TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS

MEETING

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

July 31, 2014
9:00 a.m.

MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair
J. MARK McWATTERS, Member
LESLIE BINGHAM ESCAREÑO, Member
ROBERT D. THOMAS, Member
TOM GANN, Member

TIMOTHY K. IRVINE, Executive Director

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k) Presentation, Discussion, and Possible Approval of the Section 8 Program 2015 Annual Public Housing Agency (APHA®) Plan for the Housing Choice Voucher Program

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ASSET MANAGEMENT
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09404 Cevallos Lofts San Antonio

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REPORT ITEMS

The Board accepts the following reports:

1. Report on the Department=s 3rd Quarter Investment Report in accordance with the Public Funds Investment Act
2. Report on the Department=s 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures
3. Report on Request for Proposal for firms registered as independent municipal advisors interested in providing financial advisory services to the Department
4. TDHCA Outreach Activities, June 2014
5. Status report on the development of the 2015-2019 State of Texas Consolidated Plan as required by the U.S. Department of Housing and Urban Development
6. Update on the Status of the Preparation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments
7. Report to extend the Market Rate Ginnie Mae To Be Announced Program Administrator Contract

ACTION ITEMS

ITEM 2: PROGRAM PLANNING POLICY AND METRICS
Report from the Deputy Executive Director for Single Family, Community Affairs, and Metrics

ITEM 3: FAIR HOUSING
Presentation of report from the fair housing team and possible authorization to select crime data provider

ITEM 4: ASSET MANAGEMENT
Presentation, Discussion, and Possible Action on Material LURA Amendments

ITEM 5: APPEALS
Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under the Department=s Program Rules

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ITEM 6: MULTIFAMILY FINANCE
a. Presentation, Discussion, and Possible Action regarding Awards from the 2014 State Housing Credit Ceiling and Approval of the Waiting List for the 2014 Housing Tax Credit Application Round, including resolution of any outstanding previous participation issues

b. Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

c. Presentation, Discussion, and Possible Action regarding Staff’s Request for Guidance with respect to the Drafting of the 2015 Qualified Allocation Plan and Uniform Multifamily Rules

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS

EXECUTIVE SESSION

ADJOURN
MR. OXER: Good morning, everyone. I'd like to welcome you to the July 31 meeting of the Texas Department of Housing and Community Affairs Governing Board.

We will begin, as we always do, with roll call.

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Professor McWatters is not with us.

Dr. Muñoz?

DR. MUÑOZ: Present.

MR. OXER: I am here, and we expect Mr. Thomas here in just a bit, he's running a few minutes late. We have a quorum, we're in business.

Tim, let's start with saluting the flags.

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

MR. OXER: All right. As a first item on our agenda, there are many of you that know, but we'll tell everybody anyway, that Sandy Donoho, our internal auditor for quite some time, has decided to retire, and today is her formal last day, I believe. So pulling the pin out of this gate and walking away, Sandy? So anyway, I'd like to have Leslie, the chair of our Audit Committee, read a
few words on the record for us.

Come up here, Sandy.

MS. BINGHAM ESCAREÑO: So I saw Sandy earlier today and said, you know, like this is your last day before you retire, how does it feel? Because she's always just cool as a cucumber, but I get the sense there's a lot going on in that head right now, lots of planning. So how many of us are jealous? There you go. That's what I thought, Mr. Chair.

I put together just a couple of words. I know you guys are fairly familiar with Sandy's job, but I thought I'd put a couple of notes together. So Sandy has been in the service of the State for 28 years in internal audit, with our organization for the last seven, and the last seven have not been without their own challenges along the way. So some of the things that came to mind for us were disaster recovery funding and several initiatives that we had related to disaster recovery, and then probably the latest and greatest was the last couple of years, the stimulus, and huge responsibility in that regard too.

So we just want to recognize Sandy for her service to the organization and to the State and wish her well, and take a minute, too, to just say how grateful we are, not just for her great job in Internal Audit, but for
the fact that she's really put together a fantastic team
that's taken a great deal of support and energy, and I
think you guys would agree that she's been a very good
role model and a very good teacher to you.

So with that, we wish you the very best.
You're heading to the other UT country, University of
Tennessee, so for those of you, the other UT.

MR. OXER: You get a pass because Sam Houston
was the governor of Tennessee also.

MS. BINGHAM ESCAREÑO: Sure we've got some
connections there.

MS. DONOHO: It's a different shade of orange.

(General laughter.)

MS. BINGHAM ESCAREÑO: It is. Well, thank you
very much. Anything that you would like to say?

MS. DONOHO: Well, it's been a good seven years
at TDHCA. I think the best part of TDHCA are the
employees, great people to work with. I will miss each
and every one of you. I will miss my staff. Some of them
I have raised, so I think that they will carry on without
me quite well.

Just to rub it in a little bit, I'll be sitting
on my front porch watching fall arrive in the great Smokey
Mountains and enjoying my retirement. I think everybody
will carry on with the good work that TDHCA does, and you
have been a great Board and I've really enjoyed the time that I've spent with you.

MS. BINGHAM ESCAREÑO: Thank you for your service. We wish you the very best.

(Applause.)

MR. OXER: Okay. On to the consent agenda. We have one item. Marni, did you want to just detail adjustments on one of these?

And while she's coming up, does any member of the Board have any item on the consent agenda that they'd like to pull?

MS. BINGHAM ESCAREÑO: I don't.

MR. OXER: Okay. Let's hear what Marni has to say.

MS. HOLLOWAY: Good morning, Chairman Oxer, members of the Board. My name is Marni Holloway. I'm the director of the Neighborhood Stabilization Program and the Single Family coordinator for this round.

Item 1(e) is the Single Family Umbrella Rule. We are making some changes and updates to that rule. Since the Board book was published, we have a couple of changes that we need to make to definitions. These changes will be included in the rule that goes into the Texas Register, but it's not included in the Board book that you have.

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So on Section 20.3, definitions of the Single Family Umbrella Rule, the first paragraph we are adding at the end "and the applicable Federal Regulations" which brings the definitions from the Federal Regulations into the Single Family Umbrella Rule.

Also, we are adding number 49, the definition for Reconstruction which is: "The demolition and rebuilding of a single family housing unit on the same lot in substantially the same manner. The number of housing units may not be increased, however, the number of rooms may be increased or decreased dependent on the number of family members living in the housing unit at the time of application."

We are also adding definition number 50, Rehabilitation: "The improvement or modification of an existing residential unit through an alteration, addition or enhancement."

The definition section will be renumbered because we're adding these two. When we get to the final rule there will be changes throughout the rule making little Rs capital Rs throughout the rule wherever these terms are used.

MR. OXER: So it's essentially a clarification. Are any of them considered substantive?

MS. HOLLOWAY: The addition of the definitions,
I believe, could be considered substantive, and as I said, the version of the rule that's being published in the Texas Register does include these definitions. The changes going through making little Rs capital Rs would not be a substantive change.

MR. OXER: So what you've added to it will be the version that's actually published?

MS. HOLLOWAY: Yes, and that's going out for public comment.

MR. OXER: Okay. Are there any other considerations from the Board about this?

(No response.)

MR. OXER: Good. Thanks, Marni.

MS. HOLLOWAY: Thank you.

MR. OXER: We have a commenter.

MS. CARLTON: Good morning. My name is Belinda Carlton, and I'm a public policy specialist for the Texas Council for Developmental Disabilities. Our purpose is to encourage policy change so that people with disabilities have opportunities to be fully included in their communities and exercise control over their own lives.

I want to thank you for the opportunity to state our support of the proposed amendment to the Single Family Umbrella Rule that will remove the prohibition of manufactured housing units for eligibility for the Amy
Young Barrier Removal Program. The Amy Young Program had included manufactured housing from its inception and we understand it was removed last year because of a concern that modifications would remove a manufactured home from compliance with federal standards. So the proposed amendment, as we read it, will insert the words "federal funds" clarifying that rehabilitation of a manufactured housing unit is an eligible single family activity with non-federal funds, and the Amy Young Barrier Removal Program is carried out with state funds only.

I would especially like to thank Brooke Boston, associate commissioner. We have been through this process for the past year trying to get to this point today. She listened to TCDD, other housing advocates. She followed up, asked us to identify experts in this field, and she followed up with those experts. Amy Young, may she rest in peace. And the council feels that Brooke has only demonstrated a commitment to advancing opportunities for Texans with disabilities to live in integrated, affordable, accessible housing while remaining true to your mission, and we appreciate her very much.

Thank you.

MR. OXER: Good. Any questions of Belinda?

Thanks very much, Belinda.

And as a reminder to everybody who chooses to
speak, please sign in so that we can identify you for the record for the transcript.

With that, I'll assume you're in favor of the changes that are being made?

MS. CARLTON: Yes, I support the changes.

MR. OXER: Just a clarification.

MS. CARLTON: I'm supposed to put the time. Can anybody help me here?


MS. CARLTON: Thank you.

MR. OXER: With nothing being pulled from the agenda, I'll entertain a motion to consider the consent agenda.

MS. BINGHAM ESCAREÑO: Move to approve the consent agenda with the recommended modifications.

MR. OXER: Motion by Ms. Bingham.

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz. Is there any other comment? There appears to be none. All in favor?

(A chorus of ayes.)

MR. OXER: It's unanimous. Thank you.

On to ventures in government.

MR. IRVINE: And I believe in the interest of expediency and a variety of other issues, the report item under action item number 2 will not be provided this time,
we'll provide that in September.

MR. OXER: So we're on to item number 3 already. We're whistling through this agenda, Tim. This shouldn't be as bad as we thought; somebody is going to lose on the over and under today.

Item number 3. Cameron, good morning.

MR. DORSEY: Good morning.

So item number 3 is both a kind of report as well as requesting that the Board authorize us to hire a provider for crime statistics data. I'll start off by kind of describing the type of crime data that we're looking at purchasing.

Right now in the multifamily rules we have some limitations with regard to site location for things like frequent criminal reports and these types of things, criminal activity in an area. And in an effort to provide more objective kind of criteria and more consistent criteria that's applicable throughout the state, and to enable us to do more evaluation, the Fair Housing Team can do more evaluation about where our deals are located, what kind of crime statistics exist in the areas where we're locating developments, and these types of things, and possibly at some point, as well, for single family programs in some manner these crime statistics would really help facilitate these types of things.
There's some really great data sources out there. The problem that we have at the staff level without this data is that law enforcement agencies all report data in different formats. A lot of the data overlaps. You have everything from campus police at colleges to state troopers and county sheriffs departments, and there's just all of these different law enforcement agencies frequently collect the data in different formats, report it in different formats, and so it becomes very, very difficult to holistically assess any particular area.

So what we would hope to get in responses to the invitation for bid that we're looking to put out is data, crime statistics that would be available statewide, that would incorporate all of the different law enforcement agencies that exist in any given area of the state, and so it would be really consistent, really good data available at a very site-specific local level.

So we've gone through the process of developing an invitation for bid with our purchasing staff at the Department, and we would like to request the Board's authorization to go through the process of actually releasing that and then selecting a data provider. This would not be an actual approval to change the rules. The first step in the process is to look at what kind of data...
we can get, and then at that point we would have more
information that would enable us to develop any rules that
kind of incorporate the use of that data. So that's one
thing we're requesting the Board's authorization to do.

I think probably I can finish out the report
item and then you all can take any action to the extent
you want to on that issue.

The other big thing that I wanted to highlight,
you'll notice that the agenda item walks through a variety
of different efforts that we're engaged in, but one of the
big ones that I've talked about recently is the Fair
Housing Tracking Database, and we've made a lot of headway
in the development of this database. Being able to track
the different fair housing activities that the Department
is engaged in is tremendously important, both because it's
an obligation we have, we've certified to affirmatively
furthering fair housing and one of the requirements is to
collect data and ensure that we can convey all of the
different efforts that we've engaged in. That's just a
logical part of that certification.

In addition to that, though, I think the
collection of data is really important for helping, on an
ongoing basis, to kind of identify where there may be
areas for improvement and how we provide information to
the public, provide information to program recipients and
make sure that they're fully aware of the different types of programs that are available to them, the different types of options that they have, these types of things. It will basically enable us to identify holes.

And so in your Board book, as an exhibit to the agenda item, I just encourage you, if you haven't already done so, to take a look at some of the screen shots from the database. I encourage the folks in the audience to do so, as well. It just gives folks a sense for the kind of information the database is going to contain, everything from call logs on any calls we get related to fair housing, any kind of outreach that we're engaged in.

And Laura Debellas, who is our Fair Housing Team lead -- I think I introduced her at the last meeting -- she's actually logging pretty much everything she does into this database so that we can show the internal activities that are going on -- you know, it's not always evident how much work we're doing on a particular issue in between the times we bring rules to you or what-have-you -- and so it's going to kind of document all that stuff.

I just wanted also to mention Chad Landry who reports to Brooke Boston. I don't know if he's in the audience or not, but Chad is a phenomenal data guy, and I worked with Chad when I was down in the HOME Division as
the manager of the HOME Program a while back, and he loves
to do fun, innovative stuff. You know, if you ask him can
you do this, even if he doesn't know how, it's always a
response of: Well, I don't know how but it would be cool
to figure it out. So that kind of attitude is just really
fantastic. So I kind of convey a vision to those two,
Laura and Chad, and their ability to take it and make it
real is really what I need in some staff folks. So just a
shout out to them.

Other things we're doing are reflected in the
Board book, affirmative marketing rules. We'll continue
to bring updates as we go. I anticipate at either the
next meeting or the following, you'll start seeing an
exhibit that is an actual report that is generated by the
database and shows you kind of the status of all of the
different activities we're engaged in, rather than us
having to go create these agenda items from scratch each
time. And it really only shows a snapshot of what the
Department is engaged in. You all just heard some comment
about rule changes in the single family rules and the
definitions that will help facilitate more access to the
program, the Amy Young Barrier Removal Program, for folks
living in manufactured housing units. All of these types
of things we can log and reflect as efforts that are part
of the state's holistic efforts to help affirmatively
further fair housing.

With that, I'll just take any questions, and if there are no questions, recommend that the Board authorize staff to go through the process of selecting a crime data provider.

MR. OXER: Good. Thanks, Cameron.

Any questions from the Board?

DR. MUÑOZ: Cameron, when I read the request for the bid for the crime statistics, I thought that that was a very thoughtful thing for you all to recommend. You know, even recently we had sort of a presentation of crime statistics from one group, and we had the chief of police contradicting, perhaps, the veracity of some of what was being claimed. And so for us internally to be able to have something that's reliable, that we can sort of refer to with confidence, I think is very prudent. So when I read that, it had occurred to me in the past, I just didn't know how we could accomplish that, so I think this will be a useful tool for you all to help advise the Board.

MR. DORSEY: Great.

MR. OXER: And so this would be, certainly amongst gathering the statistics, it also gives us a tool to continue to quantify the efforts that we're making on the FFH efforts that we're putting forth today.
MR. DORSEY: Yes, definitely. The undesirable site and area features rule originally -- well, the areas features in particular was part of the remedial order that was developed in response to the court order in the ICP litigation, and you know, this is just part of kind of the continued efforts to make sure that we're conveying expectations in a very clear objective manner. I think we had one application this year that I can think of off the top of my head that the Board confirmed was ineligible after staff terminated the application, and part of the issue was crime.

But those applications cost $20-, $30,000 to put together in some cases, and the idea that we can spend some funding to help all of the applicants out there understand exactly what the expectation is, where the lines are, I think is generally what our objective has been with the Tax Credit Program, most certainly, and with our other multifamily programs and single family programs as well.

MR. OXER: And let's not forget to do so, I'd like to have the record reflect that Mr. Thomas is here with us, so we now have five which certainly constitutes a quorum.

Back to the item, Cameron. The intent is to have somebody go out and figure out how to gather all of
these databases and put them into one.

MR. DORSEY: Well, there are already some companies out there doing this. Insurance companies are using some of this type of data, as well as we're aware of the New York Housing Agency also utilizing very, very similar data that's provided from one of the data providers out there. There aren't a huge number of them but there are certainly more than one, and so we want to make sure we provide the opportunity to get the best data set we can, but our expectation is that it already really exists, it's already being collected, it's already a tool out there.

MR. OXER: Essentially, we're not creating the database, we're importing it from somebody else that's aggregated it.

MR. DORSEY: That's right.

MR. OXER: Okay. Good.

Mr. Thomas.

MR. THOMAS: Pivoting on J. Paul's question and your answer about the universe of potential providers, and I don't know that there's an answer to this, but this is an area where I think it would be really wonderful to kind of understand, as the process goes along, our ability to pull in maybe DBE/HUBs to the extent. Again, I would anticipate, with no basis or knowledge, that this might be
a very narrowly focused area, and I know we're under
general state rules and obligations to meet those
objectives, but this is just something I think would be a
great way to understand as the process goes through, so I
encourage the staff to maybe report back is this an area
where we are able to effectuate some of those goals.

MR. DORSEY: No problem. We will definitely
take that back and review the draft invitation for bid
we've got.

MR. OXER: And I know some of the federal
contract data management companies that are out there have
that data that Robert referred to in their database, to
the extent that it's germane to what we're doing, but in
addition to the crime statistics, there's the contracting
capability there. I think the remedial plan requires that
we look at something like crime statistics, but we could
also look at the replication of that data set, something
similar to it, it would be pretty easy to import that sort
of data as well, wouldn't you think?

MR. DORSEY: Yes. And I mean, the format we're
looking for is basically we could put out a map and
identify the areas that we feel like have higher crime, we
can overlay those types of things with our existing
portfolio of properties and take a look at where our
properties are located. I mean, there's a whole host of
different things that I think we'll be able to do with the
data, and as we've done research, we're quite confident
that we're going to be able to get what we need.

MR. OXER: Good. Any other questions?

MR. GANN: I'll move staff recommendation.

MR. OXER: Motion by Mr. Gann to support staff
recommendation on this item.

MR. THOMAS: Second.

MR. OXER: Second by Mr. Thomas. There's no
public comment. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none; it's unanimous.

Thanks, Cameron.

MR. DORSEY: Thank you.

MR. IRVINE: If I might must interject a
comment that you will be seeing Cameron and Laura and lots
of us coming forward regularly at Board meetings.

Affirmatively furthering fair housing is not a checkbox
requirement, it is a continual process. I think that you
have watershed moments, such as when the Board adopted the
document that was prepared by BBC Consulting, but that's
not an end, that's a beginning. And right now we're
really moving very intensively into the planning efforts
where we come up with specific ways that we can use our funding sources to address the identified impediments. The one constant you will see is data. We will keep rigorous records, meticulously tracking the things that we're doing, and also bringing in the other state agencies that administer HUD programs and are impacting the state's overall effort to affirmatively further fair housing.

MR. OXER: Good. Thanks, Tim.

Let's move on to item number 4.

MR. IRVINE: I believe item 4 has been pulled.

MR. OXER: Well, then in that case, let's go to item number 5.

MS. LATSHA: Good morning.

MR. OXER: Hi, Jean. Get any sleep last night?

MS. LATSHA: Yes, I did.

MR. OXER: Get any sleep this morning after you went home this morning?

MS. LATSHA: Got a little bit this morning too. Thanks for asking.

(General laughter.)

MS. LATSHA: So item number 5 is appeals related to housing tax credit applications, just a few left here. My understanding is the first on your list is Hudson Providence.
MR. OXER: Mr. Gann.

MR. GANN: Jean, I'm sorry, but I need to recuse myself on this first item.

MS. LATSHA: It's been withdrawn, I believe.

MR. OXER: Let's make sure. Is that true?

MS. LATSHA: That's right.

MR. OXER: It has been withdrawn?

MS. LATSHA: Yes.

MR. OXER: There's no need for Mr. Gann to recuse himself?

MS. LATSHA: If it was about Hudson Providence, then no need.

MR. OXER: Good. Just clarifying the record.

Okay.

MS. LATSHA: Great. So moving on, we have number 14106, Manor Lane Senior Apartments in Hondo. This application was terminated for having non-functioning bookmarks. You might recall a few weeks ago Katherine stood up here and talked about another application that was terminated for a very similar reason. That application had no bookmarks, and she explained very eloquently why it is that that's important to our application cycle. Although it seems like an administrative error, the presence of those bookmarks in these quite lengthy applications give staff the ability to
review those applications. It also gives other stakeholders, folks that would want to comment on those applications, the ability to review them.

So basically, the argument is the same that it was a few weeks ago with the other application. There's a slight difference here. This application, when you open it up there appear to be bookmarks there, but when you click on any of them, they don't do anything, so it's essentially the same thing as not having any at all.

In the appeal to the executive director, this applicant did submit a new application file, a new CD. Because we are hearing this appeal here, we actually did open up that new application file, had staff bookmark it themselves so that they could review it, and then went through a lengthy process of comparing actually the old application file to the new application file, and in fact, there were four new pages that were submitted, which basically reiterates our argument which this is why we can't accept new application files after the application submission deadline. While these four pages probably could have been corrected through an administrative deficiency, it still begs the point.

This is a slightly different situation also because they are appealing that because this is the only eligible application left in this particular subregion
that basically they should be granted a waiver of the
requirement to submit an application with bookmarks.
Basically, staff can't find a reason that that waiver
should be granted. In order to grant a waiver, we must
find that the circumstances were beyond the applicant's
control, and how, if not granted, the Department would not
be fulfilling some specific requirement of law.

Again, it's the same argument that we've made
several times: there are several eligible applications in
line behind this one that will be funded, and therefore,
we're still meeting the requirements of statute. So in
short, staff recommends denial of the appeal, and
technically, really, denial of the waiver request.

Any questions for me?
MR. OXER: Any questions from the Board?
(No response.)
MR. OXER: Stay up there for a second, Jean. I
think we've said that although these rules seem to be
slicing hairs occasionally, there's a reason for them
because of the amount of work that's required to go back
and re-review an application. We had somebody that was
late a couple of years ago by twelve hours, and we made
them come back and reapply the next year.

MS. LATSHA: Right. And we've seen this time
and again over the past few years, I imagine we'll see it
again next year. Sometimes what might seem to those
outside the competitive housing tax credit world like
small mistakes, some of those small mistakes have pretty
big consequences.

MR. OXER: There are repercussions for doing
these sorts of things.

