQUEZ: Again, I have to say it's just
13 fabulous to see the volume continuing and steady and
14 increasing. This issuance, when it ultimately comes out,
15 will I'm sure be used very well.

16 So do any Board members have a motion on item
17 4(c)?

18 MR. BRADEN: Mr. Chair, I move the Board
19 authorize the publication of a notice of public hearing
20 regarding the issuance of single-family mortgage revenue
21 bonds, as reflected in the Board action request on this
22 item.

23 MR. VASQUEZ: Thank you.

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

25 MS. THOMASON: Second.

1 MR. VASQUEZ: Ms. Thomason seconds.

2 I believe we had someone prepared to speak,
3 Renee?

4 MS. NORRED: Yes. We're going to unmute Janine
5 Sisak right now. She preregistered, but she is self-muted.

6 MS. SISAK: Can y'all hear me?

7 MS. NORRED: Yes.

8 MS. SISAK: I'm sorry; I signed up to speak on
9 the wrong item. I'm looking for the right item now, but I
10 did not intend to speak on this item. I want to speak on
11 the tax credit increase report.

12 MR. VASQUEZ: Okay. We'll put you in line for
13 that one.

14 Okay. Being that there are no other speakers
15 and we have a motion on the floor to approve item 4(c), all
16 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, Monica.

22 MS. GALUSKI: Thank you.

23 MR. VASQUEZ: Have more coming your way.

24 Moving on to Multifamily Finance, item 5(a),
25 presentation, discussion and possible action on an award of

1 direct loan funds from the 2020-1 multifamily direct loan
2 notice of funding availability, and a determination of 4
3 percent housing tax credits for the Enchanted Gardens in
4 Victoria.

5 Ms. Holloway, you are up.

6 MS. HOLLOWAY: Thank you, Chairman Vasquez,
7 members of the Board. I'm Marni Holloway, director of the
8 Multifamily Finance Division.

9 As the chairman mentioned, we are discussing an
10 award for Enchanted Gardens in Victoria.

11 I'd like to note that the title of this item
12 mentions the 2020-1 NOFA; in fact, this is an award from
13 the 2021-1 NOFA. I'd also like to mention that this item
14 represents a new way of doing business for us, layering
15 direct loan funds with 4 percent tax credits.

16 In the past, we've treated them as 4 percent
17 with the direct loan kind of following along behind, but
18 because of our new streamlined process, it's now direct
19 loan with the tax credits following behind, so it's a
20 little bit different focus for us. This would have been a
21 streamlined determination notice were it not for the direct
22 loan funds.

23 Application #21422 for Enchanted Gardens
24 requests \$3 million of HOME Investment Partnership Program
25 funds from our direct loan program and 4 percent housing

1 tax credits that was submitted on February 15.

2 The certificate of reservation will expire on
3 July 24. The proposed issuer of the bonds is the Victoria
4 Housing Finance Corporation. I would mention that this is
5 our first multifamily deal in Victoria for 15 years.

6 The \$3 million direct loan will be funded from
7 our general set-aside at .4 percent interest amortized over
8 35 years with an 18-year term. The interest rate has been
9 adjusted by our Real Estate Analysis Division on the NOFA
10 requirement, in accordance with the underwriting rules, in
11 order to meet our average ratio requirement.

12 The proposed new construction development will
13 include a garden-style construction of 168 units targeted
14 for general population. Among the tax-credit units there
15 will be 26 floating HOME units and two HOME match units.
16 The applicant's compliance history is designated as a
17 Category 2 and was deemed acceptable by EARAC.

18 Staff recommends the award of \$3 million in HOME
19 funds from the 2021-1 NOFA and the issuance of a
20 determination notice of \$1,155,427 in 4 percent housing tax
21 credits to Enchanted Gardens.

22 I'd be happy to take any questions.

23 MR. VASQUEZ: Thank you, Marni.

24 Do any Board members have questions on item

25 5(a)?

1 (No response.)

2 MR. VASQUEZ: Hearing none, the Board will
3 entertain a motion, and again, noting that this is from the
4 2021-1 multifamily direct loan NOFA. Anyone, motion on
5 5(a)?

6 MS. THOMASON: Yes. I would like to move that
7 the Board approve the award of the HOME funds from the
8 2021-1 NOFA and issuance of a determination notice of the 4
9 percent housing tax credits for the Enchanted Gardens in
10 Victoria, as reflected in and subject to the conditions
11 stated in the Board action request on this item.

12 MR. VASQUEZ: Great. Thank you.

13 Motion made by Ms. Thomason. Is there a second?

14 MR. THOMAS: Second.

15 MR. VASQUEZ: Seconded by Mr. Thomas.

16 We do not have anyone lined up to speak, so
17 let's go ahead with the vote. All those in favor of
18 approving item 5(a) say aye.

19 (A chorus of ayes.)

20 MR. VASQUEZ: Any opposed?

21 (No response.)

22 MR. VASQUEZ: Hearing none, motion carries.

23 Continuing on to item 5(b) on the agenda,
24 presentation, discussion and possible action regarding an
25 award of direct loan funds from the 2020 -- it looks like

1 it is 2020 in this case -- 2020-1 multifamily direct loan
2 notice of funding availability for Manor Town Apartments,
3 Phase 2 in Manor.

4 Marni, go ahead, please.

5 MS. HOLLOWAY: Thank you.

6 Application #20506 for Manor Town Apartments
7 Phase 2 was submitted by the Housing Authority of Travis
8 County on October 19, 2020. The application requests \$3
9 million of National Houston Trust Fund. This is Priority 3
10 application under the 2021 NOFA in the soft repayment set-
11 aside.

12 The applicant proposes new construction of 20
13 units in Manor to serve elderly households, adjacent to a
14 33-unit development also owned by the housing authority.
15 Of the 20 units there will be 18 direct loan units serving
16 households at or below the greater of the poverty line or
17 30 percent AMI, and two HOME match eligible units serving
18 households at or below 50 percent of AMI.

19 The Trust Fund loan is proposed in the amount of
20 \$3 million, is a deferred forgivable loan at zero percent
21 interest with a 40-year term. The loan comprises
22 approximately 77 percent of the total housing development
23 cost.

24 The housing authority is making a \$655,680 owner
25 contribution and is not taking a developer fee. Additional

1 funding is provided by a \$225,000 ten-year forgivable loan
2 from the Texas State Affordable Housing Corporation through
3 its affordable housing program.

4 The applicant's compliance history is designated
5 as Category 1 and has been deemed acceptable by EARAC.

6 Staff recommends that an award of \$3 million in
7 National Housing Trust Fund from the 2020-1 NOFA for Manor
8 Town Apartments Phase 2 be approved conditioned on
9 execution of the contract with the Department before July 2
10 of 2021.

11 I'd be happy to take any questions.

12 MR. VASQUEZ: Great. Thank you, Marni.

13 Do any Board members have questions on item
14 5(b)?

15 (No response.)

16 MR. VASQUEZ: Great. It's interesting to see
17 the various participating finance entities on this; it's a
18 good cooperation between agencies.

19 And we don't have anyone queued up to speak, so
20 the Board will entertain a motion on item 5(b).

21 MS. BINGHAM: Mr. Chair, I'll make the motion.
22 I'll move Board approval for the award of National Housing
23 Trust Fund from the 2020-1 NOFA to Manor Town Apartments
24 Phase 2, as reflected in and subject to the conditions and
25 contract signing deadline stated in the Board action

1 request on this item.

2 MR. VASQUEZ: Thank you.

3 Motion made by Ms. Bingham. Is there a second?

4 MR. BRADEN: Second.

5 MR. BATCH: Second, Mr. Chairman.

6 MR. VASQUEZ: Second made by Mr. Braden.

7 All those in favor say aye.

8 (A chorus of ayes.)

9 MR. VASQUEZ: Any opposed?

10 (No response.)

11 MR. VASQUEZ: Hearing none, motion carries.

12 And continuing to item 5(c), Ms. Holloway is
13 still up, so we have a report on potential assistance to
14 2020 competitive 9 percent housing tax credits due to the
15 impact of increased construction costs. Now, again, this
16 is a report only.

17 MS. HOLLOWAY: Correct.

18 MR. VASQUEZ: Ms. Holloway, go ahead and let us
19 know.

20 MS. HOLLOWAY: All right. We're bringing this
21 item forward to provide a briefing to the Board on a
22 request received from the Texas Association of Affordable
23 Housing Providers, or TAAHP, and to allow public comment to
24 be heard by the Board.

25 As the chair mentioned, this is not an action

1 item. The Board will be voting only to accept or reject
2 the report. The Board has the option to direct staff to
3 bring back a Board action item regarding the topics
4 addressed in this report.

5 Multiple sectors of the economy have been
6 negatively impacted as a result of the COVID-19 pandemic.
7 One of the areas is a sharp increase in the cost of lumber
8 over the past year. The National Association of
9 Homebuilders stated in February 2021: Lumber prices have
10 skyrocketed more than 180 percent since last spring.

11 This increase in price means that project costs
12 estimated in late 2019 and early 2020 may no longer be
13 accurate. This is exactly the time frame during which the
14 2020 9 percent applicants were gathering data and
15 assembling their applications.

16 The Department has received a request from TAAHP
17 that \$5.1 million of the 2022 9 percent allocation be set
18 aside for relief to 2020 applicants so that they're able to
19 complete the originally planned developments. The request
20 includes references to a similar program by the Department
21 after Hurricanes Katrina and Rita in 2006 and asks that
22 that similar program be implemented.

23 The action of allocating a portion of future
24 credit ceiling to one or more current or prior year
25 applicants for award is known as forward committing

1 credits.

2 The QAP specifically prohibits forward
3 commitment in the waiver rule which states the Board may
4 not grant a waiver to provide directly or implicitly any
5 forward commitment. There is no state or federal
6 prohibition on meeting this request. The forward
7 commitment of credits is common in some states, and for
8 many years it was part of each year's award process in
9 Texas.

10 It's important to clearly understand the impact
11 this action would have on the 2022 competitive cycle. For
12 the years 2018 through 2021 we've had a 12.5 percent
13 increase in the per capita amount of 9 percent credits by
14 virtue of the 2018 Federal Spending Bill.

15 The amount for 2021 is \$2.8125 per capita, which
16 results in our current \$82 million, approximately,
17 available for allocation in the 9 percent round for this
18 year. Without federal action to continue this increase,
19 the per capita amount in 2022 will revert back to
20 approximately \$2.50 per capita, resulting in a credit
21 ceiling of \$74 million available for 2022.

22 After deduction of the statutorily required at-
23 risk set-aside, there is approximately \$53 million
24 available for allocation in subregions this year. These
25 are generally the new construction applications. For 2022,

1 if the \$5.1 million were to be allocated to support the
2 2020 applicants, the amount remaining for subregions would
3 be reduced to \$58 million.

4 The request also proposes a limitation be
5 applied to any 2020 applicants who take additional credits
6 in 2022 that would limit their per-developer cap by the
7 same amount for any new 2022 applications submitted by that
8 applicant.

9 For instance, a 2020 applicant who requests an
10 additional \$300,000 of 2022 credits for their 2020
11 development would be limited to a cap of \$2.7 million for
12 new awards in 2022.

13 Consideration should be given to how that lower
14 cap would be implemented, both in terms of adjustments to
15 2022 applications and to the impact on affiliates of 2020
16 and 2022 applicants. The additional allocation provided in
17 2006 had a similar limitation along with consideration of
18 the impact on subregions and statutory limitations on the
19 location of developments.

20 Waiver of multiple parts of the QAP would be
21 required to implement the request for additional credits.
22 Other considerations relate to which applicants would be
23 eligible to receive the additional allocation, the amount
24 of additional allocation, how the additional credits would
25 be requested, and how this request would be evaluated.

1 As part of this effort, the multifamily direct
2 loan program could be used to provide loans as opposed to
3 credit allocation to 2020 9 percent applicants. These
4 loans could be made less burdensome by removing certain
5 non-regulatory limitations that may have made the addition
6 of direct loan funds to a 2020 application infeasible.

7 The Department anticipates having at least \$60
8 million in direct loan available that could be used for
9 these purposes, a portion of which would need to be
10 committed by mid-2023.

11 I will be happy to take any questions.

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

13 This sounds like it could have all kinds of
14 ripple effects, and you move one thing and then a whole
15 bunch of other things and numbers have to be recalculated,
16 but we understand the challenges that these developers are
17 facing with the increased costs.

18 Do any Board members have questions direct to
19 Ms. Holloway before we hear some public comment?

20 (No response.)

21 MR. VASQUEZ: Again, so right now this is simply
22 a report. Staff will continue to meet with constituencies
23 and possibly come back to the Board at a future meeting for
24 an actual action item.

25 MS. HOLLOWAY: Correct.

1 MR. VASQUEZ: Okay. Since there's not actually
2 going to be a motion here other than accepting a report,
3 let's go ahead and have some public comment. I believe
4 this is the one Ms. Sisak wanted to speak on.

5 Renee, can you tee her up?

6 MS. NORRED: Yes. She is unmuted.

7 MS. SISAK: Great. Good morning, Board members,
8 Board chair. This is Janine Sisak. I'm here today
9 representing the Texas Affiliation of Affordable Housing
10 Providers.

11 I want to note I did the math. Last time we
12 talked about this issue was the '06-07 time period, and
13 when I take 2021 minus 13 years of Leslie Bingham's
14 service, it takes us right to that place where we were
15 talking about very similar issues.

16 And so I want to thank her for her service and
17 encourage the rest of you to stick around for at least 13
18 years, because institutional memory is important and really
19 helpful for our industry.

20 So with that, I want to start by saying as TAAHP
21 president I get calls from developers all the time, you
22 know, where they want to kind of tell me what they're
23 dealing with and what market conditions are like.

24 You know, at the same time I'm managing my own
25 developments and experiencing more struggles, and that's

1 kind of where this ask came from. I was getting calls from
2 people saying, hey, you know, our lumber has tripled and
3 our pricing is a million five over what we were expecting,
4 you know, this is unsustainable.