MS. LATSHA: Yes, sir.

MR. OXER: Okay. Dr. Muñoz has had to step out
just for a second. I'd like to make sure that he's here
for a motion on this. We still have a quorum, we'll take
a motion.

Are there any questions?

(No response.)

MR. OXER: We'll have a motion to consider.

MR. GANN: I'll move staff recommendation.

MR. OXER: Motion by Mr. Gann to accept staff
recommendation on this item.

MS. BINGHAM ESCAREÑO: I'll second.

MR. OXER: Second by Ms. Bingham. We have
public comment.

MR. DU MAS: Thank you, ladies and gentlemen.
My name is Mark du Mas. I'm with the Paces Foundation.
We're the nonprofit CHDO sponsor of the project. We're
based in Atlanta, Georgia. We came to Texas years ago in
response to an RFP by the City of Del Rio. They were
looking for a development partner to help replace housing wiped out by a flood.

MR. OXER: And pardon me for just a moment. Because we're expecting a fairly full agenda today, we're going to run what everybody knows as the shot clock, so we'll have a three-minute limit on testimony for each individual.

MR. DU MAS: I have three minutes. Is that correct?

MR. OXER: You have three minutes.

MR. DU MAS: All right. Thank you. But I do have to say this, it's worth it, your staff has been tremendously courteous. You should know that. I don't know how often you hear that, but they've been wonderful to work with through this.

We've given our appeal, two appeals, we've provided arguments. I presume you've all read them. We could mince hairs over the issues, whether our appeal is appropriate or not. I understand that there are rules, but there are also exceptions, and that's what your job is: to provide those exceptions, to hear the arguments, say in this circumstance it is exceptional, and we will override the staff's rules. Staff has to follow rules, we recognize that, but it is your responsibility and authority to waive those where appropriate.
I'm going to skip through the argument for the appeal and I'm going to discuss your regional distribution of credits. They point out that there's one project that is going to get an award of credits. It's an acquisition rehab; it is a scattered site project covering Regions 1, 7 and 9; it adds no new housing to Region 9 Rural; it is an existing 24 units that have been in place for many years with a rental subsidy.

As I pointed out in my waiver request, $458 million has gone to the six major metropolitan areas since 1990, and there's not been a single, since 1987 -- and I've been in the program since 1989 -- there's not been a single tax credit, single devoted to Medina County for senior housing. On the basis of that, I think you've got an overriding responsibility to make such adjustments, and I'm going to ask you to override staff's recommendation and support our waiver request and give us an allocation of credits. The citizens in Medina County deserve it.

Furthermore, because of the competitive nature of your program -- and everyone means well, we understand that -- your demographic studies requiring communities of less poverty, favoring those kinds of projects placed there, a higher school system, some communities will never compete. In fact, there were eight applications in this category, we were the lowest scoring applicant in Medina...
County, we just couldn't garner the points. If you don't make these adjustments at this moment right here when matters like this percolate to the top, some communities will never get their funding, ever, they just won't compete.

So for that reason we're asking you to grant us the waiver and give us an allocation of credits. Thank you.

MR. OXER: Thank you for your time. Don't forget to sign in.

Any questions from the Board?

MR. THOMAS: Yes.

MR. OXER: Mr. Thomas.

MR. THOMAS: I'm sorry, sir. I was busy reading the third argument when it was clear that was going to be an important one. Can you tell me your name again?


MR. THOMAS: I saw your name on the papers. Help me understand the change and the four new additional pages that were included in the subsequent submission, and why and how, given Jean's comments and our staff's concerns, shouldn't that be a material, on its face, denial of your appeal.
MR. DU MAS: I believe that those pages -- Jean will have to correct me -- were signature pages. I think they were provided in, they were just missing signatures, which would have been allowed under an administrative deficiency. I don't believe we submitted any new exhibits.

MS. LATSHA: I think it was not even a signature page but a four-page form that lists all of the development team members, the architect, engineer, market analyst, and such.

MR. OXER: Is that all your questions, Robert?

MR. THOMAS: Yes, sir.

MR. DU MAS: The form was there, it was just some material information that was missing. It would have been cured under an administrative deficiency.

MR. IRVINE: Under the law, only staff can request an administrative deficiency.

MR. DU MAS: We understand, but they did deny us on a threshold and give us the opportunity to respond, so that was a request from staff.

MR. OXER: Any other questions?

(No response.)

MR. OXER: We have a motion by MR. Gann, second by Ms. Bingham, to approve staff recommendation on item 5 on application 14181. All in favor?
MR. IRVINE: Item 14106.

MR. OXER: Item 14106. My mistake. Consider it corrected. Item 14106. Motion by Mr. Gann, second by Ms. Bingham to approve staff recommendation. All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none, with Dr. Muñoz away. Jean.

MS. LATSHA: Yes, sir.

Next on the list is number 14130, Tays. This is an application in El Paso. You know, we had a little discussion earlier about the crime data that Cameron and the Fair Housing Team plans on obtaining, and that would have been helpful, probably, in evaluating this application.

This is another application that was initially terminated due to undesirable area features. Like the other ones that you've seen, we had one in San Antonio, one in Houston and another in Port Arthur this year, staff put quite a bit of time into this with actual site visits, a lot of meetings with the applicant to try to figure out what's going on at the site and what kind of community revitalization efforts are in place.
So you're going to see here that we're actually recommending that this appeal be granted and the application be reinstated, however, we are recommending that should this application be awarded credits -- and it is currently being recommended for a credit award -- that that award be conditioned on the applicant obtaining a letter from the appropriate officials at HUD with the authority to speak for fair housing and equal opportunity stating that this specific proposed transaction complies fully with the Fair Housing Act.

And the reason being is that when we looked at the technical requirements of our rules, when we're talking about being within 1,000 feet of a railway, significant presence of blight, crime, things like this, we couldn't really come to the conclusion that this necessarily violated that rule, but that doesn't mean that there weren't some concerns about this site. One in particular, our inability to really assess the level of crime that is in the area.

This is a very poor area of the state. I think we have about 5,200 census tracts in the state, and I think there's only 30-some-odd that have lower median incomes than this census tract. We're talking about levels of poverty in the 50 to 60 percent. These types of things raise our eyebrows when we do look at the site, and
we want to make sure that this is the type of site that
when we fund it that we are affirmatively furthering fair
housing.

That being said, unless Tim or Cameron might
have anything to add to that, I think the applicants have
some things to say about their revitalization efforts in
the area.

MR. OXER: Cameron, did you have anything you
wanted to add?

MR. DORSEY: No.

MR. OXER: Tim?

MR. IRVINE: No.

MR. OXER: Then we'll have a motion to consider
first. Are there any questions for Jean?

MR. THOMAS: I'm a little confused. I
apologize, Jean. Staff's recommendation is to grant the
appeal but there's an issue that's going to arise that's
going to require?

MS. LATSHA: It's just going to require a
little bit more legwork on the part of the applicant. And
one thing that is not entirely clear in this
recommendation, and I might modify it, is to say that this
condition be met by carryover which would be November 1.
Basically, we would ask that the applicant obtain a letter
from HUD confirming that this transaction is affirmatively
furthering fair housing, or at least is not violating the Fair Housing Act.

We placed a similar condition on, I believe, the Galveston deal. So recommending, yes, that the application be found eligible but that we ask that applicant to take one further step before executing carryover.

MR. THOMAS: Okay.

MR. OXER: A little more legwork, but they're in the game, they just need to do a little more legwork.

MS. LATSHA: That's right.

MR. OXER: Mr. Thomas, any other questions?

Motion to consider?

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz to support staff recommendation on this item.

MR. THOMAS: Second.

MR. OXER: And a second by Mr. Thomas.

We have some public comment. Good morning.

MR. CICHON: Good morning. How are y'all doing today?

MR. OXER: Good so far.

MR. CICHON: Gerry Cichon, CEO, Housing Authority, City of El Paso. We agree with staff's recommendation.
I want to take a second, though. I've had the opportunity to talk to staff multiple times, talked to them about the issues we had, very open, willing to sit and talk to us. You've got a great staff here, and I just wanted to recognize them publicly. It has been a long process and the time it's taken to get to this point has been pretty arduous, but their willingness to talk and to listen is something that's very, very commendable.

As to trying to get that letter by carryover, I don't know if you've ever dealt with HUD. I deal with them on a daily basis.

MR. OXER: We do occasionally. Every once in a while we have to deal with them.

(General laughter.)

MR. CICHON: So trying to get a document like that out of their legal team by November could be pretty difficult to do. Our ask would be that we have additional time for that type of request because their legal team, in dealing with stuff, especially as we go through RAD, is a significant effort, and so I would ask for additional time in that regard.


MR. PALMER: Barry Palmer with Coats Rose.

In connection with closing this transaction with HUD, we'll need HUD approvals. This is a RAD
transaction, it will go through a mixed finance approval with HUD in Washington, and it would be natural for them to give all their approvals at once, and so we would ask that we have until the 10 percent test deadline because that would allow us to close the transaction and get all of the HUD approvals.

MR. OXER: When is that?

MR. PALMER: That would be July 1 of '15.

MR. OXER: So July 1?

MR. PALMER: Yes.

MR. OXER: Does that fit in the calendar, Jean?

MS. LATSHA: I appreciate their request and I appreciate that it does make sense. I think the only thing that the Board would consider with considering one date or the other is that if that requirement had to be met by carryover and it were not met, that we would be able to reallocate those credits this year. If we move that date out to 10 percent test, then those credits would come back to us and we would be able to reallocate them but not until next year.

MR. OXER: Okay. Let me make sure I'm clear on this. Let's look at the worst case scenario -- I'm not saying it's going to happen -- but let's say if they don't get through this and don't get the approval by July of next year, we don't get to use those credits this year.
Those credits are not lost to the process or system for Texas.

MS. LATSHA: That's correct.

MR. OXER: Okay. So that means that next year, in addition to the allocation that we would have under the 2015 allocation, we would have those some several that come off of this and on to this that would be added next year. No damage to them. Assuming they approve your request, Barry and Gerry, then what you're saying is their approval would constitute an implicit assessment that it does meet affirmatively furthering fair housing test. Come up to the mike and say it, please.

MR. PALMER: Yes, and we will be able to satisfy the condition and get something from HUD saying either that it affirmatively furthers or that it doesn't violate fair housing, but the timing on it, the natural timing with HUD would be for them to give all the approvals at once which would be when we're ready to close the financing in the next calendar year.

DR. MUÑOZ: You wouldn't come before us in May or June and say: We have doubts that we'll receive that by July.

MR. OXER: They're not coming before us in May or June saying they have doubts.

DR. MUÑOZ: I mean, if you don't have it buy
July, there will be no extension beyond then.

MR. PALMER: We understand.

MR. OXER: Tim.

MR. IRVINE: I would just like to point out -- and Megan may want to come up and address this in additional depth -- when we encountered these kinds of issues in the Galveston transaction, we found that the very highest level of HUD were very prompt and responsive on the fair housing issue. And fair housing is a very complex and somewhat confusing world, and we really believe that getting that guidance early on is strongly beneficial, it's an efficient way to keep this process moving along, and that's why we like the shorter time frame.

MR. OXER: Mr. Thomas.

MR. THOMAS: Thank you.

I have concerns, particularly in light of the appeal that we just denied, about the utilization of these funds this year in another part of our community that could use these funds this year. There's a reason why these rules exist. And while I appreciate and respect that our staff have tried to work with the applicant here to make sure that the funds would be determined available or not by November, my concern, quite frankly, in the form of a statement is that this does not, from my perspective,
address our greater global concern of deploying the funds as quickly, as effectively and as efficiently as we can this year if they are not going to be available.

I don't know that there's necessarily a response to that I need, but that's just a position that I feel is important to state.

MR. CICHON: Sure. We don't believe there's a fair housing issue.

MR. OXER: Gerry, you have to say who you are every time.

MR. CICHON: I'm sorry. Gerry Cichon. We don't believe that there is a fair housing thing. I will tell you I will personally contact the secretary's office. I've been in contact with a lot of the assistant secretaries, not only on this trip but routinely. They have offered their assistance. We believe we can get it to you by November, we're very optimistic as to that, but there's just no guarantee when you start dealing with the legal aspects and the morass of bureaucracy with HUD. So we're just asking for a little bit of understanding, even though we believe that we will be able to comply with staff's request.

MR. OXER: Jean.

MS. LATSHA: Sure. A couple of thoughts. First off, one thing that we are whispering about back
there is we understand that you guys are kind of on a RAD fast track and that November 1 might actually be a possibility for you, so one thing we could do is bring this back with respect to the date and let them give us an update as to where they are, or we could also make the deadline carryover. If they felt like they weren't going to meet that, there is a November Board meeting, they could simply ask for an extension of that deadline and we would be in a position of hearing that again, be able to give them until a December date or a date further on. I think there's enough time in the year to where if the Board was compelled to want to stick with that carryover date that if there was good reason to extend that further that we would have time to do that.

MR. OXER: I'm inclined to want to keep it at November 1 for many of the reasons that Robert just outlined, with the understanding that you have a good shot at it, Gerry, and we understand all of the adventures of dealing with HUD. They call every once in a while; talk to them every once in a while. So we know, more or less, what it's like to deal with HUD, but we also want the heat on so that you don't let this lag until the first quarter of next year. Maybe it's a telegraph of which way I would go on this, but I'd say stay with the November date and we'll hear from you every meeting that we have between now
and then about how it's going.

MR. IRVINE: And I think what we're looking for is qualitatively different from the kinds of internal approvals that are necessary to a closing. We're looking for a signal from HUD that when you look at this site and its demographics, and all of the things that are occurring there, that it's consistent with their approach.

MR. OXER: We're looking for a definition of principle and philosophy as opposed to checking a box on a technical closing. Is that a fair statement, Jean?

MS. LATSHA: Fair statement.

MR. OXER: Any other comment?

(No response.)

MR. OXER: There's been a motion by Dr. Muñoz.

DR. MUÑOZ: Would we then withdraw the motion and then make a motion to table till November?

MS. LATSHA: No. I think it's just a slight modification to the recommendation. I failed to put that date in this recommendation, so just the addition of the condition being met by carryover.

MR. OXER: So it would be met by the carryover date which is November 1.

MS. LATSHA: Yes, sir.

MR. OXER: So with that, just to clarify, there was a motion by Dr. Muñoz to support staff recommendation,
second by Mr. Thomas, that they have to meet the requirement by November 1, with the idea that there could be some consideration later on, but the motion is to support staff recommendation that they meet the November 1 carryover date.

Any questions from the Board?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none.

Thanks, Gerry. Thanks, Barry. Make sure you guys sign in. All right?

MS. DEANE: Mr. Chair, let me just mention something Michael was bringing to my attention. Originally we had gotten a request for Spanish language -- or that there was going to be a person to do some Spanish language translation for this last item. We did not have anyone come forward and mention that or ask for that, so we just wanted to make sure if there was something.

MS. LATSHA: What's the item that's up, Jean?

MS. DEANE: It was the Tays, the last one, but no one came forward.

MR. OXER: Well, there was no request for
public comment and no request for speaking or translation.

MS. DEANE: Not that we were aware of.

MR. OXER: We want to make sure that the record reflects that we were looking for that if there was somebody. We were prepared to provide that.

MS. DEANE: We were prepared to do that but no one asked for it. Just for the record.

(General talking and laughter.)

MS. LATSHA: The next on our list is number 14181, The Trails on Mockingbird Lane. This application was denied points for community revitalization plan.

Points are awarded for these plans, two points if the budgets are at least $4 million, and four points for plans with a budget of $6 million or more. The Cobb Park area revitalization plan in Abilene was submitted and indicated a budget of over $9.5 million. $7 million of that budget was associated with the building of Martinez Elementary School which opened in 2012. So our rules do allow for earlier expenditures to count towards these budget numbers, but only if they serve to accomplish some purpose of the community revitalization plan. And staff couldn't determine how the building of the new school really accomplished any of the objectives of that plan, so we took out the $7 million, they wound up with only the $2.65 million in their budget which was not enough to
award points.

So just to give a little timeline -- which this is kind of a combination of what was submitted in the application and in the appeal -- the city adopted a comprehensive plan in 2004, it looks like. Staff hasn't seen this plan but there's enough evidence that that did happen. That plan does cover the entire city. That was in 2004. According to the applicant, that comprehensive plan did call out the Cobb Park area as needing revitalization. Again, I haven't seen it but I think there's probably enough evidence that that probably took place.

Then in 2007, Franklin Middle School is left vacant, and then demolished in 2010. We could maybe presume that was also driven by the comprehensive plan, but again, I don't really know. Then the new Martinez Elementary School was built and opened in 2012. So early in 2014, a couple of years later, the City of Abilene assesses the Cobb Park area and lists five issues to be addressed in this community revitalization plan. Those five issues included environmental conditions, blight, inadequate transportation, lack of employment, and a need to promote diversity. Interestingly, though, the plan does not mention a lack of public schools; instead, it actually points out that the schools are an asset in the
community.

In reading our rules with respect to community revitalization plans, we list eight factors that these plans should have five of these eight factors in them that are issues in the community, one of which is a lack of public schools, and so it was rather obvious that this was left out of that assessment. So then the goals of the plan included establishing pedestrian access, redeveloping aged commercial structures, creation of a neighborhood association, among a host of others, but really, again, no mention of a lack of public schools and the need to build more, which made sense because they had already built one a couple of years prior.

So again, there just seemed to be no connection between the development of this revitalization plan and the building of the new school, so staff, as I said, took out that $7 million from the budget and denied the points. So staff's recommendation is denial of the appeal, and if you have any other questions for me, I believe there's some public comment too.

MR. OXER: Any questions of Jean?

MR. GANN: I have one question.

MR. OXER: Mr. Gann.

MR. GANN: Was there ever mention of a prior plan?
MS. LATSHA: The comprehensive plan, the one that was adopted in 2004.

MR. GANN: Never mentioned that school.

MS. LATSHA: I've not seen it.

MR. OXER: Any other questions?

(No response.)

MR. OXER: Okay. Motion to consider?

MR. THOMAS: So moved.

MR. OXER: Motion by Mr. Thomas to approve staff recommendation on item 14181. Is there a second?

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz.

We have public comment. I would remind the commenters we have three minutes on the clock, and please sign in and tell us who you are.

MR. REED: Good morning, Chairman, Board. My name is Gene Reed. I'm the executive director for the Abilene Housing Authority. I've been the executive director for about six years now.

I've had experience working under a regulatory environment. I spent ten years in the gas and electric utility industry and another ten years here in the public housing industry, and can totally respect the complications and the technicality of working in a regulatory environment. And I must say it's been a
pleasure working with the staff of TDHCA and I really appreciate their businesslike attention and manner toward evaluating the applications, which definitely has to be a very challenging task.

What I'd like to do is take you on a very quick journey because I only have a few minutes, and through that quick journey I'd like to talk about where the Abilene Housing Authority has come from over the past six years.

Again, once I arrived at the Abilene Housing Authority, we had a strategic planning session, and during that strategic planning session we wanted to look at some different types of things that we could get involved with. Understanding that HUD's public housing program is slowly but surely going away and actually been de-funded over the last 25 years, one of the vehicles we wanted to look at getting involved with is the tax credit program so that we would be able to continue the mission of our organization, even in the absence of public housing federally funded through the government. So again, we embarked upon this journey with tax credits, and through that whole strategic planning process that happened five years ago, again, we've kind of landed at this point.

So two years after that I met with the city, I had a meeting with the mayor and the city manager, and
unbeknownst to where we are right now, we actually talked about The Trails on Mockingbird. Their question to me was what are some of my development plans. My development plans was to eliminate one of the older complexes that we have in our portfolio that was built in 1974. We also wanted to acquire the adjacent property which is really an eyesore within the community. And both of those properties sit across the street from Abilene High School.

So during those discussions we talked about this being a particular area that we wanted to see revitalization in and that we wanted to work together if that adjacent property ever became available so that we may be able to build a brand new development in that particular location. And that's why we're here today to talk about building, or actually acquiring those units, using the tax credit vehicle and then actually building an new 84-unit complex.

Along that journey, about a year after that, we started an RFP to develop our development team. We brought in DMA as the developer, which also has Carlton Construction attached to their entity, and we also brought in Coats Rose so that we could start along this journey of looking at new development in the community.

Once we put together that development team, we started meeting with the city again. As we started
talking through a lot of our planning sessions, we talked about the need within the community on where we needed to revitalize, and this is one of the areas that the city mentioned that they wanted to revitalize. And through their comprehensive plan that was developed in 2004, this area was an area that was addressed that they wanted to see community revitalization in.

And so really what we're asking for is a sensible approach to considering that school as a part of that comprehensive plan. The Martinez school had an opportunity to locate in about four different locations. In conjunction with the city and discussions with the city, they chose this specific location to place the school, and we would like to continue to see revitalization in this particular area.

So we've had some small fast food chains come in in that area, we've had a Family Dollar come in in that area, there was a fire department outside of the regulatory time required by the QAP, but we've seen revitalization in this area and this has been an area that has been specifically targeted by the city to move forward with. So again, we really ask for a sensible approach to considering the Martinez school as part of that revitalization plan.

One of the challenges that we have, as well, is
that we're not a large Houston community, we're not a large San Antonio community, we have about 115,000 in population. I'm from the city of Cincinnati. This is really a neighborhood, so once the city considered a comprehensive plan which included the entire city, again, these specific items for revitalization were addressed. Again, a school has been located in that particular area, and we would ask that the Board consider Martinez School as a part of that revitalization plan.

MR. OXER: Thanks for your comments, Gene.

Any questions? Dr. Muñoz.

DR. MUÑOZ: Jean repeatedly mentioned that she hadn't seen the plan. Why don't we have a copy of it?

MR. REED: We could actually get a copy of that for the Board and actually for staff too.

DR. MUÑOZ: Do you have a copy already?

MS. LATSHA: No, but I can guess why the applicant didn't submit the comprehensive plan because it would not have qualified as a community revitalization plan because it's a comprehensive plan. It covers the whole city. It might have within it identified neighborhoods for community revitalization, but it wouldn't have qualified

MR. OXER: So they would have identified, perhaps, neighborhoods for revitalization but there was no
discussion or delineation of that plan for that neighborhood, detailed plans for that neighborhood as opposed to a comprehensive plan.