5 I mean, I look at the lumber reports every week,
6 it's just up and up and up, almost off the page up, so this
7 is a real problem, I think even more so than the cost
8 increases we were seeing in the '06-07 period.

9 So in an effort not to kind of reinvent the
10 wheel, I just kind of went through the website and found
11 the old policy and brushed it off and just applied, you
12 know, a new increase factor, being really sensitive to kind
13 of borrowing from future-year credits.

14 When I read the report I was surprised to learn
15 that while I knew the 12.5 percent annual adjuster was
16 over, I didn't realize that we were reverting back to 2018
17 levels of credits, and that's a bit of a cause for
18 consternation, but please know that on the federal level a
19 lot of the other industry leaders are pushing very hard to
20 maintain the 2021 level at the minimum. I mean, we're
21 hoping to maintain the 2021 level and then get an increase
22 with federal legislation that's pending.

23 So I just ask the Board respectfully to instruct
24 TDHCA to continue to meet with us about this, continue to
25 talk about it. We can certainly continue to talk about it

1 while the federal legislation moves through the process,
2 but even knowing that we're dealing with \$60 million in
3 credits for the 2022 pot, I still stand behind TAAHP's
4 request for this sort of help from the agency.

5 Additionally -- and then I'll wrap up my
6 comments -- we're absolutely also open to talking to staff
7 about using direct loan products or funds available to help
8 these deals.

9 We can sit down and talk about it, and I know
10 that there are some 2019 deals that are also struggling,
11 and this was just a proposal that TAAHP provided to get the
12 conversation going. Happy to sit down with whoever to find
13 something that works for everyone.

14 So appreciate your time and service. Thank you.
15 I'm available for questions.

16 MR. VASQUEZ: Thank you, Ms. Sisak.

17 I believe we still have next another speaker,
18 Donna Rickenbacker. Is she still queued up?

19 MS. NORRED: We have unmuted Donna.

20 MS. RICKENBACKER: Can everybody hear me?

21 MS. NORRED: Yes, ma'am.

22 MS. RICKENBACKER: All right, good. Good
23 morning. This is Donna Rickenbacker with MREC Companies.

24 I am a little apprehensive about assisting 2020
25 9 percent transactions by forward-committing '22 credits,

1 and I know my thoughts are probably deviating somewhat from
2 other TAAHP members on this matter, but I just want to put
3 it out there.

4 First, some of us older folks were involved in
5 the tax credit program in '06 when forward-committing was
6 implemented, and as I recall it used '07 and '08 as well.
7 Like everything done for all the right reasons and best of
8 intentions, I believe the forward-committing process caused
9 a lot of disruption in our industry.

10 In one 9 percent round we forward-committed all
11 available credits to the prior year's awarded applications,
12 resulting in no new affordable housing in a large part of
13 our state in the funding year.

14 Also, as pointed out in the Board report that
15 the per capita amount available to '22 deals will revert
16 back to pre '18 levels, so we are already starting out with
17 fewer credits which, again, will result in less affordable
18 housing before setting aside any portion of available
19 credits to 2020 9 percent deals.

20 If the assistance plan moves forward, we should
21 be very cautious about how we measure financial feasibility
22 for purposes of determining who receives the additional
23 credits. We have very creative developer GCs in this
24 industry. Additionally, lumber prices may come down by the
25 time '22 credits are available to forward commit, so how do

1 you measure "infeasible" in real time?

2 I do like the idea of looking at the multifamily
3 direct loan program, because it appears to be the path of
4 least disruption. Staff is estimating \$60 million in
5 direct loan funds that could be used for this purpose,
6 funds that we are at risk of losing if not committed by mid
7 '23. It just makes sense to try and utilize these funds
8 for any 9 percent projects that are truly deemed infeasible
9 because of increased construction costs.

10 Lastly, I respectfully request that staff and
11 the Board look at 2019 9 percent transactions as well.
12 Some of these projects are struggling for no other reason
13 than escalating construction costs. I have a 9 percent '19
14 deal where the lumber company refused to honor the
15 contracts because of price escalation, so we are rebidding
16 and getting close to work stoppage as a result.

17 I hope staff will take these points into
18 consideration in their recommendation for Board action in
19 the coming months.

20 Lastly -- I know I have a few seconds left --
21 but, Leslie, with the little bit of time I do have I want
22 to thank you for your years of great service to affordable
23 housing in Texas. I truly wish you the best of luck and
24 success in your future endeavors. Thank you so much.

25 MS. BINGHAM: Thank you, Donna.

1 MR. VASQUEZ: Thank you for your comments, Ms.
2 Rickenbacker.

3 I don't think we have anyone else lined up to
4 speak on this subject. Again, this is only a report which
5 the Board will accept -- hearing no objection, we will
6 accept it. At the same time, again, this is greatly
7 concerning. If we forward-commit tax credits, again, I
8 think that has huge ripple effects on caps.

9 MS. NORRED: Mr. Vasquez?

10 MR. VASQUEZ: Yes. Is there someone?

11 MS. NORRED: I'm so sorry to interrupt. We do
12 have someone that wishes to speak on this item that just
13 came into our questions box.

14 MR. VASQUEZ: Okay. Just made it. Who do we
15 have up?

16 MS. NORRED: Quinn, you are good to speak.

17 MR. GORMLEY: Members of the Board, Director
18 Wilkinson, thank you so much for having me.

19 I just want to speak in support of Janine's
20 comments earlier. I do want to emphasize that most of the
21 time as we look at financing these are snapshots in time,
22 they're not ongoing feasibility analysis till you line up
23 your financing. It's a snapshot of a period in which you
24 can lock down your debt and your tax credits needed to
25 finance the deal, so it's a little bit difficult

1 considering where we are.

2 It's not just lumber; we're looking at other
3 material supply chain issues that are going on. I'm sure
4 various members are aware of that. So it's always
5 concerning where we are.

6 When the industry took an impact in 2008-2009,
7 something similar was done. I know it has a ripple effect,
8 but it's really about managing the transactions and making
9 sure that they remain feasible.

10 We can't make up for the impacts we've had due
11 to the pandemic just arbitrarily adjusting for debt sizing.

12 This is really the only way we can look at doing it.

13 So I do emphasize that we look at it as a
14 snapshot in time. It's too late at this point to go back
15 for many of these deals and increase your financing.
16 You're locked in at your current rents; you can't adjust
17 rents like you could on a market rate deal. Our objective
18 is to remain affordable, so that's definitely something
19 that should be taken into account.

20 So with that, I'll yield the rest of the time.
21 Thank you.

22 MR. VASQUEZ: Thank you, Quinn.

23 And we have yet another last second speaker
24 which we'll let get teed up. I think we have Robbye Meyer.

25 MS. NORRED: Robbye, you are unmuted. Can you

1 hear us?

2 MS. MEYER: Can you hear me?

3 MR. VASQUEZ: Yes.

4 MS. MEYER: Robbye Meyer. I'm with Arx
5 Advantage.

6 First I want to thank you, Leslie, for your long
7 support and your just being a board member on this Board.
8 Leslie, I was there when you started, and you've had such a
9 long history here with the Board, and I hate to see you go.
10 I don't think you started this crossover when I got on.