DR. MUÑOZ: Well, I understand that there was.

MR. REED: Under the comprehensive plan -- and no, I don't have that with me today -- but under the comprehensive plan, and speaking with some of the city councilman, yes, the Cobb Park area was an area that they wanted to look at for revitalization, and they were very appreciative during the council meetings where we were looking for support letters and referenced the fact that they wanted to see revitalization continue to happen in this particular area. So again, in 2014, ten years later after that plan was written, yes, we wanted to make sure that we were meeting the requirements of the QAP so we did work with the city to put in place a 2014 revitalization plan.

DR. MUÑOZ: When did the school open, in 2012?

MR. REED: In 2012, yes.

DR. MUÑOZ: So this plan was adopted two years after the school was already opened?

MR. REED: Yes.

MR. OXER: Okay. Thanks.

MS. SISAK: Good morning, Board, Chair. I'm Janine Sisak from DMA Development Company.
Yes, I think I can answer some of the questions that came up. Yes, we did not submit the comprehensive plan, the 2004 comprehensive plan, because it was a citywide plan and we knew it didn't meet the TDHCA requirements. And I think this issue has come up. This tax credit application round, I think, to me, had a similar appeal last time, and it's that in these cities, especially cities this size, when they're doing planning efforts -- in this case these are planning efforts back in 2004 -- unless there's a crystal ball, there's no way that plan can meet the 2014 QAP requirements when they're doing planning efforts years and years before even this highly technical version of the CRP rule was included in the QAP.

So going back to some of the points that Gene made, the City of Abilene absolutely targeted the Cobb Park area for revitalization back in 2004 as part of the comprehensive plan process. And then the City of Abilene also passed a resolution for us to use in this year's application because they believe that this project most significantly contributes to the revitalization efforts in those areas which started in 2004 and are still ongoing today. It's not as if the school was completed in 2012 and nothing else has happened. There are ballfield improvements underway, there's infrastructure improvements underway. This has been a ten-year process of
revitalization.

I mean, Gene really laid out the timing well, but there's all this focus on the plan, with a capital P, in 2014. While our big argument is let's look at the initiation of the revitalization efforts in 2004 and treat it holistically as the effort started in 2004. The money was actually spent, this was $7 million actually spent, we're not talking about projected expenses, we're not talking about projected economic benefit -- which, you know, after working with this for a couple of years, I don't quite understand what that means. In this case we're talking about real expenditures that the Abilene Independent School District provided in this neighborhood.

So a couple of other points with regard to Jean's comment. You know, this was very difficult because I was the one that responded to the deficiencies on this item. First, I got a deficiency that said that maybe it didn't count because it was school finance, so I responded to that. And then I got a comment saying, oh, well, there's no real nexus between the plan and the school, and I felt like I responded to that. In this case, this school, this middle school was blighted, it was boarded up, it was functionally obsolete, it was an eyesore in the neighborhood. So I feel like even thought the plan, the 2014 plan didn't talk about the need for stabilized
schools or repositioning schools, this school in particular was blighted, and therefore, that issue identified in the plan, blight, put the school thing aside, it still was a blighted structure, it was still boarded up and needed to be demolished.

DR. MUÑOZ: I have a question about that comment, though. That seems very reasonable when you look at the five areas, it says very explicitly blighted buildings, vacant tracts. I mean, this was a vacant building that was blighted. But this is two years after the fact.

MS. SISAK: After the fact?

DR. MUÑOZ: Well, I mean, the plan was adopted in '14, they're taking sort of credit in their plan moving forward for something that was already -- you know, construction must have started a few years before that.

MS. SISAK: Right.

DR. MUÑOZ: I'm having trouble reconciling the timing.

MS. SISAK: And it's our position that the planning efforts started in 2004 based on the comprehensive plan. And you know, we absolutely carved out the 2014 plan, we carved it out of the comprehensive plan because the comprehensive plan did not meet the TDHCA requirements. There's nothing in the QAP that says that
applicants can't tweak plans or ratify plans. Basically what we did is we --

DR. MUÑOZ: Are you indicating that the 2014 plan is essentially sort of a re-articulation of the 2004 plan, I mean, maybe a more abbreviated version of it?

MS. SISAK: Right, because there were two things about the 2004 plan that were problematic. One is it was citywide and it didn't have this economic budget, this total budget or projected economic value, which, again, as I mentioned, I've struggled with that. I look at all sorts of plans when we're doing applications, and it's very rare for these plans to have dollar figures. And I know Jean will kind of confirm, often staff goes back to the applicant and says: We think this is a plan but there's no budget. I think there's something even in the QAP that says you can submit a separate letter from the city kind of outlining economic benefit.

So that's why in 2014 the City of Abilene basically carved out the Cobb area neighborhood plan, really looked to the findings and the revitalization efforts that were articulated in the 2004 comprehensive plan and basically restated it and ratified all the actual dollars and activities that happened between 2004 and 2014.

MR. THOMAS: Can I ask a question on that?
MS. SISAK: Sure.

MR. THOMAS: Because I think I've made clear over the last year or so that I'm really hesitant to have the bureaucratic regulatory tail wag the dog, but I'm still having a real -- consistent with that question that just came up, I'm still struggling here with getting an appreciation for what would appear to be a retroactive look back in this context which I think could be said across the state in these smaller towns. I'm having a real problem with that nexus issue but I'm very sensitive to the argument you're making, but I'm still trying to figure out how we, as a Board, are going to resolve that in this context.

MS. SISAK: Right. And this isn't a big reach back in terms of years. I mean, when you think about it --

MR. OXER: Janine, one more minute, I'll give you another minute because we've got some more folks and I know they're on your team and we want to make sure that they get to speak too.

MS. SISAK: And I'm done with my comments, I can just answer questions, but let me answer that one. And if anybody has other questions for me, I can answer them; otherwise, I'll turn it over to Diana.

These planning efforts, especially -- well, not
even especially in cities this size -- these true community revitalization efforts, it is not unusual for them to take 10, 15, 20 years. So we're talking about a 10-year period. And I don't consider it, while I said the plan ratified, like the plan did ratify, it kind of pulled back, you have to look at it from the 2004 perspective, or I encourage you to look at it from 2004. This was identified as a targeted area, the city spent dollars in this neighborhood from 2004 to 2012, the city is still spending money there today.

The city, with our counsel, created a plan that I considered a comprehensive plan, a parent document to this plan that, again, talked about the revitalization efforts in this area, including blighted structures, which the school definitely was, and then talked about an actual budget, an actual budget. Some of it was actual dollars spent, some if was projected, but we had to do that to meet the QAP requirements.

MR. OXER: Okay. Thank you.

MR. IRVINE: If I might chime in with a perspective.

MR. OXER: You'll get your shot, Diana, don't worry.

MR. IRVINE: The way I look at it is every city government should always be trying to make sure that all
areas of the city are vital and should be addressing
issues as they can, and we fully understand and appreciate
that the city did that in its 2004 plan. But we think
that the point item in question here has got more to do
with when a city has identified that those types of
general efforts are not specifically addressing localized
conditions and they say: We've identified a portion of
our city that needs some sort of additional special
attention, therefore, we're going to put together a very
focused issue to assess what the conditions are in that
localized area, we're going to pour money into it, it's
going to be -- in the words of Section 42 of the Internal
Revenue Code -- a concerted community revitalization
effort.

And we believe that the way that we have
developed the rule and identified the process it's when
the city goes to that level of specificity that this whole
thing really kicks in and we understand that there should
have been things that happened before then but it's only
really when that effort is brought to bear that the point
item actually comes into existence. And we understand
fully that cities that are proactive and working with the
affordable housing development community will craft their
revitalization plans going forward in a manner that
promotes the claiming of points.
What we are really looking to at this particular time is saying there are localized efforts that have already occurred at the city level and we want to reward cities that have done that by awarding them points.

MR. OXER: Thanks, Janine.

Good morning, Diana.

MS. McIVER: Good morning. It's been a long time since I've been up here. Board, Chair.

MR. OXER: And you are?

MS. McIVER: I am Diana McIver with DMA Development company.

MR. OXER: Not that we had a question.

MS. McIVER: Right. Thank you.

And just as a point of clarification before I talk about my remarks, this community revitalization plan was passed as an ordinance to amend the city's comprehensive plan, so we provided that ordinance as part of our submission in the application just to show that those two things draw together.

What I want you to understand -- and you know I'm a big advocate for smaller cities, and what I want you to understand is the complexity of small cities and revitalization efforts. You take Abilene, it's 115,000, that's one-twentieth of the size of Houston. Abilene could be a neighborhood in Houston. But your rules say
that you don't allow citywide plans, and it doesn't talk
about how large the city is, so in the case of these
smaller cities, they do comprehensive plans, they do
different plans, but they don't assign budgets to them and
they are citywide. So here's where we got penalized: we
could not submit the comprehensive plan for the City of
Abilene because it was citywide. So we had to take their
targeting efforts and do an ordinance amending the
comprehensive plan for the Cobb Park area.

Now, I have been working with the City of
Abilene since 2005. In 2006 we got an award, we opened in
2007 a very delightful senior community, financed with the
Tax Credit Program, and I can tell you that when I went in
to see the City of Abilene in 2005 and they had this
comprehensive plan of 2004, but in those days we didn't
talk about revitalization, it wasn't a point in the QAP,
but that city said to me: Diana, these are the areas of
town we want you to help us with.

We ended up on a five-acre site, it was an
infill site, I loved it, but we had to remove a gas
station and we had to do a lot of work with some
detention, Catclaw Creek that was running through the
site. It was a very difficult to develop site, but we did
it because it was important to the city and it was part of
their comprehensive plan and part of their revitalization
efforts, and that's revitalization plan with a small R and a small P, not a big R and a big P.

So when we went in with the Abilene Housing Authority in September of 2013, the city is very consistent. That's where they wanted things to go. They said, Please help us with our revitalization areas, please do not go way out in the hinterlands, we need your help in helping us with these small neighborhoods to make them really good livable communities.

So I just want you to know that the City of Abilene, it doesn't have a fancy planning staff. Six million -- which is the test for a revitalization plan under the QAP -- that's a lot of money in Abilene. I know it's peanuts to Houston, or to Dallas, or to Austin, but $6 million, and when you can put a $7 million school in as part of that effort.

So just to wrap up, I just want you to know that this city, Abilene, has a concerted revitalization effort and we honored that, and they have amended their comprehensive plan to include the Cobb Park area specifically with those expenditures, and I really would ask for your consideration under those circumstances.

Thank you.

MR. OXER: Thanks. Any questions?

MR. THOMAS: I have one of Jean.
MR. OXER: Okay, Mr. Thomas.

MS. LATSHA: Jean, can you help me, and I apologize, but can you help me, the June, I believe it was the 23rd Board meeting, do you remember? Do you know what I'm talking about?

MS. LATSHA: I do.

MR. THOMAS: How would we distinguish this request from what I remember in June we did where we decided not to follow staff's recommendation because of similar issues? Did I get that right or not?

MS. LATSHA: Well, if I recall, I think you're probably talking about the one in Houston that was a TIRZ, a tax increment reinvestment zone, there was quite a bit of discussion about it. That item was actually tabled and then that appeal was withdrawn.

MR. THOMAS: That's right.

MS. LATSHA: You typically would have been hearing it today but the applicant decided to withdraw that appeal, it really didn't meet the requirement of the rule.

I view those two situations a little bit differently. Overall, yes, we're talking about two plans that were submitted that didn't meet the technical requirements of the rule. In that case you had a TIRZ that was adopted 20 years ago or 15 years ago, I think it...
was '98, and it didn't perform the assessment that we feel is required to adopt these plans. In this case there was an assessment, it's just that the assessment lacked a need for new public schools because it was done in 2014.

MR. THOMAS: And then did we have a discussion -- I think when Tom had to recuse himself -- of another small area we were talking about. And Tom, forgive me, and I wish I had an encyclopedic memory but not anymore.

MS. LATSHA: There was also an appeal with respect to commitment of development funding from a local political subdivision and it was a related party issue.

MR. THOMAS: Related party issue. Okay.

MS. LATSHA: That's pretty different from what's going on here.

MR. THOMAS: Yes, very. I'm sorry. Thank you. I knew you would know.

DR. MUÑOZ: Jean, I've got a followup question. There's no dispute, though, of the balance of the $2.65 million?

MS. LATSHA: There hasn't been to date, no.

DR. MUÑOZ: That it was invested in that area.

MS. LATSHA: No. Certainly staff didn't find any reason to dispute the remaining budget, no.

DR. MUÑOZ: Almost $3 million, that's pretty
close to that $4 million.

    MS. LATSHA:  Pretty close.
    DR. MUÑOZ:  It's not Houston.
    MS. LATSHA:  I agree, sir.
    DR. MUÑOZ:  When I drove through Abilene
    yesterday, the sign of population said 117,000. Maybe
    they're incorporating some of Sweetwater, I'm not sure.
    MR. OXER:  The town that I grew up in had the
    city limits sign on both sides of the same pole.
    (General laughter.)
    MS. LATSHA:  And if the Board wanted to
    consider simply lowering that threshold for points, and $4
    million is for two points, a $4 million budget gives you
    two points, a $6 million gives you four points, and then
    you get an extra two points on top of that if you get a
    resolution from the city saying that your particular
    development contributed most significantly to that
    concerted revitalization effort.
    MR. IRVINE:  We might address that in the next
    QAP.
    MR. THOMAS:  I was going to say that goes to
    the question. Jean, my concern is -- obviously you guys
    know how I feel about these, it gives me heartburn, but
    that's why, as our chairman says, we get paid so much to
    sit up here -- what harm, what damage do we do going
forward if the Board decides to side with the applicant in this issue, what harm do we do versus waiting to allow clarification in the QAP going forward and maybe allowing for stratification?

MS. LATSHA: Well, I can give you some kind of specifics as to where this application lies in this competitive round, if that's helpful.

MR. OXER: Yes.

MR. THOMAS: Whatever puts some context, yes.

MS. LATSHA: All right. So let's say, for purposes of argument, the Board wanted to say: You know what, $2.5- is close enough to $4-, let's give them the two points.

DR. MUÑOZ: $2.65-.

MS. LATSHA: Right, $2.65-, close enough to $4- to award two points, and then the additional two because they did have that resolution for the other two. This application would wind up not being competitive, even with the six points. They're actually what we call a bubble deal, they would not be recommended for an award in this round but would be the first on the waiting list should an at-risk application fall out.

DR. MUÑOZ: Are they aware of their position?

MS. LATSHA: They are.

DR. MUÑOZ: My presumption is being aware of
their position they would still like to proceed.

MS. LATSHA: Well, I think that the four points wouldn't put them quite where they want to be, the six points puts them closer to where they want to be. Right.

So with respect to future rounds, I think it probably basically serves as direction with respect to future QAPs and that threshold. All I can say to that is that there was quite a bit, two years worth, of public comment on this very item which we all arrived at those $4 million and $6 million thresholds for a reason. Reasons change. Right?

MR. THOMAS: No, no, no. They don't change midstream without a compelling reason. This is not a new issue of differentiation of city size. In complete deference to the staff, I think I was asking a little bit different question. For other applicants -- going back to our concern about having QAPs which are transparent, reliable and consistently applied -- if we were to not follow staff's recommendation on this, what is that going to do to us to the extent that you're aware of deals in the pipeline and other applicants that are going to flood us and come back and say you didn't follow your QAP?

MS. LATSHA: You know, would there be some applicants that would be upset about that? Sure. I think my phone would probably ring and say: You know, yes, we
would have submitted an application, we had a plan in a small city that had a $3 million budget and decided not to go that route because we couldn't get it to $4-.

MR. OXER: I might add too, Jean, several years ago we had an applicant who the application was due at five o'clock one afternoon and they got it in the next morning. Now, was that close enough to five o'clock?

MR. THOMAS: I appreciate the distinction, but I'm asking clearly on this kind of a narrow issue, because this is an equity issue. This is really not just timing. The nexus issue, as I think our vice-chair pointed out, I'm getting clearer on, but this really comes down to an equity issue in treating applicants and regions in a fair manner and a consistent manner. I'm trying to get some clarification.

MR. IRVINE: I would say that because of the date, the last day for awarding 9 percent credits, the persons that might be aggrieved on the other side of that equity equation don't have an opportunity to raise their issue.

MR. THOMAS: That's what I'm concerned about.

MR. OXER: Right. It's late in the game for anybody who wanted to seek similar consideration.

MS. LATSHA: Well, we treated all of these reviews the same way, so we would have denied other
applications for exactly the same reason and perhaps they didn't appeal. You know, it was their right to appeal and they didn't.

MR. OXER: But they elected not to appeal based on the fact that they were below the threshold and recognized that fair application, consistent application of the rules under the QAP, they would have not managed to meet the threshold for the points.

MS. LATSHA: That's right.

MR. OXER: Does that answer your question, Robert? Is that where you were headed?

MR. THOMAS: Yes. Thank you so much.

MR. OXER: Cameron, do you have something to add?

MR. DORSEY: Yes. I just wanted to mention one thing.

MR. OXER: Say who you are.

MR. DORSEY: Cameron Dorsey, deputy executive director.

I just wanted to mention that I would probably advise being relatively cautious in referring to the fact that other people may not have appealed. I think Jean stated it absolutely correctly, but then making a decision based on that. We have a lot of instances where someone gets determined to be ineligible or loses points for an
issue, they choose not to appeal or something, and then
someone does appeal and they might have a case for getting
the points awarded. The idea that somehow that loops back
to the person who chose not to exercise their appeal
rights, I think we should be pretty cautious about that
because they made a choice.

MR. THOMAS: And let me be real clear, that's
not the equity issue I'm concerned about. I agree, from a
legal standpoint I don't believe that would cause us to
presume why people make decisions to appeal or not appeal.
I'm not taking that into consideration whatsoever, that's
a business decision. My concern is the equity side from
our perspective, the agency's perspective in looking at
what constitutes fairness, transparent application of our
rules, and whether the QAP process requires and preserves
under these types of circumstances an exception this time
around in this context versus revisiting this issue next
year in the QAP. That's more, so the record is clear,
what my concern is.

MR. OXER: And I think what that's boiling down
to, certainly in my mind, is does maintaining the
consistent application of the QAP now, with the idea that
we could modify this whole point so that, yes, $4 million
means a lot more to Abilene, Diana, than it does to the
City of Houston, so perhaps it would be a sliding scale on
those dollars for city size. I don't know, it's something we need to address. But that's one of the reasons that the QAP, and everybody in here knows, it's an organic document that we have to continue to modify as it becomes clear that we need more differentiators to be able to be clear and fair to each one of the applicants.

MS. SISAK: May I make another comment?

MR. OXER: Sure, Janine. Come on. Make it short, you've got 60 seconds.

MS. SISAK: Janine Sisak, GMA Development Company.

You know, what we are asking for is that you count the school. I think lowering the requirement, while generous, is much more problematic from a fairness standpoint. What we're asking for is the school to count. There were other expenditures that were made prior to the 2014 date that staff counted. So it's just the school, the school should count. It was a catalyst part of the revitalization plan that was established in 2004.

MR. OXER: Okay. Jean, I've got a question on that. Not Jean and Janine. Do we have a Joanne in here who can step up to the mike?

So what are the other items that Janine refers to that were counted as a part of the plan that were expenditures? Help her out, Janine.
MS. LATSHA: I don't recall exactly, but like I said, the rule does allow for that, for staff to consider items that were expended prior to the plan. That's not why this was excluded. This was excluded because there was no connection between the assessment of the area that was done in 2014 and the building of the school. Those other expenditures that were made before 2014 did tie in to that assessment.

MR. OXER: And I have a simple mind, let's make it a simple problem for me. So the citywide redevelopment plan, small R, small P, whatever it is, and somewhere in there they needed a new school and they happened to stick it over here and it turned out it was Cobb Park or near Cobb Park. That's one of those things, it just happened.

MS. SISAK: And they strategically chose Cobb Park. It could have gone in three other neighborhoods, but they chose it.

MR. OXER: And that explains part of the issue right there because it was a citywide plan, as opposed to a Cobb Park Plan or this neighborhood. So the very fact that it's a comprehensive citywide plan without, as Tim identified, the specific concerted focus on the Cobb Park neighborhood or that neighborhood wherein Cobb Park development would go is the issue that you have right now. Is that correct, Jean? It was generic to the city, not
specific to the neighborhood.

MR. THOMAS: Well, but we have ISD -- and I'm sorry, Chairman -- we have ISD expenditures versus city expenditures, and that's where I've been trying to grab this nexus. And I appreciate it, but the essence of what I understood our executive director to talk about -- which really did kind of crystallize it in my mind and why I think this is a QAP issue as opposed to an exception issue now -- is whether or not our staff, in being fair and transparent to all applicants, could reasonably reach back and using all inferences available to it make the connection, the nexus that these city expenditures, i.e., they didn't exist, versus ISD expenditures which do exist which can go and be a partnership between the city and the ISD for revitalization in a small city that doesn't have the resources. I'm getting long-winded.

I see a distinction in those expenditures and the concern about how to fairly apply this rule going forward until we get a chance to visit it again, if we deny the appeal.

MR. OXER: Well, the interesting thing about that is we'll have the opportunity to revisit the rule next month. Once this round is over today, we're into going back and fixing. You know, a couple of years ago on this we dug up a whole bunch of quirks and I thought we
had buried most of them.

MS. LATSHA: I'm not sure, and forgive me, but I'm not sure that this is a quirk. This was a line that we drew after considerable discussion.

MR. OXER: Considerable public comment.

MS. LATSHA: And if we were to draw that line at $2 million, then assuredly we would be having this same conversation with somebody who had a plan that had $1.25-.  

DR. MUÑOZ: I have a question. How many ISDs in Abilene? Is it just the one?

MS. SISAK: One.

DR. MUÑOZ: There's no adjacent outlying community that takes from the city?

MR. REED: Well, there is a Wiley ISD.

MR. OXER: You have to identify yourself every time you come up.

MR. REED: Gene Reed, executive director of Abilene Housing Authority.

There is a Wiley ISD that's just south of Abilene, considered almost Abilene but just south of Abilene.