11 But anyway, I did have a couple of concerns with
12 this. I was there with the agency when we did the previous
13 credits and the additional credits, and I am concerned.

14 I mean, I want to have the additional help for
15 developments; however, I'm concerned the QAP specifically
16 prohibits forward commitments at this time. And back in
17 2017, if you will remember -- I think Leslie will
18 remember -- I requested that the staff request from the
19 governor have the ability to put forward commitments back
20 in for things such as this so that you would have the
21 ability to do these kind of things for emergency
22 situations, not to haphazardly award developments but to
23 have the ability to do forward commitments such as this,
24 and now it was specifically taken out, I believe it was
25 back in 2012 and it hasn't been put back in.

1 So it concerns me that we're trying to go down a
2 path that was specifically taken away from the agency, and
3 I'm not really sure how you get that back in there, but I
4 just wanted to put that out there.

5 I don't know exactly how this is going to be
6 done, but I'm for coming up with some kind of strategy to
7 help those deals for 2020. That's my comments, is I am
8 concerned about not having that ability specifically stated
9 in our rules. And that's all I have. Thank you.

10 MR. VASQUEZ: Great. Thank you, Ms. Meyer.

11 Now I'm assured that we've exhausted the queue
12 on this subject. Again, as I was saying, I'm definitely
13 concerned about ripple effects by doing this type of
14 request for forward commitments. I think there's concern
15 about eating up future tax credit ability to pay for past.

16 There are some good things, or it seems more
17 viable the direct loan program as options. We also have to
18 remember that when we cite 2006 actions by this Department,
19 that wasn't necessarily the most, shall we say, efficient
20 time during the history of this organization, and we needed
21 people like Ms. Bingham to come in and help get it more
22 efficient after that.

23 So let's remember actions from the past don't
24 always indicate that they were good actions when we're
25 trying to apply them going forward.

1 So unless any other Board members have comments
2 on this subject, again, we accept the report on 5(c) and
3 look forward to future information from staff and our
4 constituents.

5 And now let's move along to item 5(d),
6 presentation, discussion and possible action on timely
7 filed appeals of scoring of housing tax credit applications
8 and request for Board waiver of rule under the Qualified
9 Allocation Plan.

10 Ms. Holloway, can you give us the background on
11 this?

12 MS. HOLLOWAY: Certainly.

13 To start out with, there are three applications
14 noted in your Board item. The applicant for 21016 Houston
15 Willow Chase Living, has withdrawn their appeal and waiver
16 request, so today we are discussing applications 21139
17 Cypress Creek Apartments, and 2144 Mariposa Apartment Homes
18 at Plano Parkway.

19 The QAP section related to community support
20 from state representatives identifies specific requirements
21 and restrictions related to applications seeking points for
22 that support.

23 The first section of the scoring item related to
24 representative letters draws directly from statute and
25 states that positive letters will receive eight points,

1 neutral letters will receive zero points, and opposition
2 letters will receive negative eight points.

3 The second section applies if a letter is not
4 received from the state representative. Also drawing
5 directly from statute, the eight points from a
6 representative letter are added to the points for local
7 support, so if there's no letter from the representative,
8 the score for a local resolution of support is basically
9 increased by eight points.

10 The applicant for 21139 Cypress Creek Apartments
11 has submitted a request for waiver, and the applicant for
12 21144 Mariposa Apartments have submitted an appeal of a
13 notice of scoring adjustment due to opposition letter from
14 the state representative for each application.

15 While the circumstances behind the requests
16 differ, staff's position regarding the waiver request and
17 the appeal are the same. I would also mention that this is
18 two separate applications, but it's the same applicant.

19 The applicant for Cypress Creek has stated that
20 because the letters were from a third party, they were
21 beyond the applicant's control and unforeseeable, and this
22 is grounds for waiver of the scoring requirements of the
23 QAP.

24 The appeal request for Mariposa asks that you
25 apply discretionary factors described in the rule regarding

1 Board decision and score the application as if there was no
2 letter from the state representative so that the local
3 support can be used in its place.

4 The section of the QAP related to waiver of
5 rules at 11.207 prohibits Board waiver of any requirement
6 that's contained in statute. Statute requires that the
7 Department score, rank, and award points to an application
8 at least on the level of support from the state
9 representative and provides no allowance for discretionary
10 action by the Department regarding the score.

11 Because the Board lacks authority to operate in
12 direct contradiction of statutory duty, staff recommends
13 that the waiver sought by application 21139 should be
14 denied and that the appeal for application 21144 be denied,
15 and the application scores to indicate a reduction of eight
16 points under 10 TAC 11.9(d)(5)(A) related to community
17 input from a state representative.

18 I would be happy to take any questions.

19 MR. VASQUEZ: Do any Board members have
20 questions for Ms. Holloway on item 5(d)?

21 (No response.)

22 MR. VASQUEZ: I actually have several questions
23 here.

24 If I heard you right and if I read the
25 materially correctly, this is an item that is in statute on

1 giving points or taking away points for state
2 representative's letters.

3 Is that correct, Marni?

4 MS. HOLLOWAY: That is correct.

5 MR. VASQUEZ: So this isn't just a boring rule
6 that we made up and decided -- the Department just decided
7 it would be good to see if there was community support as
8 indicated by the community's elected officials.

9 MS. HOLLOWAY: Right.

10 MR. VASQUEZ: Again, it's the legislature itself
11 gave them this scoring influence; it was not the
12 Department. We are following the legislature's directives.

13 MS. HOLLOWAY: That is correct.

14 MR. VASQUEZ: Okay. But again, that just makes
15 this kind of clear. I'm unclear as to how this even merits
16 reaching the Board level at this point; however, I guess if
17 the appeal was timely filed, it needs to come up here.

18 MS. HOLLOWAY: Correct.

19 MR. VASQUEZ: Okay. We do have several speakers
20 who are queued up to speak on 5(d); however, let's first
21 get a motion on the floor.

22 So the chair would entertain a motion on 5(d),
23 noting that project 21016 has been withdrawn from this
24 Board meeting.

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

1 Board deny the waiver request from application 21139
2 regarding written statements from the state representative
3 who represents the district containing a proposed 9 percent
4 development, and also deny the appeal and any waiver
5 requested by application 21144 on the same subject, as
6 expressed in the Board action request and associated
7 materials on this item.

8 MR. VASQUEZ: Great. Thank you.

9 There's a motion made by Mr. Batch. Is there a
10 second?

11 MS. THOMASON: Second.

12 MR. VASQUEZ: Seconded by Ms. Thomason.

13 Okay. Again, we have several speakers that are
14 lined up for this subject.

15 Renee, let's go in order here. Do we have
16 Brandon O'Donald?

17 MS. NORRED: Mr. O'Donald, you're self-muted.

18 MR. O'DONALD: Yes. Thank you, Mr. Chairman.

19 Can you guys hear me now?

20 MR. VASQUEZ: Yes.

21 MR. O'DONALD: Okay. Thank you.

22 Good morning, Mr. Chairman and TDHCA Board
23 members.

24 I'm a civil engineer with Pape-Dawson Engineers
25 in Fort Worth, have over ten years of experience completing

1 design feasibility reports for TDHCA applications, and we
2 were engaged by the applicant on these projects to do
3 design feasibility studies.

4 I was asked to talk particularly about the 21139
5 Cypress Creek project and the zoning of such, just to make
6 a statement about the zoning.

7 This site is zoned for multifamily development,
8 and the applicant's proposal does not require any variances
9 relating to height or parking. Also, there are no flood
10 plain issues, and access to streets and utilities are
11 readily available.

12 I'm available for any questions that you guys
13 might have beyond that. Thank you.

14 MR. VASQUEZ: Thank you, Mr. O'Donald.

15 I believe next we have Scott Marks.

16 MS. NORRED: We're looking for Scott to unmute
17 him. Mr. Marks, you are unmuted. Can you hear us?

18 MR. MARKS: Yes, I can. Can you hear me?

19 MR. VASQUEZ: Yes.

20 MR. MARKS: Thank you so much.

21 A little on my background. I'm Scott Marks with
22 Coats Rose Law Firm. I graduated from the University of
23 Texas Law School in '94 and spent the first five years of
24 my career litigating Fair Housing Act cases, and then I've
25 spent the past 20 years toiling in the Texas housing tax

1 credit vineyard, closing tax credit transactions.

2 But the Fair Housing Act has continued to be a
3 statute that I advise my clients on, who include public and
4 private clients, and I help board members who are very well
5 intentioned satisfy their commitment to that landmark
6 statute, and I know that I have experience with you as
7 board members, and I know you all care about it quite a
8 lot.

9 You know, people talk about technical terms in
10 fair housing, but I like to describe it the way Realtors
11 describe it: talk about houses, talk about the physical
12 environment; do not talk about the people in a neighborhood
13 or you will violate fair housing.

14 Before we talk more about fair housing, let's do
15 a deep dive into state law because, as you mentioned,
16 Chairman, the state law here speaks to state rep letters,
17 but we need to look at the state law as a whole.

18 Chapter 2306 contains several laws that you as
19 board members must study before you deliberate as board
20 members. One of those is the Fair Housing Act, the Federal
21 Fair Housing Act.

22 In any event that there is a conflict between
23 state statute and the federal statute, I believe that the
24 reason you were to be trained on the Fair Housing Act is it
25 is your job to harmonize those two statutes.

1 Also, 2306 requires you to adopt a policy on how
2 you will make your decisions. 11.206 of the QAP says that
3 you will make decisions regarding awards based on state and
4 federal law, and here we have a federal law, the Fair
5 Housing Act.

6 We've tried to harmonize these two statutes
7 before. 2306 says that you shall award points based on
8 neighborhood opposition letters on the basis of written
9 statements from neighborhoods, but the QAP contains an
10 exception that's not in the state statute, which is that if
11 a site is zoned properly for affordable housing, for
12 multifamily rental housing, then that letter will not
13 count. Similarly, if community input is contrary to the
14 Fair Housing Act, we state in our QAP that we will not
15 consider it.

16 Imagine a hypothetical situation where a state
17 rep has rank discrimination in his letter and says he
18 opposes because he doesn't want racial minorities in his
19 district. We would throw out that letter. I know you
20 would do that; that is your obligation under the Fair
21 Housing Act.

22 Here we have a state rep letter, and does the
23 state rep say anything about the zoning? No, because the
24 site is properly zoned. Does he say anything about the
25 physical environment? No. He talks about the racial

1 composition of the neighborhood. He uses terms like
2 "historically black" and "ethnically diverse."

3 This neighborhood is racially diverse. It's a
4 great location in North Dallas; my parents live not far
5 from it. His letter suggests that he's concerned that the
6 neighborhood might tip, might racially tip. That is
7 precisely what the Fair Housing Act outlaws.

8 So yes, there is a state statute here, but
9 because, as the engineer just pointed out, this could be
10 built, these buildings could be built if this were market
11 rate housing, but because the state rep's letter does refer
12 to the racial composition of the neighborhood, I urge this
13 Board to fulfill its duty to consider both state law and
14 federal law and here disregard the state rep letter in this
15 appeal of this scoring item.

16 MR. VASQUEZ: All right. Thank you, Mr. Marks.

17 Just as a note, I can assure you that this Board
18 and this Department fully support the Fair Housing Act and
19 are working towards continuing those efforts in support of
20 fair housing.

21 We also have teed up next Zachary Krochtengel.

22 MS. NORRED: Yes. We are looking to unmute him
23 now.

24 MR. KROCHTENGEL: Hello. This is Zachary
25 Krochtengel.

1 MR. VASQUEZ: Go ahead.

2 MR. KROCHTENGEL: Members of the Board, Zachary
3 Krochtengel, Sycamore Strategies. I'm the developer for
4 Cypress Creek at Forest Lane.

5 This is an application that received support
6 from the City of Dallas by a 13-to-2 vote. The proposed
7 development met all the requirements of the comprehensive
8 housing policy of the City of Dallas and the QAP.

9 There are no undesirable site features or
10 undesirable neighborhood characteristics, and it's in a
11 high opportunity census tract. It's also a transit-
12 oriented development, and most importantly, it is zoned by
13 right for multifamily development. We received a
14 tremendous amount of neighborhood opposition and still
15 received a resolution of support from the Dallas City
16 Council.

17 My civil engineer has already confirmed that the
18 land use regulation by Dallas would not prevent the
19 building of the design we propose in our application,
20 meaning that if this were a market rate development we
21 could build, and the city, state representative or
22 neighbors could not stop us.

23 This development was approved also through an
24 RFP with the Dallas Housing Authority for Walker vouchers.
25 For Board members who are unfamiliar with Walker vouchers,

1 they are a result of a landmark discrimination segregation
2 lawsuit that created special vouchers for African American
3 families in the DFW Metroplex to use in high-opportunity
4 areas.

5 Because of landlord discrimination, hundreds if
6 not thousands of these vouchers go unused. We propose to
7 accept these vouchers. The last LIHTC development in North
8 Dallas to accept these vouchers was awarded in 2013.

9 Not allowing this proposal to move forward is
10 hindering the court order to develop and make Walker
11 vouchers available. Court orders are also another point
12 that Board members should take into account when awarding
13 tax credits.

14 Negative state representative letters have a
15 discriminatory impact on the placement of affordable
16 housing. The minority percentage in Dallas County is 74
17 percent. The state representative for our application
18 wrote a negative letter for our application in a census
19 tract with a roughly 50 percent minority population that
20 serves families, while he supported an application that
21 served the elderly population and was located in a census
22 tract with an 83 percent minority concentration.

23 As much as you may not want to consider race in
24 your decision, the Fair Housing Act requires you to take
25 into consideration whether the policies are having a

1 discriminatory impact.

2 Our application was located in the census tract
3 with the lowest concentration of minorities of all of the
4 applications submitted in Dallas. The application with the
5 lowest concentration of minorities in Plano received a
6 negative state letter as well. The application with the
7 second-lowest minority concentration in Houston received a
8 negative state letter.

9 Those were the only three state representative
10 letters of opposition for final applications in 2021. All
11 of these applications that were negatively affected by
12 state representatives will not be funded and in their place
13 will be applications in census tracts with higher minority
14 percentages, perpetuating segregation.