MS. SISAK: So in closing, part of my frustration is that this has been a moving target. It was a moving target through the deficiency process, and I feel the target moving with you guys too. Ten minutes ago I
thought it was a timing issue, now I'm hearing that maybe it's because Abilene Independent School District funding and that's not really city funding. So my frustration with this process has been, you know, there have been all of these issues raised about this plan. This rule was supposed to be administered really objectively this year, and I feel like it's been very subjective, and I feel like it's been a moving target the whole time. I mean, it feels really like every time I address an issue raised by someone, another issue pops up. So that's where our frustration comes from.

MR. THOMAS: And I respect that. Don't leave. I want to address that. As our chairman says, if these were easy, everybody would do them. The vast majority of these don't fall in this level. And the struggle you're feeling, I'd like to believe, are people that are trying to figure out how to apply these rules and still grant the desire for the construction. So I sense your frustration, but it has to be in the context of a partnership of believing that the global community here, all interested parties, including this Board, care passionately about how to make this work in fairness.

Since you looked at me when you said that, let me be very clear, I'm up here, I've read all the stuff, but the testimony obviously starts becoming very powerful
and moving, coupled with the credibility of the people making the requests, so that's very, very important to me. That having been said, I think I've been very clear, as our vice-chairman pointed out, I'm still seeing a nexus issue. So all of the questions around my concerns, including my questions to Jean about our recent historical decisions on the TIRZ, et cetera, were related to try to draw some kind of consistency here. So I understand you feel like, at least as you looked at me, that the sands were shifting.

MS. SISAK: It wasn't accusatory.

MR. THOMAS: Okay. I was sitting over here trying to figure out how to draw a consistent line that I could justify and articulate that might be able to support your position, quite frankly.

MS. SISAK: Thank you. I appreciate that. And I apologize.

MR. THOMAS: Those darts were clear, I got it. MS. SISAK: I just don't even really know what we're talking about anymore, so thank you very much for your time.

(General laughter.)

MR. OXER: We would, frankly, have been pretty surprised if you thought we were all doing a perfect job, so we understand what you're saying.
MS. SISAK: I appreciate everybody's time and
the time that they've put in, and the Board's and staff's
time trying to get this right.

MR. OXER: Dr. Muñoz.

DR. MUÑOZ: Here's my trouble. If you had had
a side-by-side copy of the 2004 plan and the 2014, and you
were to assert that both in spirit and letter the '14
reflected was culled out, was teased out or pulled out,
then that school would have been part of that earlier plan
very explicitly in that particular community, and then I
suppose I would have no trouble recognizing that that was
part of a concerted deliberate effort.

There's no doubt in a town like this you're
going to have people understand that building that school
there, the construction, the materials, the labor, the
employees, the teachers that are hired, the benefits that
are allocated to employees, et cetera, has an economic
benefit to that physical geographic area. In a town like
that, you're going to know it. You're going to know
people that are involved in it. If you work at the ISD,
you're going to have friends or family or colleagues that
work in the city.

So I don't see, for me, the great separation,
it's just whether or not the school was part of a
deliberate sort of plan. But if the 2014 plan is, as is
being represented, very -- I don't want to say word for
word, but highly reflective, to a point where you're
satisfied, of the 2004 plan and expectation, then I guess
I'd have less trouble reconciling that the school was part
of an earlier visioning for that specific area to be
revitalized, et cetera. But you don't have it.

MS. LATSHA: I don't, and I don't know,
sometimes I think, you know -- and maybe part of what I'm
hearing in that is was there a way for them to craft this
to where that connection was made more apparent and it did
meet the requirements. Maybe, but that's just not what
was presented. What was presented was a concerted plan
that was adopted in 2014, and so it became really
difficult for us to look back in time because there was no
indication in that plan that they were looking back in
time.

DR. MUÑOZ: And it's impossible for them in
2004 to look forward in time.

MS. LATSHA: Right. True.

MR. OXER: Any other questions from the Board?

(No response.)

MR. OXER: I have a summary statement just to
add a few comments into this. As you pointed out, Jean,
and all the folks who made comment -- and by the way, is
there one other final comment to be made?
MALE SPEAKER: No.

MR. OXER: Okay. Just making it clear here. And I hate to say it quite like this, Diana, but this is a sort of on the bubble, marginally competitive application, and I want it to be clear that we're spending an enormous amount of time up here trying to make sure we're clear on the application of the QAP because it's not sanctity but the consistency of the rule, recognizing that these are the rules we're playing under this year. If it doesn't work and things need to be changed, we'll work on that for next year, but the rules that we have this year include these details. And I hope it would be evident to everybody out there that maintaining the strength of the QAP and the transparency and the consistency with which we apply those rules is very important to us until we find something that is so philosophically overpowering that we need to take relief from those rules.

So given that, are there any other comments or questions from the Board?

(No response.)

MR. OXER: All right. Regarding application 14181, there's a motion by Mr. Thomas, second by Dr. Muñoz to approve staff recommendation. All in favor?

(A chorus of ayes.)

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MR. OXER:  Opposed?

(No response.)

MR. OXER:  There are none; it's unanimous.

Okay, everybody.  It's 10:46 right now.  We're going to take a 15-minute break.  Let's be back in our seats at eleven o'clock.

(Whereupon, at 10:46 a.m., a brief recess was taken.)

MR. OXER:  Okay.  It's eleven o'clock.  Let's get back in the game here.  Jean.

MS. LATSHA:  Yes, sir.  Let me find my place again here.  I think it might be appropriate to take item 6(b) before 6(a).  6(b) is one 4 percent application, and 6(a) is the 9 percent awards.

MS. LATSHA:  They're slightly related.

MR. OXER:  We can do that easy enough, can't we?  Okay.

MS. LATSHA:  All right.  So item 6(b) is an award of 4 percent tax credits for Pine Grove.  This is an application in Orange, it's 66 units.  It was originally approved as part of three applications that were all redeveloping 216 units of public housing.  The applicant wasn't able to close on an earlier reservation so had to come back for 2014 credits.  The transaction itself, like I said, has been previously approved and there's certainly
no issues there. This recommendation does, however, include a number of conditions that were a result of the previous participation review.

Just to explain some of the reasoning behind one of the conditions that was placed on this award regarding applications submitted through the end of 2015. ITEX is the developer in this transaction. ITEX is undertaking some measures to ensure that it will have a compliance function that meets the Department's standards.

The Executive Award and Review Advisory Committee -- EARAC, as we lovingly call it -- called to the attention of ITEX that until and unless there's been an opportunity to conduct additional monitoring of ITEX properties following the implementation of the conditions placed on this award, the compliance record EARAC would review in connection with any new applications in 2015 for assistance would be the same compliance record that EARAC had reviewed in the current previous participation review and presumably EARAC would have the same concerns. And that was kind of the reasoning behind the condition on the award.

I think that the applicant would like to say a few words with respect to some of those conditions, but the recommendation is for the award with the conditions that are in your Board book. There are a number of them,
14 or 15.

MR. OXER: And from the staff's perspective, has the applicant raised any issue with you?

MS. LATSHA: Yes. They had some concerns over one of the conditions that's listed in your Board book, I believe specifically condition number 3, but I might let them speak to that.

MR. OXER: Okay. That's what I was trying to get to. But this is on 6(b) only.

MS. LATSHA: They are also being recommended for a 9 percent tax credit application on which EARAC has recommended the same conditions on that award.

MR. OXER: Is that another item on the agenda?

MS. LATSHA: It is.

MR. OXER: Okay. So we're looking at only the 4 percent deal at this point.

MS. LATSHA: That's correct.

MR. OXER: And EARAC's approval was conditioned on this list.

MS. LATSHA: That's correct.

MR. OXER: Any questions from the Board of Jean?

(No response.)

MR. OXER: Motion to consider?

MS. BINGHAM ESCAREÑO: I'll move to approve
staff's recommendation with conditions as presented.

     MR. OXER: Okay. Motion by Ms. Bingham.

     MR. GANN: Second.

     MR. OXER: Second by Mr. Gann.

We have public comment. Barry, good morning, again.

     MR. PALMER: Good morning. Barry Palmer with Coats Rose.

     I'm here on behalf of the developer, and the developer will be speaking as well, to raise an issue with one of the conditions that are included in the list. I believe there are 16 conditions that are listed on this list, and we're in agreement with 15 of them, but one of them would result in essentially a suspension of the developer for the next year and a half.

     MR. OXER: What's the number on that one, Barry?

     MR. PALMER: It's number 3, that says that no projects would be approved by EARAC for the next 17 months. And we do not believe that that is appropriate and wanted to talk about that.

The EARAC committee process is a new process. You may recall that previously there was an objective process whereby for compliance if you scored 30 points or more on your property you were ineligible to participate
in programs, but you scored less than that you would be
eligible to participate. That was done away with by the
legislature in the last session, so now it's been replaced
by the previous participation review which is a more
subjective process where the EARAC committee meets and
considers your overall compliance record and decides
whether or not you meet the test. 

ITEX has 19 properties in the Tax Credit
Program. They've been developing projects, mostly in East
Texas, for the last 13 years, and they've done a great
job. Many of their properties are showcase properties
that we can all be proud of. But like many developers, if
you have that many properties you're going to make some
mistakes on compliance, and I think Patricia would confirm
that many developers have had trouble, particular with the
Fair Housing Disclosure Notice. That's the thing that's
giving ITEX problems. 

The majority of their issues on compliance have
been on the new Fair Housing Disclosure Notice, not that
they didn't give it out but that they gave it out at the
wrong time. There's a specific window that you have to
give it out, and if you miss that window you can't cure it
for another year, you've got to wait for the tenant's
lease to come up for renewal and then give them the
disclosure notice within a specific window.
And also, ITEX has had some issues with not reporting or responding in a timely fashion to some of the compliance requests for information and inspections, and Chris Akbari, from the developer, is going to talk about steps that they've taken to make sure that their reporting and compliance is improved.

But it's important to note that all of the compliance issues that are capable of being corrected at this point have been corrected. As I said, there are some that you have to wait a period of time before you can correct, mostly on the Fair Housing Disclosure Notices.

The penalty that's being imposed here, we believe, to have ITEX ineligible to receive funding for the next year and a half, is very harsh and goes beyond what is a reasonable penalty for having made some mistakes in the compliance arena. And in effect, putting this condition in like this results in a suspension when, in fact, you have rules, debarment and suspension rules, that allow developers due process, entitlement to hearing, and to put on their case, and this really kind of goes around those rules and results in a suspension merely through a condition.

The EARAC process is new, it is still being developed. We would suggest that there's room for some improvement in the process itself, that it's not a totally
fair and transparent process. The meetings are not open to the public. The developer cannot attend the meetings and present their case, although the Department did give us an opportunity to come not to the meeting when it was voted on but at a separate meeting to address some of the issues, and Chris Akbari will talk about that further.

But we believe that it is not appropriate to, in this instance, suspend the developer for a year and a half when they have made a good faith effort to comply, they've got a long track record in Texas of developing good properties and being in compliance, and we ask that this condition be removed from the conditions.

MR. OXER: Thanks, Barry.

Any questions from the Board?

(No response.)

MR. AKBARI: Hi. I'm Chris Akbari. Chairman, Board members, Director, I appreciate your time. And I just want to first commend staff. This EARAC previous participation review is a very difficult thing, it's very new, and it's taken a lot of their effort, a lot of sleepless hours for them to do these reviews.

Through this process I've learned a lot. I've learned that our company has a lot of room to grow, and a lot of the conditions that were set forth by EARAC are ways for our company to grow. But what has happened is
this one condition has been placed that essentially prevents us from doing business. It prevents us from doing development business for one year, it prevents us from doing construction business the next year, and effectively, it tarnishes our reputation, and we've worked very diligently to keep our reputation as a developer.

I really believe that staff has the best of intentions and they've really done a great job with this, and they've really worked very diligently to come to a consensus on how to move forward from this issue, but I believe that the Board should consider approving all the conditions except for number 3.

I'd also like to point out that our company is not a new company. My father started developing in 1978. In 2003 his dream came true, he was able to buy the company that he worked for, and for over 12 years we've been what I would consider a very well respected developer here in the State of Texas. And so I'm here today to ask you to not put us out of business and to not allow for something like this, a condition that will effectively tarnish our reputation and help us to move forward with the other conditions that really help us to become a better company and help us to do a better job as a tax credit developer.

MR. OXER: Good. Thanks, Chris.
Any questions from the Board?

MR. THOMAS: Actually, I do.

MR. OXER: Mr. Thomas.

MR. THOMAS: Chris, thank you. You say, effectively, item 3 would cause you for the next 2-1/2 years to not be able to do any projects. Is that right? Did I understand your testimony correctly?

MR. AKBARI: Yes, because what happens is as a developer the development work then goes to our construction company, so our construction company would have an effective 12-month period after the 12 months that we don't do the development work.

MR. THOMAS: And you're only doing tax credit related construction?

MR. AKBARI: For the most part; 99 percent of our work is tax credit development.

MR. THOMAS: And if this is such a severe -- and we'll hear from them but I can't imagine staff would have recommended this unless there was -- you've alluded to areas for learning, and I appreciate the way you've approached this, but I'd like to understand from you what are the critical factors that your company is engaged in or that you see which has caused the staff to be concerned enough to recommend this to the Board, and give very specifically what's the downside of your hand.
MR. AKBARI: Sure. What a lot of our issues were related to not providing the notices on time. The second set of issues that we had were that we actually missed three deadlines that were noted in our previous participation review where things were not responded to on those deadlines. One happened in 2012 when an email didn't go through; one happened in 2013 when a staff member told her direct report that it was sent, she was immediately terminated; and one this year when, unfortunately, my father, who is ill, we were in the hospital with him and we were unable to submit the report on time. And so those are the three specific instances of non-responsiveness that we have had.

We've also had issues where we would send a reply to the staff, what we thought was comprehensive and would resolve the issue, and then they would then reply back and say we need additional information. And so some of those items didn't get cleared within what they call the corrective action period.

And so in order for us to mitigate some of those issues, some of those things that we could have done better, we actually have hired an outside third party compliance firm to come in and help us to get better. We've also, at the recommendation of that compliance firm, gone through a training process, we've watched online

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videos. We've also all registered, from the top down, to
go to compliance training here that the staff will put on
in Beaumont, a second training that we'll go to that I
believe is in Houston. Several of our staff members are
going to take their HCCP so that they get better.

And another thing that we've really done is
we've actually devoted a staff member to compliance and
we're working to hire someone who has experience as a
compliance director to help us make sure that we don't
fail any more with some of these issues.

MR. THOMAS: What was the significance and
severity? It sounds like the way you described it these
were just insignificant administrative issues, but my
concern is, again -- and we'll hear from staff -- but from
your perspective what was the severity or the potential
downside or risk or harm of any of these deficiencies?

MR. OXER: Let me ask a quick question that
will help you out on this, it might help you out some,
Chris. What you're essentially saying is you -- concede
may be the wrong term, but you agree that 15 of the 16
were valid and you've made efforts to address those and
you're working on that and you taken no issue with those.

MR. AKBARI: Yes, sir.

MR. OXER: And it's the one that takes you out
of the game for a year and a half that's the principal

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issue that's apparently is based on the Fair Housing Disclosure Notification.

MR. AKBARI: Not solely on that, no, sir. There are other issues that took place. I would say that out of the compliance issues that were reported on the report, 99 percent of those were the Fair Housing Disclosure Notices. There were three times when we did not respond during the corrective action period, and in our meetings with staff, those were the things that weighed the most heavily on this. I don't know if just on this condition, but those weighed very heavily on their decisions to make these conditions required.

And so what we are saying is all of these conditions that we have presented really help us to become a better company. We've brought in outside people to help us make sure that we respond on time, and every one of these issues, I believe, can be resolved from us going through the conditions. I think there's actually 22 of those, and one of them we're actually disputing.

And I'd also like to say that staff recommended this one condition because they felt like there wasn't enough opportunity to really see that we had changed as a company or that we were doing a better job, and we actually provided in our appeal like 17 different instances where we could be able to justify that we can
really do a better job before recommendations are made for
the next cycle.

MR. OXER: Good. Thanks.

Do you have a followup question on that, or

comment?

MR. THOMAS: Only of staff.

MR. IRVINE: Can I make a comment?

MR. OXER: Yes, Tim.

MR. IRVINE: First of all, I cannot and do not

speak on behalf of EARAC. EARAC is a body, I don't sit on

EARAC at this time, and it's a statutory body, and I fully

understand and appreciate Barry's comments about not being

able to meet with EARAC and not having it function as a

public matter. I think that EARAC is quite different from

other types of meetings in that it is a core group of high

level people on our staff and they are statutorily charged

with looking at things and making their recommendation to

you, their assessment of the compliance record. And I

think that EARAC has to be able to function the way that

it does in order to meet its statutory requirements.

I think that we have gone outside of our normal

processes and we have had two meetings with the ITEX

folks, and I've been in both of those meetings, and I've

got to say that, Chris, you said exactly the right things

and I think you have taken the appropriate actions. I've
looked the guy in the eye and I feel confident in his commitment to follow forward with training, with policies, with the use of capable third party assistance, and develop a really robust compliance function that would hopefully be as effective as their ability to develop has been. So I feel that they're absolutely pointed in the right direction.

I believe that the concerns that I've heard expressed from EARAC really had more to do with responsiveness, the details of the structure that were in place. You know, a company with as many developments as they have needs to have a well-oiled compliance machine, and we're hopeful that what they're doing will result in that compliance machine.

Again, I can't speak for EARAC on the purposes behind that third condition, but my concern would just simply be that they know that until and unless there has been the ability to make change and observe the change that that EARAC essentially has the same record, so it would be difficult for EARAC to act otherwise until it's got a different record, and I think that they understand that now.

MR. THOMAS: I need some clarification based upon that.

MR. OXER: Sure, Robert.
MR. THOMAS: What authority do we as a Board have then to ignore the EARAC recommendations? They're purely just recommendations?

MR. IRVINE: Recommendations.

MR. OXER: It's a recommendation only.

And to Barry's point about it being secretive and not open to the public, it's not unlike any other staff conference where you have to sit down in a conference room and talk about a problem or an issue. The point is none of the things that EARAC does goes without our stamp on it, so you're doing the right thing coming here, which is the way that whole process which is statutorily defined was intended to operate.

MR. AKBARI: Yes, sir.

MS. BINGHAM ESCAREÑO: I have a question for Chris.

MR. OXER: Ms. Bingham.

MS. BINGHAM ESCAREÑO: So when you look at the conditions, most of them look kind of like checks and balances. Right? It looks like just what you said, that probably there are some things that your firm could learn in terms of accountability and responsibility to adhere to the guidelines that are set forward. And the only one that looks, and from the way that you and Barry have presented it, that looks a little like a penalty kind of
or a consequence is that third condition.

Did you guys talk at all about is there a period of time that you do think is fair or that you could live with? You hear EARAC's position, right, which is we just want enough time to go by that we can see that you've got those checks and balances in place before we partner again on another project. Have you considered whether or not there's a period of time that would possibly meet the message that EARAC is trying to send to you that your firm could live with?

MR. IRVINE: And before you answer that, I would just like to point out that Patricia runs our Compliance Division and she's got staffing constraints and scheduling constraints and so forth. I would hope that as the natural process unfolds and she gets her staff out there to monitor properties, she would observe that things are taking hold and changes are being made, and those ultimately would impact the way that she recommends and assesses your compliance record, and she is a statutory member of EARAC.

MR. AKBARI: So just to briefly answer that, I think that there could be a few different ways that it could be modified. One could be that they would not recommend until they can be able to show that we really have made the changes and those changes have taken effect.
Secondly, they would not recommend unless we possibly, like a date, for instance, September 30 or December 31 of this year. We did have projects that we have scheduled to do for later in this year in the HOME RFP with 4 percent tax credits, so that would effectively prevent us from doing those projects until possibly next year, but it would give us a chance to be able to show that we're doing a better job.

And I would like to point out that several of the issues that have been outstanding, since even we started coming to meet with Executive Director Irvine and his staff, have been resolved. At least four I know that we've gotten clearance letters on recently, or we've had an inspection since all of this started and we actually had no findings on that inspection. So a lot of the policy changes that have been going forward have really already yielded results.

MR. OXER: It sounds like we got to a point where there were some issues. EARAC said, We want to see some changes. You said, Okay, we've made the changes. And they're waiting to see if there's enough time in there that the correction of those changes is an improvement, as you agreed that they would be and hope that they would be based on the changes. Staff seems to be saying they don't have enough time to see any results, they just don't have
any data to make that assumption on. And you're suggesting now that there have been at least these few items that have given the indication that it is headed in the right direction.

MR. AKBARI: Yes, sir.

MR. OXER: Okay. Any other questions, Robert? Doctor?

MS. DEANE: Mr. Chairman, I'd just suggest, in light of some of the discussion that I'm hearing, you could, if you wanted to clarify this in number 3, say:

ITEX acknowledges that, if ITEX is unable to demonstrate successful implementation of the plan procedures, then EARAC will not recommend ITEX. And that would give them an opportunity to demonstrate. I don't know if that helps to clarify.

MR. OXER: It helps because we always want to make sure that you're making an improvement. We have a compliance director that sees the world in black and white, and we understand that.

MS. MURPHY: (Speaking from audience.) I've got green shoes on.

(General laughter.)

MR. OXER: Those are black in this term. Okay?

Forgive our humor -- it helps a little bit -- because I know it's hard what you're going through right now. But
the point is we'd like to see that there's some improvement but not with the intent to impose a death penalty, what the NCAA would do for you, out of the recruiting for a year. So I'm trying to figure out how is it that we can come about this to say you've got some time, what are you going to do to show us that it's working, what are you going to do to convince Patricia that it's working. And I personally think it's a good suggestion from our general counsel to say if you don't do this by a certain date, then we'll take EARAC's recommendation a little stronger. But what I'm looking for now is what kind of time frame is that date.

Come on up, Barry, if you've got something to say. You've got to tell us who you are again.

MR. PALMER: Barry Palmer with Coats Rose.

I think we have proposed that we could live with a December 31 of this year date that would at least give the applicant the ability to apply in next year's tax credit round. Or something more along the lines of what Tim suggested which is not put a date in there but just say that we won't be getting a favorable recommendation from EARAC unless we've shown that these measures have taken effect and have shown improved responsiveness.

MR. THOMAS: And how do we remove the subjectivity? So point 16 which is really not a
condition, but point 16 would allow for a mutual consent of any of the conditions to be amended or to be changed, and I'm wondering is there concern about there being too much subjectivity from your perspective, on the staff's part or EARAC's part? I'm trying to follow up with what our chairman is saying and figure out a way to address this. You have a provision here which would mollify, potentially mollify, you've offered and suggested ways in which you could continue, Chris. And by the way, I think you're beating yourself a little bit too hard, from this Board member's perspective.

MR. OXER: Don't let it go unsaid that we don't appreciate the efforts that you've made already.

MR. THOMAS: That's what I'm trying to say. I'm greatly appreciative of what you've done, and I don't want you to feel like, in any way, shape or form, that you should do anything other than to say I continue wanting to be a good partner.

So how do we modify this in a way that allows you all to have feeling that there's enough objectivity in the process that our staff, that Patricia feels clearly that she can then, in her reporting obligation to her superiors and to the Board, know that she's following her statutory and regulatory guidelines? How do we do that?

MR. PALMER: Well, I think what we've asked for
is to take out condition number 3 that essentially
suspends ITEX for a year and a half, that that is going
too far. When you think about it, ITEX has 19 tax credit
properties. They've been a partner of yours for 12-13
years, shown a long track record of developing good
properties. Yes, they've had some issues on reporting and
fair housing forms. You have other developers, out-of-
state developers who have never done anything in the State
of Texas. They come in and apply for credits, they have
no issue with EARAC, they've got a clean bill of health
with no track record.

MR. THOMAS: But, Barry, answer my question. I
agree with everything you've said; you've already talked
about that. This would not be in here, let's just be
clear -- with all the level of respect that everybody has
for you now -- this wouldn't be in here unless there were
some real concerns. And I keep looking at Patricia, who
is biting her tongue. So I want to recognize how to
address, exactly what our chairman said, how do we address
the concerns, my concerns of subjectivity, clearly
recognize that at some level statutorily we have an
organization with a group of identified issues that
they've got enough concern with but still not have the
death nail in position that Chris is concerned about.
Answer that question if you can.
MR. PALMER: Well, I guess my answer would be to have the condition read along the lines of what Tim suggested earlier.

MR. THOMAS: Barbara's response?

MR. OXER: Barbara's response.

MR. PALMER: Without a date in there.

MR. IRVINE: I believe that if the condition were simply not there, the fact remains that EARAC would assess whatever the record was at the time and make its recommendation based on that record, and I don't want ITEX running down the road, putting together deals, bringing in partners and so forth, in any sort of mistaken belief that everything has already been addressed. I think that everything I've seen is pointing absolutely in the right direction, I feel very hopeful about it, but we need to have the opportunity to see the measures that have been taken and how they're rippling through when we do additional compliance monitoring.

MR. OXER: What Barbara suggested essentially puts you on probation, and that's basically what it is. We'll be watching this until there's some evidence the data supports itself. So we're big on trying to make sure we have data to make decisions on rather than to subjective assessments.

So with that, do you have anything else, Dr.
Muñoz?

DR. MUÑOZ: You offered some language modification, Barbara. How could we sort of restate this?

MR. IRVINE: Actually, the language that Jean read, to me, kind of encapsulated it.

MR. OXER: Jean, come up and do it again, please.

MS. LATSHA: And it's really the reasoning behind the recommendation which is not that they could not submit an application, it's simply an acknowledgment of how EARAC would handle that application.

"ITEX is undertaking these measures to ensure that it will have a compliance function that meets the Department's standards. EARAC calls to the attention of ITEX that until and unless there has been an opportunity to conduct additional monitoring of ITEX properties following the implementation of the conditions, the compliance record EARAC would review, in connection with any new application for assistance, would be the same compliance record that EARAC has reviewed in the current previous participation review and it would presumably have the same concerns."

MR. OXER: And what you're essentially saying, if I can digest it down to something a little clearer for me, if you're making an application it would be through an

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annual point of this an they're at the inflection point on 
that date, so what they're saying is they want to have 
another few months to give you some more data that you 
could use to evaluate. They've essentially said they'll 
put themselves on probation to give you more time for more 
data.

MS. LATSHA: I think it's a business decision 
on their part whether they want to put themselves on 
probation. If they choose to wait two months or six 
months or a year to submit an application, they can wait 
as long as they choose to wait. EARAC is simply saying if 
that time is relatively short -- and maybe relatively 
short is six months, maybe it's a year, maybe it's the end 
of 2015 which is what was written here -- then it's safe 
to say that EARAC's recommendation will be the same, and 
this prevents the applicant from basically being surprised 
by a very similar recommendation for an application 
submitted in 2015.

DR. MUÑOZ: But were they to present a 
different body of evidence, then they could presume that 
the recommendation from EARAC could be different. Now, 
does what you just read now replace number 3?

MS. LATSHA: If you'd like.

MR. OXER: All right. I have a question. Hold 
that thought right there.
Patricia, I have a question. And I think what they're saying is they don't want to be put on probation or held out until the end of 2015 which essentially puts them too close to the margin. So how often would you exercise a compliance review or monitoring review, and when was the last one that was done for their properties?

MS. MURPHY: Patricia Murphy, chief of Compliance.

So between now and December 2014 they're anticipated to have one response due, so EARAC did not believe that that would be sufficient to evaluate if procedures have been implemented. By December of 2015, it's anticipated that they will have about ten responses due by December of 2015, which is why EARAC said at that point we will have this body of monitoring completed and we'll see if they had no findings -- which would be great -- or if they did have findings, were they able to respond to them during the corrective action period and get them fixed.

DR. MUÑOZ: Patricia, what was that first number you read, how many responses?

MS. MURPHY: Between now and December 2014 it's anticipated -- actually, there were no findings with that one, so I don't think there's any responses due between now and December 2014.
MR. OXER: Go ahead.

DR. MUÑOZ: Between now and December there are none but next year there will be ten?

MS. MURPHY: Yes.

MR. OXER: Are they clustered?

MS. MURPHY: They just went through this round of reviews, so we go to properties once every three years, so like awards they got in 2003, they're all monitored on the same calendar schedule kind of thing, and they're all in the same area so we kind of go at the same time.

DR. MUÑOZ: Do they all happen at the beginning of the year? I mean, do you have ten take place, one through five, one through six?

MS. MURPHY: They have two UPCS inspections due in March of 2015 and they have a file inspection due in April of 2015.

MR. OXER: What option does there exist for them to offer themselves up for monitoring compliance review between now and December? And I know your staff is busy and I know you've got a schedule, I know we're stretched tight as a drum inside the house here anyway. And the follow-on question I'm going to ask Chris is if they could do that, are you willing to put out the resources to make sure that they have the capacity to this for you.
MS. MURPHY: Mr. Chairman, if the Board instructs us to go monitor them earlier, we will.

MR. OXER: Chris.

MR. AKBARI: Chris Akbari, ITEX. We would be willing to have that occur, but I would like to also point out that a lot of the compliance function has all been really turned over to Capstone to be our backstop because we needed to have that capability, and so we've already had them come out and do file inspections at properties. In fact, we're having them do a 20 percent file inspection on every one of our properties because we want to find the problems ahead of time. We, effectively, want to become a better company from these other 22 conditions. We're more than open to them coming before the end of the year to do an inspection, and I'm sure that we'll do very well on that.

The one thing I want to point out is that they use -- Mr. Thomas was mentioning earlier subjectivity -- if they just use the same previous participation review over and over, the good stuff doesn't come in. We have to be able to craft this language so that you can be able to show the things that we've really done well, because as the PPR is presented, it only shows the places where you failed to respond or you failed to do something good. So if the condition could be evaluated that we can actually
show that they've justified that they've done a better job, I think it would be more beneficial.

MR. OXER: So you're willing to offer yourself up for an accelerated review, not on the 3-year schedule, maybe on a 2-1/2-year schedule to get a couple more in this year.

MR. AKBARI: Yes, sir.

MR. PALMER: If I could just make one point on that.

MR. OXER: Barry Palmer, Coats Rose.

MR. PALMER: Barry Palmer with Coats Rose.

In the meetings that we've had with the Department, it's been made clear to us that the real big problem, from the Department's perspective, was not problems at the properties but a lack of responsiveness -- and Chris mentioned that they missed three deadlines over the last three years -- and so the responsiveness is the thing that we've got to show an improved record on. And in our appeal we listed in there as an exhibit 17 things that we have to respond to over the next six months. And so that track record of responsiveness will be established over the next six months.

MR. OXER: Any other questions, Robert?

MR. THOMAS: No, sir.

MR. OXER: Any other questions? Any other
interest in public comment?

(No response.)

MR. OXER: And to clarify, this is a 4 percent deal that doesn't impact the list that everybody is sitting around waiting for us to listen to.

MS. LATSHA: That's correct.

MR. IRVINE: The same approach would apply to the 9 percent deal.

MS. LATSHA: It will, and I can clarify that in that recommendation. But yes, this particular action item is just the 4 percent.

MR. OXER: One puzzle at a time. Okay?

Ms. Bingham, do you have a question?

MS. BINGHAM ESCAREÑO: So does the Board want to see if the agency and the appellant want to get together and come up with mutually acceptable language for 3?

MR. OXER: And I'm sure they would, knowing the 4 percent deal is not the sudden suspense date we've got to deal with. The 9 percent deal we've got to deal with today. Right?

MS. LATSHA: Yes, sir.

MR. OXER: So that means we might as well deal with this one now because we're going to be dealing with it the same way on the 9 percent when we get to the list.
MS. DEANE: I think the version that Jean read probably comes really, really close to the intent of what was trying to happen, but I haven't heard -- you talked about an agreement, I haven't heard whether or not they would have a huge problem with the staff language that Jean proposed for number 3.

MR. OXER: Read the language again.

MS. LATSHA: I have it again. I think the only issue with the language is that it's not really in the form of a condition, so you'd probably want to include something like the acknowledgment.

So the language, again, was: "ITEX is undertaking these measures to ensure that it will have a compliance function that meets the Department's standards. EARAC calls to the attention of ITEX that until and unless there has been an opportunity to conduct additional monitoring of ITEX properties following the implementation of the conditions, the compliance record EARAC would review, in connection with any new application for assistance, would be the same compliance record that EARAC has reviewed in the current previous participation review and it would presumably have the same concerns."

MR. PALMER: That would be acceptable to us with one minor tweak, which is rather than saying the monitoring of the properties, which Patricia has mentioned..."
would mostly not take place till next year, to have in
there a track record of responsiveness, or a demonstration
of responsiveness to compliance issues. That would be our
only change to it.

MR. OXER: Because what I'm looking for on this
is satisfactory language that you can live with, that
staff suggests, and an opportunity for Chris for another
couple of compliance monitoring reviews, get in there and
get some more data in this. To give you an opportunity,
Chris, to demonstrate that what you're doing is working.

DR. MUÑOZ: So we would have to amend the
motion to say, sort of, move staff recommendation with the
new language replacing current condition 3?

MR. OXER: Right, consistent with what Jean
just said, and with the request -- and I would offer up
that we should have an additional request for Patricia's
crew to get down there and accelerate some of those
monitoring reviews, two or three of those. I don't know
how many the staff needs. If you had three in there
between now and the end of the year, that ought to give
you some indication that they're making progress.

You can live with three, Chris?

MR. AKBARI: (Speaking from audience.) Yes,
sir.

MR. OXER: Okay. Can you make three, Patricia?
MS. MURPHY: (Speaking from audience.) Sure.

MR. OXER: Okay. Well, then let's take that motion.

DR. MUÑOZ: Who made the motion originally?

MR. OXER: The original was made by Ms. Bingham and second by Mr. Gann.

MR. THOMAS: You guys get all the hard ones.

(General laughter.)

MR. OXER: That's the emotion so you have to move to amend.

MS. BINGHAM ESCAREÑO: So I'll move to amend my original motion to include staff's recommendation to replace condition 3 with the new language drafted by staff, and to instruct Compliance to --

MR. OXER: -- to accelerate at least three monitoring reviews between now and the end of the year.

MS. BINGHAM ESCAREÑO: That right there.

MR. OXER: Is three enough, Patricia?

MS. MURPHY: Sure.

MR. OXER: Can everybody live with that? Okay.

MR. GANN: I concur too.

MR. OXER: Motion to amend by Ms. Bingham as stated, second by Mr. Gann. There's no comment on the amendment. All in favor of the amendment?

(A chorus of ayes.)
MR. OXER: Opposed?

(No response.)

MR. OXER: There are none; it's unanimous.

Now we go to the motion which is to satisfy the staff recommendation as stated and amended. Any other comment, Barry and Chris? Any other comment from staff?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none.

We don't want to see you get hurt but we want to make sure that you're doing what we're asking too.

Okay, Chris?

MR. AKBARI: Yes, sir.

MR. OXER: Okay. Thanks.

Go for it.

MS. LATSHA: All right. Item 6(c).

MR. OXER: Thanks, Patricia.

DR. MUÑOZ: 6(c) or 6(a)?

MS. LATSHA: 6(a). Let's not skip that one.

MS. BINGHAM ESCAREÑO: You scared everybody in the room.

MR. OXER: All those poor 6(a) people in here
are passing out in the back.

(General laughter.)

MS. LATSHA: I'm sorry. I was going back to a moment where I almost passed out on Monday night trying to get this thing posted.

MR. OXER: It was 6:00 a.m. when you got to sleep this morning. Right?

MS. LATSHA: All right. This is the 9 percent tax credit awards. Just a really quick summary. This award recommendation includes 65 applications, almost $60.1 million in tax credits, 5,338 low income units, 673 market rates units, 6,011 total units. We do expect to award two additional applications so that total will be more like $61.7 million in credits and another 135 to 180 units. I'll get to that explanation in just a moment.

With respect to previous participation reviews, we did have nine awards that included conditions. Those are listed in your Board book under report 4. Actually only represents six different developers and some had multiple awards. One of those, I might modify this recommendation ultimately to include the same modification to the ITEX conditions that was included in the previous action.

There are a couple of interesting items surrounding this recommendation. We did have one
application where staff is recommending a five point
deduction from the total score on one application,
Savannah Park at ALK. This is a point deduction under
11.9(f) which calls for staff to recommend to the Board
such a reduction if an applicant in the previous round had
to request an extension of either 10 percent test or
carryover deadline and it was really out of the control of
the applicant. We found in this particular case that it
was not out of the control of the applicant that they
needed that extension. It actually doesn't affect their
ultimate competitive position, they're still being
recommended for an award, although a little bit lower on
the list.

Also, I think that we might hear some public
comment with respect to some of the particular awards.
One other interesting situation I'd like to point out,
staff is recommending three awards in the town of Alton --
which I'm all too familiar with.

MS. BINGHAM ESCAREÑO: Yes, you are.

MS. LATSHA: Do you remember that? Those are
painful memories. Love the town of Alton. My efforts
weren't so successful as these three applicants.

Anyway, it's a small town just north of Mission
which is just north of McAllen, population right around
15,000, so it seems a little unusual to be awarding three
applications for a total of 340 units in this small town of Alton, so as you would expect, there were some general concerns about the market, but the technical requirements of the underwriting rules have been met for each of these developments. Also, our de-concentration rules, things like a two-mile same year rule don't apply in counties of less than a million, so from a program perspective, these were all eligible applications as well, and high scoring.

Staff simply wanted to make the Board aware of this situation and to let you know to the extent one of them is not able to move forward with the credits, let's say if something does come back and they feel they are having trouble closing or there are some market concerns, then those credits would come back to the region. Obviously, if that happened this fall, we would be able to reallocate those this year, but even if it happened next year, they would come back to that subregion. And I don't know if there are any other questions about that particular issue.

One other interesting issue which is why we are essentially holding back about $1.7 million in credit awards at this recommendation, the short story here is an applicant submitted three applications -- actually four but we'll only need to talk about three of them -- three applications with credit requests that total more than $3
million, so an apparent violation of the $3 million cap. That applicant claims that there were some mistakes in the original submission and that the costs were misrepresented and so they actually are eligible for less than $3 million in total. This may or may not be the case, but staff wanted to take some time to be certain of what these award amounts ultimately should be.

It is a little unusual for an applicant -- it's highly unusual, actually, for an applicant to ask the Department to award less credit than was originally requested. We have a keen eye for a situation like this since the only reason you would really do this is to get under that $3 million cap. That being said, it's also not unusual for our underwriting department to cut credit. So taking those two points into consideration, we just want to be looking carefully at this situation and making sure that that ultimate recommended amount is the correct amount and that we apply the $3 million cap rule correctly.

The applicant has appealed those underwriting reports timely, but the executive director has not yet responded to that appeal. That response isn't due until August 12. So either the appeal would be granted and staff would award that third application which is not being awarded today, or the appeal would be denied by the
executive director, in which case it could be appealed to
the Board and heard at the September 4 Board meeting.

The only thing to consider here is that our
rules call for staff to hold any credit made available
after the late July awards until September 30 for
reallocation to applications on the waiting list. We
would suggest that in this situation that the credit made
available as a result of the resolution of these
particular appeals be held separately from any other
credit made available so that it could be reallocated
before any other credit made available by September 30.

I hope that didn't sound like Greek. That's
actually the name of my nail polish for that very reason.

MR. OXER: It's the last in, first out on the
credits in this particular case.

MS. LATSHA: Yes.

MR. OXER: They basically could go to the
warehouse but out of the whole pile they're the first ones
that could come up.

MS. LATSHA: Right. It's actually, luckily, a
relatively simple situation that we're in. The first two
that we're recommending for award, with the assumption
that there is a $3 million cap violation, should that
violation exist, the applicant has indicated that those
top two are the ones they want to keep anyway, so the only
question is do we award the third application plus one more or do we award two different applications. Does that make sense?

MR. OXER: They're all the same applicant?
MS. LATSHA: Yes. They're all in the at-risk set-aside.

MR. OXER: Okay. Any questions?
(No response.)
MS. LATSHA: So I think there might be some comment.
MR. OXER: I'm sure there is. We'll have a motion to consider on this, and once a year I ask Ms. Bingham to offer the motion to approve this list.
MS. BINGHAM ESCAREÑO: Can I think about it over lunch?
MR. OXER: Like we said before, breathe, Walter, breathe.
(General laughter.)
MS. BINGHAM ESCAREÑO: So now the way we make motions is a little anti-climactic, right, because we're going to make and second the motion and then we're going to have discussion and then hopefully take a vote. But it's an honor to be here, it's an honor for us as a Board -- and I don't think it's a coincidence, today we've heard three times our developers, our customers talk about
how good it is to work with staff, how courteous and
helpful our staff are, and so this is always an exciting
time for us. Tremendous amount of work. Y'all actually
look pretty fresh for what you've been through over the
past several months.

Mr. Chair, I'd like to move staff's
recommendation for the regional allocations.

MR. OXER: As described and modified.

MS. LATSHA: Yes, at the beginning with respect
to the ITEX conditions.

MR. OXER: Okay. Considering the ITEX
conditions that we just imposed.

MS. LATSHA: Yes, sir.

MR. OXER: So they have a 9 percent credit
which is why we had to deal with that there, so just as a
clarification, we apply the same conditions to their 9
percent deal that we did to their 4 percent deal.

MS. LATSHA: Yes, sir.

MR. OXER: Okay. With the conditions that
you're talking about on this particular application, as
you said. That's summarizing your 15 minutes.

MS. BINGHAM ESCAREÑO: I'll count on your for
language.

MR. OXER: And that's clear?

MS. BINGHAM ESCAREÑO: Yes, sir. I stand

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amended.

MS. DEANE: And just to be clear for the record, by regional allocation you mean the 2014 tax credit allocation.

MS. BINGHAM ESCAREÑO: 2014 housing tax credit allocation.

MR. OXER: And Grainger is not here asking for a 2017 forward again, is he? Just checking.

(General laughter.)

MR. OXER: Once a year we offer Ms. Bingham an opportunity to make the motion to approve this list, and once a year I, as chairman, get to second that list. I try to stay out of the flurry and try to be the chief referee up here, but I'd like to make a point to second that motion. Given that, there's public comment.

MR. LYTTLE: Mr. Chairman, we have legislative comment.

MR. OXER: Yes, and let me defer to the speaker, let me defer to our legislative request. Do you have a letter to read in, Michael?

MR. LYTTLE: I do have a letter, and we have Robert from State Representative Allen Fletcher's office that's here who would like to make comment.

MR. OXER: Okay. Robert, raise your hand.

Now, listen all you guys that wanted to speak,

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you're supposed to be up here in this row.

    MR. OXER: The first thing we're going to do, you can speak, Robert. Let's have you first. We offer a courtesy to legislators and their representatives, they get first shot.

    MR. PAPIERZ: Thank you. My name is Robert Papierz. I'm Representative Allen Fletcher's chief of staff.

    We are opposed to application 14272. Representative Fletcher's office was notified of the proposed Lodge at Huffmeister earlier this year. Typically we start receiving support or opposition letters, emails, phone calls from our constituents soon after the first notices are sent out. Prior to April 1, the elected official's deadline, our office had only received letters that were either neutral or in support of the apartments. Without hearing opposition, Representative Fletcher did draft a letter of support which was then forwarded to TDHCA. We did not receive any opposition to the project until well after the elected official's deadline had passed.

    Once we began receiving opposition emails and phone calls from our constituents, Representative Fletcher drafted and submitted a letter of opposition, dated June 11. I have copies of that letter for you, but I also
believe it’s summarized in the packet of information you do have. Questions?

MR. OXER: Good. Thanks. Any questions from the Board?

(No response.)

MR. OXER: Good. Thanks, Robert.

MR. LYTTLE: Do you want me to read the other letter?

MR. OXER: I want you to read the letter, Michael.

MR. LYTTLE: This is a letter to the Board from State Representative Dwayne Bohac.

MR. OXER: Michael Lyttle.

MR. LYTTLE: Sorry. Michael Lyttle, chief of External Affairs, TDHCA.