15 I would ask you to keep an open mind and
16 consider all the relevant laws, state, federal and local,
17 as the QAP provision on Board decisions requires.

18 To give weight to these state representative
19 letters in this situation would be a violation of the Fair
20 Housing Act, and we do believe you have the discretion to
21 weigh these letters but ignore when they violated federal
22 law, as is the case with Cypress Creek at Forest Lane.

23 MR. VASQUEZ: Thank you, Mr. Krochtengel.

24 We have two speakers -- I'm getting information
25 as we go here -- I believe Mr. Marks and Mr. Krochtengel

1 are teed up to also speak on 21144.

2 MS. NORRED: That is correct.

3 MR. VASQUEZ: Well, okay. I'll use some
4 chairman's discretion and allow them another shot round at
5 this; however, I ask that you try to limit your comments to
6 anything that's particular to 21144 rather than repeating
7 yourself on your other points.

8 So let's put Mr. Marks back up.

9 MS. NORRED: Mr. Marks, you are unmuted. Can
10 you hear us?

11 MR. MARKS: I can. Thank you very much.

12 And Chairman Vasquez, I appreciate your point
13 after my last testimony, and I would just like to say I
14 have no doubt about where the hearts of the Board members
15 are on the Fair Housing Act.

16 I would just like to say that on the question of
17 the Plano transaction -- and I think others will speak to
18 this as well -- the problem with the state rep letter in
19 Plano is, and I will quote from it. He states -- and this
20 is Representative Shaheen from Collin County -- he states:
21 "I would like to formally express my opposition because of
22 the unanimous decision to deny this decision by Plano City
23 County (sic) and the opposition of many property owners."
24 So the unanimous decision to deny this project by "Plano
25 City County" but we have a resolution of support from the

1 local government here, so this appears to me to be
2 pretextual.

3 And in my civil rights litigation years, I can
4 tell you that a judge looking at this would ask: Now, what
5 is the reason here? And then the reason that is stated in
6 the state rep letter is because of the unanimous decision
7 to deny the project by the "Plano City County" the judge
8 would then say, Let me see this unanimous decision; let me
9 see the resolution.

10 And unfortunately, we have a resolution that's
11 signed by the mayor, signed by the city secretary and by
12 the city attorney that says that the City Council of the
13 City of Plano supports this application.

14 So we do not have the same problem that we had
15 in the other transaction with the references to the racial
16 composition of the neighborhood, which is extremely
17 problematic from a Fair Housing perspective, but here we
18 have a situation where a state rep has said that his
19 opposition is based on something that is just false.

20 Just like we don't take into consideration
21 neighborhood support, even though 2306 scores an
22 application based on the written evaluation of a
23 neighborhood letter, if the neighborhood says something
24 that's false, we say in our QAP we disregard it.

25 And here the state rep has said something that

1 is not true in the state rep letter, and we all know that.
2 I think that anyone can look at the resolution that was
3 attached to the deal here and see that there is no
4 unanimous decision of "Plano City County" in opposition.

5 And so that is the reason why I believe that as
6 you're considering both state law and federal law -- and
7 the Fair Housing Act is a very important federal law --
8 that you should be willing to award tax credits based on
9 your own policy in 11.106 where you'll take into
10 consideration state law and federal, that you should be
11 willing to approve tax credits for that transaction.

12 Thank you very much for hearing me.

13 MR. VASQUEZ: Thank you, Mr. Marks.

14 Do we next have Zachary back up or not?

15 MS. NORRED: Yes. We are looking to unmute him
16 right now. Zachary, you are self-muted.

17 MR. KROCHTENGEL: Yeah. So obviously these two
18 situations are very different. I think that what's really
19 important is a lot of the scoring is in statute; it's not
20 just the state rep letter is the only statutory requirement
21 for scoring.

22 Financial feasibility is mentioned in the
23 statutory scoring. So saying that this state rep letter
24 has supremacy and can't be waived and can't be adjusted in
25 any way, shape or form, I think would really take away all

1 of the discretion of the Board when it comes to scoring
2 matters when the score really becomes a recommendation for
3 an award to the Board and the Board really has that ability
4 to take all of the other discretionary factors that are
5 mentioned in the QAP in 11.206. So saying that you can't
6 change it because that is in statute would really take away
7 all of the discretionary ability of the Board.

8 Now, I think in Plano there's a really unique
9 issue in that this state rep letter cited that decision by
10 the City of Plano, but I think this comes back to a broader
11 issue of these state rep letters, which is we have no idea
12 if there was actually any property owner opposition.

13 There were multiple public meetings held by the
14 City of Plano. Nobody was registered to speak against us,
15 we never heard any neighborhood opposition, there was
16 reports in the media about these proposed projects, there
17 were public information sessions, there were meetings,
18 nobody came out in opposition.

19 To then have a state rep letter that gets sent
20 in without any feedback from us and has no actual, you
21 know, defined opposition, no reasoning for anything like
22 that is extremely problematic when you don't have -- you
23 know, they had the opportunity to oppose this publicly and
24 to be able to do it in a black box where nobody can see
25 what those reasons are, see if they're actually legitimate

1 valid reasons for opposition or if they're just reasons
2 that are based on bigotry or based on NIMBY-ism or anything
3 like that.

4 So that is a very big issue, and I think it's a
5 bigger issue with the state rep letters, because being able
6 to influence these projects without having this kind of
7 opposition in the public and open for debate and open for
8 scrutiny leaves, obviously, violations of fair housing to
9 be able to be perpetuated consistently using this policy
10 and being able to write any comment you want to write to
11 your state representative and see that possibly be weighed
12 as a valid reason for not having affordable housing placed
13 where it should be placed.

14 I think, you know, when I'm pointing out that
15 the lowest minority census tract in Dallas, the lowest
16 minority census tract in Plano, the second-lowest minority
17 census tract in Houston, and the lowest minority census
18 tract also got a neutral letter which basically made them
19 not competitive as well, that's not a coincidence. That's
20 a trend saying that you're trying to do affordable housing
21 in the areas that are not concentrated with minorities, and
22 you're getting shut down more often than not.

23 In my waiver there were a ton of statistics that
24 I don't know if you were able to fully absorb, but if
25 you're in a census tract that is whiter than your county

1 population around you and you go in and you're in a major
2 metropolitan area, you have a 2-1/2 times greater chance
3 that your state rep is going to kill your deal than if
4 you're not in a whiter area of that city, and that is just
5 unacceptable, and it's something that needs to change, and
6 you have the power to change that today.

7 Thank you.

8 MR. VASQUEZ: Thank you for your comments, Mr.
9 Krochtengel.

10 There are no other speakers queued up for item
11 5(d).

12 Let me just ask Mr. Wilkinson or Ms. Holloway,
13 as far as we understand, these letters from the state reps
14 did in fact come from the state reps. Is that correct?

15 MS. HOLLOWAY: Correct.

16 MR. VASQUEZ: And they have not been withdrawn
17 by the state reps.

18 MS. HOLLOWAY: No, they have not been withdrawn,
19 and in fact, the QAP does not allow them to be withdrawn
20 once the rep letter is submitted.