The letter we received is from State Representative Dwayne Bohac, District 138. It reads:

"Dear Board Members, Although I recognize that this letter comes after the April 1 deadline to submit a letter of support or opposition for an HTC application, and that I originally submitted a letter of support for the Catalan in Houston, TDHCA number 14017, I submit this letter as a formal retraction of my support. My opposition to the project results from the objections and concerns that my office has received from our

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constituents. I am elected to represent the constituents of District 138, and after hearing from them, I formally submit this letter. Sincerely, Dwayne Bohac."

MR. OXER: I have a quick question, Jean. What's the deadline date for the letters?

MS. LATSHA: April 1.

MR. OXER: Okay. And that's for in or out.

MS. LATSHA: For opposition, support, neutrality, any comment.

MR. OXER: Whatever. And so that's April 1, and Robert just mentioned he listed a letter June 11, and this one is obviously July 31. What was the date on your letter that you just read, Michael?

MR. LYTTLE: July 30.


MS. DEANE: And just one other housekeeping item. I gave you a small group of documents at the start of the meeting. One of the commenters provided a small group of documents. I don't know who that might have been. Was that you? And obviously these were presented at the meeting, so the chair, subject to any objections by other Board members, has to decide whether or not to allow those documents in. And again, the rule requires that it's in exceptional circumstances, they have to be
delivered to staff prior to the start of the meeting -- I think those were -- they must not be so voluminous as to cause a delay, they have to provided in hard copy to all members of the public in attendance at the meeting, and they also have to be provided to staff in a PDF.

Now, my understanding on one of those, of hard copy there were only ten copies brought. Is that right? There were only 15 copies provided. So I think we do have an issue. I don't know about the other items, I don't know if they've been provided in PDF to staff. So we do have an issue with meeting the requirements of the rule.

MR. OXER: The document will not go into the record, I'll exclude that. We will have testimony, we'll have comments from the presenter. Thanks, Jean. We'll get back to you, I'm sure.

So since you're standing, let's take you first. Don't worry, guys, we'll get to you.

MS. SMITH: Thank you very much. My name is Kay Smith. I'm a trustee with the Harris County Department of Education, and I want to thank you for this opportunity. And I stood up because of the first gentleman that spoke, I'm here about the same property. In respect of your time, I've been asked to speak for the 2,250 people that you received a petition from and the other people that responded via letter and email, and I
I apologize that we are being reactive instead of proactive.

I would like to make you aware that we do have a copy of Representative Fletcher's letter. He did come to our town hall meeting. I have a copy here of minutes from the Harris County Fresh Water Supply District 61, and just two sentences here. "Director Cangalese moved that the district decline annexation service to the 21.811 acre tract for the development of The Lodge at Huffmeister, with the motion being seconded by Director Merritt. There being a motion and second on the floor, the board then unanimously voted to decline annexation for service to this tract of land."

This is one of the many issues that have found a problem with that in searching our area there was not proper notification of any of the local organizations other than the state representatives, who you've now heard have withdrawn their support for both tract 14017 Catalon, and 14272 The Lodge at Huffmeister.

Of the three people supporting, the community organizations in support of this property, the closest one is 22.6 miles, the other one is 26.2 miles, their closest office not being contiguous to this at all. Both of these properties, 14017 Catalon, and 14272 The Lodge at Huffmeister, their contiguous properties, and if you drive in a 1-1/2 mile distance, you're going to come to four low

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income housing projects in this 1-1/2 mile stretch of land.

So we respectfully ask that you decline to fund these two tracts of land.

MR. OXER: Thanks for your comments. Any questions from the Board?
(No response.)

MR. OXER: Good. Thanks.

Okay, guys, you've got people's stomachs growling behind you, so we're going to keep a pretty close clock here. Okay?

MR. BROWN: Doak Brown with Brownstone Affordable Housing. I'm here today to discuss Urban Region 11 and the situation that's occurring in Alton.

Let me commence by saying in full disclosure that our development, called Casa Verde in Laredo, is next in line for funding if any of Alton's deals don't get funded, and let me also say that we're the general contractor for La Esperanza De Alton, so obviously I'm extremely interested in seeing that deal move forward.

As you all are aware, the three deals totaling 340 units are being recommended for funding in a town of less than 13,000, which in the past couple of years went from being in the rural set-aside to the urban set-aside.

All three deals are within a mile of each other. My
purpose of speaking this morning is to hopefully convince
staff to add something to the QAP that prevents this
situation from occurring in future years.

I know all three of the developers and they're
all good developers, but by funding all three deals in
this community you're actually harming all three of them.
I know that market information was provided to staff that
shows that there's a market for all three deals because
they'll pull from McAllen and Mission and larger
communities near Alton, but that being said, I'll bet that
there's not a single equity provider sitting behind me
that would be willing or comfortable funding all three of
those deals.

As you know, there's a two-mile rule that
applies to major metro areas that would prevent this
situation from occurring in Alton if Alton were in a large
community of more than a million. The major reason for
this rule is to prevent concentration of deals. You would
think that if concentration of deals in a very large town
is a concern, that it would be even more of a concern in a
town of less than 13,000.

In fact, I'm not certain how allowing three
deals to be funded within a mile of each other is not a
fair housing violation. I don't understand how this
affirmatively furthers fair housing due to the
concentration of low income people. I can see two deals having a much easier time getting done in Alton, but when you fund all three, it's a problem for all of them.

If the QAP does not change, this issue may occur again next year. The problem in Region 11 is that there's only five high schools that scored high enough that were in first year census tracts, so if the schools don't change much, then we developers are going to go right back into the exact same areas. I hope that staff will create a rule that prevents this concentration of deals from happening again in the future. Thanks.

MR. OXER: Any questions of Mr. Brown?

(No response.)

MR. OXER: Thanks. Doak, for the record, your comments are noted about the evolution of the QAP.

MR. VELA: Good morning. How are you doing?

MR. OXER: Good so far.

MR. VELA: First of all, let me say ditto. I have a lot of my comments prepared and I don't want to reiterate myself too much with the comments that Mr. Brown made. My name is Roque Vela, Jr. I am the city councilman for the City of Laredo representing District 5. District 5 will be the district that Casa Verde affordable housing that's in question would be built in, hopefully.
The City of Laredo has been growing, it's been growing by leaps and bounds for well over a decade now. It is or has been one of the fastest growing cities in the United States since I graduated high school in 1995. And with that comes a lot of infrastructure problems. Two of the biggest problems we have would be infrastructure and housing. Infrastructure, being the largest inland port in North America and crossing well over 2 million trucks a year, our roads take a beating. And also having a influx of people on a daily basis, it seems like our housing really is behind the eight ball and our developers just can't seem to keep up with the demand that's out there, and really taking advantage of this in a true capitalism type of way.

I can kind of speak from experience. I just sold my house earlier this year and I thought I'd be moving into a new home within the next month or two, and lo and behold, I ended up living out of a hotel for about four months with my family for the simple fact that we could not find something that we were comfortable with in our price range to be able to go out and move into. And we tried to rent a house and/or an apartment and there just was nothing to be had.

The fact of the matter is right now there is not affordable housing to had in the City of Laredo.
because we are growing so fast. And the Eagle Ford Shale boom that we have there, while it is very much welcomed, it is creating some issues with us. Affordable housing is the bridge between where people are now, hardworking people trying to achieve that American dream, and with the housing crisis that we had in 2007, some people may have money in their pockets but just might not be able to come up with the down payment that they may need for the house that they dream of and affordable housing is a step in that direction.

The location in question is very much desirable. It's right across the street from our university, within two miles of the most sought after real estate in Laredo, and the schools within them, the elementary and the middle school and the high school are exemplary.

The facts Mr. Brown just stated, 7 percent of the $5.1 million allocated are going to the City of Alton, a city that is very much rural. When you're talking about they're getting 326 of the units out of the 459 units being built, it just doesn't make sense. Laredo is in a spot that we are in a housing crisis and very much in need of housing, particularly affordable housing, and you're in a position to make a subjective opinion. And I know it's difficult. As a city councilman I'm constantly sitting in
those chairs and trying to make difficult decisions and trying to appease both sides, but the fact of the matter is that I have people in my district, people in the City of Laredo that rely on me to give them opportunity, and the City of Laredo is a city of growth and opportunity, and that's exactly what this would provide.

So please, I beg that you make the right decision and help me do my job that the people elected me for to give them a shot at the American dream. Thank you.

MR. OXER: Thank you for your comments. Any questions?

(No response.)

MR. OXER: Good. Thanks.

Donna.

MS. RICKENBACKER: Good afternoon -- I believe it's afternoon at this point. Donna Rickenbacker with Marquee Real Estate Consultants, and we work with one of the applicants that's in Alton and is hopeful to receive the award based on the recommendation being made today.

This particular developer, Steve Lawless, with Texas Gray Oaks, concentrates, if you will, his efforts in the Valley, has been very successful in the Valley building affordable housing. His development in Alton is Orchard Estates and at this point is ranked number one in the region. That's the good news. The bad news obviously
is that we're in competition with two other applicants that are being recommended within a mile of his particular site.

I'm not going to repeat what everybody else has already said to you with respect to the concentration, if you will, of housing in a small rural community such as Alton, but I do want you all to understand you all have -- obviously this is a unique situation where we're looking to the Board to use its discretionary rights here, for hopefully all the right reasons and the good causes that are going to be represented to this Board today.

First and foremost, 70 percent, as has already been described, of the housing tax credits in Urban Region 11 are going to the City of Alton. We really don't have rules that apply to that level of tax credits being applied in a concentrated manner in a small community. What we do have is de-concentration of housing but it only applies to counties that are a million or more in population. It's the two-mile, one-year rule. Hidalgo County, which is where Alton is, is a county of 800,000 so we're right underneath that threshold.

These applicants have gone and staff has just gone out of its way to kind of really look at the market area. Underwriting did ask for the market analysts that represent each of the applicants to go out and prove up a
market for 340 units which, of course, they did, and expanding that market area so that the primary market area, now that the gross capture rate can be within the maximum threshold. And it's all within the rules but you're kind of still back to that same situation where you've got three applicants in a small area and no rules that allow underwriting to basically use some subjectivity on how this ultimately plays out.

And the deal summaries that were issued by the underwriters, in each of the respective underwriting reports, they say, and I quote: "While there are positive economic indicators for the McAllen MSA, the primary and extended market areas, as discussed below in the City of Alton, the underwriter has significant concerns regarding the number of units being simultaneously proposed in Alton, Texas. Even so, all three proposed developments meet the technical requirements of the rules. Effectively, our hands are tied."

They also point out that if all three transactions ultimately receive the award and are able to meet the requirements, they would all be able to move forward from a TDHCA standpoint, regardless of the market concerns that underwriting has.

So I'm looking to this Board to kind of help make that decision. You've got a concentration,
obviously, that's been pointed out of housing. Quite
frankly, I think it's very inconsistent with our fair
housing policies and what Cameron and his group are trying
to achieve with respect to rules and potentially policy
changes that spread the housing and deconcentrate the
housing, even in smaller market areas such as Alton,
Texas.

So under the rules, under the Texas Government
Code, this Board does have the right. The Texas
Government Code specifically provides and refers to
TDHCA's authority to use discretion to make tax credit
awards, and we're asking very much for you all to make
that discretionary decision on these awards. Thank you
very much.

Do you have any questions?

MR. OXER: Any questions?

(No response.)

MR. OXER: I have a quick question, Jean.

Let's assume for purposes of discussion that all three of
the awards in Alton get in, because that's where they are
right now, and then once they go through, the equity
providers behind them say no, we're only going to fund two
of them, what happens to the third? The tax credits are
returned on the third one?

MS. LATSHA: Yes, and likely, to be kind of
realistic, unless one of those applicants got a pretty early indication this fall that they weren't going to be able to move forward, you tend to hold on to those as long as you can until you really kind of know that you're dead in the water. And that's assuming that they would be. Right? This whole thing is under the assumption that they actually can close all three of these deals. If that were true and the second and third or maybe just the third can't close because the first one already did and there's no more interest, then those credits would come back to the region likely next year and just come back to Urban 11.

    MR. OXER: But they would be restored to the region, not in the statewide collapse.

    MS. LATSHA: Yes.

    MR. OXER: Okay. So they're not lost over the long term.

    MS. LATSHA: And also not lost to the region.

    MR. OXER: Not lost to the region or over the long term.

    MS. LATSHA: That's right.

    MR. OXER: Okay. Good. Thanks.
for La Esperanza De Alton, TDHCA 14306, in Urban Region
11. La Esperanza is a proposed 80-unit new multifamily
development in the City of Alton, located in the Rio
Grande Valley of Texas. Alton is in the growth corridor
of Hidalgo County.

We identified our Alton site in August of 2013
and subsequently had our first meeting with the City of
Alton the first week of October. We selected our site
because the site is a beautiful 10-acre tract within the
city limits served by all utilities. We were the first
developer to approach the city and received strong support
from the city staff. We anticipated competitor developers
would follow selecting sites in Alton due to the
exceptional schools in the Sharyland School District, and
guess what, we were right.

We met with city staff on numerous occasions
and we planned the design and size of our development. In
fact, we reduced our size to 80 units to reflect the
desire of the city.

On January 7, 2014, Casa Linda Development
Corporation made a presentation to the City of Alton
Development Corporation Board. Also on the agenda was the
Orchards proposed development. We told the board there
could be a scenario in which both of our applications
could be awarded. We described this possibility an
referred to the award of two tax credit projects in Rural Region 11 in Rio Grande City in 2013. Like the two of us in Alton proposing sites within a mile from each other, the two projects in Rio Grande City were also located within a mile from each other. One of those two projects was ours. The Orchards team agreed that the two projects could be awarded and coexist.

The city's development executive director confirmed to the board that there was sufficient funding available for both projects, should they be awarded, and the development corporation voted unanimously for the funding commitment requested. Since that January meeting, the third developer approached the city and provided a third funding commitment for Bella Vista in February which is the third project in Alton recommended for an award today.

Hidalgo County's population in 2000 was 569,463 and 774,769 in 2010, representing a 36 percent increase. Hidalgo County is ranked twelfth in the state in county population growth and is the eighth most populous county in the state. The need is great for quality affordable housing in Hidalgo County. Occupancy is between 98 and 99 percent for LIHTC properties in the immediate PMA and EMA.

We request the Board support staff recommendation and award all three communities in Alton.

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Thank you.

MR. OXER: Thanks, Sara.

Any questions?

(No response.)

MR. OXER: Are the three of you speaking together for the same reason, or would each of you like to speak individually?

MR. APOLONIO FLORES: I'm Apolonio Flores from San Antonio, and I'm here to speak to you on the same subject of the three Alton developments. And I think earlier on your agenda you heard Cameron Dorsey and the executive director comment on TDHCA responsibilities for the Fair Housing Act, which basically is affirmatively furthering fair housing.

In this particular instance, as you have been told, you've got three properties, 340 units in Alton within a mile of each other. All three attend the same elementary school, the same middle school and the same high school, so you also have a significant impact on the schools. But a concern for you is that the Fair Housing Act prohibits concentration of low income housing, and this is exactly what will happen if you fund all three of the applications.

It also requires that you provide a wider choice of housing opportunities for low income people in
their choices of housing. When you put 340 units all within a mile of each other, you're not providing that opportunity. So I think that perhaps one or not more than two applications can be funded.

Thank you.

MR. OXER: Thanks for your comments. Don't forget to sign in.

Megan, be thinking about this, with respect to the fair housing, affirmatively furthering fair housing, I'd like to ask you to make a comment when we get to the end of this.

MS. SOTO: Buenos dias. Oh, sorry. Good afternoon. I'm not here to speak on Alton. I'm actually from El Paso. My name is Veronica Soto. I'm the director of community and human development.

My predecessor spoke to you around this time last year, and I am now here to say thank you to the Board and the TDHCA staff for the responsiveness that you raised the concerns that were raised last year regarding the need for local jurisdictions to have the ability to support proposed applications. We really appreciate that you listened, that the staff listened, and that the QAP this year does consider that.

Addressing the QAP, to include the scoring criteria for city support is very helpful, and the City of
El Paso was able to review and select applications that best served our community, and so we thank you for that responsiveness. That really is all my comments, unless you have any questions.

MR. OXER: Any questions?

(No response.)

MR. OXER: Now it's your turn.

MR. HENRY FLORES: My name is Henry Flores, Mr. Chairman and members. I am here to speak on behalf of Bella Vista. I am one of the development team for that property, also located in the proximity of Alton. The first point of clarification would offer is these are not all located in Alton. One is located in Alton and the other two are in the extraterritorial jurisdiction of the City of Alton.

Most of the comments that have been offered here today have been offered by individuals who have a vested interest in one of these transactions not being funded, comparators, essentially. I would point out that the City of Alton has reviewed all these applications and supported all these applications unanimously, with resolutions of support, as well as with their own financial resources. They are all committed to all these
three. Why would they do that? Because this is the major
growth corridor in the Valley in one of the fastest
growing parts of the state in the fastest growing state in
the union.

Now, I have a long background in affordable
housing. I ran this agency for Ann Richards and George
Bush, I've been in business since 1995, did the first tax
credit deals in the Rio Grande Valley. I have done deals
in Mercedes, San Benito, Harlingen, Alamo, the first deal
in Alamo, McAllen, Weslaco, Donna, and now in Brownsville.
So we have a very, very long experience in the Valley.
My mom and dad are from Mercedes, so I have native roots
in the Valley.

The things I would reiterate have already been
shared with you. One comment that was made by Mr. Brown,
this has gone from being rural to urban. That suggests to
you the growth impact that's occurring in that area. Ms.
Reidy talked about the growth of that region. It's
dynamic; again, it's the most dynamic part of the state.
The issue of the staff recommendation, I would ask that
you support staff recommendation. They have been very
dutiful in their review, and like everyone else who does
business with staff, I again commend them for the hard
work that they do and for the quality of their service to
the people of this state.
We had a market study. They asked for an additional market study to be commissioned by a gentleman named Darrel Jack who is with Apartment Market Data. Darrel looked at that market and recognized that we are in the growth corridor. In fact, the road that we're all on is about to experience a major expansion, it's going to become a state highway. His review of that market indicated that the absorption rate, the primary criteria for deciding whether these are good deals or not, is only 12.8 percent if you take all 340 units as an assumption of funding. So there is no issue with absorption rate.

You know, there's been an issue raised about fair housing, and I'll offer you my observation on that subject, Mr. Chairman. Fair housing is meant to distribute affordable housing. Well, this is an area of the community that is the highest income area of that county. It has the very best schools, an elementary, a middle and high school that are all exemplary or recognized under the TEA criteria. You are meeting fair housing obligations by funding these deals because right now poor people don't live in that area. That is what you're doing. You're providing opportunities for poor people to move into a high income area. That's exactly the purpose of the fair housing rules.

So again, every criticism that has been leveled
today is merely to cloud this picture and to suggest to you that other communities are better served. So I'll close with one last comment, Mr. Chairman. If all three of these are funded and all three cannot get funding -- even though I do not imagine that will be the case -- but if that scenario occurs, no one is harmed by the process, because ultimately the money is returned to the State of Texas and you can distribute it to another deal in that region, so there is no harm to that region.

Thank you.

MR. OXER: Thanks, Mr. Flores.

Any questions?

(No response.)

MR. OXER: Megan.

MS. SYLVESTER: Megan Sylvester, Legal Services.

You know, affirmatively furthering fair housing is a complicated issue and I think you have to look at each transaction individually. The same answer about concentrating deals in the area that already had minority concentration that was a minority population in an urban area is probably a different analysis than what we're looking for in this particular transaction. So you kind of have to weigh different policy goals of the Fair Housing act, and I think our staff has done that, and that
this is, as previous speakers and Jean have said, a high
opportunity area and area of growth.

From a legal perspective, it's always hard to
say what HUD is going to say, but I don't have a fair
housing concern.

MR. OXER: You're the fair housing specialist,
so we want to have that on the record.

Any other speakers? Any other request for
public comment? Jean, anything? Donna?

MS. RICKENBACKER: Can I just follow up real
quick?

MR. OXER: One quick one, 30 seconds.

MS. RICKENBACKER: For a correction and some
supplemental information. First, there's two transactions
that are in the City of Alton, the other one is actually
less than a mile away, right around the corner. It is in
the ETJ of the City of Alton. So that's the correction.

With respect to the tax credits coming back to
the region, please keep in mind, yes, that is what will
happen and that's good, but the problem is you've delayed
until next year putting quality affordable housing on the
ground by a year and not getting those tax credit units
made available to the most needed in that community.

MR. OXER: Good. Point is noted.

Mr. Flores.
MR. HENRY FLORES: Thank you, sir.

I don't want anyone on this Board to perceive me as trying to be disingenuous in my comments. The applications, when they were first submitted, there were two in the ETJ and one in the city. The one that is referenced now in the city was annexed last week. So again, I don't want anyone to think that I would in any way miscommunicate with you.

DR. MUÑOZ: Incidentally, in our documentation it reflects what you're indicating, that there are two in the ETJ.

MR. HENRY FLORES: Exactly.

MR. OXER: And the clarification is that there are two in the city.

MR. HENRY FLORES: As of last week.

MR. OXER: Just last week.

MR. HENRY FLORES: Yes, sir. Thank you.

(General talking and laughter.)

MR. VELA: Mr. Chairman, I'm sorry. Just very quickly.

MR. OXER: Say your name again, please.

MR. VELA: Roque Vela, Jr., for the record.

Mr. Flores mentioned earlier that the city is invested in these developments and has passed a resolution. So has the City of Laredo. We passed a
unanimous resolution, we are investing money in it as well.

And he also mentioned that the people that have been speaking against it have vested interests. Well, I'll argue that everybody has a vested interest, except for myself. The only interest I have is the City of Laredo and trying to bring much needed affordable housing to the City of Laredo. You can't afford the fact that Laredo is one of the fastest growing cities in the whole nation. When I graduated high school in the mid '90s we were about 110,000, we're closer to about 300,000 now. And I can't stress how much pressure this Eagle Ford Shale boom has brought to our city.

And I agree, yes, maybe the tax credits do stay in the region but this is needed now. When I say I was living in a hotel for four months because I couldn't find a house, I'm not exaggerating, and luckily for me I have the means to be able to go a little bit further out of my price ranges and come up with some money. Most people can't do that.

MR. OXER: Any of us that know from doing city planning and infrastructure, which I have spent a little time doing infrastructure, prosperity can be its own curse.