21 MR. VASQUEZ: Okay. And again, reiterating this
22 is statute.

23 Do any other Board members have questions for
24 staff on this item?

25 (No response.)

1 MR. VASQUEZ: Okay. Hearing none, we have a
2 motion on the floor that has been made and seconded, made
3 by Mr. Batch, seconded by Ms. Thomason, excluding item
4 21016, which was withdrawn, and to reiterate, the motion
5 was to deny the waivers or appeals in this item.

6 MS. HOLLOWAY: Correct.

7 MR. VASQUEZ: So all those in favor of the
8 motion say aye.

9 (A chorus of ayes.)

10 MR. VASQUEZ: Is there any opposed?

11 (No response.)

12 MR. VASQUEZ: Hearing none, motion carries.

13 Thank you, Ms. Holloway.

14 We are now at item 5(e), report on a 2022 and
15 2023 QAP planning process. Ms. Holloway, continue.

16 MS. HOLLOWAY: Thank you.

17 Just as our plan for the 2021 QAP included
18 topics to be considered for 2022, staff is proposing that
19 several topics also considered for the next two years of
20 QAPs. This longer-term process will allow staff and
21 stakeholders to more fully develop concepts and provide
22 stability for applicants.

23 For the 2022 QAP, discussion of sponsor
24 characteristics, natural disaster and rapid response
25 preparedness, the proximity to job areas and urban core are

1 topics staff is proposing for consideration, along with the
2 changes that will be necessary to fully implement the
3 streamlined noncompetitive 4 percent housing tax credit
4 process that you approved in April of 2021. Any changes
5 that may be warranted in association with legislation by
6 the 87th Texas Legislature also, of course, would be
7 included.

8 The sponsor characteristics scoring item has not
9 been examined in a number of years, and the experience of
10 HUBs and qualified nonprofits engaging in these
11 developments need to be considered as we move forward.

12 The national disaster and rapid response
13 preparedness scoring item is in response directly to the
14 inclement weather we had in February where many Texans were
15 without power and water caused by the snow and ice.
16 Currently staff doesn't know if there's a solution here or
17 something that we should do with the QAP. We would like to
18 seek that information and see if there are changes that
19 make sense.

20 The proximity to job area scoring items proposed
21 for discussion later on this year, it's anticipated the
22 discussion will center on the effectiveness of the
23 proximity to jobs scoring item that was added within the
24 last couple of years, along with the proximity to urban
25 core scoring item.

1 It's anticipated that a new Subchapters or
2 section will be needed to provide clear information
3 regarding the streamlined 4 percent process.

4 We anticipate announcing an initial planning
5 meeting for the 2022-2023 QAP next month. The agenda for
6 that meeting will be posted on the Department's website and
7 will become the tool to gather input initially on the
8 online forum. Working groups to consider specific topics
9 may be determined at that initial meeting but may be
10 modified as the need arises.

11 We will continue to post schedules and topics
12 right here on our website and announce via Listserv,
13 calendar and social media. Due to the ongoing pandemic, we
14 will not host in-person meetings or focus groups for the
15 foreseeable future until everything is opened up and it's
16 safe for us to do that again.

17 It is anticipated that the process for the 2022
18 QAP will continue through July '21, and then a staff draft
19 will be available in early fall, as usual. Specific
20 sections of the QAP will be drafted and made available for
21 informal comment throughout the process in order to provide
22 for the most effective possible be feedback on these items.

23 It is important to note that statutory changes
24 made by the 87th Legislature or statutory regulatory
25 changes made at the federal level may postpone or prevent

1 completion of the changes described in the project scope.

2 I will be happy to take any questions.

3 MR. VASQUEZ: Thank you, Marni.

4 Do any Board members have questions for Ms.
5 Holloway?

6 MS. BINGHAM: I have a question, maybe not on
7 the substance but more on the process, Marni.

8 So remind us, we've been not holding in-person
9 stakeholder meetings now for more than a year. Have you
10 received any feedback on your efforts to reach out and
11 engage the stakeholder community given that we can't have
12 in-person meetings?

13 The communication plan looks great, like
14 thorough to me, but does it reflect feedback that you've
15 received or experience that you guys have had with
16 engagement?

17 MS. HOLLOWAY: So frankly, over the course of
18 this last year, since my entire division has been working
19 from home, we haven't done a real good job of reaching out
20 as we were running up to the 2021 QAP.

21 As a result of that lack of conversation with
22 the development community, with the advocate community,
23 there were actually very few changes headed into 2021. All
24 that we changed were things that have come up over the year
25 that needed to be corrected.

1 Part of our QAP planning process in the past,
2 pre-pandemic, were these large stakeholder meetings that
3 were very informal, and sometimes people took turns and
4 sometimes people talked over each other, but there was a
5 lot of interaction and a lot of information shared and
6 perspective shared.

7 I don't know how we can do that in a virtual
8 environment, so that's part of what we're struggling with.
9 And when we talk about these smaller working groups, there
10 are folks out there who we know are very concerned about
11 some of these very specific items, and if we can bring
12 those smaller groups together rather than a much larger
13 group, we can perhaps manage that in a virtual environment
14 and still gain that input. We need to make better use of
15 our forums and getting that input online.

16 It's been tough to try to create that same
17 environment that we had in the past with our monthly or
18 every-other-month meetings with everybody in the room, and
19 we actually are open to any input about any other things
20 that we should be doing.

21 MS. BINGHAM: I appreciate the honest comments
22 about it, and yeah, I think we just encourage you guys to
23 continue to seek opportunities since this QAP will be a lot
24 more material in terms of potential changes.

25 MR. VASQUEZ: Any other comments or questions

1 from Board members on the process?

2 (No response.)

3 MR. VASQUEZ: Again, Marni, I know this has been
4 challenging for you and the staff to do this on this remote
5 basis, but I encourage you, as Ms. Bingham just said, to
6 keep reaching out.

7 And again, we encourage all the constituents out
8 there and associations to please make the extra effort to
9 communicate to Marni and her team on this as we continue to
10 fine-tune the process, given all these different
11 challenges.

12 So without objection we will accept the report
13 on item 5(e) and move on to item 6 on the agenda.

14 MS. HOLLOWAY: Thank you.

15 MR. VASQUEZ: Presentation, discussion and
16 possible action on the Community Development Block Grant
17 Coronavirus Aid Relief and Economic Security Act Texas
18 Emergency Mortgage Assistance Program awards and timely
19 filed appeals. And we have Rudy Bentancourt on.

20 MR. BENTANCOURT: Hello, Chairman Vasquez and
21 Board members. I'm Rudy Bentancourt, director of the CDBG
22 CARES Program. I'll be covering the agenda item number 6
23 in your Board materials.

24 The Department received \$141 million in CDBG
25 CARES funding from the U.S. Department of Housing and Urban

1 Development to prevent, prepare for, and respond to COVID-
2 19. The Board approved a variety of activities for these
3 funds. Among those is a program to provide mortgage
4 assistance.

5 We released a competitive notice of funding
6 availability to seek applications. The Department received
7 59 applications. Of those the team has identified 40
8 applicants that are being recommended for funding.