MR. VELA: There are issues that come with it,
and issues that I always welcome. It's better than sitting around twiddling your thumbs. But nevertheless issues, and they're issues dealing with people's lives and their families. And again, everybody here has an interest, most of it monetarily, mine is simply for the people. Thank you.

MR. OXER: Thanks for your comments.

Jean, stand to post. Anything else you want to add?

MS. LATSHA: My only comment was one thing that came up when we were all discussing this, and that, you know, we don't have a restriction on the number of units you can apply for so this could have been one application for 340 units and we might be in the same spot. And had I been able to keep my awards in 2008 and 2010 we wouldn't be here because they wouldn't have gotten their underserved area points. But I'm not bitter.

(General laughter.)

MR. OXER: And as we say, if a frog had wings, he wouldn't bump his butt every time he hopped either.

MS. LATSHA: All right. So I don't think there are any more comments, unless there are from you.

MR. OXER: with respect to item 6(a), the 2014 Low Income Housing Tax Credit allocation by TDHCA, motion by Ms. Bingham, second by the chair. There are no other
comments, no other public comment, no other questions from
the Board. All in favor?

MR. IRVINE: Wait.

MR. THOMAS: We've got a request for comment.

MS. HARDIN: I'm a lay person, a mom, new to
this; this is my first time to ever speak. My name is
Barbara Hardin, and I just want to add one more thing
about The Lodge at Huffmeister which has been mentioned
before.

I live directly across the street from where
this is going to be built, or recommended to be. I have a
letter from Homer Stevens, who is our HOA president. I
just want to read this very briefly, a few sentences out
of it. It says: "As of today we have never been notified
of this application, nor have we been sent any information
of the potential filing of this project. Ravensway
Saracen Park Homeowners Association represents 857
families, and we should have been recognized as having
opinions either for or against a project."

So I know ignorance is not always bliss, but we
didn't know, and when we found out we did come together as
a community, and you have that information, over 2,000
people signed a petition saying that that's something we
didn't want across the street, mainly because of how it's
going to affect our schools. I'm a former teacher and I
stand in support with Cy-Fair ISD who has asked that we do
not go further with this development.

I'm also concerned about the overcrowding of
our school that is in my neighborhood, and we're just also
concerned about the roads and the sidewalks and the
ability for children to cross over a main thoroughfare to
get to that school from that Lodge.

So thank you for your time. Sorry I jumped up
and popped up at the last minute, but I appreciate it very
much.

MR. OXER: You're welcome. Glad to have your
comments.

Anybody else? Anybody on this side that wants
to play?

(No response.)

MR. OXER: Back to where we were. Any other
questions from the Board? Any other comments from the
Board?

(No response.)

MR. OXER: All right. Starting over. With
respect to item 6(a), 2014 allocation of the Low Income
Housing Tax Credits by the Texas Department of Housing and
Community Affairs, motion by Ms. Bingham, second by the
chair. All in favor?

(A chorus of ayes.)
MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. Good job, Jean. And congratulations all of you who won.

(Applause.)

MR. OXER: All right. Here's what we're going to do. I can hear the stomachs growling already all the way up here. Everybody sit still and be quiet. You know we've got to put this on the record, so everybody be quite and be still for a second.

The Governing Board of the Texas Department of Housing and Community Affairs will go into closed session at this time, pursuant to the Texas Open Meetings Act, to discuss pending litigation with its attorney, under Section 551.071 of the Act, to receive legal advice from its attorney under Section 551.071 of the Act, to discuss certain personnel matters under Section 551.074 of the Act, to discuss certain real estate matters under Section 551.072 of the Act, and to discuss certain issues related to fraud, waste or abuse under Section 2306.039(c) of the Texas Government Code.

The closed session will be held in the anteroom behind us. The time right now is 12:35.

As a point of inquiry here, you have the list prepared, there's no revisions to that, you'll be able to
post this list immediately so you don't need to reevaluate
this. Is that correct, Jean?

MS. LATSHA: The one that is in the Board book
is the current list, there were no revisions.

MR. OXER: Okay. So the discussions today made
no modifications to it.

MS. LATSHA: That's right.

MR. OXER: All right. Then we'll stand at
recess. It's 12:35 right now. We'll stand at recess
until 1:15. See you in 45 minutes.

(Whereupon, at 12:35 p.m., the meeting was
recessed, to reconvene this same day, Thursday, July 31,
2014, following conclusion of the executive session.)

MR. OXER: Welcome back, everybody. The Board
is now reconvened in open session at 1:24. We received
counsel from our general counsel and advice. No decisions
were made, and no decisions are pending based on the
information that was presented.

So where are we on the agenda here? 6(c) which
is an oral presentation. Jean is back. We thought you'd
been out having a margarita or taking a nap or something.

MS. LATSHA: No. The bar was closed.

MR. OXER: Not for long, though.

(General laughter.)

MS. LATSHA: Jean Latsha, director of
Multifamily Finance.

I'll try to make this quick; I think we lost our crowd. I'm going to do it again at the next Board meeting because with all the comment about the awards, I failed to recognize the staff that reviews these applications and everything else, and I don't know if they're still watching over there, but they're ridiculously awesome. And the thing is, too, all of those guys, like the least veteran has been there for five years at least, which I think speaks a lot to Tim, Barbara, like the upper management here. You don't stick around a place that long unless you like your boss, and I haven't been there that long to claim that. But anyway, I'll tell all them that too.

Anyway, we've been talking about this at TAAHP, just that we have a pretty unique opportunity this year with no new legislation and no new court orders, no external factors kind of driving policy change with respect to the rules, and so we were hoping to, if you will, take advantage of that situation and not change the scoring items in the QAP, at least not change them really significantly at all.

What tends to happen every year is that you open up the QAP for comment, you make one tiny little change over here, you think that's the only thing you're
going to change, and then it opens the floodgates of comment, and then you wind up with 400 pages of comment and reasoned responses and lots of discussions that we've had year after year after year. That's kind of from a staff perspective, from a development community perspective, instead of spending three months commenting on proposed rules, they can go out and look for competitive sites because they know that there's not going to be really any change to the scoring items.

And I keep saying scoring items instead of the QAP. What staff has in mind is not suggesting any substantial changes at all really to 11.9 which is scoring items, with the exception of the addition of the provision that is an incentive to participate in our 811 Program. That would leave the door wide open for changes to 11.3 which is de-concentration factors. There's been a lot of comment about the restrictions on elderly development in certain regions and counties.

It would absolutely leave wide open Subchapter B which is undesirable area features which I think we intend to completely rewrite with the help of our Fair Housing Team and all of his crime data. And to work on some other things that, quite frankly, sometimes just get -- I don't want to say ignored, but they don't get as much time and attention as the scoring items get every
year when we go through this process.

So basically what we're looking for is a little bit of guidance from the Board with respect to maybe broader policy changes that would give us reason to open those scoring items up a little bit more. We're kind of of the opinion that those scoring items, as they're written now, effectively further the policies that they were supposed to further. When we wrote those we looked at statute and we looked at the remedial plan, and then we took some direction from the Board and that was it and there wasn't anything added from staff, so we feel like we could be just as effective again. And I know that sometimes it doesn't feel like that because you hear all these appeals and you want to go through a cycle without appeals, and it's just not going to happen as long as we have a provision for appeals.

But when I looked back at the appeals that we heard, three of them were tabled and didn't even come back after they were tabled. The applicant heard what you had to say, heard what staff had to say, and then withdrew those appeals. Four of them that took the most time were about undesirable area features, and we definitely want to change that. The others, there were some that were initially appealed about various scoring items, all withdrawn.
The only ones that resulted in some sort of discussion or change was the one about the related party which could, quite frankly, be solved through a definition. That was an interpretation of a rule and it wasn't really an ambiguous part of the rule but more about the definition of a related party. Right? And the other is community revitalization plans, and I know we did have some discussion about that earlier. I think staff is of the opinion that that rule, as it's written, is effective, although it's difficult to meet that requirement, yes. I'm not sure that it shouldn't be difficult to meet that requirement since it's worth up to six points.

But we just wanted to kind of open up the door for some discussion and get some guidance from you as we develop a staff draft that will be presented to you on September 4. A lot of times we develop that draft with a lot of input from the development community and our own heads and just trying to follow external factors, like court orders and legislation, that dictate what we're doing, but we don't come here at this point and say is there any other sweeping policy change that you'd like us to get in our heads as we craft that first draft.

We've been talking about the development community about this idea and I think there's a couple out there that want to make some comments with respect to
MR. OXER: From the Board, absolutely.

MR. GANN: Thank you, Mr. Chairman.

I kind of enjoyed the point where they were talking about unit number 14181, The Trails at Mockingbird Lane, I think is what it was. Anyway, they were talking about the investment and whether it be $1 million, $10 million, $5 million, and I don't remember exactly how that runs, but I don't really consider 117,000 people a small town. I mean, 32,000 is a small town to me. So I'm wondering what adjustments can you make and how low can you go.

MR. IRVINE: Could I field that one?

MS. LATSHA: Sure.

MR. IRVINE: First of all, I don't necessarily agree that the requirement should be different depending on the size of the city or the town. To me it's all about neighborhoods, and typically neighborhoods are more or less the same size whether they're in the middle of Houston or whether they're in Abilene, and to me it's a reflection of what would it typically cost to address the most common things that require community revitalization.

MR. GANN: But what do you think is that amount?

DR. MUÑOZ: Tim, I've got a followup question.
But then I suppose I view it a little differently. A neighborhood of 10,000 in the City of Austin or a neighborhood of 10,000 in a city of 12,000, that's the city. Proportionately, a million dollars in that Houston neighborhood versus in that smaller town, proportionately in terms of what's available to them to invest, realistically, is radically different. So how could you conceptualize a tiered system based on maybe population, maybe total income, assets available to the city. You've got some small towns and their entire operating budget might be $30 million versus Houston with probably hundreds of millions. It doesn't strike me as equitable.

Now, I agree with Tom, 117,000, 115,000 in West Texas, that's a metropolis, when you're talking about towns like Lamesa, Tahoka, Wheeler, Pampa, Idalou, et cetera. I guess I feel, maybe more strongly than Tom, that that's got to be looked at because these smaller communities simply haven't the assets, the material resources to invest even these amounts, $4 million. I mean, had this school not been built, they would have had $2.65 million which is probably a considerable investment even for a town of that size.

MR. OXER: But I'd add something to that too. When we make exceptions, for example, on the concentration issue, if there's less than a million people in the
county, the concentration issue doesn't apply. I don't where the breakpoint is but it seems like there should be a breakpoint in there somewhere so that smaller towns -- and granted, a neighborhood is a neighborhood, there's probably a range of size on those that maybe a neighborhood in a big city is two or three times the size of one in a small city, but it's not 50 times and it's not the ratio of the size of the city, Houston versus Abilene is a 20-to-1 differential.

DR. MUÑOZ: And maybe you predicate it on sort of geographic identifier, maybe urban has a different threshold than rural, maybe at-risk set-aside.

MS. LATSHA: And it currently does. That community revitalization plan scoring item, the requirement to have that kind of plan is only for urban developments. The rural developments have a completely different set of criteria.

MR. OXER: And I think what you're hearing out of all of us, Jean, is that there's some question, the issue needs to be addressed. Get out there and stir it up and let's see what we can figure out. Okay?

DR. MUÑOZ: So Abilene is urban. Right?

MS. LATSHA: That's right.

MR. OXER: All 115,000 of them.

MR. DORSEY: But some of the other towns you
talked about would be rural, and so they would have a different standard.

MS. LATSHA: Right. They would just need to show some infrastructure improvement within a few miles of the site.

MR. THOMAS: Conroe would be urban or rural?

MR. OXER: Conroe?

MS. LATSHA: I don't know offhand.

MR. DORSEY: I'm not sure.

MS. LATSHA: But maybe we could at least bring some information back that shows some demographic differences between the urban communities and rural communities and present and see if we need to make an adjustment there.

DR. MUÑOZ: Even if there were some kind of reasonable, not sort of inexhaustive, sliding scale based on population.

MR. OXER: We're searching for options right now to address the issue that's come up, so just work on it.

MS. LATSHA: Sure. Go right ahead.

MR. THOMAS: I was going to say on those lines, to give you guidance, because you did ask for guidance.

MS. LATSHA: Yes.

MR. THOMAS: From my perspective, I think that
maybe Juan has already said it, but it's the financial
ability of the community to be able to target direct
revitalization efforts. Some of the communities, I think,
regardless of the size of those communities, don't have
the resources, the tax base or otherwise, to do those
types of targeted efforts.

The argument I took away from the Abilene
discussion, and I don't know that this was correct, but
what I took away from that was Abilene really didn't have
the resources to do a targeted community. It was large
enough for the them but their resources were too small to
do an eastside redevelopment effort like the city of
Austin might do, or targeted neighborhood communities like
Houston or Dallas would do. And I don't know if I
understood that correctly, but that's what I took away.
I'd like to see if there's something around that.

MR. DORSEY: One thing probably three years ago
when we originally -- I think it was three years ago,
maybe two years ago, we redid the scoring criteria from
scratch, and you guys have heard a lot about local
political subdivision funding. Before, a couple of years
ago, that item was like 2,000 bucks a unit, no matter
where you were, and there was a lot of concern about that
from folks who were in rural areas.

So we took that back to a roundtable, we had a
specific portion of a roundtable dedicated to rural
issues, and kind of the system based on population grew
out of that roundtable. And we have one on Tuesday, and
so I think it's certainly possible that we specifically
try to get folks engaged in this specific discussion,
let's talk specifically about how we address this type of
issue for areas that are of different sizes, or maybe
based on the size of the neighborhood itself or the
population of the neighborhood that's identified

MR. GANN: Just remember that you're not going
to have people from the small towns there to discuss it
even.

MR. DORSEY: Well, trust me, those rural
developers, they're well organized, so they'll be there.

MR. OXER: Yes, they are at least as aggressive
since they're fighting over smaller bits, as it were.

MR. DORSEY: Because community revitalization
links so much up with the undesirable area features, it
might be that we can kind of address those as a whole
thing, and still there are a whole a bunch of other
scoring items that I think, as Jean's statistics show,
didn't really become issues that the Board had to deal
with, and so perhaps the dedication of time to community
revitalization, undesirable areas, and obviously, then the
inclusion of 811. Legally, I'm not sure how we would open
up just a couple of scoring items, but we can deal with
that possibility or what-have-you.

MR. OXER: Is that sufficient? Anything else, Jean?

MS. LATSHA: No. I think there are just a
couple of folks here, who, after all these discussions
this week, had some thoughts on the subject.

MR. OXER: Go ahead. Tamea, I know you know
what to do. You guys are supposed to be up here in the
front row, so anybody who wants to talk is supposed to be
up in the front row.

MS. DULA: Good afternoon. Tamea Dula with
Coats Rose. I just wanted to bring out three different
points based upon what was just said.

One is the discussion of the use of municipal
funds, whether it be for local political subdivision
financing or to fund a community revitalization plan.
Little communities don't have the right kind of money, and
their local council are very, very aware of this, and
generally if you have a small city that says to their
attorney can we please devote X dollars to encourage this
project, the response will be that the Texas Constitution
prohibits the use of municipal funds for the benefit of a
private enterprise of this nature. So unless you're a
participating jurisdiction and you have HUD money

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available, there's not a whole lot of places you can go to
get money for this because you cannot use general tax
revenues.

Number two, with regard to the community
revitalization plans, I would suggest, although we have a
well developed plan at this point, that certainly a
community revitalization plan point system ought to take
into consideration the fact that there are revitalization
plans that have been around since prior to our providing
points for that. That like my TIRZ of last month did not
hit five out of eight different criteria in the discussion
of why we need this TIRZ, but was a legislatively
approved, statutorily authorized revitalization plan, and
something like that there ought to be an opportunity to
use it in order to achieve this kind of point opportunity.

And the final thing I wanted to say sprang out
of the appeal that Coats Rose had about the multi-county
public housing authorities and COGs. There ought to be
some kind of resolution within the QAP or the rules to
handle the situation where your local political
subdivision funding can come from a regional authority
because there are a lot of counties out there that don't
have their own housing authorities, even though a city
within them may, but you can't go to the city housing
authority unless you're in the city without getting a
local agreement with regard to that city servicing areas outside of the city. So I would suggest that you think about perhaps expanding the definitions in order to accommodate counties like that.

Thank you.

MR. OXER: Sure. Any other questions?

MS. KAVILLE: Good afternoon. I'm Jocklin Kaville. I'm with the City of Houston, and I am here today on behalf of Director Neal Rackleff, who today is in Washington, D.C. He is actually sharing some of Houston's best practices regarding homelessness at a national homelessness conference going on in D.C. And that's part of what I would like to talk to you about and to have the QAP address a little bit further.

We appreciate that the QAP does talk about permanent supportive housing, but we think it needs to go a little bit further. If we can increase the understanding and the definition of the differences between transitional housing and permanent supportive housing, it would help.

The current QAP gives high scoring to high opportunity areas with transitional housing. The high opportunity areas are the high incomes and the quality schools. The reality with permanent supportive housing is that this type of housing is primarily for single people
who are homeless. Schools are typically not an issue. Most of the units are single room occupancy units. So we would ask that that be taken into consideration.

Also, the permanent supportive housing, since it deals primarily with the homeless population and a single population, it needs to be in areas that have access to transportation. In the Houston region, the high opportunity areas typically do not have good transportation access, and so it's a little more problematic to try to get these folks the help that they need to remain in permanent housing. And the difference there is it's a housing first model that deals first with putting them in a permanent place to live and then dealing with some of the social and behavioral issues that would help to keep them in a more productive way in society.

So we appreciate the work that staff has done in acknowledging permanent supportive housing in the QAP and we would ask that we go a little bit further with it, and we look forward to helping to draft that. Thank you.

MR. OXER: Thanks, Jocklin.

Any questions?

MR. THOMAS: Just very briefly.

MR. OXER: Yes, sir, Mr. Thomas.

MR. THOMAS: I really appreciate your comments there, and this is an area that I have, at this point,
some of the least amount of information about the way our agency interacts to provide that type of housing, but are there unique funding challenges particularly related to helping with chronic homelessness? More a statement, if you could make sure that our staff has additional guidance, particularly given your years of expertise in Houston, about what some of those issues look like, and most importantly, helping us understand how some of our regulatory, statutory, constitutional limitations that might exist that would impede or help us address that, that would be good.

MS. KAVILLE: Well, we certainly would like to work with you on that. We have members of our staff who are very, very well versed in what the statutes are and what the limitations are, and we know that there is the roundtable on Tuesday and so we'll look to pull information together and help with that. Did I answer your question?

MR. THOMAS: You did, and I'm sorry, it was a little bit too vague. But part of what I wasn't talking about, that our executive director is near and dear to me as well, is the intersection between our housing charge and our community affairs charge, and what I was really thinking was where do we have overlap and the ability for our community affairs piece to help and tie the two sides
of our house together to start addressing or continue
addressing more affirmatively chronic homelessness.

MS. KAVILLE: And I don't know how to answer
that, but I will say is that permanent supportive housing
is the best practice emerging in the country right now for
addressing homelessness, and so I think to look at that
and to look at it differently than you do currently with
transitional housing will become appropriate, not only for
Houston but for other urban areas who have homeless issues
as well.

MR. THOMAS: And that's why I was talking about
the statutory or constitutional restrictions which may
exist that our prior speaker was just talking about. I'm
wondering can we solve some of that or address some of
that more effectively by charging up our community affairs
side and helping them. High level. I think our staff
understands what I'm trying to get to. Thank you. Sorry
about that.

MS. KAVILLE: Thank you.

MR. GRIGSBY: Good afternoon. My name is
Seedman Grigsby and I also work at the City of Houston's
Housing and Community Development Department. I'm here
today to request a change to the QAP scoring in regards to
the City of Houston's community revitalization areas.

The City of Houston has developed five
community revitalization areas and we would like them to be given the same point consideration that high opportunity areas receive so that we can partner with TDHCA to leverage our federal and local dollars to develop tax credit properties within Houston city limits. The city's community revitalization areas, where investment complies with affirmatively furthering fair housing, were developed in conjunction with housing advocates, community representatives, HUD advisory consultants, the General Land Office of the State of Texas, nationally recognized urban planners and affordable housing providers, and are areas where economic investment and demographic trends indicate that revitalization is achievable and it is necessary to preserve affordable housing within those areas.

Again, we just ask that the City of Houston's community revitalization areas receive scoring along the lines of high opportunity areas in the QAP.

MR. OXER: Thanks for your comments, Seedman, and I hope you'll give our best to Mayor Parker as well.

MR. GRIGSBY: Will do. Thank you.

MR. SHAW: Chairman, Board and staff, my name is Stuart Shaw, chief executive officer of Bonner Carrington. I'm a developer.

About 12 years ago I stood before this Board
and I didn't know the program very well and I was trying to figure out why we could not develop in a nice area, and my first community ever, Cypress Creek Apartment Homes at Lakeline Blvd., is now about 12 or 13 years old, we finally got it done. I just wasn't very smart at it but finally got it done, because the 9 percent rules did not help us. We had to do a bond transaction there. It's in a very nice area of Cedar Park which is a nice bedroom community of Austin, going through a resurgence at the time, and good schools, and so we were able to marry -- and it's been just a complete success -- affordable housing in an area where you're not ghetto-izing affordable housing, and at the time the rules, I think, pushed us towards that statement by going to QCTs a lot.

And so anyway, we were successful in doing that, and then we've kind of been through a lot of routes, we tend to choose nice locations. But the current QAP really plays to our strengths and we're able to take affordable housing into nice neighborhoods so that people who need affordable housing, who work in those neighborhoods have a place to live and a place to take their children to school.

So at any rate, I like the QAP as it is, and I'm just here to say that. I know we got some awards this time but we worked hard for them and we got the complete
support of every community we're in, we don't have any
opposition anywhere, like zero, none, and we have
unilateral, complete unanimous support across the board in
every community we're in.