9 The applicants will be able to provide mortgage
10 assistance coverage in many areas of Texas. The assistance
11 will allow for payments up to five months of arrears and
12 one month forward payment of the full amount of the monthly
13 mortgage payment so that a qualified household can receive
14 a total of up to six months of mortgage assistance.

15 Of the 40 applicants recommended, seven
16 applicants will receive assistance for Part A, which was
17 set aside specifically for non-entitlement units of general
18 local government which are rural or smaller metro areas,
19 for a total of \$2,879,690.

20 Fourteen applicants will receive assistance for
21 Part B, which was made available for entitlement cities and
22 counties -- and these are larger metro areas -- and to
23 nonprofit organizations covering no more than one county
24 for a total of \$5,729,690.

25 And lastly, 19 applicants will receive

1 assistance for Part C, which was made available for
2 regional organizations that include private nonprofit
3 organizations that will serve more than one county,
4 community action agencies, and regional councils of
5 government for a total of \$13,914,745.

6 The three combined parts will be funded for a
7 total of \$22,524,125 in mortgage assistance for an
8 unduplicated coverage of cities and counties throughout
9 Texas. A coverage map has been included with this item for
10 reference.

11 All applications were reviewed and scored for
12 the required threshold requirements. Scoring criteria
13 included experience in mortgage assistance and CDBG,
14 service delivery, and fiscal controls, to name a few.

15 Staff recommends the approval of the applicants
16 recommended for funding in the amount of \$22,524,125, and I
17 stand by for any questions.

18 MR. VASQUEZ: Great. Thank you, Mr.
19 Bentancourt.

20 Do any Board members have questions on this
21 item?

22 (No response.)

23 MR. VASQUEZ: It is great we're making efforts
24 to get this money out there and distributed, but hearing no
25 questions, the Board chair would entertain a motion on item

1 6.

2 MS. BINGHAM: Mr. Chair, I'm prepared to make
3 that motion.

4 MR. VASQUEZ: Please.

5 MS. BINGHAM: I move Board approval and to grant
6 to the executive director and his designees the authority
7 on behalf of the Department to take all necessary actions
8 to effectuate the 40 awards totaling over \$22 million for
9 CDBG CARES mortgage assistance funding, as reflected in and
10 subject to the conditions, including reallocation
11 authority, that are stated in the Board action request on
12 this item.

13 MR. VASQUEZ: As promised, Ms. Bingham made the
14 last motion on the last action item of the agenda. Is
15 there a second?

16 MR. THOMAS: I second, Mr. Chairman.

17 MR. VASQUEZ: Seconded by Mr. Thomas.

18 There's no one queued up to speak on this item,
19 so all those in favor say aye.

20 (A chorus of ayes.)

21 MR. VASQUEZ: Any opposed?

22 (No response.)

23 MR. VASQUEZ: Hearing none, motion passes.

24 Thank you, Rudy.

25 MR. BENTANCOURT: Thank you.

1 MR. VASQUEZ: This is the time in the meeting,
2 now that the Board has addressed all posted agenda items,
3 where members of the public can raise issues with the Board
4 on matters of relevance to the Department's business or
5 request that the Board place specific items on future
6 agendas for consideration; however, I believe we do not
7 have anyone queued up to speak on public comment on this.

8 So this brings us to we will defer to Vice Chair
9 Bingham for some final words of wisdom and perspective.

10 Ms. Bingham, you have the floor.

11 MS. BINGHAM: Thank you. Thank you very much,
12 Chairman Vasquez.

13 Executive Director Wilkinson, staff that are
14 still on, Board members, and if there are any of the
15 affordable housing developer advocacy community out there,
16 I really hesitated to sound cliché by just saying that it's
17 been an absolute honor and privilege to serve on this
18 Government Board for this Department, but that is the
19 truth, that's the truth.

20 The talent within this agency's staff and
21 leadership and the expertise of all of the people that are
22 sitting on the Board have really kept me in a constant
23 state of admiration or awe throughout my tenure here, and
24 really motivated me to learn so that I might be able to
25 contribute a little bit to the incredible work that you all

1 do for the people of our great state.

2 I'm not sure who thought that a hospital
3 administrator with zero experience in this sector could
4 contribute, but I am honestly forever grateful for the
5 opportunity that our governor and elected officials
6 provided to me to serve.

7 In addition to me expressing my heartfelt
8 gratitude to all of you, I do have to send just a really
9 special thank you to my senator, Eddie Lucio, who I think
10 also kind of dutifully supported my appointment and my
11 confirmation.

12 But you guys know he's a passionate advocate for
13 affordable housing and really for services to the most
14 disadvantaged and needing in the state, and particularly in
15 my Rio Grande Valley, so I really have appreciated him.
16 He's not just a role model and a teacher; he's really
17 become a very dear friend, and I'm grateful for that.

18 All of you have helped me grow as a leader and
19 as a servant, and I'm not sure what the future holds for
20 me, but I promise you that I will take all the lessons that
21 I learned from all of you with me in my future roles.

22 So I am biased and not super knowledgeable about
23 all of the other agencies in our state, but when I claim
24 that TDHCA is the best department, I bet there are plenty
25 of unbiased people with lots of experience from

1 administration that would agree.

2 So I'll be thinking of all of you, and
3 especially like around June and July when I start having
4 that kind of pervasive stressful feeling, I'll know that's
5 like my own version of phantom pain for the tax credit
6 rounds. I know you'll continue to do a great job.

7 I'm here for all of you. If there's anything
8 that I can ever do, then I'm happy to. I'm definitely your
9 number-one fan, and I'll continue to watch from out here in
10 the field as you guys continue to do great things for
11 Texans.

12 I'm very grateful. Thank you very much.

13 (Applause.)

14 MR. VASQUEZ: Thank you. Anyone else want to
15 make a quick comment?

16 (No response.)

17 MR. VASQUEZ: If not, like I said, on behalf of
18 the Board and staff, Leslie, we are just honored to have
19 served with you and we are just thankful and our gratitude
20 towards your efforts that you've invested over so many
21 years is much appreciated.

22 You will not be forgotten, and we all look
23 forward to your next chapter in life and hopefully your
24 state service. Now that it's in your blood you can keep it
25 up at your next appointment, and we wish you all the best.

1 MS. BINGHAM: Thank you very much.

2 MR. VASQUEZ: Thank you again.

3 And with that, our next Board meeting is the
4 17th of June; it will be posted. And we will entertain a
5 motion to adjourn the meeting.

6 Ms. Bingham, move to adjourn?

7 MS. BINGHAM: So moved.

8 MS. THOMASON: Second.

9 MR. VASQUEZ: Okay. And seconded by Ms.
10 Thomason.

11 Without objection the meeting is adjourned; it
12 is 12:05. Thank you all.

13 (Whereupon, at 12:05 p.m., the meeting was
14 adjourned.)

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MEETING OF: TDHCA Board
LOCATION: via telephone and weblink
DATE: May 13, 2021

I do hereby certify that the foregoing pages,
numbers 1 through 104, 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: May 18, 2021

(Transcriber)

On the Record Reporting
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