And so I can't solve everybody's problems, and
neither can we or you, nothing it going to be perfect, but
I just want to congratulate staff and the Board. I think
it's been working pretty well. Nothing is ever going to
be perfect, but I'm pretty happy with it and we're able to
go and do wonderful things, and now we can do market rate
units with our affordable. Goodness, we're doing
remarkably good stuff in communities now and we're able to
do it because you all allow us to do it and help us.

And so I'm here to say thank you. Thank you to
a wonderful staff who listens to us; we don't get special
favors but they listen, they're fair. And you know I
don't get everything I want; I come up here and sometimes
I do, sometimes I don't, and I'm fine with that. It's a
level playing field. I like it, I respect it, and I'm in
favor of the QAP as it stands. Thank you for listening to
my comments.

MR. OXER: Thanks, Stuart. We appreciate those
comments. It's hard to sit up here and not think
occasionally: Boy, what are we doing wrong? So nice to
hear that we're doing a few things right.
MR. SHAW: More than a few things, and you're more than welcome. Thank you. I'd better sign this.

MR. OXER: Tell us who you are so she knows who you are.

George.

MR. LITTLEJOHN: Chairman Oxer, members of the Board, Mr. Irvine. My name is George Littlejohn. I'm a CPA with Novagradac & Company. I'm also the current president of TAAHP, Texas Affiliation of Affordable Housing Providers, and we've had lots of discussions about some of the issues, especially in terms of closing the scoring criteria. I've also had some interaction with members of the staff. We had what we called a TDHCA panel where I was the moderator. I think our panel title was "We Don't Need No Stinking Rules." And Tom Gouris was the one who actually came up with the title.

(General laughter.)

MR. LITTLEJOHN: We are an organization of very diverse membership, and my comments are not in my position as TAAHP president because we haven't had an opportunity to really go out to the full membership and discuss it. I will tell you that my impressions are that in most cases many of the developers, the immediate thought is: Oh, my gosh, we need to fix things, we need to keep it open. But then upon reflection, it seems like a lot of folks are...
very much like: You know, this isn't a bad thing; we like having the ability to maybe know what the scores are and start the process now, there's some real advantages in that.

And I came back late from lunch from a meeting, but from what I understand, there are some issues, such as the community revitalization. If there was a way to sort of tweak some of the definitions within but not change the score, I would be in favor of that. I would, as an individual, think that would be a great way to do it, but it may not be able to open it up to just that part.

Overall, I like the process of Cameron talking about ways to make this process a little easier and giving us all more time. Now, as the current president, for at least two more weeks and then I'll be the immediate past president, I can tell you right now we're committed to working with TDHCA, and I've met with Executive Director Irvine many times, Chairman Oxer. The process has been very transparent and we appreciate that.

And we're going to be at the application workshop, and what we hope to do on the other areas of the QAP we're certainly hoping for some flexibility and to fix some of the things to make the program a lot better, some timing issues, some of the things like undesirable site features, and I think we can certainly make a lot of
progress in that.

Thank you.

MR. OXER: Thanks, George. Appreciate your comments.

MS. ANDERSON: Good afternoon, Chairman, Board, Mr. Irvine, staff, everyone. I'm Terri Anderson. My company is Anderson Capital, I'm a consultant. In the past few years I've done the majority of my work in the Dallas area, but I have done other developments around the state.

I do agree that the QAP is relatively good. The scoring is working well to include a lot of the things I know you're dealing with from an ICP perspective. There are two particular areas that I believe should be tweaked just a little bit for the Dallas area, because in keeping with the high opportunity area funding, one big component of that is the schools, of course, and areas like North Dallas that could ordinarily be considered or would ordinarily be considered high opportunity because the point scoring for schools is at 78 instead of 77 or some other area that would be a median number. I know Cameron went through a pretty good explanation of why he chose the 78 number, but I believe maybe 77 was formerly exemplary, I'm not sure.

MR. DORSEY: Jean is the expert on that.
MS. ANDERSON: Okay. So I would defer to Jean. But just in looking at one of the larger cities in the state, we're truly unable to compete from a high opportunity area where there may be land that is more affordable to do an affordable housing transaction. And then the other issue was not being able to do any senior developments in Collin County. So I understand why those were implemented last year, and I thought that those were done under the presupposition that we might look at changing them next year.

So that would just be my two comments. Thank you so much.

MR. OXER: Thanks, Terri.

Yes, the potential for doing senior developments continues to exist. I think we had this discussion at the TDHCA panel yesterday. That was probably there to rectify an imbalance that we saw beginning to occur that would put us potentially at risk for other litigation that we're trying to get it back in balance. It is, by no means, something that is done and out of the way and will not come back, it's just timing until we get that balance back together.

Jean, anything you want to sum up?

MS. LATSHA: You know, I feel like I'm kind of putting y'all on the spot with I would like some direction
right now, and we've obviously heard some of the thoughts about community revitalization. I think the thoughts from Seedman with the City of Houston was kind of more what I was looking for. What he's suggesting is really something that would have a change that would look like a policy change to equalize community revitalization plan points with high opportunity area. That's the kind of thing that we would definitely need some clear direction if we wanted to make that sort of change.

I did want to point out the City of Houston, what happened in Region 6 this year is we wound up with a lot of high opportunity area deals getting awarded, but there were, at one point, two or three applications in there that actually were competitive and were submitted with community revitalization plans from the City of Houston. Those applications, unfortunately, made some technical errors that knocked them out of the running. So I think that from a policy perspective it could have effectuated the result that the City of Houston would have been a little happier with more even distribution of deals in the City of Houston proper that were part of their community revitalization plans, along with some high opportunity area deals. It just didn't work out that way in the end.

MR. OXER: Cameron.

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MR. DORSEY: Just a couple of things. Tamea mentioned some of the potential constitutional issues with LPS funding in small municipalities. There are a couple of AG opinions out there. Barbara and I have talked to a number of contracted counsels for very small cities that don't have own on-staff legal counsel, and there are a couple of AG opinions out there that have gotten a few cities, at least, comfortable with the idea that they could provide funding for affordable housing.

Aside from that, I wanted to highlight Jean is going to be more in charge of this than I am this year, but in the previous year both of us would kind of just do this together. The way the scoring works is it's not just about: Okay, let's take community revitalization plans and then make that just, in and of itself, a singular policy issue, improve that so that all rational community revitalization plans that might be viable get scoring. If it was that simple, it would be really, really nice.

But what we actually have to do is account for a whole range of other issues, including predicting what the outcome of the cycle will be when we're drafting the items themselves. Why? The ICP litigation is a perfect example. There we're trying to achieve proportionately more high opportunity area deals than non high opportunity area deals, and so you have to predict. The obstacles you
encounter in the various types of areas, whether they be high opportunity or not, are different. And so getting community support may be more difficult in some high opportunity areas and so that is going to influence the decision-making that a developer has in trying to pursue a site there.

So any type of thing to do on its face from an addition, a simple math standpoint, equalize, for example, high opportunity area and community revitalization plan, could, in effect, swing the balance completely in one direction in reality. So we don't just look at the simple math of the issue, we have to look at the likelihood that this is going to produce results that are inconsistent with the obligations the Department has.

You know, TIRZ, there are lots of TIRZs out there, so perhaps we could create a community revitalization plan item that captures some of the most substantive TIRZs out there, but if I were to create one that captured all TIRZs and then I were to create more equalization in the points, then I'm just going to end up with a whole bunch of TIRZ applications because a lot of times those are areas that need revitalization, they have less community input.

A developer is opportunistic -- and I say that not in a bad way at all; my family is in development --
they take advantage of paths of least resistance to accomplish these objectives and so the paths of least resistance are much more complex than the simple math of the scoring.

So I just wanted to convey that when we go through this and actually craft the balance, Jean mentioned what happened in Houston this year which was we ended up with, I think, all high opportunity area deals, maybe except one, and no community revitalization deals -- I think we ended up with one community revitalization deal but it was not in the City of Houston -- that would have been unexpected given the applications we received in the beginning but the technical issues with a few of them caused them to fall out.

Next year I could end up with the exact same distribution and I could fund 50-50, you know, with the exact same scoring criteria. So opening up community revitalization to allow more areas to qualify becomes a really difficult thing to accomplish without creating a pendulum swing that's too great.

So the sensitivity of these issues goes way beyond just the simple let's look at a community revitalization plan, does this make sense. It goes way beyond that. It's also if I have too many that make sense then I've got to narrow the criteria some more and kick
out some for the ones that make sense and go to the most substantive or come up with some other way to differentiate.

One of the things we did two years ago, and we kept it this last year, is have the two-point bump there for the deal that most significantly contributes to concerted revitalization within the city. That was a specific effort to provide some ability for community revitalization plan deals to get accomplished but to not swing the pendulum too much because only one per city can actually achieve those.

So anyhow, I just wanted to convey that it's complicated and it's really tough.

MR. OXER: If every deal could qualify then it's a threshold and there's no differentiation.

MR. DORSEY: Right. And so sometimes things are real difficult, sometimes we look at community revitalization plans and when we look at that one individually it seems like, man, this should qualify. But then if I were to base a scoring item that one and it opens the item up too much, then I've got a distribution of funding issue on the back-end when I get done with cycle that I can't correct at that point. The only way to really deal with it effectively is to craft the rules in a manner that hopefully achieves those ends.
MR. OXER: From my own personal position on this, I'd like to see a continued clarification of the revitalization plans so that it becomes less and less likely that somebody would have to be able to imagine that something they had fit that and there's a sharper clarification of what the CRPs actually look like.

Is that consistent with what you think, folks?

MR. THOMAS: Yes, sir.

MR. OXER: Just curious.

MR. HOOVER: Chairman Oxer and Board and Mr. Irvine. My name is Dennis Hoover, and I want to thank Jean and Eric for coming last week to our Rural Rental Housing Association conference in Fort Worth and spent several hours with us there and brought up the topic of not doing another QAP this year, which, except for one little point, I think everybody there liked a lot. And I would be willing to vote for that because I know the time and energy that we spend on it in the industry, not to mention what the staff spends on it, they could be doing something else with their time. I think I would vote for that.

The high opportunity points impacts the USDA 515 deals and the at-risk, obviously. Look at my deals that need a rehab. I have to go through there and instead of prioritizing the one that needs the rehab the worst,
I've got to go which one is going to score the points. And so if this thing is going to get lessened or changed, the ICP, one of these days, I really want to be able to prioritize my deals based on need instead of this school scores better than this one. Otherwise, I'd love not to work on another QAP this year.

MR. OXER: I can't tell you how much we agree with that last statement.

(General laughter.)

MR. OXER: Claire.

MS. PALMER: Claire Palmer. And I actually wasn't going to talk, I swear.

I just want to reiterate one of the things that Terri Anderson brought up which is an issue that we've got in the City of Dallas. Dallas is a huge city in Texas and Dallas is only getting one award in 2014 on a 44-unit supportive housing deal because the City of Dallas does not have North Dallas land that can score. The only way it scores is if it happens to be one little tiny area that's in another school district and there's a little bit of Dallas that sits in the Richardson School District and it can score. Otherwise, the highest scoring high school scores 76, and there's two high schools that score 76, and if we went down to 76 instead of 77, it would open up two huge areas of North Dallas.
I don't have a North Dallas deal, I'm not in this to try to get an award for somebody that I'm representing, I don't have a client who is interested in doing a North Dallas deal, but I would love, love, love to see something get done. There's an area between Valley View and the Galleria that has three ancient tax credit properties on it that desperately need to be torn down and redone and would really, really make a huge impact, but they just simply don't score well enough to be competitive. What happens is our neighboring cities are getting all the awards; Fort Worth is getting two big awards this year.

It's just really frustrating for somebody who lives in Dallas County and who works with Dallas developers who are dying to do work to see us with a city that we can't score. We can score South Dallas because the City of Dallas has a wonderful community revitalization plan and they'll name one project as most significant, but it's the opposite of what ICP wants us to be doing. We can score a South Dallas deal and we can't score a North Dallas deal.

And so I would just really hope that you would look at the scoring issue on schools. Thanks.

MR. OXER: Thanks for your comments. Noted.
these comments, I'm sure.

MS. LATSHA: I don't have anything else, unless
you'd like me to comment on any of that.

MR. OXER: I figure we'll have a chance to
comment on those as we're making modifications in the
future. Okay?

MS. LATSHA: Yes.

MR. OXER: One of the things I do hope that
happens is it's not going to be a wholesale rewrite,
there's going to be some mods, some tweaks, so we'd like
to get this to the Governor's Office before Thanksgiving
weekend so that they can take a look at it before
Thanksgiving.

MS. LATSHA: We can definitely do that. And I
think I've heard enough, and probably Cameron too, from
y'all, not only throughout the summer and the comments
that have been made on appeals and stuff but there too, so
that we can bring you something in September that is close
to what you want to see.

MR. OXER: Good. Any more questions from the
Board?

MR. IRVINE: There was one other item I would
like a little input on on the QAP.

MR. OXER: Then let's bring that one up.

MR. IRVINE: HUBs. When I look at the HUB
point item, I'm not entirely sure what the policy objective is. Is it to give a HUB an opportunity to come in and participate in something and make some money, just profit motivation, or is it more directed towards bringing HUBs in to teach them longer term skills and build them more robustly into the affordable housing world? In other words, is it important for the HUB to be in on the front-end, get the financial benefit of being in on the front-end, or is it important for them to be in the HUB as the HUB for the duration, to do development, operation, management and all of those things?

And if the HUB decides for whatever reason at some point that it wants to exit, is there a policy desire that the HUB be replaced by another HUB at the time that it exits? Like if somebody is operating as the manager, for example, and it's ten years into the deal and they've had all the fun they want, do we have to get another HUB in to be the new manager?

I'd like to hear, if you have any thoughts or input on those issues.

MR. OXER: I don't have any thoughts right off. I think ultimately it benefits the community that we serve and the folks that participate in the process to try to graduate the HUBs. It's like small business, you want to graduate them out, move them up so that they're no longer
historically underutilized, they're very well utilized and are strong enough to do their own deals. I don't want to restrict anybody to an economic minority position in a deal, but so that they have the capacity to grow and take these on. That would be my own personal thought.

MR. IRVINE: One of the ideas I had is perhaps developing some differentiation where the HUB participant could say: All right, I want to get a point for doing this on the front-end and I want to get a point for doing this for the duration. Maybe there's some self-selection where the HUB identifies what it is exactly they want to accomplish.

MR. GANN: Just an observation. Normally these things are 30 years. The tax credits are used up the first ten years; that's what they're in there for. Then you've got the HUB which is a highly motivated individual, usually, that's very successful, probably, my guess, and then if you don't keep that HUB or replace it with a HUB, then what happens when these sell and it goes to a lesser setup with no experience like the HUB has because she's been there, he's been there, or whoever it is, been there ten years, and so you lose a lot of experience in a time frame when you need the most experience because it's getting older at that time and you need to revitalize and all these other things are coming up, there's no
experience there.

So it's our projects too, and that's why I think you need to replace it with somebody that wants to be there but still has the qualifications.

MR. IRVINE: Clearly, whoever comes in has to be experienced and have the capacity to run it.

MR. GANN: But usually when these things sell, that's usually at the fifteenth year, tenth or fifteenth year, but usually fifteenth year, because all the utilization of whoever was in it to start with they've already gone, the tax credits are gone for whatever they're there for, and then they sell it and go on. But I think it's important to keep that management skill, or whatever it might be, there.

MR. OXER: Any thoughts, gentlemen? Doctor?

DR. MUÑOZ: I agree with what you said, J. Paul and Mr. Gann, about maintaining a HUB presence even after sale.


MR. THOMAS: I was going to address Tim's comment. I think from a policy perspective the policy concept, the policy initiative behind we being in HUB programs is to create economic opportunity today but the longer term difficulty has been to drive the growth. While it's a stated policy position, I think there's been
less of a commitment to see -- and part of that is because you can't control what happens inside a business, you can help create opportunity but you can't necessarily grow them.

But to the extent that our policy can drive and support the growth of HUBs, to our chairman's position, to become majority contractors, if you will, I think that should be a policy that we figure out how to drive in a delicate, difficult way. I mean, I don't know how you do that, but I think anything we can do to help incentivize that growth and development of those organization is to the benefit of our citizens and the benefit of our state.

MR. OXER: I would hasten to point out that a lot of things we take on, not knowing how we're going to get there, we only know where we want to go, so we're working with a compass and no map to start with, but at least we're working with a compass.

Are there any other comments you need on this, Jean, since it's a report item and just input for further direction? Is that sufficient for you to work on? And I expect that you'll be getting some more later on, so don't feel underwhelmed or under-loved. There will be plenty to come.

Anything else on the formal agenda? We've come
to the point, and there's been a lot of invitation for comment on this item, people have had that chance. Is there anything else? We're at the point in the agenda where we ask input for the development of future agendas, hoping that everyone will recognize we cannot comment or take action on anything that comes up from here out, but we're just looking to build future agendas.

Stuart, you've either got to be in it or out of it.

MR. SHAW: Stuart Shaw, Bonner Carrington. Chairman, Board, staff.

On the subject of HUBs, I applaud that, I just have one comment to make. I think it's pretty neat to take HUBs and mentor them to become developers, but I would hope that you all would hope that we as developers know what we're doing. I really do, because a lot of the things I think we do ten years out, they become somebody else's ministry and we need to rehab them before it's time. And I think we do a lot of that and it's nobody's fault, it's an unintended consequence.

We like to think that we do know what we're doing. There's a warehouse district in downtown Austin that I developed. We have experience, we have years of experience, and so when we're mentoring a HUB, I would encourage you to look at the HUB as somebody who is being
mentored and not the person who you really want to have in after the sale or something like that. I don't want to step on anybody's toes here, but that's a mentoring process. And so I mention that only because it's on the radar screen right now, and I encourage you to let us mentor HUBs but put somebody in charge of these things who really knows what they're doing so in 15 years there's a property there that's actually still in good shape, it's been maintained.

MR. OXER: I think the point from Tim's comment was that anybody that's in there is going to have that obligation to maintain that, and anybody that would come in as a replacement for anybody in the deal is going to have to have the experience. Put it the way we normally do it, they're going to have enough ass on their tractor to pull this thing. There you go, Tom.

MR. SHAW: We understand that where I'm from. Thank you.

MR. OXER: Got it. Terri, what else?

MS. ANDERSON: I won't take a long time. Terri Anderson, Anderson Capital.

Anderson Capital is a HUB. I've been working for TDHCA and with TDHCA for at least 15 or 15 years now. I think we do have very experienced HUBs who have the capacity to stay involved in transactions. Developers are
smart, we do know what we're doing, but not all HUBs need mentoring. HUBs are smart and professional and experienced.

MR. OXER: And I have a question.

MS. ANDERSON: Yes, sir.

MR. OXER: If you've been in the business for 14 years and you've got a whole bunch of people out there, are you historically underutilized?

MS. ANDERSON: Historically very much so, actually. I can tell you I work on a few transactions that I think are strong and good. I'm not in it for volume and a lot of other things, so historically there have been issues that are well documented that I don't need to go into because we're all very much aware of them. And in all candor, I've been fortunate and blessed to have a career that has given me the experience that I can bring.

MR. OXER: And don't misunderstand, we're glad you're hear. What I'm trying to say is at some point when does historically underutilized become not.

MS. ANDERSON: I don't have that answer, sir. Maybe when my 16-year-old is here before you and she's somewhere in her 40s.

MR. OXER: Forty years into her career doing the same thing.
MS. ANDERSON: Exactly.

MR. THOMAS: Well, I mean, there's a definition, there's economic levels.

MR. OXER: It's like economic levels of small business you actually graduate out of.

DR. MUÑOZ: It might be a little bit more complicated.

MR. OXER: I don't think we're going to solve it right now.

MS. ANDERSON: No, sir, we're not. I just want to say that there are experienced HUBs, and we grow, we thrive and we work.

MR. OXER: And glad you do and glad you're here.

MS. ANDERSON: Thank you.

MR. THOMAS: But that begs a different question, I think. Sorry. The question that I think that begs is does a HUB want to grow out of the HUB stage from the economic level of gross revenue. I guess that's the question but that's a different issue.

MR. OXER: It's almost a small business issue. Suffice it to say that there are questions surrounding the issue that we'll look at, and we're delighted that that community is here and being well engaged in the process that we're doing. I think that's one of the more

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laudable components of the program that we have. I ask
that only, as a continuation of my earlier request, if
you're going to take a HUB and they want to be in a deal,
do they want to graduate and be a developer? Do they want
to get bigger and better, and if they're bigger and
better, are they then historically underutilized? I mean,
at some point you're not a small business anymore, for
example, in the SBA.

MS. ANDERSON: I'm clearly still a small
business. I can't speak for every other HUB across the
state. I understand your point. But I definitely have
always been an advocate, whether I'm working as a
consultant or otherwise, for other developers who started
at TDHCA when I worked here and they're quite large
developers now. So no, I wouldn't suggest that those
developers are underutilized, but I do know that they were
given an opportunity and it has been for our state and
it's been good for them.

MR. OXER: We'll make this the LIHTC school for
development.

MS. ANDERSON: Thank you.

MR. OXER: Glad to have you.

All right. Are there any other? Cameron says
nobody else wants to talk. No other staff comments from
the audience. Any Board member have anything to say?

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MR. LYTTLE: Do you want to remind your colleagues about the September meeting?

MR. OXER: Our September meeting is September 4, it will be the Thursday after Labor Day, we'll all be back in school, so we keep our casual days for the summer, which are May, June and July.

We skip the August meeting, September wear your school colors. Okay. Represent your schools. Be prepared, bring your school colors.

Does any member of the Board have any comments to make?

(No response.)

MR. OXER: I get the last one. It's a good thing that we do. We just put $61.7 million worth of tax credits out there that represents something in excess of $550 million in project cap ex. I don't think there's many states that can say they it as well as we do.

With that, I'll entertain a motion to adjourn.

MS. BINGHAM ESCAREÑO: So moved.

MR. OXER: Motion by Ms. Bingham to adjourn.

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz. No discussion required.

All in favor?
(A chorus of ayes.)

MR. OXER: We stand adjourned. See you in September, folks.

(Whereupon, at 2:23 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF:     TDHCA Board
LOCATION:      Austin, Texas
DATE:      July 31, 2014

I do hereby certify that the foregoing pages, numbers 1 through 197, 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.

08/4/2014
(Transcriber)   (Date)

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